

## Marketing—Planning for Profit

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In a free competitive market-place responsibility for marketing must ultimately lie within the individual firm. As many of the constraints on production disappear the need to maintain profitability is more dependent on marketing. Successful firms will increasingly be those for whom marketing takes the lead.

Marketing is most concisely defined as getting the right product in the right place at the right time. This leaves too many loose ends for me and I prefer its definition as the process of balancing the company's need for profit against the benefit required by consumers, so as to maximise long term earnings per share (or return on capital). It is this need to maintain long term profitability, and thus the survival and development of a business, that places the emphasis on strategy and planning to develop the marketing ethos.

There is a conflict between the consumers' need for benefits and the firm's need for efficiency and profitability. There are marginally profitable plants or groups of plants that one would prefer not to sell but which one feels obliged to carry in order to satisfy customers. Finding an acceptable balance between the difficult to predict needs of the consumer and the difficult to estimate requirements of the firm is not easy.

It is important to select market opportunities which can be satisfied by the resources available in your business. This is equally true for the established as well as the new firm and can be ascertained by asking the following three questions.

- 1) Is there a genuine need which is not fulfilled at present?
- 2) Are we equipped as a company to fulfill it effectively?
- 3) Does it look profitable?

Assimilating and appraising this information is fundamental to developing the marketing strategy. To do this requires a thorough knowledge of the market on the one hand and an objective understanding of the strengths and weaknesses of your company and its competitors on the other. In addition, gathering the information to develop a strategy involves some predictions about changes in the commercial environment which can influence development over the period. These may include operational factors such as research, demographics, information technology and environmental considerations, and marketing factors such as the single market and quality assurance.

Having chosen the products and services it is important to consider the other inputs to the marketing mix.

Product and packaging development must be underwritten by the need for product appeal. This is most often translated into product quality and to take full advantage of the other inputs to the marketing mix this should have the highest priority. Picking any one plant and comparing it through a random sample of nurseries will clearly demonstrate that there is considerable room for improvement. Continuing investigation of the inputs at the production end (call it research and development if you like) should enable us to change this mix to increase

product appeal to the consumer at marginal extra or even reduced cost, although cost reduction should never be undertaken at the expense of product quality.

With our largely commodity style products there is little opportunity or indeed reward for packaging and presentation development. It is however important to incorporate state of the art labelling developments as the technology becomes increasingly available.

Especially noticeable in the autumn, pricing is one of the most visible aspects of the products image, after quality or performance. 'Cost plus' and demand pricing are the two approaches normally taken to set the price. Almost without exception, demand pricing—where competition and availability sets the general price level—is the rule for our industry. Variations from the general level can be achieved by superior quality, distribution, selling, advertising etc. Because we are a low margin industry, very small drops in price can have huge effects on profitability with little effect on volume sales. But the effect of small price increases can be dramatic in terms of profitability. This has important implications for the choice of product range.

Sales promotion involves incentives to purchase and can involve a wide range of techniques from price variations, to bonus offers of extra plants, to free deliveries etc. Its purpose should be to achieve new or additional purchases either by increasing sales or widening distribution. It may be linked to advertising and branding but should be carefully used as part of the overall strategy to ensure increased long term profitability. Careful planning to achieve clear objectives is essential along with monitoring to measure success.

Advertising is probably one of the most difficult areas of investment in small companies. We should use it to create favourable attitudes to the company and its brands and be aware that it is investment wasted without being followed up by superior product and service performance. It must be well planned and carefully budgeted and like product quality, good quality advertising costs the same as poor. Keeping the message simple and putting across ideas to maintain continuity will assist success.

It has been interesting over the past few years to see individual brands being promoted in a market-orientated way. This type of high risk marketing has been limited in the past to protected varieties while the majority of the industry has limited brand development to the overall company image. It is important to recognise the factors which constitute your company brand and to build on these strengths. These may encompass high quality, service, cheap prices, specialised products, wide range etc. Method of distribution can vary in efficiency and complexity and it is important to have a trade-channel strategy which will have significant effects on the structure of your business. Decide whether you wish to distribute to retailers, wholesalers, contractors, distributors, mail order companies, etc. This will have significant effects on the marketing strategy and the overall management of the business.

Finally, it is important to recognise that the marketing strategy, which can be used to develop plans for a 3 to 5 year period in the life of a business, should be reviewed annually to incorporate changes in the business environment. It should not be written in tablets of stone. In addition to directing the business towards its corporate objectives, it provides a yardstick for constructive and measured change.