

Chapter 7

Strategic Planning

❖ WEB REVIEW QUESTIONS

1. What information does an advertising plan derive from the business plan? From the marketing plan?

A business plan may cover a specific division of the company or a strategic business unit (SBU), such as a line of products or all the offerings under a single brand name. The objectives for planning at this level tend to focus on maximizing profit and return-on-investment (ROI).

The business planning process starts with a business mission statement that is unique, focused, and differentiating and also supports the broad goals and policies of the business unit.

For advertising managers, the most important part of the marketing plan is the marketing mix strategy. It links the overall strategic business plan with specific marketing programs, including advertising and other IMC areas.

Both the business plan and the marketing plan contribute direction to specific plans for specialist areas such as advertising.

2. What is a situation analysis?

In a situation analysis, planners collect and analyze information about the company, the brand, and the competition, as well as consumers in general and the brand's customers specifically.

3. Explain a SWOT analysis.

The primary tool used to make sense of the information is a SWOT analysis, which stands for strengths, weaknesses, opportunities, and threats. The strengths and weaknesses are internally focused and the opportunities and threats lie in the external marketing environment.

4. How do you use a SWOT analysis to identify key problems and opportunities?

In strategic planning the idea is to leverage the strengths and opportunities and address the weaknesses and threats, which is how the key problems and opportunities are identified.

5. What is an advertising objective?

Objectives are formal statements of the goals of the advertising (or other marketing communication) and outline what the message is designed to achieve and how it they will be measured. Advertising objects are to be specific and accomplished in a specific time period. They are to be clear and measurable. Examples of objectives are shown in Table 7.1

6. What are the requirements of a measurable objective?

The requirements include:

- A specific effect that can be measured
- A time frame
- A baseline
- The goal
- Percent change

7. Explain how the Facets Model of Effective Advertising can be used to structure a set of advertising objectives.

Remember from Chapter 4 that there are six categories of effects in the Facets Model of Effective Advertising. These main effects are perception, cognition, affective or emotional, association, persuasion, and behavior. These main categories of effects can be used to identify the most common advertising and IMC strategies, which are in italics in Figure 7.4.

8. What is a position and how is it located?

A position is a location in a consumer's mind where the product or brand is placed relative to its competitors on the basis of the key factors the consumer uses to make a decision, such as fashion or price.

9. How do product features relate to competitive advantage and product differentiation?

The first step in crafting a position is to identify the features of your brand, as well as the competition to determine where the brand has an advantage over its competitors. That means a marketer carefully evaluates the product's tangible features and other intangible attributes in order to identify the relevant dimensions of the product that make it different from its competitors. A competitive advantage lies where the product has a strong feature in an area that is important to the target and competition is weaker. With product differentiation a strategy is designed to create product differences that distinguish the company's product from all others in the eyes of consumers. These differences may be based on product features.

10. How do you locate competitive advantage for a brand?

Using the two factors of importance and performance, competitive advantage lies where the product has a strong feature in an area that is important to the target and competition is weaker.

11. What is a perceptual map and how is it used in strategic planning?

The way planners compare positions is by using a technique called a perceptual map that plots all the competitors on a matrix. Many ad campaigns are designed to establish the brand's position by giving the right set of cues that will help locate the brand in someone's mind. Another common objective for advertising is to reposition a brand.

12. Describe the five methods of developing an advertising budget.

- Historical Method: Based on a previous year's budget, this method is easy to calculate but has little to do with reaching advertising objectives.
- Objective-Task Method: Looks at the objectives for each activity and determines the cost of accomplishing each objective.
- Percentage-of-Sales Method: Compares the total sales with the total advertising budget during the previous year or the average of several years to compute a percentage.
- Competitive Budget: Uses competitors' budgets as benchmarks and relates the amount invested in advertising to the product's share of market.
- All You Can Afford: A company allocates whatever is left over to advertising.

13. Explain the concept of consumer insight.

Account planners look at advertising as an insight factory. A great insight always intersects with the interest of the consumer and the features of the brand. Through the process of strategic and critical thinking, the planner interprets the consumer research

in terms of consumer insight that uncovers and showcases the relevance factor, the reason why a consumer cares about a brand message. Consumer insights reveal the inner nature of a consumer's thinking, including such things as mindsets, moods, motivations, desires, aspirations, and motives that trigger their attitudes and actions.

14. What is a communication brief?

The outcome of strategic research usually reaches the agency creative department in the form of a strategy document called a communication brief or creative brief, which explains the consumer insight and summarizes the basic strategy decision. Most briefs have six major parts: the marketing objective, the product, the target audience, the promise and support, the brand personality, and the strategy statement.

The brief is an outline of the message strategy that guides their work and helps keep their creative ideas strategically sound. It is the planner's main product and it should be clear, logical, and single focused. It's strategic, but it also should be creative. It is designed to ignite the creative team and give a spark to their idea process.

15. What are contact points? Give an example.

Contact points, also called touch points, are all the ways and places where a person can come into contact with a brand—all the points where a message is delivered about the brand. Everything a brand does and doesn't do delivers a message. A contact point could be the actual product located on a store shelf or an ad in a magazine.

16. How do IMC objectives in an IMC plan differ from advertising objectives?

An IMC plan operates with a set of interrelated objectives that specify the strategies for all the various communication tools. The advertising objectives are specific to that form of communication.

17. Define stakeholders and explain their role in an IMC plan.

Stakeholder refers to any group of people who have a stake in the success of a company or a brand. These audiences include all those who might influence the purchase of products and the success of a company's marketing program. Stakeholders overlap, which complicates message strategy and demands that there be a certain core level of consistency in all messages.