

# Strategic Marketing Planning Audit

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## Abstract

Market-oriented strategic planning is the process of defining and maintaining a viable relationship between objectives, training of personnel and resources of an organization, on the one hand and market conditions, on the other hand. Strategic marketing planning is an integral part of the strategic planning process of the organization. For successful marketing organization to obtain a competitive advantage, but also to measure the effectiveness of marketing actions the company is required to conduct a periodic audit marketing aimed at strategic marketing planning company. This article aims to present the ways to achieve audit strategic planning of the company.

**Keywords:** marketing audit, marketing planning, strategic objectives, marketing strategies

## Introduction

Strategic marketing planning goal is to identify and create competitive advantage, is a logical sequence and also includes a series of activities leading to setting goals and formulating marketing strategies and tactics to achieve objectives with financial consequences resulting from applying the proposed strategies. Understand the strategic marketing planning within the company requires integration into overall strategic planning process. The strategic planning process is conducted on several organizational levels and interdependent decision: higher organizational level, business unit level strategic and functional level.

Strategic planning at central management level, including establishing mission, setting objectives consistent with the mission, establishing strategic business units and organize activities so as to eliminate the risk elements characteristic of the current period and the organization to achieve its objectives.

Compared with the planning of higher organizational level, the achieved strategic business unit level does not cover the entire organization as a whole but only part of it. At this level, managers seek to identify and exploit competitive advantage viability strategic business unit. Strategic planning at the strategic business unit comprises the following steps: defining the mission, SWOT analysis on the company's internal and external environment, formulation of objectives, setting strategy, establishing marketing program, implementation, feedback and control. (Kotler, Keller, 2009)

Marketing planning is the starting point of the planning process, providing courses of action for all other functions of the organization. Each company should periodically review the strategic approach control through instruments such as marketing audit. (Kotler, Keller, 2009). Its purpose is to explain how to develop a marketing plan effectively and provide a step by step guide to assessing its effectiveness. (Baker, 2008).

### **Mission Analysis**

At the corporate level, mission duration is order, what distinguishes one organization from other similar organizations is a statement of its reason to be. Mission Statement expresses the company's vision, what she wants and where he wants to go. (Wilson, 2002).

The company's mission and strategic business units can serve as tools that guide the formulation and evaluation of the strategy and include expectations, plans, performance standards and objectives. The reality is that most missions have little practical applicability declared because they lack uniqueness - not much different from one firm to another and contain the same promises that generally do not respect them. In analyzing the implementation and communication of the organization's mission should consider the few elements: (Kotler, Keller, 2009)

- Limited one goal: the mission of an organization should be limited to a single term goal of market-oriented;
- Company's values, mission and overall strategy should emphasize corporate values differentiated by relevant issues - consumer product offered, staff etc.
- Sphere of activity, the mission should define the major competitive spheres in which the company operates (the products and the scope of their area of expertise, market segment, geographic area, where the distribution channel;
- Long-term vision, mission duration should reflect the organization's purpose, mission management can change only if it is found not to be relevant;
- Ease of storage, communication task must be done by short sentences meaningful and easy to remember.

Declaring mission can contribute greatly to the success of the company, if it is respected and promoted. The mission should include elements that can be measured and verified results, and qualitative elements to support the evaluation.

### **Analysis of strategic objectives**

Defining strategic objectives is an important milestone because it will guide future strategies and actions of the organization. Thus, the next stage in the audit strategic planning is establishing strategic objectives of the organization, both in the pre-development phase and during general strategy evaluation and control when they check their wording, in accordance with the mission and strengths and weaknesses of the organization.

Audit of general and marketing objectives must follow if they are defined clearly enough and are compatible with each other at different levels to guide marketing planning and marketing activities to measure performance. It also aims to set marketing objectives are appropriate in relation to the competitive position of the company, with its resources and market opportunities.

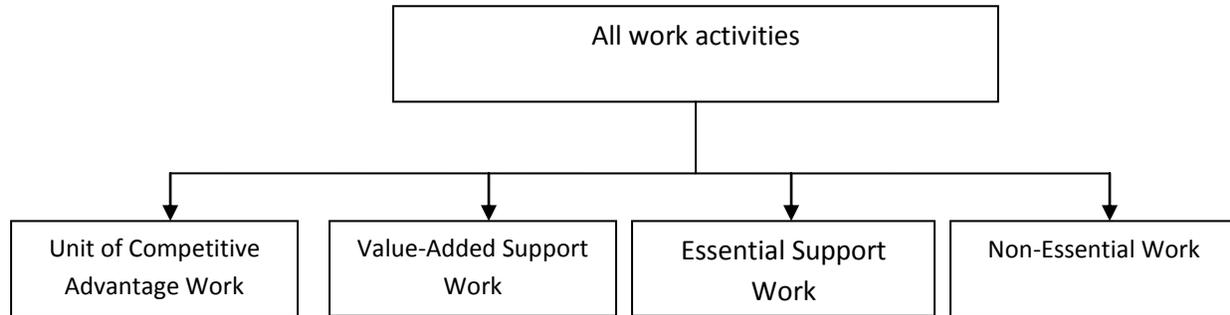
Characteristic of strategic planning at higher organizational level, the strategic business unit and functional level is reflected in specific objectives developed at these levels (Balaure, 2002):

1. objectives set out in senior management - are the general objectives specified performance levels to be attained within a certain period of time, usually these objectives are expressed in monetary terms, such as turnover, value and volume of sales, profit, profit rate, the dividends and share value, efficiency investments, etc. Although the general objectives are specified in most cases in terms of money, more and more organizations establish general non-financial objectives, but contribute to long-term financial objectives: social responsibility in relation to customers and other publics involved, progress technology and technological innovation, to gain a better position in the market as, internal communication and improve relations with employees.

### **Strategic Business Unit Objectives**

Under the overall objectives being expressed financially, but they are more specific and limited to a part of the company's activity. Setting objectives for each strategic unit can not be achieved without an analysis of the growth potential of each unit. In the literature, several analysis methods have been mentioned of a company's business portfolio - General Electric Matrix, McKinsey, BCG model. Following this assessment, the company's activities are classified into new activities launched in the growth phase, activities that are mature or declining phase. Other methods of assessing strategic business units are based on the analysis of shareholder value, these methods determine potential business opportunities due to growth potential due to global expansion, repositioning or changing market segments and strategic outsourcing.

Activities of a company can be divided according to their contribution to the success of the organization in the market in four categories: (Baker, 2008)



**Fig. 1 Categories of Work**

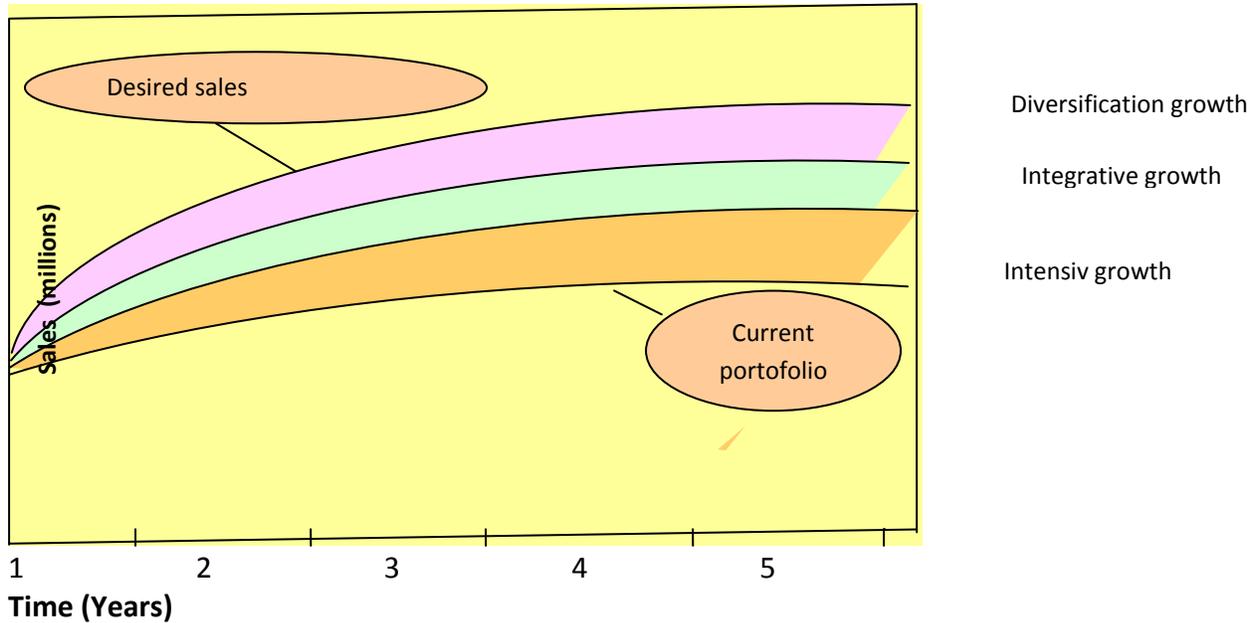
Source: Baker, M. – The Strategic Marketing Plan Audit, Cambridge Strategy Publication Ltd, pag. 70

- Units of competitive advantage (UAC) include those activities or elements that create distinctiveness for the company in the market;
- Value-Added Support Work, facilitates the accomplishment of units of competitive advantage;
- Essential Support Work, not help, nor support activities that create competitive advantage, but must be done if businesses are to continue to operate pany (paying taxes, using various forms etc.);
- Non-Essential Work, are those activities that have no purpose but still kept mainly due to tradition.

After identifying these types of activities, the company should focus on drives that offer competitive advantage and opportunities for increasing performance using these units. The analysis can be assessed how they set strategic objectives for each unit separately, which aims to achieve a certain level of sales and profits. Often, the sales forecast is not achieved, there is a gap between what was done and what was desired for each activity. This comparison targets called GAP analysis (fig.2).

Strategic business units set goals, and are then driven by objectives. For this system of management by objectives to be effective, the following requirements (Kotler, Keller, 2009)

- they have established hierarchy in which the most important to least important;
- objectives must be expressed as far as possible, in quantitative terms;
- objectives must be realistic, they must result from an analysis of the strengths and opportunities and not set according to the desire of the manager;
- objectives must be compatible with each other.



**Fig. 2 Strategic planning GAP**

Source: Kotler, Ph., Keller, K.L – op.cit., pag.85

2. **Marketing functional objectives** must relate to the overall objectives and targets set in each strategic business unit. Depending on the nature of marketing objectives can be classified into two distinct categories (Balaure, 2002):
  - financial objectives are taken from the organization's strategic plan, increasing turnover, sales volume, profits;
  - marketing objectives that translate in terms of financial and marketing objectives can be quantitative - market share, brand awareness, market coverage - and qualitative - to improve company image or product lines, product or etc brand.

### **Analysis Of Marketing Strategies**

In marketing planning process framework based on external and internal audit are established marketing strategies of the organization. Also, through audit, check how the application of certain marketing strategies led to success. Thus, the auditor should answer the following questions: development strategy is properly chosen and clearly defined to achieve the objectives set?

1. chosen strategies correspond to the product life cycle, competitors' strategies and opportunities and threats in the external environment?
2. company used fair market segmentation criteria and they chose the most appropriate target segments defined the correct profile?
3. company has developed effective positioning and an optimum marketing mix for each segment?

4. marketing company resources were appropriately allocated each element of the marketing mix?
5. company has sufficient resources to achieve marketing objectives set?

GAP analysis reveals the growth potential for the future. Evaluating growth opportunities, outlines three ways that can bridge the gap between what the organization has accomplished and what is meant to achieve (Kotler, Keller, 2009):

1. First option is to identify opportunities for future growth within existing markets through existing product (intensive)
2. The second option is to identify opportunities to launch or acquisition of activities that are complementary to the base (increase by integration)
3. The third option is to identify opportunities that seem attractive unrelated to core business (growth through diversification)

### **Intensive Growth**

Both in adoption strategy and in evaluating strategies adopted have gone from growth opportunities within existing business, you can go to "Ansoff's Product-Market Expansion Grid" three intensive strategic alternatives is: market penetration strategy, organization increase its market share by acting on the same market with the same products, increasing average consumption; product development strategy, acting in the same market but with new products and market development strategy, organization finds new markets for existing products

**Tab.1 Ansoff's Product-Market Expansion Grid**

	Current Products	New Products
Current Markets	Market-Penetration Strategy	Product-Development Strategy
New Markets	Market-development Strategy	(Diversification Strategy)

Source: Adapted Ansoff, I., Corporate Strategy, Penguin, 1968, pp.99

### **Integrative Growth**

The organization may adopt a strategy of growth through vertical integration (upstream or downstream) and horizontally. Adopting such a strategy has some advantages and disadvantages. Marketing audit should identify to what extent such a strategy leads to achievement goals because vertical development company, integrating suppliers or customers, thus leading to increased complexity of business conducted. Thus, this process must take into account the problems of financing the operation, integration of new business processes, developing management skills and implementation of vertical development strategy.

Through vertical integration, a firm can hope to achieve economies of scale and scope, reduce costs, increase competitiveness and gaining increased control over the business they conduct.

### **Diversification Growth**

Aims to achieve profitable growth by launching new products and addressing new markets simultaneously. Diversification makes sense when there are opportunities for growth outside the existing area and the company has a number of strengths that you can use for this purpose, which is the riskiest strategy.

In the analysis, we can conclude that there are strategic business units that are declining or even make losses, when it should be considered how to improve or eliminate such activities to allocate resources to other more profitable activities. The decision to eliminate such activities is not an easy one, involving a series of analyzes aimed at:

- Production, disposal decision could impact other activities using the same equipment (on production costs) and the purchase of raw materials, which can be reflected in the profitability of other activities;
- Staff, remove a strategic business unit may lead to a reduction in personnel, which will result in either re-deployment of staff, sometimes it re qualification, hence the increased cost or dismiss it.

The general marketing direction which lead to the above objective flow, from the life-cycle and portofolio analysis conducted in the audit, and revolve around the following logical decision: **maintain**, refers to the “cash cow “ type of product/market and reflects desire to maintain competitive position; **improve**, refers to the “star” type of product/market and reflect desire to improve competitive position; **harvest**, refers to the “dog” type of product/market and reflects the desire to relinquish competitive position in favor of short-term profit and cash flow; **exit**, also refers to the “dog” type of product/market, and sometime “the question mark” and reflects the desire to divest because of a very week competitive position or the cost oOf staying in it is prohibitive and the risk associated with improving its position is too high; **enter**, usually refers to a new business area.(McDonald, 2007)

Based on the organization's overall strategy is to analyze the strategy adopted for each strategic unit, underlying marketing strategies. Thus in this analysis can be considered Porter's generic strategies: (Porter, 1985)

### **Cost-dominating Strategy**

which is to achieve a competitive advantage due to lower production and distribution costs. But the success of this strategy is contingent on whether the company can reach and maintain its market leadership in costs This allows pricing to the average market price or close to it. The choice of such a strategy involves the organization's high potential in terms of technology, production and logistics. (Balaure, 2002)

## **Differentiation Strategy**

Intended to cover a large part of the market by offering benefits that are much appreciated by consumers. Thus, for example, is to achieve leadership in terms of product quality, using the best components, assemble them rigorously, check their quality and effective communication quality. (Kotler, Keller, 2009). To be viable, such a strategy should allow recovery of the price charged additional costs of differentiation, and to identify and use those attributes of the offer which are not found in competitors offer. Differentiation strategy can be applied to both domestic and foreign markets, in which consumers should be considered defining characteristics and especially cultural factors, their function being to direct consumer action, the creation of a society or social group. (Radulescu, 2011).

## **Concentration Strategy**

The company is targeting a small number of segments, which seeks to know very well in terms of needs, desires, and consumer purchasing behavior and then be addressed through a strategy of domination by costs or through a strategy of differentiation.

After establishing the strategies in the strategic business units, will establish product, price, distribution and promotion strategies to achieve the overall objectives and established marketing objectives.

## **Conclusion**

The purpose of strategic planning is the development strategy. Strategic marketing planning, a crucial components of strategic planning is a complex process that includes successive operational steps, values and assumptions, which, based on the current situation of a company are identified and fixed, marketing objectives, strategies marketing, assessing and controlling the degree of achievement of objectives. (Dumitru, 2004)

Strategic marketing planning audit thus aims to evaluate the company's strategic approach at all levels involved - senior management, strategic business unit and functional - and in relation to the effectiveness of actions carried out.

Accurate definition of the organization's mission and objectives are tools that can be measured and verified results. In the absence of clearly defined tools with which to achieve marketing audit, the objectives are indicators that measure the effectiveness of marketing activity undertaken, provided, however, that they are correctly defined and real. In addition, the objectives must be subordinated hierarchically according to the decision levels involved. Development and marketing strategies will then be established and implemented to achieve their objectives. Their effectiveness depends on how they were established mission and objectives, corporate resources, personnel involved. Also, general and marketing strategies can not be established without a comprehensive analysis of the market, competition in the market, and consumers needs, purchasing behavior and consumer preferences.

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