

PROGRAMMING MARKETING EFFORT

Luiz Carlos Bresser Pereira

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Marketing Program and Marketing Plan

Sometimes marketing program is used as a synonym for marketing plan, sometimes the word plan is used with a more general meaning than the word program. The plan would establish the over-all marketing objectives and the basic strategies which will be used to achieve such objectives; the program would contain the same elements, but would enter in more details, determining specifically what is to be done, when it is to be done, and who is to do it. Although the last approach seems to be acceptable, the establishment of a clear cut separation between a plan and a program is of secondary importance. Since what is meant by programming is clear, that will be enough.

Maybe this question may become clearer with the following idea: a program is a plan with action connotation. This does not mean that a plan is static while a program is dynamic, but only that, when the word programming is used, it is immediately implied the idea of action, of effort: of allocation of effort among several areas of action, and of scheduling such an action during a determined period.

A marketing program is a device for thinking ahead; for establishing clearly objectives and strategies; for coordinating and balancing human, material and monetary effort so as to maximize results (input-output approach); for assigning responsibilities; and for controlling and reappraising activities. The alternative to programming the marketing effort is the opportunistic

approach. According to this approach the marketing executive should not program his action, but rather be primarily concerned with the moves of competitors and the market trends, being prepared to take action whenever it is necessary. The weaknesses of such an approach are quite evident. It is a defensive, instead of aggressive view of the market. It is likely that it will lead to disorganized, disoriented and unbalanced action. The opportunistic approach, however, has one basic quality: it points out that the more important formal characteristic of an effective marketing program is its flexibility.

II.- The Programming Process

The programming process may be divided in four steps: (1) determination of marketing objectives; (2) decisions on marketing policies and the marketing-mix; (3) elaboration of the marketing budget; (4) specification of the marketing tactics. In order to program the marketing effort the executive will not necessarily follow this sequence of actions, but it is likely that his work will be facilitated if he does it.

(1) Determination of the marketing objectives. These objectives will have to be very clear to the marketing executive. The general objective may be to increase sales by “x” amount during the programmed period (generally but not necessarily one year or one season). But more specific goals may be set up, as, for instance, to introduce a new product in the market, or, to initiate sales in a new area, or, to create a special brand image for the product.

(2) Decisions on the marketing policies and the marketing-mix. This is the crucial step in programming the marketing effort, and more will be said about this subject later in this paper. The relation between policies and the marketing-mix is about the same as between planning and programming. The marketing policies will establish the basic orientations, the fundamental strategies to be followed. The marketing-mix will be the result of the marketing policies, it will be an attempt to achieve an optimum (or rather satisfactory, since it is impossible to know when it is “optimum”) balance of marketing efforts. Here are some examples of general marketing policies: “Our marketing effort will be based on advertising”. “Price competition is to be avoided”. “Good dealer-manufacturer relationship is our main strategy”. Such policies in one way precede, in other way are already an integral part of the decisions on the marketing-mix.

(3) Elaboration of the marketing budget. Since the basic decisions on the marketing-mix were already made, it is now possible to decide, first, which will be the total marketing budget, and second, the allocation of resources to each of the marketing areas of the marketing-mix. In the more important areas it will be necessary to make a sub-program and a sub-budget.

(4) Specification of the marketing tactics. This is the last step of the programming process. Now that the objectives, the policies, the structure of the marketing-mix and the budget are determined, it is possible to write down in detail each of the actions to be executed, who is to execute them how, where and when.

III. Decisions on the Marketing-Mix

As it was already said, this is the crucial step in the programming process. Here the job of the executive is to make decisions so as to balance properly the marketing inputs. Such decisions will be made on the following areas:

A. what to sell:

(1) Product-service mix. Decisions will be made here on what products and (or) services will be sold. Problems of product diversification, product development and product research will be considered.

B. to whom to sell:

(2) Customer-prospect mix. The determination of an “optimum” combination (for the specific enterprise, naturally) of customers is involved. Some customers (as some products) will be more profitable than others (break-even analyses can be made in relation to products as well as to customers). Decisions on which prospects to contact or to try to contact will be made in this area, taking in consideration the fact that there is a cost involved in contacting prospects.

C. how to sell:

(3) Distribution-mix. Decisions will be made here on the area of channels of distribution, transportation, warehousing, sales financing, and also packing and servicing.

Will the product be sold direct to consumers, or distributed through middlemen, retailers. Which method of transportation will be used? Will the user or consumer be financed? How? In order to be distributed, must the product be packed? (Packing will be also a part of the communication-mix, when its function is to attract attention and desire). How will the product be serviced? Questions of this type will be decided in this area.

(4) Communication-mix. The objective here is to inform and influence the customer or prospect in order to buy. Advertising – a mass communication device –, personal selling – a person to person system of communication between the sender and the receiver –, and special promotions as trade shows, expositions – an intermediary communication system between advertising and personal selling –, as well as stamps, contests, special sales, etc. are the basic tools. First, a decision will be made about the proper balance among these tools. Secondly, decisions will be made on each of these areas. Advertising, for instance, is frequently a so big and complex device that it will request a special sub-program. Decisions will have to be made on the central selling theme, the copy policy, the media to be used and the amount of resources to be used in each medium, etc. Often an advertising agency will be used, and important question will be whether to continue to use the services of this agency or to get another agency. In many cases advertising agencies will not be the best solution, and this must be decided. In the area of personal selling decisions will be made on hiring, training, motivating and controlling salesmen, on sales territories. How much to allocate to consumers and how much to the trade of the advertising, personal selling and special promotions effort will be another problem. Branding is also a decision area that can be considered under the communication-mix. Besides the selection of brands, individualized brands or family brand, problems as brand image, which brands to emphasize, etc. will be decided.

D. by how much to sell:

(5) Pricing. The first decision here will be whether to use or not to use normally pricing as a competitive tool. But price changes will be always being made, sometimes more frequently and aggressively, sometimes as a last resources, and the marketing executive will have to make the decisions. How much to price initially a product? How much to increase or decrease prices? When these changes will be made? If it is a

manufacturer, will its products have or have not retail fixed prices? These are some questions that will have to be answered in this area.

E. what additional information are necessary:

(6) Marketing research. It is assumed that the required information for the present marketing program is already available. For the next program, however (and may be also for some details in the execution of this program), additional information can be necessary. These information will be obtained through some kind of marketing research: consumer research (consumer habits, attitudes, motives, etc.), product research (related to the product-service mix), and sales and market analysis (market structure, who participates in the market, how, situation of demand and supply, etc.). Decisions will have to be made on which data are necessary, which methods to use in order to obtain them, how much to expend in formal research, etc.

IV- The Independent Variables

The last element of the marketing-mix – marketing research – should probably be presented as the first one, since it will supply the factual information which will serve as basis of the marketing program. Till now it was said what decisions are to be made in the marketing program in which sequence, but nothing was said on how to make these decisions. How to decide on what products should be produced, what customers and prospects should be the target of the marketing effort, how should the product be distributed, how much importance should be given to advertising, personal selling, etc., etc. The question now is: on what depends the marketing program? Or, in other words, of what is the marketing program a function? The marketing program is a function of three general variables: A) of what we want: objectives; B) of what is: limiting environmental factors; and C) of why it is: theoretical models.

A) What we want: OBJECTIVES

In one sense the objectives are an integral part of the marketing program, in other sense they are an external factor, which will partially determine the marketing program. In this last idea it is implied the belief that behavior is goal directed, that all behavior is conscious or unconsciously motivated, and that decisions taken within the context of an organization are

supposed to be reasonable conscious and rational (consistent with goals) – at least more rational and conscious than the average individual (not organizational) decision.

B) What is: LIMITTING ENVIRONMENTAL FACTORS

By limiting environmental factors it is meant the factual information that will influence the marketing decision. These factors are limiting because they represent a constraint to the decisions of the marketing executive. If the decisions on the objectives and the program are controllable variables, these factors are mostly uncontrollable variables. They do not depend on the will on the marketing executive, and they will put constraints to his decisions. These factors are environmental because they exist in the environment of the decision. Very briefly, here it is a list of these factors. This list does not intend to be complete, and many of its elements are overlapping. Its breakdown in two general types of factors is arbitrary, having only a communication purpose. Other types of classification can certainly be made.

(1) Product characteristics

a) industrial or consumption good; b) convenience, shopping or specialty good; c) highly technical and complex product or standard and simple product; d) product which may be differentiated subjectively or objectively from competition due to clear or hidden differences; e) advantages and disadvantages over similar products; f) unit cost and marginal cost; etc.

(2) Market characteristics

2.1. Consumers' or users' characteristics. a) consumers classified by sex, age, social class, income, religion, ethnic origin, profession, education, region, industry, etc.; b) consumer habits (frequency of purchase, frequency of use, number of units and dollar amount purchased each time; relative importance of the purchase in the buyer's budget, loyalty, rational or emotional buying, etc.; c) consumer motives and attitudes (psychological, sociological and economical factors influencing purchase).

2.2. Distributors' characteristics. a) distributors available for the distribution of the product (wholesalers, retailers (general stores, department stores, supermarkets, specialty

stores, etc), supply houses, brokers, sales agents, salesmen, etc.); b) trade practices, motivations and attitudes; etc.

2.3. Competitors' characteristics. a) number and size of competitors; b) reputation of competitors; c) pure competition, monopolistic competition, of oligopolistic competition prevails in the market place; d) how competitors compete (in price?, quality?, service?, promotion?); e) market shares; f) industry practices; etc.

2.4. Demand and supply situation. a) elasticity of demand; b) buyers or sellers market; c) cyclical trends of demand; d) sales forecast for the industry and the firm; etc.

2.5. Marketing experience. All previous marketing experiences, failures and achievements, this company and this industry had in marketing their products.

2.6. Resources the programmer can count on. a) human resources (marketing executive, sales managers, salesmen, advertising people, office people, etc.); b) financial resources.

C) Why it is: THEORETICAL MODELS.

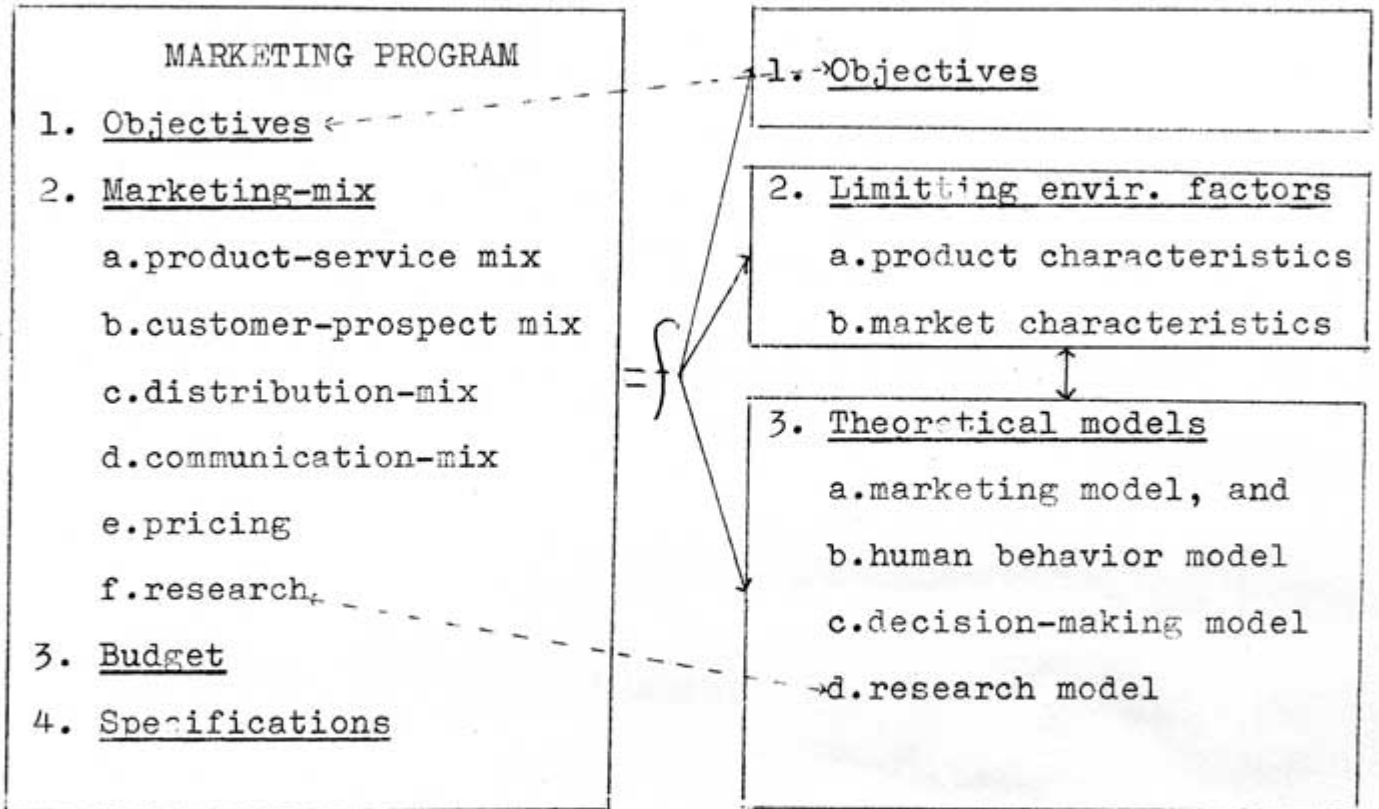
These factual information could be called the independent variables of the marketing program (with exception of 2.6.) while the decisions on the marketing program are dependent variables. In the development of a theoretical marketing model, the relations between these factors and the marketing decisions could be established on a functional basis. For instance, it would be said; the higher the social of consumers, the more sophisticated should probably be the marketing appeal; or, the more definitely oligopolistic the market, the less should price competition be used; or, the more frequent the purchases, the more widespread should be the distribution. But this is not the moment for trying to develop such a model, and besides, such a task (following such orientation) would be very difficult if not impossible to accomplish in a satisfactory way, since the variables of each marketing decision are so many and so interrelated.

This does not mean, however, that a theoretical model is not necessary. The limiting environmental factors only have meaning, have been selected, and can be used, if they are understood within the context of a marketing model, which integrate meaningfully and

systematically the present knowledge about marketing. And this model will be supplemented by at least three other models: a) a general human behavior model, which will use the findings of psychology, sociology, etc.; b) a decision-making model, which will organize and rationalize the process, utilizing formal tools as logic, mathematics, statistic, probability theory, linear and non linear programming, queuing theory, etc. (the factual information will feed these formal tools, which will process them); and c) a research model, which will orient the researches that will be made in order to get facts about the product and the market.

Appendix

A MARKETING PROGRAM MODEL



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