



MARKETING PLANNING & BUDGETING

Best Practices

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Best Practices: Marketing Planning + Budgeting

THE IMPORTANCE OF MARKETING PLANS

In the midst of this severe market recession, effective marketing is more important than ever before. Marketing budgets are being scrutinized more than ever before. Surely, the skill and quality of marketing planning can support both the effectiveness and efficiency of marketing. Likewise, understanding marketing planning best practices can aid marketers at all levels in realizing their potential.

This whitepaper will consider the different types of marketing plans, how to establish marketing budgets, and how much some top business-to-business (B2B) brands spend on marketing. In addition, a marketing planning checklist is provided, along with a link to the results of a survey regarding 2011 marketing plans.

TYPES OF MARKETING PLANS

There are several varieties of marketing plans from tactical marketing plans, specific project or functional plans, to strategic marketing plans.

The most common type of marketing plan is the tactical marketing plan, which often is in the form of an annual marketing activity plan, along with corresponding budgets and schedules. This plan is used by brands and corporate America to efficiently coordinate and implement the multitude of marketing activities.

The tactical plan doesn't focus on strategic issues like market segmentation, or competitive intelligence; but instead focuses on identifying the specific details of all known marketing programs, campaigns or initiatives. For example, vertical email campaign to design engineers; monthly frequency, content themes include frequently asked questions, design tips, and testimonials; goal of 2000 leads.



Depending on company size or budget, project or functional plans can be part of the tactical plan, or separate. Examples of project plans might include the plan for a new website development, or a new sales training program. Whereas functional plans might include advertising/media plans, trade show plans, and publicity plans.

Strategic marketing plans are the most rigorous of plans. What differentiates a strategic marketing plan from a tactical marketing plan is the longer time frame (typically 3-5 years), the analysis and research aspects of a strategic marketing plan, the potential financial aspects of a strategic marketing plan, and the consideration of new business or marketing initiatives that may be quite different from your existing business.

Strategic marketing plans are most often used by large brands or corporations or when a new marketing regime or executive team takes over. Often, the strategic marketing plan is updated on an annual basis to include new research or changing economics. The strategic marketing plan might include one or more of the following:

- **Company or brand financials (historical/projections, revenue, units, margin, ROI, payback, break-even)**
- **Market analysis, sizing, segmentation**
- **Secondary research (internet, association studies, publications)**
- **Syndicated research (analyst Reports, research/consulting firms, other)**
- **Primary research results (surveys, interviews, focus groups; awareness, preference, purchase intention)**
- **SWOT analysis (strengths, weaknesses, opportunities, threats)**
- **Competitive analysis (share, positioning, intelligence)**



MARKETING BUDGETS

A very important aspect of market planning, whether tactical, project or strategic, is the budgeting of marketing expenditures. Inevitably, marketers must get approval for marketing budgets from executive management. Business-to-Business brands and corporate America develop budgets based on one of three approaches: a percentage increase (or decrease) over last years budget, task and objective budgeting, or a percentage or (forecasted) sales based on industry or competitive benchmarking. Often, budgets are developed using a combination of these approaches.

In good times, management is inclined to simply increase budgets gradually based on prior budgets. Given the economic turmoil of the past few years, I will suggest that budgets are no longer “rubber-stamped”, but rather closely scrutinized.

With detailed tactical, project and functional planning, task and objective budgeting becomes more feasible, and is intuitively appealing for relating directly to planned activities. Sometimes called zero-based budgeting, task and objective budgeting involves a detailed build-up of anticipated marketing expenditures, often prioritized to allow for elimination of budget items and programs.

Percent of sales is more often a vestige of times when advertising was the largest expense and also when advertising expense was widely reported through information service providers. The author suggests the use of the Schonfeld report, (<http://www.schonfeldassociates.com/adv.html>) one of the remaining resources that tracks advertising and marketing expenditures of public companies. The report lists expenditures as a percentage of sales, allowing for some benchmarking which can be useful, for example, when requesting budget increases. Below are marketing expenditures for several leading brands.

Company Name	Ad Spend 2009 (Mill)	Ad/Sales % 2009	Company Name	Ad Spend 2009 (Mill)	Ad/Sales % 2009
Parker-Hannifin	666.94	.7	Cooper Industries	48.10	.7
3M Co	484.71	.8	Timken Co	34.30	.6
Motorola Inc	480.02		USG Corp	24.50	.6
Xerox Corp	430.92	.3	AK Steel	18.00	.2
Grainger (W W)	130.51	.8	Diebold Inc	15.40	.5
Oracle Corp	117.40	.4	Zebra Technologies	7.90	.7
Ingersoll-Rand	66.30	.5	Milacron lin	5.10	.6
Caterpillar Inc	66.20	.1	Silicon Graphics	1.30	.6



MARKETING PLANNING CHECKLIST

As discussed, marketing plans come in a number of “shapes and sizes”, from the annual tactical plan, project or functional plans, to the detailed strategic marketing plan. A Marketing Planning Checklist can be a useful tool to help identify a broad range of items to be considered for typical marketing plans.

A given marketing program may range in complexity, budget, and requirements. Different markets and products likely require vastly different marketing strategies and tactics. So a Marketing Planning Checklist should allow for a range of marketing scenarios. This checklist is based on a typical and/or business-to-business marketing scenario.

I. BACKGROUND

A. Company or brand

- i. Historical sales, margins, volume
- ii. Economic drivers (macro)
- iii. SWOT analysis

B. Market Analysis targets

- i. Market sizing
- ii. Market segmentation
- iii. Customer identification (incl. demographics)
- iv. Channels of distribution
- v. Sales process (incl. cycle)

C. Market Research

- i. Secondary research (internet, associations, publications)
- ii. Syndicated research (analyst reports, research/consulting firms, other)
- iii. Primary research (surveys, interviews, focus groups)

D. Competitors

- i. Market share
- ii. Branding/positioning
- iii. Key marketing initiatives
- iv. Intelligence

E. Prior Marketing Programs and Results

- i. Sales
- ii. Inquiries/sales leads/new customers
- iii. Website traffic statistics (Google analytics, host stats)
- iv. Other measures



II. OBJECTIVES (QUANTIFY)

A. Sales (Revenue, Volume, Margin)

B. Market share

C. Other measures (ROI, payback, breakeven)

III. STRATEGIES

A. How to achieve objectives, not specific tactics

- i. New products
- ii. New markets
- iii. Promotions
- iv. New Programs
- v. Customer initiatives

IV. TACTICS

A. Branding

- i. Re-branding
- ii. Naming
- iii. Identity
- iv. Sub-branding, trademark registration, identity standards

B. Internet

- i. Website development, re-development, microsites, landing pages
- ii. Search engine optimization (SEO), search engine marketing (SEM)
- iii. Social media (profiles, content, blog and forum posts)
- iv. Email campaigns (landing pages, registration forms)
- v. Webcasts, webinars, web conferences

C. Advertising

- i. Media (research, planning, placement, traffic)
- ii. Print (trade publications)
- iii. Online (banners, directories, Google AdWords)
- iv. Broadcast (TV, radio)

D. Publicity

- i. News releases
- ii. Press list
- iii. Press kit
- iv. Press events
- v. Article (writing and placement)
- vi. Media relations
- vii. Distribution (internet, wire service)



- i. Programs
- ii. Training
- iii. Contests, coupons, sweepstakes

- i. Brochures, product sheets, flyers
- ii. Catalogs, manuals, instructions, installation
- iii. Educational pieces (white papers, guides, how-tos)

- i. Exhibit design
 - ii. Booth graphics
 - iii. Pre-show promotion

- i. Dealer or distributor programs
- ii. Promotions
- iii. Merchandising support, POP, packaging
- iv. Training programs
- v. Launch kits
- vi. MDF and Co-Op programs

- i. Direct mail
- ii. Database marketing
- iii. List procurement, email, webcasts



GETTING STARTED

It's that time of the year to develop annual tactical marketing plans, functional plans and strategic marketing plans. If you have undertaken any of these in the past, the new planning cycle should entail updates and modifications. If not, starting from scratch can be daunting.

A number of marketing plan templates are available on the internet. For tactical or functional plans, we prefer a spreadsheet with grouped projects, monthly columns, and budgets that can be modified easily.

To help you get started, it often helps to do some benchmarking. What are competitors or other brands planning for the upcoming year?

Happy planning!

Modern Marketing Partners is a full service marketing and communications agency specialized in the integration of traditional marketing and digital media for breakthrough results. For more information, visit our website www.ModernMarketingPartners.com, or call Neil Brown at 630-710-4710.