

Guide from

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### Planning your marketing

Successful marketing ensures that you have identified your customers' needs, and worked out the best way to satisfy them profitably.

You need a marketing strategy based on understanding your market and what your best opportunities are. You can then create your marketing action plan and forecasts.

#### 1. Basic marketing objectives

Every marketing activity you undertake should help you to achieve at least one of four results.

You retain your existing customers, provided they contribute to your profitability

- A poor retention rate means you have to spend heavily on promotion and sales, to replace the customers you have lost.

Your customers make larger purchases

- Replacing two £1,000 orders with a single order for £2,000 improves your profitability, provided your margins remain the same, as you halve the cost of selling and admin.

Your customers purchase more products from your range

- It is generally much easier, and therefore more profitable, to make an additional sale to an existing customer than to make a first sale to a new customer.

You win new customers

- Identify your best customers and target new customers with similar profiles.

#### 2. The market

Understanding the market allows you to target promising market segments that suit your strengths.

Who are the users of products like yours?

- Divide them into different categories to help you spot the best opportunities.
- For example, a pet products company might use three levels of segmentation: pets generally, type of pet (eg dog), and breed (eg Labrador). The corresponding products are feeding dishes (for all pets), dog leads, and a Labrador video.

## What do the users value most in products like yours?

- How do they choose between different suppliers? What USPs do you offer?

## How can you reach the customers?

- How do your customers purchase your product? Sales channels include online, direct, retail, wholesale and via agents or distributors.
- Consider alternative channels and influencers. For example, one accounting software company built its success on using the accountancy profession as a channel to reach smaller businesses.

## What size is the market?

- Is it expanding or declining? What are the key trends?
- Be realistic. For example, the market for a high street shop is likely to be restricted to a specific locality.

## What is the competition doing?

- Profile your competitors and their products. Ask their customers why they prefer the competitor's products to yours.

## What other factors influence your business environment?

- For example, government expenditure, imports or new technology.

## 3. SWOT analysis

SWOT analysis reveals your strengths, weaknesses, opportunities and threats. It is a good way of summarising your position in each key market segment vis-à-vis your competitors.

### Identify the critical success factors for you and your competitors

- Critical success factors might include product performance, range of products, speed of order fulfilment, customer service and low costs.
- Give each factor a weighting (out of ten) according to its importance.

### Score your business and each competitor

- By listing the results in a table you can present a clear picture of your relative strengths and weaknesses.

### Identify opportunities and threats by brainstorming ideas

Use two headings:

- Organisations (and individuals) that directly affect your business.
- The broader business environment (eg new technology, tax, legislation).

## Barriers to entry

Barriers to entry prevent new businesses competing with you.

### Product differentiation

- For example, you offer a unique product that customer cannot get elsewhere.

### Access to distribution channels

- For example, by building strong relationships with distributors and retailers.

### Customer loyalty

- For example, by providing exceptional customer service and creating excellent customer retention.

## 4. Marketing audit

Your marketing audit gives you a clear understanding of your market, how you fit into it, and how effective your previous marketing has been.

### Analyse each market segment you sell into

- See 'The market' and 'SWOT analysis'.

### Rank your customers in order of their importance to your business

- Your top customers are those who bring in (or have the potential to bring in) the most sales and profit.
- Consider the opportunities to grow customer accounts by selling them additional products in your range.

### Rank which products (or parts of your business) are the most profitable

- Once you have accounted for their proper share of overhead costs, some activities may turn out to be loss-making.

### Analyse the reasons why customers buy from you

- Why do potential customers buy from you - and from your competitors?

### Review every marketing initiative you undertook in the previous period

- Measure marketing success to identify what worked.

## 5. Your marketing strategy

Successful strategies take a step-by-step approach, focusing on a limited set of well-defined objectives.

Which market segments, and which individual customers, will you target?

- Aim to consolidate your position in your existing market segments before you try to enter a new one.

What adjustments will you make to your product range to increase profitability?

- Almost all products (and services) have a product life cycle. Many products need to be constantly updated, to maintain their market position.
- Re-packaging, re-sizing, and discovering new uses and new users is all part of this innovative process of renewal.
- Extending the life cycle of an existing product is preferable to regularly developing and launching new ones.

How will you price each product?

- How will your pricing compare with the competition? For example, you might aim to position a product as a higher priced, premium product.

How will you promote each product?

- Consider the options. For example, social media, email, direct mail, PR and online advertising.
- Personal recommendation is often a key source of new customers. Consider ways to increase the number of introductions.

How will you distribute and sell each product?

- Will you sell directly to customers or through an intermediary? Will you sell online?
- Include a review of terms and conditions (eg credit terms) for each customer.

How can you improve customer service?

- This can have a major impact on customer retention and sales, at minimal cost.

How will you fulfil orders?

- This might require new production capacity, or new skills.

How will you measure the effectiveness of each marketing activity?

- When considering any marketing strategy, start by testing to see what works on a small scale.

## 6. Marketing action plan

Your action plan takes each element of your marketing strategy and allocates detailed budgets, responsibilities, targets and deadlines.

Include a calendar that prompts you to contact each customer regularly

- Most businesses need to do this at least once every 90 days to maintain front of mind awareness. This excludes the actual sales process and routine communication.

- Keep asking your customers for feedback on your performance and on any new developments in the marketplace - including their own news.
- Ask them for ideas to improve your products and your customer service.

### Focus on being visible to your hottest prospects

- With your best customers (and potential customers), you might want regular contact via email, phone or in person, as well via mailings.
- Keep in touch with all of your customers via email marketing.

### Get to know the purchasing cycles of your customers

- For example, customers whose new budgets start in April may plan the budget the previous October, so you would need to approach them before then.

### Plan your promotions for the year

- For example, what mailings will you send to which market segments? Who is responsible for implementation, including the fulfilment and measuring the results against your budget?

## A month of marketing

Your marketing action plan helps you to plan ahead, like a calendar. In any one month it will probably include a range of activities such as:

- trade show planning;
- maintaining relationships on social networks;
- updating your sales forecasts;
- writing email newsletters;
- creating press releases;
- posting new content on your website;
- publishing customer case studies.

## 7. Sales and profit forecasts

Draw up a budget for the year ahead, showing what you aim to achieve in terms of sales and profits. Then prepare forecasts showing what you expect to achieve. These forecasts should be updated monthly, looking 12 months ahead.

### Base your sales budget and forecasts on last year's sales figures

- This means you start from a basis of solid fact.
- Make adjustments, allowing for changes in the market and account for the impact of each aspect of your marketing activity.
- If the previous year included exceptional one-off sales, assume they will not be repeated this year.

### Focus on the sales you expect to make to your main customers

- These are usually the best indication of overall sales levels.

## Try to understand what the drivers are behind the sales figures

- For example, the number of sales leads may be crucial for one business, but the morale of staff may be crucial to another.
- Understanding the drivers makes it easier to forecast sales.

## At the start of each year do three forecasts

- Prepare pessimistic, realistic and optimistic forecasts. Plan how you would handle each scenario.
- State the assumptions behind each forecast.
- Sales forecasts for new product launches and business start-ups are notoriously difficult - be extremely conservative until results prove you wrong. Carry out market research first to get a better idea of the market.

## 8. Measure marketing success

Track your progress for every monthly (or quarterly) period, for each salesperson and each product area. Check you are achieving your objectives and reaching your targets.

### Calculate the conversion rates for each type of marketing

- Track leads and orders.
- Analyse the acquisition cost per new customer. Contrast the cost to the revenue you earn for the first sale, and the revenue you can expect to earn over the lifetime of the customer.

### Monitor how many customers you have acquired, and how many you have lost

- Contact customers who have stopped ordering and find out why.

### Monitor transaction values and volumes

- Work out average transaction values.
- Focus on chasing the most profitable business - typically large orders, or high margins, or repeat-order business.

### Take into account external factors

- What else might have influenced sales and profitability?

## Signpost

- Read guidance on [SWOT analysis](#) (free registration required) from the CIPD (Chartered Institute of Personnel and Development).
- Search for [marketing training courses](#) from the Chartered Institute of Marketing.

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