

SOSTAC®

**BASIC
MANUAL**

BOOSTING RESULTS WITH
BETTER BUSINESS PLANS

by PRSmith
www.SOSTAC.org



by

-



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Preface

The sole purpose of this manual is to help you to begin to write great plans, whether it be a business plan, a marketing plan, a digital marketing plan, a project plan, a campaign plan, a health and safety plan, a security plan, a personal plan, or even, we were told recently, a wedding plan! I have used SOSTAC® in a variety of sectors and in [all of my text books](#) over the years.

In a rapidly changing world of business and AI (artificial intelligence) in particular, I want to empower future generation of planners to be skilled and competent as soon as possible so that their SOSTAC® Planning skills will hold them in good stead as they move up the corporate ladder, or, as they step into running their own businesses, projects or charities. You will be able to know if a plan (AI generated or human generated) has got all the key components i.e. identify any missing elements.

We want professionals to take their plans to the next level of professionalism. That's why we have two levels of assessment: This SOSTAC® course helps you to develop a fundamental knowledge of SOSTAC® Plans. You will be assessed online via multiple choice/multiple answer one-hour, open-book assessment. This course, emphasizes the importance of the Situation Analysis, while the more advanced, SOSTAC® Certified Planner course, includes more 'strategy'.

We Welcome Your SOSTAC® Plans

SOSTAC® Plans are now used across the world by all sorts of organisations. We are always delighted to hear of new types of plans developed using the SOSTAC® framework, or methodology. We are happy to publish your examples of various SOSTAC® Plans whether they are marketing, digital marketing, integrated marketing, sales and marketing, business plans as well as HR Plans or, as mentioned, a wedding plan!

Enjoy Your Planning

Although this SOSTAC® Manual is a relatively short guide to writing the perfect plan, it has taken many years of thinking to develop. We hope you enjoy using the simple crystal-clear logic of SOSTAC® Plans.

Best Wishes,

Paul R. Smith (SOSTAC® founder and author)

NB This manual is based upon the original SOSTAC® Guide to Writing The Perfect Marketing Plan.

Acknowledgments

Many thanks to **Hugo Rubio** for really pushing me to write the first SOSTAC® Guide many years ago. I have been asked many times to do it by other people, but Hugo was the most persuasive. He flew over from Bilbao, sat down and talked me through why I should write this. Hugo has also helped me to improve the content in many ways. Un saludo Hugo.

Thanks also to [Michael Ranasinghe](#), who cofounded the Synergy School of Marketing in London, UK and Colombo, Sri Lanka. Michael has also helped to drive the development of the new [SOSTAC® Portal](#).

All feedback is most welcome, at any time via my [feedback form](#) on my web site. There is also a short feedback survey at the end of the course. After you take the test, you must fill in the feedback form to unlock your personalised SOSTAC® Certificate.

Much other content, links, videos, articles and tweets that people send me are shared on my various social media platforms (see bottom of page).

Thank you to those of you who alert me to interesting articles, reports, videos, blog posts, LinkedIn and other social media updates and tweets.

Please feel free to connect with me on LinkedIn:

<https://www.linkedin.com/in/prsmithmarketing/>

Please remind me that you are taking this course.



PR Smith 🗣️ · 1st

SOSTAC® #Plans Founder, TEDx speaker, #Marketing author, JOIN my 30 min LIVE AI CHAT every Fri 1.00pm UK time - #AI, #Innovation & #Ethics - here on LinkedIn

Join me every Friday on LinkedIn events chatting about AI, Innovation & Ethics in Marketing/Business. 30 min chat from 1.00pm – to 1.30pm (UK time). It's free and you don't have to register. **I also take questions about SOSTAC® Planning.**

<https://www.linkedin.com/in/prsmithmarketing/>

About The Author



PR Smith enjoys exploring new approaches to marketing

Paul runs workshops, advises and mentors as well as writes books about digital marketing. Someone once told him that there were 17,000 Paul Smiths in the UK alone, so with his initial being 'R', he adopted PR Smith as his pen name.

Workshops

Paul's [workshops](#), webinars and conference talks have been described as 'inspirational, innovative, insightful' and are always delivered in a carefully structured manner so that key points are easily remembered and, more importantly, actioned. Although intense sessions, delegates have fun too. www.PRSmith.org/training

Adviser/Mentor

Whether developing digital marketing strategies and integrated plans, mobilizing social media teams or delivering websites, Paul has helped to boost the results of, literally, hundreds of organizations from blue chips to innovative SMEs, whether mentoring, [consulting](#) or on an advisory board. www.PRSmith.org/consulting

Books

His six [books](#) are published in seven languages. America's Jim Sterne refers to Digital Marketing Excellence as '*a must read*'. The CIM refer to Marketing Communications as a '*Marketing Major*', while SOSTAC® Planning particularly in the SOSTAC® Guide to your Perfect Digital Marketing Plan, has been voted in the top 3 marketing models worldwide by the Chartered Institute of Marketing Centenary Poll. www.PRSmith.org/books

Paul's Personal Passion – The Great Sportsmanship Programme

A social media-driven campaign to change the world by mobilizing a new generation of youths into sportsmanship values. Built around true two-minute inspirational stories ([watch the video](#)) on www.GreatSportsmanship.org. It's a

very different kind of 'edutainment' programme. Join us as an [ambassador](#) or just enjoy the stories. Pass them on! www.GreatSportsmanship.org

Updates

You can get **my blog post updates by signing** up for updates on the [right hand side of any of my blog posts](#): 'Subscribe to Marketing Insights'.

Web Site PRSmith.org/Blog

Linkedin PR Smith Marketing

Facebook PRSmith Marketing

Youtube PR Smith Marketing

Twitter PR_Smith

Instagram PRPSmith



Join our Friday Chat re AI, Innovation & Ethics in Marketing/Business

A cutting edge, informal, intimate, chat covering all the latest opportunities and issues around AI in particular. Take a lunch break. Treat yourself. Sit back and relax, or, join in by raising your hand if you want to ask a question or make a point.



1.00pm -1.30pm Linkedin Audio Events <https://www.linkedin.com/in/prsmithmarketing/>.

I post the topics for our fast-moving 30 mins chat the day before. I also post a 60 second summary of each chat listing all the key topics with links to each topic - www.prsmith.org/blog.

Introduction

Introduction***How Did SOSTAC® Evolve?***

Although SOSTAC® is so simple it actually took me almost 10 years to develop. When I took my MBA back in the 1980s I was frustrated reading books with long meandering marketing plans that were unnecessarily over-complicated and impossible to remember. So I kept in touch with my classmates and asked them to send me just the contents page (list of contents) from their marketing plans. I analysed all of them over a two year period and developed my own new structure – which went through several iterations until I came up with SOSTAC®.



It was like someone had turned the light on! I knew it was a winner and registered it as a trademark. Everyone is welcome to use it – all I ask is that you include this initial reference: PR Smith's [SOSTAC®](http://www.prsmith.org/SOSTAC).

Please embed the link to my <http://www.prsmith.org/SOSTAC> website in the word SOSTAC® and the registered trade mark symbol® comes after it so that the ® is not part of the link i.e. it reads as follows: PR Smith's [SOSTAC®](http://www.prsmith.org/SOSTAC). Just copy and paste it into you document. Thank you very much for doing this.

What is SOSTAC® Planning?

Well, here it is:

Situation Analysis - where are we now?

Objectives - where are we going?

Strategy - how do we get there?

Tactics - details of strategy (marketing mix)

Actions – how do we ensure excellent execution (internal marketing)

Control – how do we know we are getting there? (measurement & metrics)

+ 4Ms* – the four key resources (Men and Women, Money & Minutes plus megadata (meaning data)).

See the online Lesson and video in your course for more.

Introduction

SOSTAC® Planning

SOSTAC® is a simple, logical, process for writing a plan. Any kind of plan, a marketing plan, a marketing communications plan, a social media plan, a business plan or even your own personal life plan.

What should be in the perfect marketing plan? There are many different approaches to building a marketing plan. Prior to SOSTAC® there was no single common approach. But there are essential elements which every marketing plan must have.

The SOSTAC® planning system covers all of these essential components. It took me ten years to devise SOSTAC® but you can learn it in three to four minutes. Use it and you are well on your way to building a properly structured and comprehensive plan. You can also use this SOSTAC® to check other plans (including AI plans) to see if they are comprehensive and cover the key items which every plan needs.

Situation Analysis - where are we now?

Objectives - where are we going?

Strategy - how do we get there?

Tactics - details of strategy

Actions – how do we ensure excellent execution

Control - measurement & metrics

+

Now add in the 4M's - the four key resources, Men, Money, Minutes and Megadata.

Men means men and women (the human resource), expertise and abilities to do different jobs (have we the right team to the work, or do we need to hire some external experts or agencies)?

Money means budgets - have we got the money?

Minutes mean time - what are the time scales, schedules or deadlines? Is there enough time?

Mega-data means data - since data is now a key resource for any business. Data is valuable and must be treated with care (remember [GDPR](#)).

Introduction

SOSTAC® is Simple

Situation Analysis (where are we now?); Objectives (where do we want to go?) and Strategy (how do we get there) has a simple logic to it. After that comes Tactics (the details of Strategy) i.e. the marketing mix, communications mix, social media mix etc.); Actions (the details of tactics) – motivating, communicating and training your team/colleagues to deliver the Tactics with excellence and passion; and finally, Control (how do we know we are getting there?) i.e. measurement & metrics. All six components make an easy-to-use structure for a plan.

This is why SOSTAC® is so popular because it is simple – it's easy to use plus it has a strong logical structure built around **'information-based-decisions'** (sometimes called **'data-driven-decisions'**). SOSTAC® can be adapted to any plan. In fact, it is used by thousands of professionals across the world. Add the 4Ms and you've got an outline plan.

Each of the six elements of SOSTAC® are considered in much greater detail in this manual. Some of you may feel that there is too much detail for your size and type of business – if so, then just skip that section and move on to the next section. This manual sometimes asks difficult questions to which you may not know all the answers. Given that **'information is power'**, you might want to make sure you note the questions to ensure you eventually find the answers to put into your plan.

Don't forget the key resources, the 4Ms. Can you recall them and in particular the 4th M? See page 9.

The Perfect Plan

If you can remember SOSTAC® + 4M's* and build them into your marketing plan, you have the platform for writing the perfect marketing plan. In fact, you have an outline marketing plan and/or a digital marketing plan.

Other experts, gurus and practitioners rate SOSTAC®. Here's what they say:

"SOSTAC® is a system for going through the steps and building a marketing plan." The world's most prolific marketing author, Professor Philip Kotler

"We use SOSTAC® within our own marketing planning." Microsoft's European Marketing Director, John Leftwich

See what others say about [SOSTAC® planning framework](#) on my PR Smith website, or better still, select ['Why SOSTAC?'](#) on the SOSTAC.org website. Hopefully, we will add your colourful quotation, one day soon.

Introduction

WHAT OTHERS SAY ABOUT SOSTAC®

SOSTAC® - WHAT OTHERS SAY ABOUT SOSTAC®



Laurette Botstone
MD
The Little Marketing Company
Centurion, South Africa



Dr. Dave Chaffey
Founder, Smart Insights.com
United Kingdom



Professor Philip Kotler
Author & Professor
Northwestern University, USA



Kazbek Saydaev
CEO, Chairman of the Directors Board
SWISSIN GROUP
Switzerland / Russia



Tarek Osman
Marketing Executive, Aikan Air
Cairo, Egypt



Sam Butterworth
Portfolio Marketing Director
Leeds, UK



Sarah Kennedy
Adjunct Teaching Fellow, Trinity College Dublin
Director, Uplift Digital Marketing



Gambar Oruj
Senior Marketing Specialist, PASHA Holding
Baku, Azerbaijan



David Balikudembe
President of the Uganda Marketers Society
Uganda



Michael Rogers,
Management Consultant
KPMG (UK)



Krista Bonfield
Content Marketer
Evoke Copy, United Kingdom



Darran Berry
Marketing and Business Development Manager
BASF Performance Materials, Dubai

[What Others Say About SOSTAC®](#) On the SOSTAC.org site, in the 'Why SOSTAC®?' section, click on each person to see how highly they rate the SOSTAC® planning methodology.

Introduction

Where Do These Fit into The Plan?

One question that commonly arises: Where, in a plan, would you put:

- Target Markets
- Marketing Mix
- Positioning

Or for the more advanced, where do you put:

- GE's Product Portfolio Matrix,
- Ansoff Matrix
- Distinctive Competencies Analysis

Target Markets and Positioning appear in several sections as they are so important. The Situation Analysis must have a clear definition and description of the market, its segments and the key target markets you currently target. Situation Analysis also identifies how you are currently 'positioned' in your customers' minds. Target Markets and Positioning (how you want to be perceived, or positioned, in the minds of your target markets) are critical components of your strategy. Target Markets and Positioning must always appear in the Strategy section. We will elaborate on these later. The marketing mix is explored in detail in the Tactics section. However, you can also find the marketing mix referred to in the Situation Analysis when you compare your marketing mix to your main competitors' marketing mix, which often also reveals your strengths and weaknesses. However, the marketing mix primarily appears in some detail in the Tactics section.

The more advanced matrices (like the GE Matrix) are really interesting and usually used when managing a large portfolio of products/services. They can be used in several sections. Companies with many products or services need to have a clear picture of which products should be promoted more heavily than others. Analysing your 'product portfolio' is part of the Situation Analysis section. This analysis will also help you to make strategic decisions later when you have to choose which particular products to promote more heavily than others (and which ones to kill off or withdraw). In doing so, this also helps develop objectives (e.g. to grow products A&B and say, withdraw product C within 12 months). Good quality analysis helps to set sensible Objectives and ultimately develop crystal clear Strategies.

We will explore all these later.

Introduction

The SOSTAC® Planning Cycle

Everything connects. For example, objectives should be measurable, so they appear in 'Objectives' section and also, later, in the 'Control' section. This year's measurement (your results or your performance) will form part of the next year's Situation Analysis.

Rather than waiting until the end of the year to find out if something is working well or failing dismally, regular measurement helps managers to change tactics or actions if necessary. The 'Control' section of your plan lists exactly what will be measured by whom, how often, how much it costs, how long it takes. So, if daily sales analysis reveals a fall in sales, then the problem is identified immediately, and alternative solutions are generated immediately.



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Introduction

Types of Plans

There are many types of plans. Corporate plans and business plans incorporate the long-term corporate strategy which includes diversification and acquisition strategies, systems and funding. Then there are Marketing plans, Marketing Communications Plans, Digital Marketing Plans and Digital Transformation Plans. There are also project plans Social Media Marketing Plans, right down to individual communications tools plans such as a PR Plan, an Advertising plan or a CRM (Customer Relationships Management) plan.

Needless to say the plan must also fit in with the overall business, or corporate, plan. For many businesses, an overall corporate or business plan covers systems, procedures, resources and structure, while a marketing plan covers the sales, distribution, communications, as well as the creation and delivery of the product or service.

SOSTAC® Planning works for all of these scenarios. The same principles apply i.e. 'Where are you now?', 'Where are you going?' and 'How are you going to get there?'

Long Term versus Short Term Plans

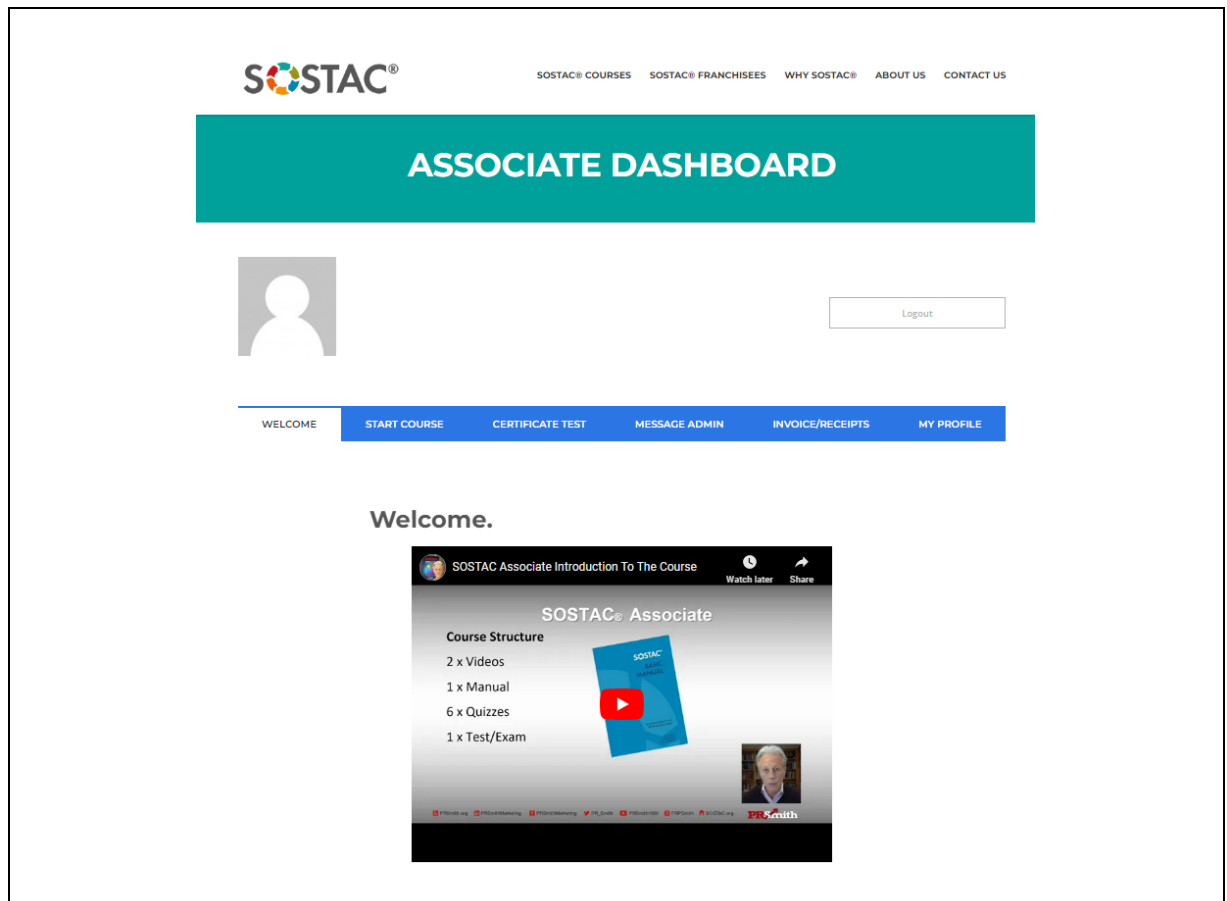
Many organizations have short- and long-term plans or roadmaps. Ultimately, they must integrate the goals, the timeframes and resources required. Short term is 1-year, medium term is 2–3 years plans and longer-term is usually 3–5-year plans. Some Japanese companies have 50-year plans. However agile marketing plans tend to work on 90-day plans.

Why Bother Planning?

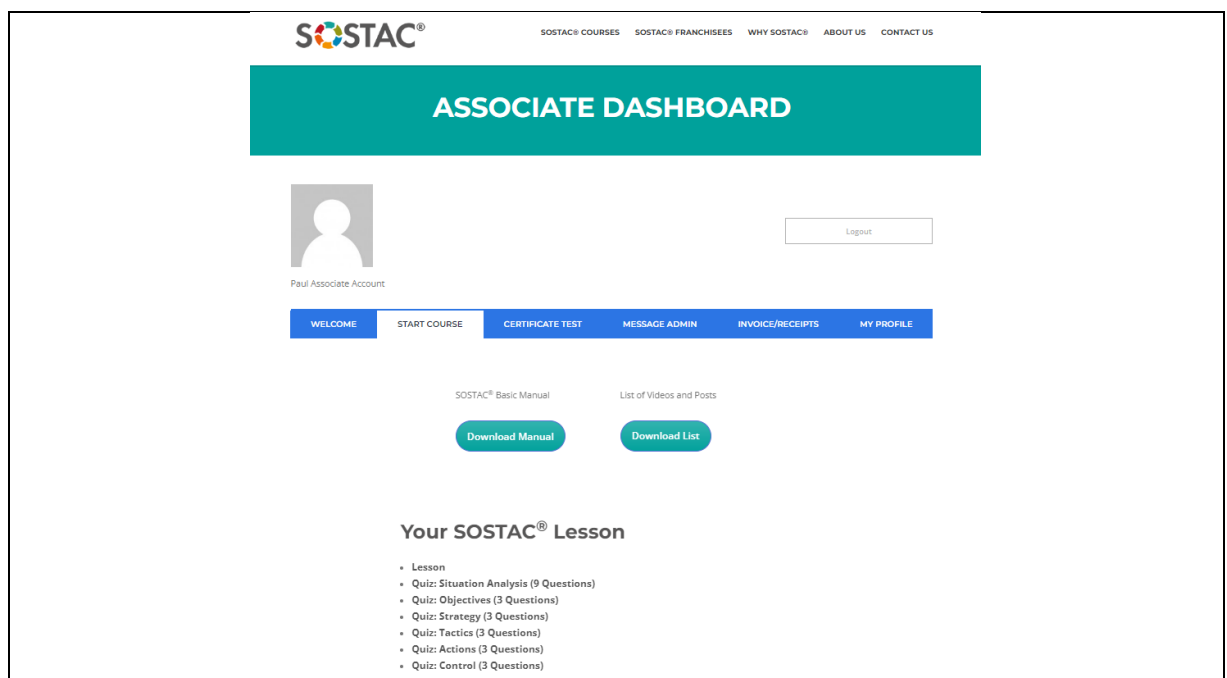
Planning is essential. It helps you to stop constant firefighting, desperately searching for funds, panicking and paying higher prices (e.g. rush rates for printing). Planning puts you in control and reduces stress, illness and heart attacks. It also gives direction to the team so all team members can work in harmony. Without a realistic plan, an organization drifts unknowingly and can end up anywhere – usually sinking, without cash and without direction – just like so many of the 'dot-bombs'. Researching your marketplace, visualising where you want to go and then working out all the steps to get there makes a lot of sense. Otherwise, you are doing business with your eyes closed. It's a lot easier when you can see where you are going and what you need to put in place to ensure you get there.

Just before we have a look at each of the six SOSTAC® stages, check out the online course: SOSTAC® Associate/Principles.

If you have registered, go to the online course www.SOSTAC.org and log in. You will then see your dashboard. Watch the Welcome video.



Then select 'Start Course' to see the one video lesson. Don't forget to take the quizzes after each of the 6 SOSTAC® sections in this manual.



Part 1 Situation Analysis



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“How you handle information determines whether you win or lose.” Bill Gates

Situation Analysis

Situation Analysis (Summary)

Half of your plan should be devoted to your Situation Analysis which is the foundation for a great plan. A very thorough analysis makes the rest of the plan much easier to write. Here are the key components of your Situation Analysis.

Customer Analysis

Who Is Your Ideal Customer?

Who Are Your Customer Segments?

Why Do They Buy (Or Not Buy)?

Are Your Customers Loyal? Are They Happy?

How Do They See You?

How Do They Buy?

How Often Do They Buy (Lifetime Value)?

How Are They Influenced - Key Opinion Formers?

Competitor Analysis

Who are your competitors?

Relative Competitor Position

Competitive Advantage

Strengths and Weaknesses

Distinctive Competitive Advantage

How to defend against competitors

Company (or brand) Marketing Performance Analysis

Business Performance/Results

Gap Analysis

Product Portfolio Performance

- GE Matrix
- Ansoff Matrix
- Boston Matrix

Your Advantage

- Why do you win business?
- Why do you lose business?
- What are your Strengths and Weaknesses?
- What is your Distinctive Competitive Advantage?

Market Trends (PEST/PESTED)

What are the Opportunities and Threats?

Note: SWOT Analysis (strengths, weaknesses, opportunities & threats) is spread over two sections. SW is in the 'Your Advantage' section & OT is in the 'Market Trends' section. Note: All sections are not linear. They are interlinked, so sometimes a section be left incomplete until a subsequent section is completed. Do not worry if you cannot complete everything. Just do what you can initially. It will get easier.

Situation Analysis: Customer Analysis

Customers Analysis

This section includes the 3 big questions about customers:

Who?

Why?

How?

Who is your Ideal Customer?

Why do they buy (or not buy)?

How do they buy (what's their process of buying)?

If you are serious about being a world class marketer, then **you must be able to answer all three questions about your customers – in depth**. You've got to know your customers better than they know themselves.

Situation Analysis: Customer Analysis

Who is Your Ideal Customer?

Some of your customers are better than others. Ideal customers don't haggle about prices, don't always moan and don't pay late. They pay on time, give you useful feedback, helpful new product suggestions, buy repeatedly, and in general, are a joy to do business with.

Other customers are not joyful. They moan, haggle, pay late, switch to competitors quickly and generally make life difficult (and expensive). Are these difficult customers the ones you really want, or can you find more of the ideal customers instead?

The first step in finding them is to define them and state exactly what kind of ideal customers are you looking for? So, try to define the ideal customer. Are there any characteristics or variables that are common to these ideal customers? See if you can jot down some of the ideal customers variables.

Remember if you don't know what is your ideal customer, how can you ever find them? So now describe/define your ideal customer or your best customer. Is there anything distinctive about them?

Make your own notes. Describe your 'ideal/best customer' – use as many variables to describe them as possible.

Later on, when you have added your Distinctive Competitive Advantage – you can check to see if there this is a good fit with what your ideal customers actually need. If it is a good fit, you can then start to evaluate their Lifetime Value (how much that customer is worth for ten years or even twenty years or however long you think you can keep them happy and repeat buying)?

Situation Analysis: Customer Analysis

Who Are Your Customers (Segments)?

Are all your customers and prospects the same? Unlikely! There are different clusters/groups/types of customers out there (big, small, local, national, hi-tech, low-tech, innovative, traditional, loyal, non-loyal etc.).

They may even buy for different reasons or benefits.

Now you can begin to segment your customers.

Remember your ideal customer profile. Does it fit with your existing customers' profile? **Everyone's looking for the ideal customer but not everyone knows who they are.** If the ideal customer needs your DCA (Distinctive Competitive Advantage), then you can win them and keep these customers for life. Repeat business (from same customers) is much more profitable than new business (from new customers).

Situation Analysis: Customer Analysis

Here's a reminder of some Segmentation Variables:

(a) if you're in a B2B (business-to-business) market:

- Industry Sector
- Company Type/Structure (Centralised/Decentralised)
- Company Size
- Job type, position and dm (decision making unit)
- Location/region
- Benefits sought
- Heavy/light users
- Loyal/non loyal users
- Supplied by a particular supplier
- Risk averse/risk seekers/innovators/market leaders

(b) if you're in a B2C (business to consumer) market:

- Geodemographics
- Demographics
- Psychographics - Lifestyle, Attitudes, Personality
- Behavioural - Benefits Sought, How Much (usage), When, Where bought?
- Plus another 200 variables from 'interests' to marital status'.

Situation Analysis: Customer Analysis

Are You in A Niche?

Do you have a very, very specific type of customer? And do you provide them with a special and particular level of service? Define this customer (niche).

Watch out for niches (small and specialised market segments). Some niches may suit your business better than they suit bigger competitors, so watch out for them, particularly if their needs fit closely to your DCA (distinctive competitive advantage).

Do any niches offer you a global opportunity?

What is it about these niches that is global and not just local? Write your answers in your own notes.

Situation Analysis: Customer Analysis

Why do customers buy (or not buy)?

what are their real needs?

[Benefit Segmentation]

What Customer Needs and Wants Do You Satisfy?

Write down your answers in your own notes.

Watch how customers search online for products and services to satisfy their needs and wants. Remember, they will search differently i.e. use different words when using voice search (e.g. Alexa). The words they use can reveal their real needs and wants, which may be different to your marketing.

Do your customers have other Needs and Wants?

Identify the most important customer needs/wants.

Then decide which ones you can satisfy.

Know your customer needs

Taylor Made Lighting used to sell airport runway lighting. They thought they were selling 'safety'. It needs to be noted that each airline sets its own operational landing standards e.g. x miles out, the pilot must be able to see the runway at a specific height. So you have a subjective system whereby a pilot may decide to divert if they do not like the look of the terrain and visibility. Thus, when meeting with Gatwick Airport people, Taylor Made Lighting's managing director discovered that he was able to reduce diversions because if the lighting was more accurate, there would be less diversions. By definition, the need for better lighting is precisely at the time the pilot is most likely to divert. Gatwick said they lost circa £600K that week with lost landings. So they started selling a different benefit – 'reduced diversions' (benefit) rather than 'best runway lighting' (feature) to satisfy a previously hidden customer need. Sales grew.

The moral of the story is 'know your customer needs before you decide what you are selling'. Understand the ultimate benefits they are seeking.

Situation Analysis: Customer Analysis

Are there Benefit Segments?

Do different groups of your customers derive different benefits from your organisation's products or services? If yes, these are benefit segments.

List the different benefits (that your customers expect when buying your product/service). Why do your customers buy from you (you can confirm it later through research): Your Benefit Segments

Your customers buy because you're innovative, bigger, smaller, better, faster, cheaper, higher quality, reliable.... You can translate these Features to Benefits by saying 'which means that'. e.g. 'innovative' means you solve their problem using technology based solutions. 'Bigger' means reliable (we can always supply); 'Smaller' means dedicated service (our customers are desperately important to us) and so on. Better lighting means...

Remember that Needs and Wants change over time. You can commission market research, read reports and make your own observations to keep track of what markets want today and also tomorrow.

Situation Analysis: Customer Analysis

Are Your Customers Loyal?

Are some of your customers better than others? Do some pay on time, rarely haggle on prices, give useful feedback, are more loyal, and generally, are a pleasure to do business with? Are some of them more loyal? If yes, can you find out what makes them different from the other customers that are not so good, disloyal etc.

If you can identify these loyal customers then it's more likely that you'll find more customers like them (once you've identified them). Remember repeat business is at least five times more profitable than new business.

Describe Your Loyal Customers (Loyal Segments)

And what makes them different to Non-Loyal Customers (Non-Loyal Segments). Are any of these 'Loyalty Segments' potential Global Segments?

Situation Analysis: Customer Analysis

Your Customers – Are They Happy?

You should always measure customer satisfaction and, if you can, loyalty levels intentions to repurchase and intentions to recommend your product or service*, particularly among your best customers. *Also known as the Net Promoter Score.

All of these can be measured by Customer Surveys. Customer satisfaction can also be roughly gauged by having some form of follow-up with key customers and asking them how satisfied are they or ratings and reviews are also useful for feedback purposes? Whatever method of collection, it is useful to collect this information and compare it.

Get your Customer Satisfaction scores and benchmark these scores against the industry average. But remember that customer satisfactions scores are slipping in a lot of industries, so don't be tempted to offer too many expensive extras free of charge in an attempt to bump up your satisfaction scores. You should be thinking about boosting satisfaction in an efficient and effective manner. Ensuring your staff execute with excellence and passion (see the Actions section) will help you satisfaction scores.

Find your customer satisfaction scores and add them into your own notes.

- Customer Satisfaction Score
- Ratings Reviews and Comments (keep a close eye on these)
- Industry Average Satisfaction Score*
- Industry Best Customer Satisfaction Score*

Measure these scores across the last 3 years average score and forecast next year's.

Remember the Net Promoter Score (created by Fred Reicheld) mentioned in the Business Performance/Results Analysis at the beginning?

* Check that your satisfaction criteria are the same as your customers' (not just criteria that you think are important). For example, having a doorman open the door to everyone who enters your store or office might be a very nice touch, but it is also a very expensive touch. If customers don't care very much about the door being opened for them – then perhaps you should spend your limited resources on something that customers really do value.

Situation Analysis: Customer Analysis

Your Customers – How Do They See You?

Check out your market research surveys. Are there some key phrases that customers use to describe your brand?

Customer Perceptions – Key Words

Pick two key words that are important to your customers. Use them to plot where you are versus competition in the eyes of your customers. Do this as an exercise now, but eventually you should do it with information supplied through research.

Be candidly honest and state clearly and succinctly what you think your customers really think of you. Ideally you should research this formally with them. For now, just have a long hard and honest think. If you've got time, ask a few customers for their candid honest opinion (explain to them that the more honest and brutal they are, the more helpful it will be).

Situation Analysis: Customer Analysis

Your Customers – How Do They Buy?

Write a description of your customers' physical and mental processes when buying your product or service.

Physical means where do they physically go when buying e.g. what % go

(a) online or

(b) offline or

(c) a mixture of the two

for last year, this year and next year.

How do they become aware of the need for your product service type?

How do they become aware of the need for your particular brand?

How do they see you? Write down some key words which reflect how customers see your company.

Then describe how they see your brand compared to competitors' brands.

Where do they go for detailed information (online & offline)?

Do you have a presence in all of these places? Perhaps it is too expensive to be everywhere, so priority places that you want to be seen. Highlight these.

Situation Analysis: Customer Analysis

How Often Do They Buy (Lifetime Value)?

Think of your best existing customers. Calculate how much they might buy from you during their lifetime as a buyer. First, calculate how much they buy from you each year on average and then multiply it by how long they might remain a customer of yours.

Work it out!

Customer's annual sales:
 x by number of years repeat sales:
 = Lifetime Value.

Net Present Value (NPV) helps you to value a customer over a period of years. For example, £100 from a customer sale made now is worth more than £100 sales to a customer in 3 years' time. So NPV (Net Present Value) discounts future sales to give future sales revenues a current value.

Share of wallet

Your customers may be worth a lot more than just the lifetime values you have calculated above. Do they have other needs that you can (but don't currently) satisfy? Can you increase your share of their wallet? Can you help your customers by supplying them with other products/services? Sometimes the additional services are supplied by a third party. Customers don't care too much as long as you are saving them time i.e. helping them get stuff they actually need e.g. airlines offering hotel rooms and hire cars (the airlines earn a nice commission whilst satisfying customer needs).

Situation Analysis: Customer Analysis

How Are They Influenced – Who are the Key Opinion Formers?

Write a list of your key influencers & opinion formers, and whether you have relationships with them. Start with just one or two. Read/Listen to their opinions, contribute to their discussions, add some links to their material (from your site), ask them some questions, offer some information that is useful to them, make sure they get it on time.

Read my post called: [Artificial Influencers – Meet Shudu & Miquela](#)



Image: by Cameron-James Wilson @Shudu.gramOnce

and also check out [Artificial Influencers Use My Magic Marketing Formula \(IRD\)](#). If you post a comment, I will reply within 72 hours.

Situation Analysis: Customer Analysis and Distributor Analysis

Distributor Analysis

- How many distributors/partners/collaborators have you got?
- How are they performing?
- Sales
- Leads
- Intelligence
- Collaboration
- Other....

Situation Analysis: Competitor Analysis

Competitor Analysis

Who are your competitors? List your main competitors. How do they compete against you? How do you compete against them? Do you play to your strengths (identified earlier)?

Competition is only one click away.

Who are your Competitors?

Michael Porter's 5 Forces (see next page) views competition as anything that competes with your profits. That includes your customers and your suppliers as well as the more traditional competitors which also include substitutes, new entrants and direct competitors.

Netflix see their biggest competitor as 'sleep'!

Competitor Analysis

Michael Porter's Competitive Strategies

Porter suggested that there are three fundamental strategies that companies use to compete with each other. These are:

- (1) Cost Leadership (compete on price)
- (2) Differentiation (make different/better products than anyone else) and
- (3) Focus (develop a specialized service or market). He later subdivided Focus into two other strategies:
 - (a) Differentiation Focus (product differentiation in a focused/niche market)
 - (b) Cost Focus (offer lower costs in a focused or niche market).

Other Sources Of Competitive Advantage

Know Your Customers better than your competitors know their own customers can also create competitive advantage. Knowing your customers (Who? Why? How?) now requires collecting data on customers (and prospects). Customer data is an asset (in fact the Economist in 2017 said it was 'the world's most valuable resource is no longer oil, it is data'). Market research surveys can collect some of the answers. Often times most of the answers are already available to companies if they collect and store the data in a responsible manner including adhering to the GDPR (General Data Protection Regulation).

Improve Your CX (Customer Experience) e.g. inspire your staff to execute tactics with excellence. Remember the power of a smile and a staff member who is authorized and capable of solving customer problems in a friendly and even better, in a passionate way. This passion rubs off on customers. They love it. They prefer staff that firstly really care and secondly know what they are doing.

Build Your Brand/s. These are real assets that can protect your business from competitors. Customers have relationships with brands, that solidify their preference for your brand instead of a competitor's brand.

Build Long Lasting Relationships. Brand relationships do defend against competitors. How can you continually improve your relationships with key customers? Hint: Think how you nurture your own personal relationships – listen to your partner, understand their needs, understand what is really important to them and make sure they get it, talk to them, spend time with them, surprise them and delight them – all common-sense stuff.

Build your database

Data is critical to your long-term success. Data is a real asset in your organization. Collect customer (and prospect) data carefully. NB you must adhere to GDPR (more later in this).

Discussion Question:

Can AI help you to improve long-lasting customer relations? You don't have to answer this now. Nor will it appear in the assessment section. It's just a thought-provoking question.

Competitor Analysis

Your Strengths and Weaknesses?

This overlaps with Company Analysis. You can include it in either section as long as you do include Strengths and Weaknesses somewhere in your Situation Analysis.

Relative to competition, are any of these a Strength or a Weakness?

Strengths and Weaknesses

Marketing Mix	Strength	Weakness	Action Required
Product (design, quality levels, lowest cost producer, portfolio/range, patents, packaging, differentiation, branding)			
Price (appropriate price for target markets – expensive or cheap; price/quality; attack or defend)			
Place (distribution penetration/widely available or difficult to get? Have we got good locations? Have we got distribution for our key entry target segments?)			
Promotion (are we particularly good/bad at promoting our product? Do we have a strong or weak brand? Have we integrated our promotion into the rest of the Marketing Mix?)			
Service (do we deliver quality and personal service)? Have we got service pre-deal, during deal, and post-deal?			
People (have we got the right level of skills e.g. pre-sales specification, post-sales technical support? Are customer-facing staff friendly? Do all our key people and managers spend time on the "counter" learning about our customers? Do we retain or lose staff?)			
Processes (have we got efficient front office and back office systems and processes)? Do these systems say "we care"?			
Physicals (do our premises, cars, uniforms and corporate signature look good, do they help or hinder?)			

Competitor Analysis

Now consider, from all of these, which elements of the Marketing Mix provide you with a key to success?

What is your Distinctive Competitive Advantage?

See [Beware: Customers See Your Competitive Advantage Differently](#)

Beware: Customers See Your Competitive Advantage Differently

by prsmith | Sep 10, 2015 | Marketing Plan, Situation Analysis, Strategy | 8 comments



[Beware: Customers See Your Competitive Advantage Differently](#)

Competitor Analysis

What is your Competitive Advantage?

Why Do You Win Customers? Why Do You Lose Customers?
Now it's time for some hard questions and honest answers.....

Why do you win business? Write down your answers.

You can now check your Strengths in your Strengths and Weaknesses analysis on the next page and see if you want to adjust anything.

Why do you lose business?

Do you regularly follow up and process feedback from lost business/customers?

You can now check your Strengths in your Strengths and Weaknesses analysis on the next page and see if you want to adjust anything.

Competitor Analysis

Your “Distinctive Competitive Advantage” (DCA)?

So why do your customers buy from you? Check over the last few pages and then consider the reasons below. Is there a specific, distinctive, reason? Is it because you are:

Technically Fantastic
 Better (different product functions)
 Aesthetically More Pleasing
 More Reliable
 Built To Last Longer
 More Easily Serviced
 Better Service Support
 More Flexible
 Faster Delivery
 More Mobile
 Readily Available
 Better Priced
 Better Brand
 Friendlier company
 More knowledgeable company
 Other Reasons.....

Or perhaps, you just happen to be there, at the right time, in the right place?

Other reason/s?

Fill in the answers in your own notes.

Customers often want the same product for different reasons. They prioritise their needs differently. Listen to what buyers say. Maybe you're trying to sell them something they can't buy. Ask them what they would like to buy (what benefits they want/what problems they have -which you can solve?). If you can deliver those benefits efficiently, then winning business becomes easier.

Remember also that strong brands create competitive advantage.

Competitor Analysis

Then ask, what are you particularly good at?

Technology/product (patent/design/processes)

Service (friendlier/faster/more motivated...)

Marketing (closer to customers, better image, better communications)

Systems (production/delivery/information)

Financial Resources

Location/s

Other?

Make a note of your answers.

Does your business have something special,
i.e. a Distinctive Competitive Advantage in any of the above?

Ask some of your colleagues at work what is our DCA?

It will be interesting to see if:

(a) everyone knows

(b) everyone agrees

Competitor Analysis

Relative Competitive Position

Another necessary part of the Situation Analysis is the competitive position of a business. Ignoring relative competitive position is the same as ignoring competition. This can be fatal. This may be concealed in a high growth market where everyone is enjoying growth and not feeling the harsh claw of competition. But sooner or later an organisation has to analyse its competition and where the organisation's own business stands relative to competition. The result of this assessment will help to make better strategic and, subsequently, better tactical decisions.

Basically, the classic Relative Competitive Positions are:

Market Leader

Has the highest market share and obtains a big operational margin. Usually they are very powerful and have deep economic resources. They will try to keep customers and expand market share, will invest in defensive position and attack any challengers.

Challenger

Wants to be leader. There are usually only one or two companies in this position. Spends *aggressively* to grow sales via marketing communications strategies, New Product Development, channel development and others. Challenger must have a clear competitive strategy and economic resources to attack the leader or will suffer from the almost inevitable confrontation.

Follower

Have low share, low resources. Very low margins. Often fighting for survival. Often competing in price. Lacking a differentiation strategy (e.g. a different type of product, service, design, easiness of use or support service).

Nicher

Focused on a small segment, called a niche. Good position, making money out of a small, specific market. Present some vulnerability if the leader decides to move to the specific niche.

Fast Movers

Small with pretensions. Often, they are in possession of disruptive technology and able to deliver radical new products. Dangerous for leaders and challengers, who cannot ignore them.

Situation Analysis: Company Analysis

Company Analysis

Performance/Results

How is your business or organization doing? Are you achieving results or failing miserably? Either way, you have to analyse how you are performing which also helps to identify your strengths and weaknesses (which are explored later). For now, let's look at analysing the actual performance of your company.

These are typical KPIs (Key Performance Indicators) which we will explore again in the Objectives section.

Analysis of Current Business Performance

	Year 1	Year 2	Year 3
Marketing Results:			
Sales			
Market Share			
Profit / ROI			
Number of Web / Blog Visitors			
Number of Enquiries			
Number of Registrations / Likes			
Number of Trials			
Number of Unsubscribes (or %)			
Number of Customers			
% Customers Recommendations			
% Customer Detractors			
Nett Promoter Score* (% Promoters - % Detractors)			
Level of Engagement: Number of likes/comments/shares			
Communications Results:			
% Target Market Brand Awareness			
% Target Market Positioning Awareness			
Sentiment Score**			

Company Analysis

Years 1, 2 & 3 mean Most Recent Year, Previous Year and the Year Before That. This then reveals some trends.

* Net Promoter Score (Reicheld 2006) % Promoters minus % Detractors. Ask customers 'How Likely is it that you would recommend us?' 9-10 = Promoter; 7-8 = Neutral; 0-6 = Detractor.

** Sentiment Analysis measures social media conversations about your brand. The level of accuracy will vary, however. Sentiment analysis applied consistently will give, over time, some estimate of how opinions and feelings are changing before it is too late.

Many other performance criteria can be added in later e.g. Customer Satisfaction Scores; Loyalty Scores; Product Portfolio (what % of the product range is new within last 3 years); Customer Portfolio (80:20 Pareto Rule ie does 80% of your turnover come from 20% of your customers? More importantly does 80% of your profits come from 20% of your customers?)

This exercise can be repeated for each product or each market or each product/market – depending on what way your business is structured.

You can see how each 'Product/Market' is considered as a business unit in some of the previous analyses such as the Ansoff Matrix, the Boston Matrix or the GE Matrix.

The real value in all of these analyses is not just the current situation but the trend or pattern emerging over time.

Company Analysis

Gap Analysis

Gap Analysis (GA) explores why the results of a business unit differ from the stated objectives. GA is conducted when reviewing last year's plan (as soon as the yearly data has been collected).

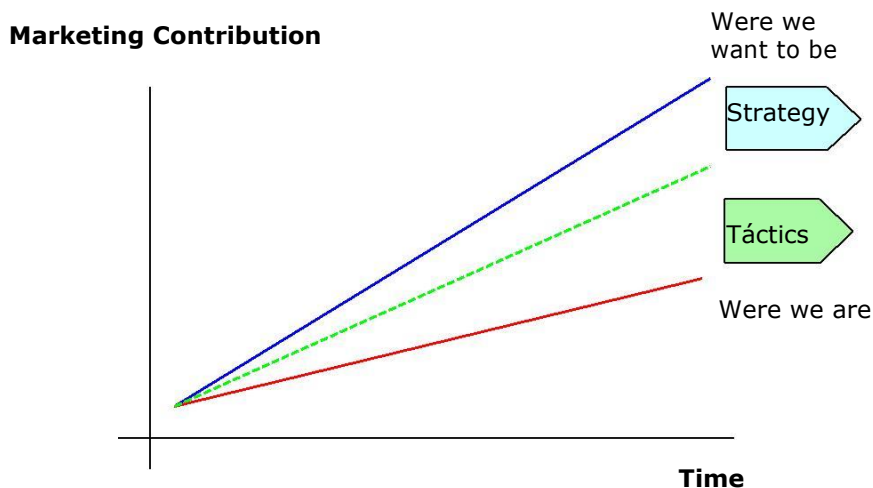
GA is the starting point to find the root of why there is a gap between results achieved compared to the objectives that were set.

A real understanding of why a gap occurred helps managers to either write more realistic objectives or to find better strategies (or ultimately better tactics).

Strategic decisions are long-term, more expensive and more difficult to change, while tactical decisions are short term, cheaper, and easier to change. Strategy is connected to concepts such as product differentiation, positioning, segmentation and innovation. Tactics are connected to the traditional marketing 7 P's and, in particular, the promotional mix or the communications mix (whether online, offline or integrated with social media).

A fundamental mistake occurs if strategic issues are confused or mixed with tactical issues. A common problem when designing marketing plans is the lack of clarity identifying the root of the problems and the subsequently applying tactical solutions to strategic problems. This is dangerous since it may appear to work because of the long time period between the cause and effect of the business issues. This is known as 'strategic drift', leading eventually to a point where it may not be possible to recover from the strategic mistakes.

GAP Analysis



Company Analysis

SOSTAC® clearly separates strategy from tactics. This helps managers to understand the root causes of the problems and to develop real solutions depending on whether the gap is caused by a strategy or a tactic.

A gap caused by a strategic mistake might include a lack of innovation, a lack of differentiation, poor portfolio management or just wrong positioning. These are strategic mistakes. They take longer to fix. A gap caused by a tactic could be wrong timing of an advertising campaign, or wrong pricing such as failing to adjust prices to seasonal cycles. These tactical mistakes can be changed more easily and more quickly.

If sales are below target, GA asks why? Customer research may be required to find out why customers are buying less than was planned. If customer research reveals the price was too high, then this tactic can be changed quickly. If, on the other hand, customers reveal that the product quality is bad, then this requires a strategic change to set up and improve quality control and maybe even production processes.

So Gap Analysis forces businesses to ask some difficult questions as to why there is a gap - is it strategic (major) or tactical (minor) and how to fix it?

Your Company Analysis can also include an analysis of your strengths and weaknesses and in particular, identifying your Distinctive Competitive Advantage (DCA). This is addressed in the section called Competitor Analysis. It doesn't matter if you include this analysis here, or later in the competitor analysis section – as long as you do analyse it. Remember to play to your strengths (your DCA) – as long as the customer values your DCA.

Now let us look at the product Portfolio Analysis as part of the Company Analysis. You will see these types of analyses also being used when making strategic decisions about which products to keep and/or grow and which products to delete or 'kill off' or withdraw from the market.

Company Analysis

Product Portfolio Analysis

When a company grows it can find that it has many different products in many different markets. Senior managers need to be able to see the big picture of how they all fit together. Sometimes it can be difficult to see which products in which markets should be nurtured for growth and which ones deleted. It is therefore necessary to have a clear picture of which products should be promoted more heavily than others and which ones should be 'killed off' or withdrawn. In doing so, this also helps you to develop clear objectives later. This also feeds into part of the strategy. Let us look at some matrices that can help such as:

- Ansoff Matrix
- GE Attractiveness Matrix
- Boston Matrix

Company Analysis

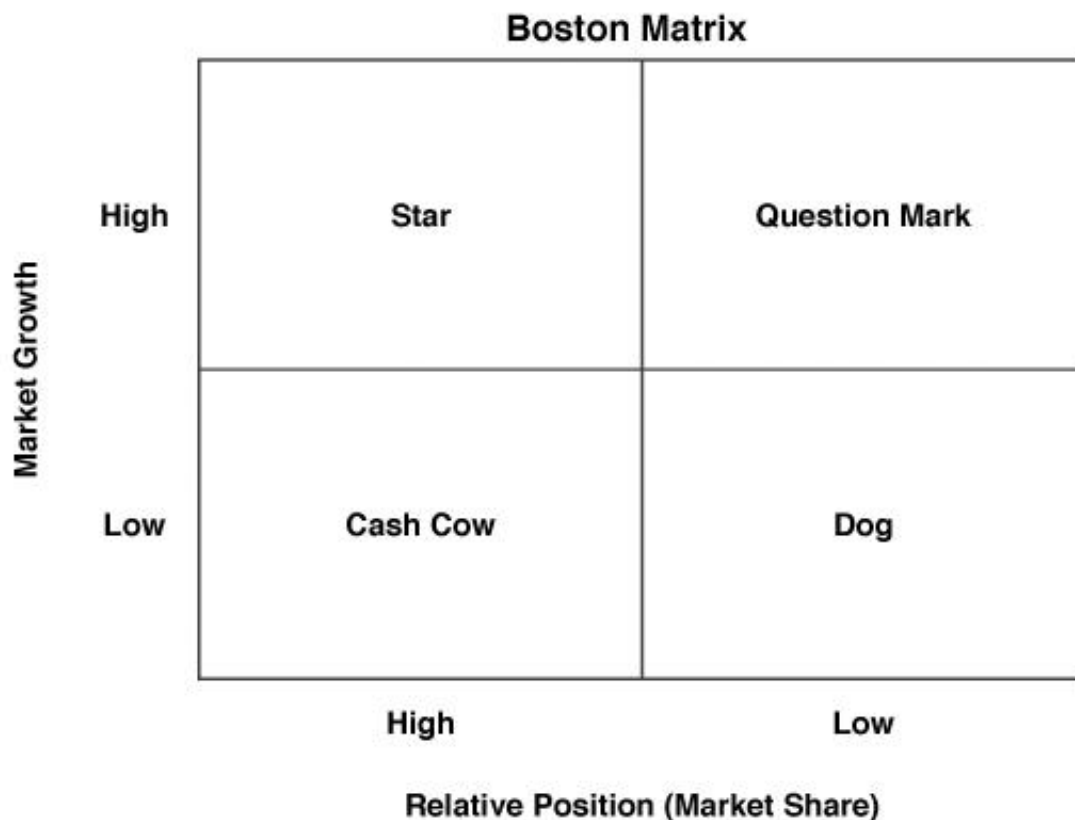
Boston Matrix

Developed by the Boston Consulting Group, the BCG Matrix analyses the product portfolio from a cash-flow perspective. Senior managers need to know which products generate surplus cash, which ones need extra cash to support their future growth. And which ones should not get any more cash/resources i.e. be deleted. Remember NPD (New Product Development in the Ansoff Matrix) requires a lot of funds (and time and people).

Products in growth markets generally require cash to support them grow as cash gets tied up in working capital (more sales = more debtors + more suppliers/creditors have to be paid). NPD and/or products enjoying growth require resources.

Products that are in low growth markets (mature markets) and that have relatively large market shares are known as 'Cash Cows'. They generate surplus cash. This surplus cash can fund other high growth products, such as the high growth 'Star' products.

Products that are 'Stars' are in high growth markets and have large market shares. They need extra working capital funds if they are to keep pace with the overall market growth. They may, however, become tomorrow's cash cows when market growth eventually slows or matures and they have secured high market share.



Company Analysis

Other products in high growth markets but with low market share are called 'Question Marks'. They pose additional challenges (they need funds but are weaker than 'Stars' because they have lower market share than 'Question Marks').

Finally, products in low growth markets and that have low market share are called 'Dogs' and sometimes absorb a disproportionate amount of management time.

Cash Cows generate surplus cash. This cash can be used to fund the resources required by STARS which when the market growth eventually slows, will, one day, become Cash Cows. Some Question Marks will be selected and nurtured to become STARS and other Questions Marks will be divested or deleted.

Balancing the portfolio of products is crucial to long term survival. New products are the lifeblood of the company's future. Old products eventually die. New products have to be introduced. This requires a delicate balancing act. Some companies, like Gillette, say that a minimum of 30% of the company's sales should be generated through new products, that is products that are less than 5 years old.

Whether these are 'new products' or mere product improvements, modifications, brand extensions or genuine innovations, depends on the company's attitude to risk, its ability to innovate and the resources available.

Another approach to managing the product portfolio and to make sure it is moving in the right direction is the GE Matrix which seeks to match a company's strengths with market attractiveness. See next page.

Company Analysis

GE Market Attractiveness Matrix

Developed by GE and McKinsey, this was originally used for analysing Strategic Business Units (SBU's) which could be a mid-sized company or a division of a large organization, or a particular brand. However, a business with many products in many different markets can also use this matrix to identify which product/markets or which business units should be invested in and which ones should be divested.

Market attractiveness is determined by a scoring on a range of criteria including:

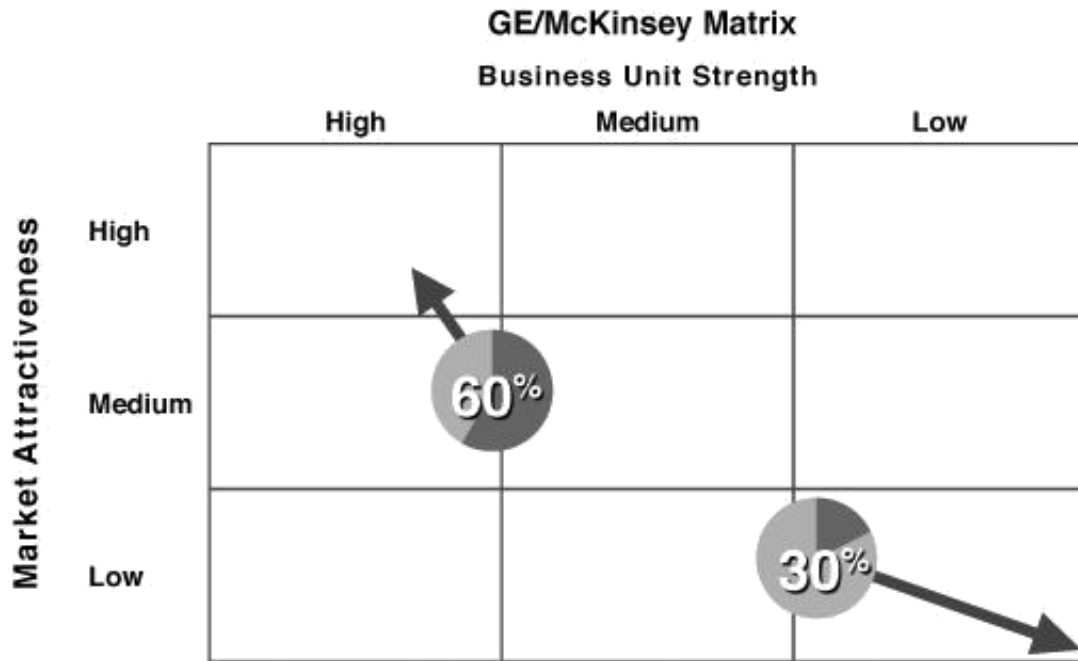
- Market Size
- Market Growth Rate
- Market profitability
- Pricing trends
- Intensity of Competition
- Barriers to Entry
- Risks
- Variability (demand or in prices)
- Structure of market (fragmented or concentrated)

Business Unit Strength includes:

- Brand strength
- Market share
- Market share growth
- Customer Loyalty (compared to competition)
- Cost of production (compared to competition)
- Marketing Mix relative advantage (quality; distribution; etc.)
- Management Strength

The circles (in the diagram on the next page) represent a product/market (a product in a particular market). The size of the circle indicates the size of the market, and the number represents the market share. The arrows indicate which direction the business unit wants to move. In the above example the company will divest, sell or simply withdraw the small business unit in the bottom right-hand corner and generally seeks to grow its other business units towards the top left hand corner where it plays to its strengths in highly attractive markets.

Company Analysis



Normally the two or three best companies earn money in their markets where they are either ‘leaders’ or ‘challengers’. It is important to identify the market a company wants to compete in (e.g. an attractive market whose needs exactly match the company’s strengths). General Electric decided to be number one or number two in all of their markets. Being ranked third in the market may not be an option for some companies and they, therefore, would withdraw any business unit that was not able to become number one or number two and then re-allocate the resources to other Business Units that were in highly attractive markets that want GE’s particular strengths. GE always ‘plays to its strengths’.

The Micro Environment and GE Market Attractiveness Matrix

Analysing the industry/market or the MICRO environment has become more complex than ever as the dynamics of any industry keep changing continuously. So here is some additional information on some of the variables mentioned in the GE Market Attractiveness Matrix.

Structure of the industry - This refers to the fragmentation or concentration of the industry (fragmentation is a large number of small competitors, while concentration is small number of large competitors).

Company Analysis

Operations - Operational efficiency of the industry is reflected by the average cost to produce a unit, or a product. An increase in the COP (cost of production) can be a result of low levels of efficiency affecting the productivity per man-hour. Knowing the industry average COP, your own COP and competitor's COP is useful e.g. the industry average COP is £20 while your COP is £15 compared to your three main competitors whose COP is £23 means we currently have a competitive advantage as we are a more efficient producer.

Sustainability - This asks the question: Is this market sustainable? What stage of the product life cycle is it in (growth, maturity or decline), the margin, or profits, the volume of sales to reach break-even (to cover all costs - both variable and fixed costs). For example, in a high cost, highly competitive mobile device industry a new entrant will have to secure a high volume to break even as the industry has reached maturity. A competitor's influence and control over the industry could affect the balance of the industry and its sustainability. For example, Apple's influence in smart phones in the mobile device industry affected Nokia's market dominance.

Trends - These are the projected changes that affect customer demand within an industry and that identify new needs and help organizations to plan for the future. An understanding of the key trends within each industry also helps the organization to evaluate their resources and capabilities to cope with these trends in the future. Beware: Watch the right trends. For example, there is a trend of increasing consumption of coffee in the UK. This does not mean there is a gap in the market for cheap, low quality, coffee because there is also another trend towards higher quality coffee. There is more on trends later. We will look at Trends Analysis in more detail, later.

Attractiveness - There are several factors that will determine an industry's (or market's) attractiveness. It could be the size of the industry or projected profit margins indicate the attractiveness of a market. NB large profits eventually attract new competitors. Low price sensitivity (which means customers accept premium prices) within an industry could also be a factor that makes it an attractive market. Attractiveness also means the exclusivity or uniqueness of a segment or niche within the industry e.g. perhaps specialist skills are required that only your business has.

Customers and Distributors - The customers in an industry can consist of Purchasers (those who make the purchase decision and buy but are not necessarily the users), Consumers (users) and even the **trade channels/distributors** (indirect customers) such as agents, retailers, stockists and distributors. Each group will have their own expectations. The organization will have to evaluate these expectations in order to determine how best they can deliver an experience that meets or ideally exceeds, these expectations. Customers are explored in a lot more detail in the Customers Analysis subsection.

Situation Analysis: Trends Analysis

Market Trends

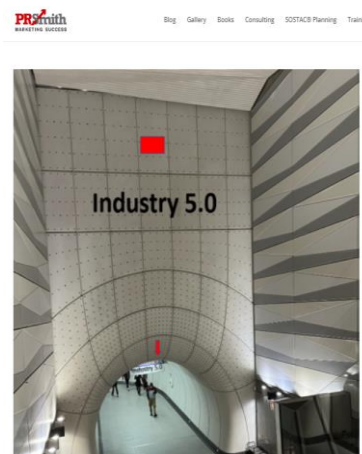
Opportunities and Threats

What are the Opportunities and Threats out there in your Market Segments that impact your market and consequently will require you to change your marketing strategy or tactics later in your plan (in the strategy and tactics sections)? Opportunities and Threats are external factors or trends that are beyond your control ie are “external” to the business.

One source of Opportunities and Threats is PEST Analysis (Political, Economic, Social and Technological). Some prefer PESTE which adds in Environmental trends (which some see as social trends).

Some prefer to call it a PESTED Analysis by adding ‘Demographics’ (although some think that demographics are part of economic and social structures). Others prefer PESTEL which includes ‘Legal’ (although some consider Laws and Regulations to cascade down from political changes).

It doesn't matter which version you choose, PEST, PESTE, PESTED or PESTEL as long as you consider all the variables that will affect your customers and therefore your marketplace. [AI in particular will affect your market and marketing](#). Also watch out for [Industry 5.0](#) with 3 pillars covering 3 trends.



Don't forget to mention Competition as being a threat. See the previous Competition subsection to explore the many different types of competition. See Porter's Analysis as it broadens the concept of competition.

Some companies see weak competitors as an opportunity if firstly, they offer an inferior product or service or inferior CX (customer experience) and secondly, their customers are easy to contact. Write these opportunities and threats down.

Take the Quiz. If you have registered, go to the online course www.SOSTAC.org and log in. Select 'Start Lesson'. Then Click on 'Quiz: Situation Analysis'

Situation Analysis Summary

The Greatest Marketing Book Was Written Over 2,000 Years Ago

The Chinese military strategist Sun Tzu wrote *The Art of War* (translated version Wing, 1989). Most senior marketers have a copy of it on their shelf. It has become a classic read, particularly for some enlightened marketing managers. Interestingly confrontation war is seen as a last resort and the best military strategies win the war without any bloodshed, they win it through intelligence.

Sun Tzu effectively confirms why the Situation Analysis needs to be comprehensive. Here's an excerpt:

Those who triumph,
Compute at their headquarters
A great number of factors
Prior to a challenge.

Those who are defeated,
Compute at their headquarters
A small number of factors
Prior to a challenge.

Much computation brings triumph.
Little computation brings defeat.
How much more so with no computation at all.

By observing only this,
I can see triumph or defeat.

So once you thoroughly know where you are – your situation (strengths, weaknesses, DCA, opportunities and threats; your market), you have completed section 1, the Situation Analysis. You are in a stronger position. Now you're ready to move on to deciding where you want to go – your objectives.

Take The Test – Try the Quiz

We recommend that you stop reading now!
Check to see if you understand this section,
by going back to your online dashboard
and take

Quiz 1: Situation Analysis

Painting by Rosie Phipps

Part 2

Objectives, Strategy, Tactics, Action & Control

S(O)STAC® Objectives



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Now you know where you are (Situation Analysis), you can now decide where you want to go (Objectives). Knowing your strengths and weaknesses and the external opportunities and threats helps you to set more realistic objectives.

First, let us clarify the different types of objectives.

Objectives

Objectives cascade down from the Corporate Mission statement to Corporate Vision statements to Financial Objectives (ROI) to Marketing Objectives (sales) to Marketing Communications (MarComms) Objectives (awareness).

Objectives also link to those highlighted in the Situation Analysis Performance section such as: Sales, Net Profits and Return On Investment. First, let us consider Mission and Vision statements.

Mission

Is the over-riding purpose or goal. It is why you exist as a business – how you are helping the world (or even just a local region). Mission statements should demonstrate social responsibility, strengthen any PR drive, give direction to the business, rally employees and even attract investors and win customers.

“Many mission statements are riddled with jargon and grandiose pronouncements that are too abstract to be acted on.”

Try to state your mission in eight words or less.

Kevin Starr suggests: Use the format: verb, target, outcome. For example, "Improve African children's health." Eric Hellweg, E. (2010) The Eight-Word Mission Statement, Harvard Business Review Guest Edition, 22 Oct.

Vision

Is where you want to be in 3-5 years? How you see the business in 3- 5 years in terms of sales, market share, or position No.1 , 2 or 3 in the world or in your region? Write your own headline that you would like to see in the FT in 5 years. What would the headline say?

KPIs

After Mission and Vision come the KPIs (Key Performance Indicators) which include Marketing Objectives and MarComms Objectives).

Marketing Objectives

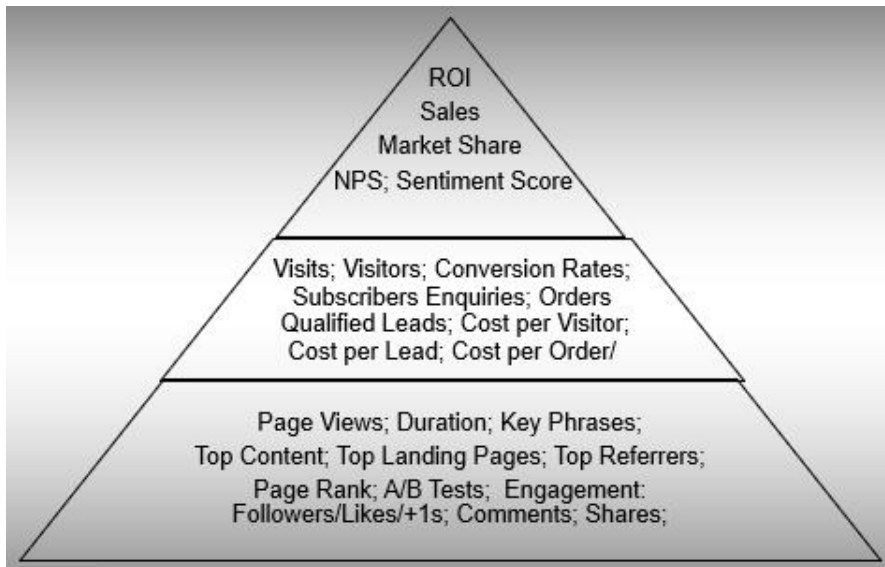
Are about customers physical activity i.e. market share, sales, enquiries, registrations & visits. Marketing objectives must have numbers e.g. boost sales by 25% within 12 months

Objectives

MarComms Objectives

Are about mental states i.e. awareness, attitudes, positioning, some say the AID in AIDA (Attention/Awareness, Interest, Desire but not Action as Action, in this acronym, refers to sales or enquiries etc. (which are marketing objectives). MarComms objectives must also have numbers e.g. boost brand awareness to 50% within 12 months or become a market leader or become a 'Preferred Supplier' with 12 months.

KPI Pyramid



The KPI Pyramid

The KPI Pyramid is another way of looking at objectives. The board of directors are more interested in the top-level objectives, while management-level are also interested in the middle level objectives. The lower level objectives are at operational level. NB different organisations have different objectives pyramids.

Remember, that objectives can be reviewed and changed if firstly, the external situation changes (e.g. trends) or secondly, if internal resources change (e.g. budgets or staff cuts).



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Objectives

All KPI Objectives should be measurable.

It is easy to measure the Objectives KPIs like Sales Objective: £1m. Measuring the company performance – to see if we met the £1m sales objectives is really useful information to also include in the next Situation Analysis (Company Analysis section) – did we hit £1m sales or not? After that, we will be able to set much more informed and realistic Objectives for the next period. This makes SOSTAC® an agile planning framework.

KPI Objectives should also be SMART (Specific, Measurable, Actionable, Realistic & Time Specific).

Objectives

	Period 1	Period 2	Period 3	Period 4
Marketing Objectives:				
Sales				
Market Share				
Profit / ROI				
Number of Web / Blog Visitors				
Number of Enquiries				
Number of Registrations / Likes				
Number of Trials				
Number of Unsubscribes (or %)				
Number of Customers				
% Customers Recommendations				
% Customer Detractors				
Nett Promoter Score* (% Promoters - % Detractors)				
Level of Engagement: Number of likes/ comments/shares				
Communications Objectives:				
% Target Market Brand Awareness				
% Target Market Positioning Awareness				
Sentiment Score**				

What are your Objectives for the next four periods? Periods 1, 2, 3 & 4 can refer to medium term objectives i.e. Year 1, 2, 3 & 4, or can be short term i.e. quarters (3 monthly periods): Q1, Q2 Q3 Q4.

Objectives

5Ss – an alternative approach to setting objectives

(that also help you to eventually find strategies)

Sell -= sell more = exactly what sale?

Serve = serve better = exactly what customer satisfaction scores or NPS scores do you want to achieve

Save = usually means to reduce costs – reduce marketing budget OR it can be use for a more customer orientated ‘save’ – how much time (how many minutes) can you save a customer (by improving the UX)?

Speak = dialogue = can you listen (and process the information you gather)? How many customers will you speak to – whether by sales people, telesales, website chat agent, chatbot etc.?

Sizzle = magic! What extra bit of magic can you bring to your customer via digital (or other routes) – can you quantify this objective?

Take The Test – Try the Quiz

We recommend that you stop reading now!
Take the Quiz. If you have registered, go to the online course www.SOSTAC.org and log in. Select ‘Start Lesson’. Click on

Quiz: Objectives



Painting by Rosie Phipps

SO(S)TAC® Strategy

Strategy - how do we get there? The smallest part of the plan, but often the weakest part of many plans.



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This is usually the weakest bit because it is actually the most difficult part of planning. Although strategy is often just a paragraph (or one page), it gives crystal-clear succinct explanation of 'how we will get there'. It gives direction so that all the subsequent details or Tactics can move in the same direction. This increases your impact in the market. Strategy – summarises how we are going to get there?

Can you identify your biggest obstacle stopping you achieving your objective(s)? How can you get round your obstacle? Keep it short. A strategy is not an essay!

Strategy

Make great decisions (strategic decisions)
Ask the right questions

Situation Analysis (reduces risk & helps make informed decisions)

Do you remember in the Situation Analysis we included a summary of what your current strategy was (we explored Porter and various product portfolio analyses to see whether the strategy was working (results/performance analysis) or not? We saw how Porter's generic strategies (Niche; Differentiation or Cost) also help marketers to analyse their current situation. This helps us to see the bigger picture and eventually, when we finally get to the strategy section we can develop the best strategy. In fact, all the Product Portfolio Analysis (Ansoff & Boston & GE matrices – mentioned earlier) are often used to make strategic decisions such as invest in Products x and Y while deleting Product z.

Sophisticated 'Blue Ocean' strategies (see Appendix) helps market selection (segmentation and positioning) and Akao's House of Quality Analysis (see Appendices) helps with strategic issues regarding quality of the product. These are all strategic tools that give the bigger picture and help develop better strategies. You do not need to worry about these in this course.

In this course, we want to start thinking about developing strategies for just a single product or single brand. There are 9 components worth considering. You might not use all 9, but, you must, at least, consider all 9, when developing your marketing strategy. NB Strategy is explored in much much more detail in the SOSTAC® Certified Planner Programme. For now, we will just summarise the 9 components to consider, using my TOPPP SEED acronym.

TOPPP SEED

- Targeting (which target markets)
- Objectives (what big objectives will your strategy fulfill?)
- Positioning (means how do you want to be seen by your customers. Define this succinctly and clearly as it eventually cascades into value propositions and unique selling propositions.
- Partners (strategic partners or strategic alliances)
- Processes (new processes like marketing automation, chat bots, AI, IoT?)
- Stages or Sequence (e.g. Develop Credibility before Raising Visibility; Roll out in Region A and after that, Region B etc.; Diffusion of Innovations – see SOSTAC® Certified Planner course).
- Engagement (see the Ladder of Engagement which identifies which levels of engagement you want your customers engaging with you)
- Experience (does it support an excellent lifetime customer experience?)
- Data (is data important in your strategy –the world's most valuable resources?)

Strategy

Real strategists consider all of these 9 components before developing their strategy (which might eventually, only include 5 or 6 of the components). Having developed one strategy, they then see if there are any other strategic options, after all, it is unlikely that your first strategic option is necessarily the best strategic option. So ideally, develop a few strategic options. And then choose the best option as your strategy.

Your strategy gives direction for all of the subsequent tactics, ie your marketing mix. We will explore these in the next section. NB Once again, please note, we explore strategy in much more detail in the SOSTAC® Certified Planner course.

In the SOSTAC® Certified Planner course, we explore strategy in more detail. We show you examples of strategy excerpts from real companies and get you to analyse them. We also ask you to develop at least three strategic options before choosing the best strategy for your business.

For now, for this course, please remember that whatever strategy you eventually choose, it must deliver the objectives you previously specified.

Tip: If you set some major objectives such as Generating £1m sales in the next 12 months. Then one way of looking at strategy is to ask 'What is the obstacle stopping me achieving £1m sales. Greta question. When you find the answer, it usually helps you to write a good strategy.

*“There’s no point rowing harder,
if you are rowing in the wrong direction.”*

Kenichi Ohmae

Remember also that your strategy should give direction, and ultimately, guide all your subsequent tactics. If you get the strategy wrong, working really hard on the Tactics will not deliver the desired results.

Take The Test – Try the Quiz

We recommend that you stop reading now!
Check to see if you understand this section,
by going back to your online dashboard
and select:

Quiz: Strategy



Painting by Rosie Phipps

SOS(T)AC® Tactics – the details of strategy

Tactics are the details of strategy – the classic marketing mix and in particular, the Marketing Communications Mix. You can now consider the details of the marketing mix for each product/market or business unit.



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Tactics

This includes all of the elements of the marketing mix. When tactics do not synchronise with the strategy, problems emerge. e.g. if a company focuses on a product differentiation strategy with an upmarket brand image and, at tactical level the product manager, in pursuit of short terms sales growth, heavily discounts the brand or uses a cheaper packaging, this damages the brand. So, the tactics must be driven by, and be consistent with, the overall strategy.

Tactics

The Marketing Mix

Although the marketing mix was created way back in the 1960s by Jerome McCarthy, marketers today still have to make decisions about the product, price, place, promotion and now that all products are becoming services (particularly with online services), we add in the 3 Service 'Ps': People, Processes and Physical Evidence. AI (artificial intelligence) today can help every aspect of the marketing mix from ideation (new ideas for products or ads) to adding value/personalizing customer experiences to predicting and targeting new ideal customers and much more. For now, let's just review the marketing mix i.e. the 7Ps.

Product

There are many types of products that extend beyond the conventional "Physical" product. Some products add layers of services (often online). Indeed, services themselves are often referred to as products. And all products are becoming services (as firstly, they layer on online service support and secondly, as renting, as opposed to owning products, like cars or bicycles, becomes more popular. Do remember that regardless of whether we marketers call it products or services, customers will always seek 'value'. How much does this product or service really help them to satisfy their needs?

Service Products – banking services are often called products. Banking products are essentially services marketed similarly to how any physical product is marketed.

Locations as Products – Countries or locations are marketed by offering value in terms of leisure, culture, nature, and entertainment. The campaign 'Incredible India' uses the different states and locations of India as sub products to differentiate brand "India".

Personalities as Products – Sports celebrities can have a commercial life long after their sports life. David Beckham is a successful brand even after playing football. His brand franchise adds value to clothing, perfume and events. Virtual celebrities like [Miquela](#) command £10k per branded tweet to her 3m followers.

Events as Products – Barclays Premier league is marketed as a product which commands premium prices for matches and is managed as a brand to compete with other European football leagues in other global sports.

Tactics

Illustration of how tactics need to complement the strategy.

Product Type	Strategy	Tactics to complement strategy
Baby's milk formula	Differentiation through quality assurance. Position product as the highest quality baby milk formula.	Change pack design to reflect a healthy baby and a happy re-assured mother. Highlight the key quality nutrients on the pack. Include a measuring spoon and a feeding chart as product augmentations Highlight quality certification logos.

Price

Price reflects how the provider of any type of product wants to be perceived by the customer, while the customer sees it as an indication of value.

Tactically, an incorrect pricing decision can have a dual impact on both the provider and the receiver. There are different approaches to pricing.

Pricing Tactic

Survival Pricing	The company has to survive in the market.	Price is set to simply break even.
Profit Pricing	Shareholders set a target profit.	A percentage is added to reflect the profit expected.
Penetration pricing	The purpose is to maximise market share.	Price is lowered and set at a competitive level.
Quality based pricing	Where price is linked to quality that the company wants projected.	Premium price is set where superior quality needs to be projected. Value pricing is where the price is low yet the quality is perceived to be high by the customers. Economy pricing is where the price is low and so is quality.
Cost based pricing	The focus is on recovery of costs and earning a margin/profit on top.	Cost plus pricing is where a percentage is added to the cost to

calculate the price. e.g.
 Cost 100 + 15% = Selling Price 115

Mark up pricing is where a percentage is added to the price by retail outlets.

Cost 100 + 50% = Suppliers Selling Price + % Markup added by each retailer depending on location, logistic & transport cost incurred.

Customer pricing

Focus on the customer (what price they think is fair or is good value.

- **Psychological Pricing**

Psychological pricing (£9.99) – many customers see this price not as £10 but as under £10.

- **Promotional Pricing**

Promotional pricing e.g. special prices offered during a particular season.

- **Differential Pricing**

Different prices for different segments (Airlines offering special fares to kids, students, pilgrims, adults, senior citizens and business travelers).

Competition pricing

Price set in line with the competition's prices.

Price leadership is where the leader of a market sets the price followed by others (mainly applicable in concentrated markets (which only have a few suppliers).

Price followers set their price to match their closest competitor.

Professional pricing

Price set by professionals based on their experience and image.

Professional pricing. e.g. Fees charged by lawyers vary depending on their professional image and experience.

Channel pricing	Price is based on the retail margins expected by the different types of distribution channels used by the company.	A pricing tactic used by companies who depend on different types of marketing channels to push the product to the end user.
Event pricing	Price is set based on the timing and image of the event.	Time based price is set when organizers wish to attract participation at off peak or peak times.
Location pricing	Price is set based on the image and demand for a location/destination.	<p>Crisis pricing is where the price is set at a low level during a crisis to attract more visitors Egypt and Turkey cut their hotel room rates to maintain demand in the wake of the fall in demand due to the crisis in the middle east.</p> <p>Leverage pricing is where the image and high demand is used as leverage to set the price high.</p>
New product launch pricing	Price is set based on the objectives of the organization.	<p>Price Skimming – is where the price is high i.e. at a premium to skim the market of the innovators who buy a new offering at a premium. (Apple’s new versions adopt price skimming).</p> <p>Penetration pricing – Price is set at a low level to generate maximum sales (market share).</p>

Tactics

Place (Distribution)

Despite the growth of online channels many markets still also have a strong off-line channel.

An organization has the options of Intensive Distribution (Mass Distribution), Selective Distribution (Channels which have specific resources and skills to deliver the product or service to a specific type of end user) or Exclusive Distribution (where the parent company wishes to maintain exclusivity of those who distribute the brand to the end user).

Channel Options Note: Each of the channel types will usually have both an online presence and an offline presence.

Channel Type	Use of channel	Risks/Benefit
Super Markets /Hyper Markets	Used for mass retailing.	Brand gets shelf presence, but margins are squeezed as (a) supermarket's large buying power negotiates low prices (b) supermarkets develop their own labels competing at low prices with the established brands. Securing premium space in a supermarket can be costly.
Department Stores	Markets their own brands and usually positioned as higher quality than supermarkets (e.g. Marks & Spencer).	Securing a space can be costly.
Speciality Stores	Exclusive and up market. The image of the store is part of the brand image. e.g. Swatch or Apple stores.	
Catalogue store	Products are sold off a catalogue. Any brand can list their products on the catalogue (e.g. Argos).	The price is generally lower than brands sold off a shelf in a store. The risk of low perceived quality by customers.

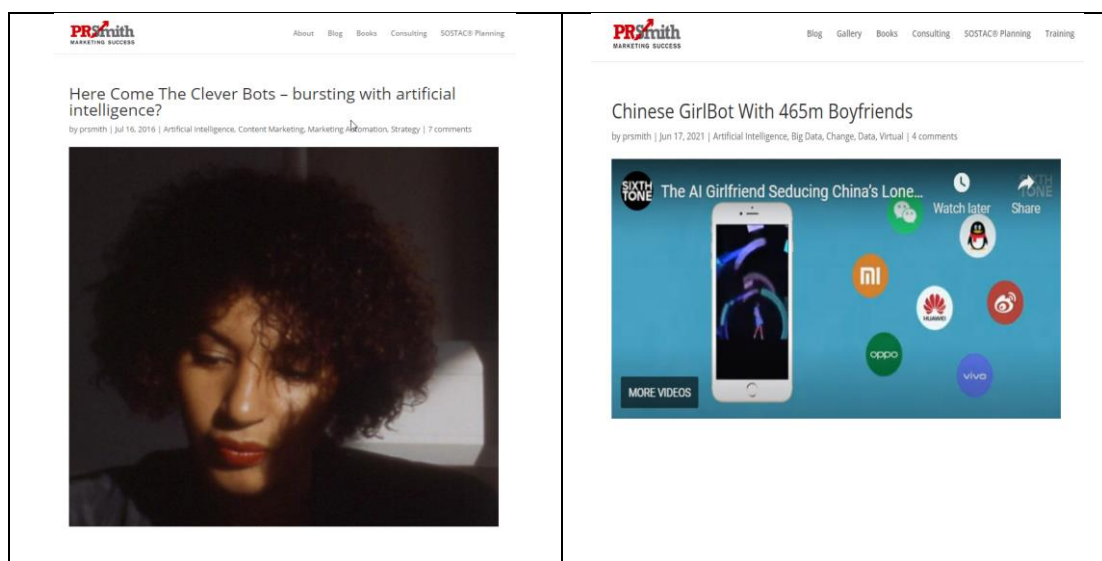
Franchisee	A franchisee markets a brand under the franchisor's guidelines (& training). Franchisees have to invest and bear the market risks, although franchisors usually provide central support services covering marketing, procurement of raw materials, recruitment of staff, location, set-up and recommend other required services.	A relatively low investment market expansion option for brand owners. However, the image of the franchise (or brand) is affected by the way the franchisee runs the business, hence the very careful selection of franchisees. Some franchisors, like McDonalds, also own the restaurant location and rent them to the franchisees.
Agent	An agent does not have to set up a business location (office) nor invest in stock. Agents just earn commission by making sales or getting orders from customers & passing the orders to the main company. Can be either an exclusive agent or non-exclusive agent (representing multiple brands).	A low-cost expansion option. A non-exclusive agent may not be as committed as an exclusive agent towards the brand.
Distributor /Stockists	Wholesalers and retailers can be used to minimise costs of logistics and transport.	Can get deeper distribution into the channels. However, wholesalers require their margin (e.g. 30%) on top of the retailers who also require a margin (often 50%).
Brokers	Effective at prospecting customers for the seller (e.g. Commodities, Stock Brokers, mortgage brokers and insurance brokers). Effective where the customer wishes to select from a variety of possible sources (suppliers) who the brokers help introduce.	Similar to an agent except they act on behalf of the customer, as they recommend a supplier to the customer.
Digital Channels (Online)		All of the above have online channels that include web sites, social media platforms, email, apps, events, virtual events, affiliate marketing and advertising that make

products readily available. Some specialise online (e.g. Amazon, lastminute.com or airbnb).

Note: Mobile Optimised All of the preceding must work on mobile as customers migrate online and in particular towards mobile and new devices (such as wearables). In fact, marketers must prepare for the post-mobile era when we won't need phones (as voice search facilities Cordana, Google, Alexa, Sirius may be embedded in other devices such a spectacles, refrigerators, clothes, cars).

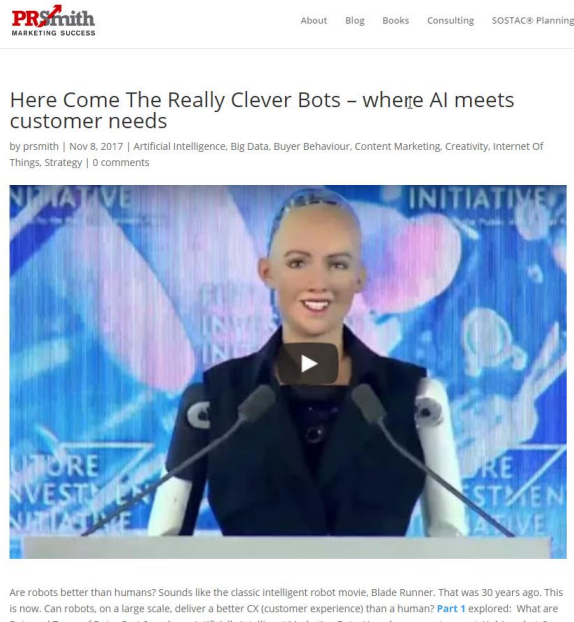
Note: Fast Online Response Required: In general, all online channels facilitate a wider reach and response. However, as it is based on real time engagement the brand owners have to ensure responses are managed (whether automated or manual service). NB marketing automation can make tailored personalised timely and relevant products available to customers in the right place at the right time.

AI-Driven Chatbots (artificial Intelligence) are becoming more popular as they give immediate responses to customer enquiries. See [Here Come The Clever Bots – bursting with artificial intelligence?](#) Some are better than others. Remember sloppy bots damage your brand and your sales. Yet, some are incredibly sophisticated advanced bots like this [Chinese bot with 465m boyfriends](#).



Tactics

And if you'd like to explore bots even further here's my other post: [Here Come The Really Clever Chat Bots](#). Please note that these posts are not essential to passing your assessment. They are additional reading – which I hope you find stimulating and encourage you to find out more about AI as it is important that you understand it and discuss it and understand it sooner rather than later.



The screenshot shows a blog post from PR Smith. The header includes the PR Smith logo and navigation links: About, Blog, Books, Consulting, SOSTAC® Planning. The main title is "Here Come The Really Clever Bots - where AI meets customer needs". Below the title is the author "by prsmith | Nov 8, 2017 | Artificial Intelligence, Big Data, Buyer Behaviour, Content Marketing, Creativity, Internet Of Things, Strategy | 0 comments". The main image is a video player showing a female humanoid robot speaking at a podium. Below the video is a short paragraph of text starting with "Are robots better than humans? Sounds like the classic intelligent robot movie, Blade Runner, That was 30 years ago. This is now. Can robots, on a large scale, deliver a better CX (customer experience) than a human? Part 1 explored: What are..."

The Internet of Things (or the Internet of Everything) effectively broadens the places where you can buy (and consume) products e.g. your fridge will tell you when you are out of milk, find the best deal and offer to get it delivered to you with just one click. See [The Internet Of Things is Here](#) and also PR Smith blog for more articles www.PRSmith.org/blog .



The screenshot shows a blog post from PR Smith. The header includes the PR Smith logo and navigation links: About, Blog, Books, Consulting, SOSTAC® Planning. The main title is "IoT (The Internet Of Things) Is Here". Below the title is the author "by prsmith | Feb 14, 2016 | Big Data, Change, Internet Of Things, Marketing Automation | 0 comments". The main image is a photograph of a man in a suit standing next to a large, futuristic, white, egg-shaped object and a large, circular, metallic structure with a red light in the center.

Tactics

Promotion (Communication)

The tactical decision of what communication tools to use and the frequency of use is important in relation to firstly getting through to customers and secondly, the budget available. The Return on Investment has been a contentious issue where shareholders are concerned. How much of my promotional expenditure is really working?

Ten Tactical Promotional Tools (sometimes called the promotional mix, the communications mix and/or the marcomms mix (Offline and Online))

1. Advertising	Interactive ads, pay per click keyword, display ads, remarketing/retargeting.
2. Public Relations	Online editorial, newsletters, ezines, discussion groups, viral marketing, vine video, social media
3. Sponsorship	Sponsoring online events/sites service
4. Sales Force/ Agents/Tele-Marketing	Virtual sales staff, affiliate marketing, web rings, links/chat
5. Exhibitions, Events and Conferences	Virtual exhibitions, virtual events, webinars
6. Direct Mail	Opt-in email and eNewsletter
7. Retail Store or Office HQ	Website (Search Engine Optimisation and marketing automation opportunity)
8. Word Of Mouth	Recommendations, criticisms, feedback devices (e.g. reevoo.com), social media platforms, forums
9. Sales Promotion	Content Marketing, incentives, rewards, online loyalty schemes, competitions
10. Merchandising and Packaging	Web sites are shop fronts, e-tailing, QR Codes, augmented reality, virtual reality. NB real packaging must be displayed online.

Taken from PR Smith's [SOSTAC® Guide To Your Perfect Digital Marketing Plan](#).

Tactics

See also [The Tactical Matrix – Choosing Which Tool – Owned, Earned or Paid Media](#)

Generally speaking advertising, Sponsorship and PR are good at generating awareness and other tools like selling (sales force or telesales), direct mail, sales promotions, merchandising & packaging are good at converting awareness into sales and repeat sales.

10 Tactical Comms Tools	Primary Objectives
1. Advertising	Awareness (and credibility)*
2. Public Relations	Awareness (and credibility/reputation)
3. Sponsorship	Awareness (and credibility and sampling)
4. Sales Force/ Agents/Tele-Marketing	Sales (and relationship building and gathering information)
5. Exhibitions, Events and Conferences	Sales (and relationship building and gathering information)
6. Direct Mail	Sales (and relationship building and gathering information)
7. Retail Store /Office HQ/Hub	Sales (and relationship building, database building, enquiries, CRM/ Customer Relationship Management)
8. Word Of Mouth	Awareness, Credibility (including endorsements and recommendations), Conversions
9. Sales Promotion	Conversion (enquiries/leads sales, post-sale relationship)
10. Merchandising and Packaging	Conversion and relationship building

Taken from PR Smith's [SOSTAC® Guide To Your Perfect Digital Marketing Plan](#)

*The preceding objectives are somewhat oversimplified. Advertising can be used to build awareness. It can also be used to reassure existing buyers that they are buying the right brands as in the case of many car advertisements. PPC ads (and even display ads) can also arouse sufficient interest that a percentage of the audience will click through to a website or a social media platform to eventually convert (whether this is registering for a newsletter, making an enquiry, trying a sample, buying a product or engaging with content that strengthens the ongoing relationships). Simultaneously, non-clickers may still see the ad and therefore ads can build awareness (even when the ads are not being clicked on ie effectively they become free ads).

Tactics

The Extended Marketing Mix (People, Processes and Physical Evidence)

Also referred to as the service mix, and originally created to help services market themselves, these three elements are now also used by product marketers to add value to what they offer to the customer. As mentioned earlier all products are becoming services. Therefore when one is formulating tactics even for a product, using the extended mix helps to support the strategy as well as add value to the offering. e.g. the image of Apple products is further enhanced by the level of service delivered at the Apple store. The following table illustrates the tactical use of the extended mix.

People

People

Employees reflect the image and quality of a brand whether a product or service.

Soft skills such as communication, courtesy, responsiveness and empathy. The Apple store employees mirror the quality and image of the Apple brand. Employees are brand ambassadors. Knowledgeable, enthusiastic and smiling staff can be your biggest differentiator that influences and encourages customers to buy from you and to remain loyal i.e. repeat purchase throughout the customer's life.

Process

Processes

The systems, procedures and practices that help deliver the product or service to the customers.

The efficiency of the billing processes, customer complaint handling, online inquiry and delivery are examples of how the processes add value to what is offered as a product or service. The processes of the Apple store from inquiry stage to delivery and post purchase customer service is part of what offers when one purchases the Apple brand.

Today we have marketing automation and AI driven chatbots to improve the CX (customer experience) generated by what were previously dull and boring processes.

Remember, well trained smiling staff who understand and execute processes efficiently can also make customers very happy.

Physical Evidence

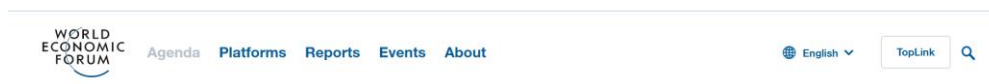
Physical Evidence

The tangibles must carry a consistent image - the environment in which the product or service is delivered is part of the brand.

The ambience of the location, the counters, the merchandise, the uniforms (employee branding) the interior (and exterior) design reflect the quality and image of the brand. Branding inside (and outside) an Apple store, the colour consistency and the employees attired in branded uniforms represents the values of the brand. They need to be delivered with consistence attention to detail (exact pantone colours, typefaces and fonts) whether on a badge, a ticket, point of sale).

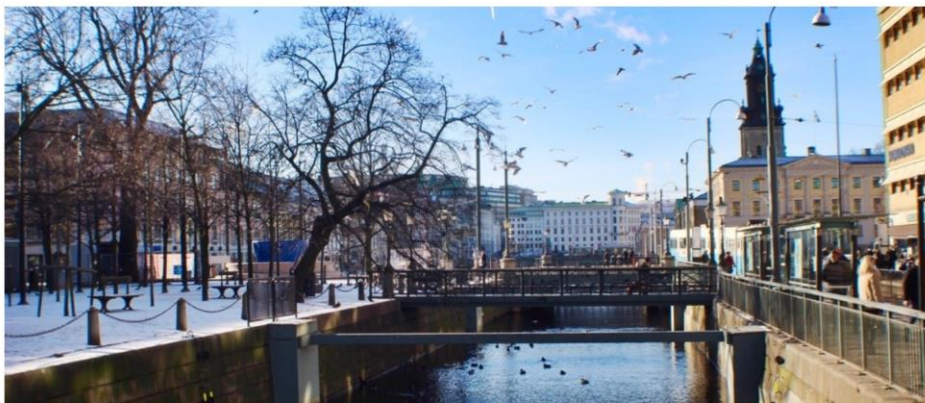
‘All Products are Becoming Services’

This article by Danish MP, Ida Auken (see below) confirms how ‘products are becoming services’ and hence we have to consider all 7Ps today. Even though some companies do not use the 7Ps per se, the 7Ps do help us to remember items to be considered when writing our plans.



Global Agenda | Fourth Industrial Revolution | Values

Welcome to 2030. I own nothing, have no privacy, and life has never been better



"Now I can hardly believe that we accepted congestion and traffic jams."

Image: REUTERS/Nicky Loh

Welcome to the year 2030. Welcome to my city - or should I say, "our city". I don't own anything. I don't own a car. I don't own a house. I don't own any appliances or any clothes. It might seem odd to you, but it makes perfect sense for us in this city.

Tactics

Everything you considered a product, has now become a service. We have access to transportation, accommodation, food and all the things we need in our daily lives. One by one all these things became free, so it ended up not making sense for us to own much. Source: Ida Auken, Member of Parliament (Denmark) [Welcome to 2030](#) 11 Nov 2016, World Economic Forum.

Are there different ways you could mix your Marketing Mix?

Try two mixes with extreme differences first and then consider others. Be creative.

Product

Decide on the features, packaging, quality levels, augmented product

Option 1

Option 2

Price

Decide the “List” price point and pricing variations eg bulk discounts etc.

Option 1

Option 2

Place

Decide on countries, and channels of distribution

Option 1

Option 2

Promotion

Decide whether you are using advertising, PR, TV, direct marketing etc.

Option 1

Option 2

People

Decide whether to invest in training staff and also invest in recruiting better staff (that represent our brand values)

Option 1

Option 2

Processes

Design business processes such as on line sales order processing and a Contact Management System

Option 1

Option 2

Physical Evidence

...polish it up, radically improve?

Option 1

Option 2

Tactics

Your Tactics – Your Marketing Mix

Summarise your Marketing Mix. Select the best option for each of the 4Ps:

Product

Price

Place (place/distribution)

Promotion (communications)

Are the additional 3Ps also relevant to you?
If so summarise them.

People

Processes

Physical Evidence

Tactics

The Gantt Chart (on the next page) helps you to identify what tactics happen when.

The dot symbol • indicates when a particular tactic is employed. We also estimate the cost for the year and insert this in the last column to get an initial budget.

Tactics

Gantt Chart

Tactics - Twelve Month Campaign (Jan - Dec)

	J	F	M	A	M	J	J	A	S	O	N	D	COST £000
Key Phrase Analysis	•												
Market Research	•												
Literature/Collateral			•										
Packaging Redesign		•	•										
P.O.S.			•										
Advertising - TV					•				•			•	
Ads - Press					•				•			•	
Ads - Radio					•				•			•	
Ads - PPC					•				•			•	
Sponsorship on & offline					•	•	•	•	•	•	•	•	
PR on & offline					•				•		•		
Web Site Design		•											
Web Site Maintenance			•			•			•			•	
Social Media Blog			•	•	•	•	•	•	•	•	•	•	
Social Media – other						•	•	•	•	•	•	•	
Social Media Monitoring		•	•	•	•	•	•	•	•	•	•	•	
Email Campaigns				•				•				•	
Direct Mail Campaigns*				•				•				•	
Sales Promotions				•				•				•	
Sales Conference			•										
Exhibitions on & offline										•			
Events on & offline													
Training – staff/partners	•	•											
Internal Communications		•			•			•				•	
Contingency...													
Product Development													
Distribution Channel Dev													
Total Spend													

• indicates month this tactic occurs. Costs need to be inserted for each tactic.
 *Actions required for Direct Mail Campaigns are shown later in this document.

In the SOSTAC® Certified Planner course, our exploration of tactics goes on to include ‘how digital morphs the mix’, Value Propositions, The Magic Marketing Formula, Which Tactical Marcomms Tools To Use and Integrated Tactics. You don’t need this information for this course.

Take The Test – Try the Quiz

We recommend that you stop reading now!
 Check to see if you understand this section,
 by going back to your online dashboard
and take the ‘Quiz: Tactics’



Painting by Rosie Phipps

SOST(A)C® Actions – the details of tactics



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A lot of 'great plans' (with a crystal-clear strategy driving very clever tactics) actually fail when it comes to executing the plan. Why?

Answer: A lack of Internal Marketing (Communication, Motivation & Training). Remember many staff often resist change. So if your plan introduces, say, a new CRM system (Customer Relationship Management), many staff will not like it. Did you know that 50% of CRM systems fail?

Actions

You need to spend resources telling staff why you are introducing this system (communicate with staff), explaining how it will help staff to hit their targets/win their bonus / or get home on time (motivate staff). Staff will need to be trained in how to use the new system (train staff). Without these three components, the CRM project and/or the whole marketing plan will fail. Training can also include developing checklists and/or helping to set up project management processes for each tactic if necessary. Your staff must be informed i.e. fully understand the new plan, be inspired and properly trained so that they can ‘Action’, or execute, the plan with excellence and with passion.

Each tactic has to be managed and executed. Each Tactic can be broken down into a mini-project and detail: who does what, when. A Gantt chart (see below) or any project management tool can be used. These can be included in the Actions Section, or in the appendices, or some managers prefer not to put this level of detail into their plans, though they will have to develop these detailed project plans, processes or just checklists at some stage.

Example 1: Key Phrase Analysis – Actions Required

Web Site Optimisation (and Pay Per Click Advertising) and all social media tactics need to clearly identify which key phrases customers use to find your product or service and then add these phrases into the web site. Key Phrase Analysis is an Action / mini project that needs to be carried out. It can take a few days or a few weeks (see below).

Actions Required to Identify Key Phrases (example 1)

	W1	W2	W3	W4	W5	W6	W7	£K	Who will do it?
List possible Words & Phrases					•				
Add Other Words & Phrases					•				
Review web site copy					•				
Check web analytics						•			
Check competitors sites						•			
Check Google Trends & Twitter						•			
Ask customers & prospects						•			
Broaden key phrases						•			
Check popularity						•			
Highlight non-competitive words						•			
Keyword Effectiveness Index							•		
Final Selection							•		
TOTAL									

Actions

Here's The Bad News
"Everything degenerates into work!"
Peter Drucker

Internal Marketing

You should certainly include Internal Marketing in your Actions section. And set a budget for it. How will the plan be communicated to the team? Who will do this? When and where (or on what platform)? How will you motivate /inspire your team? Do they need incentives or are they self- motivated if they feel part of the plan? What training is required?

Does our recruitment process secure the right kind of people – people who perhaps demonstrate the brand values or company values which you deem to be important?

A Smiling Face

To finish this Actions section of your plan, remember this: Enthusiastic (smiling) staff (motivated) who know their products and operational systems (are well trained) can be your most powerful weapon in customer retention?

In fact, these staff can also convert visitors (online or offline) into customers as well as retaining these customers, so they come back again and again and again. Excellent staff do make a difference. They are more powerful than any marketing. Excellent staff can, in fact, create competitive advantage.

Actions

Internal Marketing comprises:

- Motivation
- Communication
- Training

Staff recruitment is also crucial to ensure you employ staff that match the brand values of your business and really want to execute with excellence.

Excellent Execution = Competitive Advantage

If your team really want to execute strategy and tactics better than your competitors this can create competitive advantage - just through better Actions/Execution. A former CEO of GE along with Harvard Business Professor actually wrote a book claiming that an organization's ability to execute (better than their competitors) generates competitive advantage. It is now a classic called "Execution: The discipline of getting things done", by Larry Bossidy and Ram Charan (2012).

So, your Actions section can create a competitive advantage.

'Vision **without execution** is just hallucination.'
Henry Ford

Actions

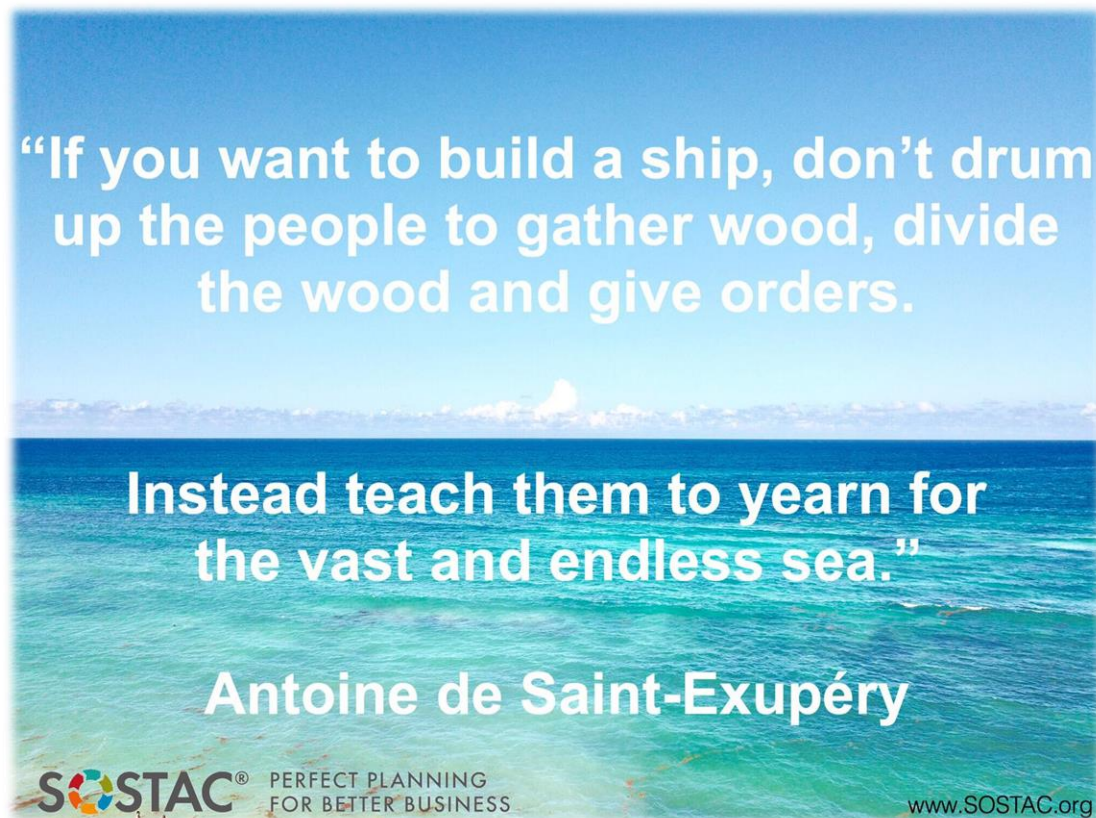
A Sense of Purpose

Now introduce a sense of purpose to your business and to your staff and see how it can help you to outperform competition. This cascades down from your Mission statement (in the Objectives section).

Does your mission statement make you feel proud of going to work each day?
Does it give you a sense of purpose?

Customers are starting, once again, to look for brands that also have a sense of purpose rather than just product features and benefits.

Has the brand or the company behind the brand got any moral values? Does the brand or the company represent anything purposeful?



Antoine de Saint-Exupéry, The Little Prince
(this quotation is also used in the Netflix recruitment slide deck)

Actions

Firms Of Endearment Outperform Best Businesses

World-Class companies profit from passion and purpose. They endear themselves to customers and communities. All staff are made fully aware of the overall mission and purpose of the business. Over 10 years S&P 500 grew by 122% while Firms of Endearment grew by over 1000%. Source: Sisodia, R., Sheth, J. and Wolfe, D. (2014) Firms of Endearment: How World-Class Companies Profit from Passion and Purpose.

Purpose-Driven Companies Witness Higher Market Share Gains & grow three times faster. O'Brien et al (2019) Deloitte

Warning

72% (customers) **are tired of brands pretending** they want to help society when they just want to make money Havas Meaningful Brands 2023 Report

Take The Test – Try the Quiz

We recommend that you stop reading now!
Check to see if you understand this section,
by going back to your online dashboard
and take the

'Quiz: Actions'



Painting by Rosie Phipps

Control

How do you know that we are getting there? How do we know our plan is working or failing? What metrics do you need to be on top of to ensure you are in control of your business or organization.

What do you need to carefully watch each day to be really in control? What do you need to survey, perhaps just once a year? By putting this on your list, you can then ensure you collect this information in plenty of time for your next plan. Make a list of all the items you need to measure, how often and how much that will cost. NB Microsoft review sales performance by product and by country every day.

What Metrics to Measure	When	Cost
Marketing Objectives		
Sales		
Market Share		
Profit / ROI		
Visitors		
Enquiries		
Registrations		
Repeat Customers		
New Customers		
Cost Per Order (new customer)		
Cost Per Customer Retained		
% of Recommendations (or NPS Score)		
Engagement		

Control

MarComms Objectives		
Brand Awareness		
Brand Preference		
Brand Advocates		
Sentiment Score		
Other		

Marketing Objectives are Different to MarComms Objectives.

Not everyone separates them, but it is good practice to do so. It gives you more control. Marketing Objectives are action orientated. People have to actively do something like buy a product, click on a web site hence sales, market share, enquiries , visitors etc are marketing objectives.

MarComms Objectives are about your customers state of mind instead of their actions. e.g. are they aware of you, your products and their benefits? Do they prefer you or even consider you in the top 3 (the 'considered set')? So Awareness, Preference, Intentions/Likelihood to Purchase are typical MarComms Objectives.

All these KPIs are monitored regularly. Some are quarterly and some, like web site visitors and conversions to sales are monitored weekly or daily. Others like brand awareness might just be an annual survey.

Decide what gets measured, how often, by whom and, most importantly who receives the reports and why?

We are not in the business of collecting metrics so we can tick that box. We collect metrics so we can improve our next decisions regarding or tactics.

*“If you're paying attention, you get the answers
to questions you didn't even think to ask.”*
W. Slack

Control

Control: Your Sales Forecast

There are several ways to calculate forecasts. ‘Bottom-up’ and ‘top-down’. ‘Bottom-up’ is where each salesperson estimates their own sales forecast. ‘Top-down’ is where management estimate total sales and then allocate a sales target. Either way, the forecast will be broken down to monthly targets, and in some cases, weekly or even daily targets. The forecast is usually broken down also by product type, customer type or region.

Have a go at building your own forecast using a table similar to that below. Build your own forecast by product, by customer, by region, by salesperson or by sales team or whatever way works best for you.

Sales Forecast

	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL
Product A													
Product B													
Product C													
OR													
Region A													
Region B													
Region C													
OR													
Salesman A													
Salesman B													
Salesman C													

“We have two classes of forecasters: those who don’t know ...and those who don’t know they don’t know.” Kenneth Galbraith, economist

Control

Control: Budget

You need a marketing budget to deliver your marketing objectives and strategy (and tactics). There are several different methods used to calculate a marketing budget. This summary is taken from my Marcoms book– integrating offline & online with social media.

Objective and task – (or ideal approach) identifying the overall objectives and then breaking these down into specific tasks and calculating the budget accordingly. For example, to sell x million cans of Coke would require x per cent levels of awareness, which would require x number of impressions, which would require x amount of advertising, which would cost £x.

Modelling involves the use of a variety of econometric and simulation techniques to determine how various budget levels may affect performance (e.g. sales). An example of this is Unilever's AMTES area market-testing model.

Profit optimization tries to find the optimum marketing spend that would generate the most profit. Based on ensuring that the marginal revenue derived from each marketing communications activity exceeds the marginal cost.

Percentage of sales is a crude but quick way of calculating a budget. For example, taking 5% of £1 million forecasted sales means the marketing budget is £50,000. In B2B markets, the percentage ranges from 0.5 to 2*%, and in B2C markets it ranges from 5 to 20*%. *New product launches require a disproportionately large budget.

Competitive Parity analyses competitors' marketing communications spends. Basically, it suggests that if an organization wants to match a competitor it should spend the same amount as that competitor.

Affordability is the opposite of the objective and task method and usually driven by accountants, who draw up business plans, work out profitability and then allocate some budget to marketing based on what is affordable - based on what is affordable after talking all costs and an amount of profit away from sales.

The payback period is the time taken for an integrated campaign to pay back the costs (or budget) of the marketing communications.

Arbitration requires a senior member of staff to arbitrate between different views of the marketing team and the rest of the business.

The reality is that many managers blend several of these approaches. The ideal approach is the 'task approach' where you establish clear objectives, then work out exactly what you need to do. Any method will always be checked against Percentage of Sales as this creates a sense of control.

Control

Cost Per Order

Also remember to calculate your Cost Per Order and your Cost Per New Customer and your Cost Per Retained Customer. So if you spend £100,000 on marketing and this generates 100 new customers, then your CPO is £1,000 per order or £1,000 per new customer.

If you allocate a budget to customer retention, say £10,000 and you keep 90% of your 100 customers (i.e. 90 retained customers), your Cost Per Retention (£10,000 divide by 90 retained customers) is £111 per existing customer.

These are out-costs ie where you spend extra money (e.g. advertisements for new customers or incentives for existing customers). These costs do not, in this case, include the sales-person’s time. This can be calculated if you prefer this approach.

Control: Budget

Gantt Chart taken from tactics section – shows what tactics happens when. You then need to add in how much each tactic costs - into the end column.

Tactics - Twelve Month Campaign (Jan - Dec)

	J	F	M	A	M	J	J	A	S	O	N	D	COST £000
Key Phrase Analysis	•												
Market Research	•												
Literature/Collateral			•										
Packaging Redesign		•	•										
P.O.S.			•										
Advertising - TV					•				•			•	
Ads - Press					•				•			•	
Ads - Radio					•				•			•	
Ads - PPC					•				•			•	
Sponsorship on & offline					•	•	•	•	•	•	•	•	
PR on & offline					•				•		•		
Web Site Design		•											
Web Site Maintenance			•			•			•			•	
Social Media Blog			•	•	•	•	•	•	•	•	•	•	
Social Media – other						•	•	•	•	•	•	•	
Social Media Monitoring		•	•	•	•	•	•	•	•	•	•	•	
Email Campaigns				•				•				•	
Direct Mail Campaigns*				•				•				•	
Sales Promotions				•				•				•	
Sales Conference			•										
Exhibitions on & offline										•			
Events on & offline													
Training – staff/partners	•	•											
Internal Communications		•			•			•				•	
Contingency...													
Product Development													
Distribution Channel Dev													
Total Spend													

• indicates month this tactic occurs. Costs need to be inserted for each tactic.

*Actions required for Direct Mail Campaigns are shown later in this document.

Control

Some Budget Exceptions

Many organisations do not include the sales force or sales team in the marketing budget.

Product development (even product modification), packaging development is expensive. Sometimes this is kept in a separate budget as the previous budget table shown is mostly MarCom's (Marketing Communications/Promotion). This particular table did not include new packaging design and development costs. It does not include staff costs.

So just double check whose budgets include what exactly.

NB In addition to securing a budget you must also ensure you have (or can get) the other key resources. Can you remember them? The other 4Ms? See next page.

Control

The 4Ms (4 Key Resources)

Money (budget), Minutes (time scale – is there enough time to all of the strategy and Tactics in the plan?); Men and Women (have we got the people capable of delivering on the Tactics – do we have the skills – or do we have to upskill?*) and finally Megadata (do we have, or can we get, the data we require to say, personalize our offers)?

*** AI is your team equipped and trained?**

Upskill e.g. does your organization need to train all staff in how AI can help them to do a better job? Or train certain people in specific aspects of AI? Or recruit data analysts and data scientists?

Control: Contingency Planning

Do you have a contingency plan, for those ‘what if....’ scenarios?

Major corporations usually do have some form of ‘scenario planning’ at corporate level. NB this is different to scenario planning used to build web sites that match customer’s exact needs. The oil and chemical companies have done it for years, ‘what if war stops oil production?’, ‘what if there is another pandemic?’ ‘what if regulations ban oil?’, even ‘what if California and other US States with Spanish majority populations vote to break away from the USA and set up a new government?’ What impact would this have on their business?

Many corporate policies do not allow more than 3 executives on the same flight (in case it crashes). All airlines and have carefully laid ‘crisis management’ plans which detail key messages, media availability, media training, Q&A, spokespeople and policies in case of a crash or hostage situation.

But how many other organisations do plan for other scenarios, even for how competition may react to a particular new product or social media campaign?

“Everyone has a plan until they get punched in the face.” Mike Tyson

It’s often the same in business – most businesses have a plan, but what happens when things go wrong, or a very aggressive new competitor arrives, or an economic recession descends, or a major customer goes bust? Have you any contingency plans?

Control

Control: Embrace Change **– up-skill continuously - don't get left behind**

Learn from what works and what doesn't work.
 Share these findings on a regular basis.

Companies like P&G get their staff to report 'learnings' along with their numbers. What has changed in the marketplace? Any new trends? What has worked and what has not?

Markets are continually changing. Change variables like the PEST factors (Political, Economic, Social & Technology) constantly pull markets away from yesterday's products and services, yesterday's distribution channels, yesterday's norms. Seek out change and nurture a culture that embraces it.

"If the rate of change outside is greater than inside, you're doomed."
 former GE CEO, Jack Welch:

We are in a period of Hyper Change and Hyper Competition. Constant change, constant improvement is required. Staff fear change. Staff have a neurotic resistance to change. Therefore, clear briefs and consistent motivation and training are key factors required to help your teams beat the destructive resistance to change.

"Some men see things as they are and ask why. Others dream things that never were and ask why not."
 George Bernard Shaw

Take The Test – Try the Quiz

We recommend that you stop reading now!
 Check to see if you understand this section, by going back to your online dashboard
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SOSTAC® Summary

So, that is SOSTAC®.



Don't forget to add in your 4Ms, the 4 key resources: Men and Women, Money (budgets), Minutes (timescales) and Megadata (data required to execute your plan). Can you recall the 4Ms?

SOSTAC® Summary

Men and Women

Human resources. Skilled marketers will be in demand and particularly during this period of radical change to marketing.

Here's another possible marketing team: Digital Marketing Specialist; Social Media Manager; Chief Listening Officer; Content Marketing (including Blogger); SEO Specialist; App Designer; App Developer; Cloud Services Specialist; Big Data Analyst; Market Research Data Miner. If you cannot recruit, train and motivate internally, can you find the people externally in agencies with the right skill sets?

Money

Budgets – you need budgets. Whether 5% of forecasted sales if you are B2C or 1-2% if B2B (up to 8 times higher if it is a new product or service being launched), this percentage of forecasted sales is a common benchmark. However, increasingly marketers will be asked to justify why they need their budgets – reverting to the ideal approach or task approach.

Minutes

Time is often the most limited resource. Particularly when you define what information you need to make a great decision but discover you haven't got the time to collect the information. Add in A/B testing and pilot testing and you'll see why time is at a premium. Incidentally, perhaps it's time to stop thinking about campaigns and start thinking about conversations (and constant beta/constant improvement).

SOSTAC® Summary

Mega-Data

Remember 'data is world's most valuable resource'. Data will become a more integral part of most marketing strategies. What kind of customer data is required to make great decisions? What kind of data is required to garner relevant insights? What kind of data is required to improve the CX? What kind of data and data partnerships are required to access customers in new ways?

I hope this SOSTAC® Basic Guide has been useful to you, triggered some ideas, helped you to structure your plan or even adopt and integrate it with any other plans.

---end---

Keep Improving

Linkedin 30 Mins Chat every Friday 1pm

Don't forget to join our **30-minute free chat every Friday 1m** (UK time) where we chat about AI, Innovation and Ethics in Business. Paul also takes any questions on SOSTAC® Planning.

Visit: <https://www.linkedin.com/in/prsmithmarketing/>

Scroll down to '**Activities**'

Select 'Events' for the live chat (any Friday 1pm UK time)

and/or read the [60 second summary](#) of each week's chat posted on Paul's blog (including links to all topics covered).

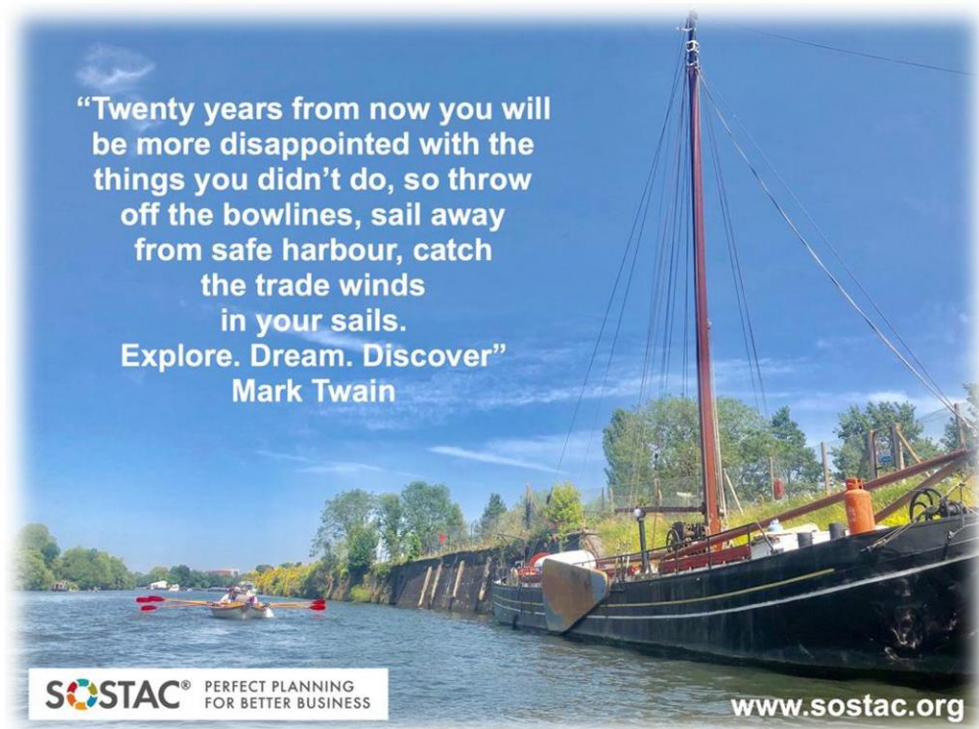


PR Smith 🗣️ · 1st

SOSTAC® #Plans Founder, TEDx speaker,
#Marketing author, JOIN my 30 min LIVE AI
CHAT every Fri 1.00pm UK time - #AI,
#Innovation & #Ethics - here on LinkedIn

SOSTAC® PERFECT PLANNING
FOR BETTER BUSINESS

Keep Improving



Good luck with your online assessment.

When you pass it, fill in the feedback form to unlock your personalised certificate and your badge. Post them to your LinkedIn Profile (and other social media platforms) and your CV. After all of that consider, going even further and become a SOSTAC® Certified Planner (separate course).

