

STRATEGIC SALES MANAGEMENT

Tools to Assess Market While Developing Strategic Sales Plan

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Learning Objectives:

After going through this module, you should be able to:

- Understand the place of selling in the marketing plan
- Apply marketing principles for crafting a strategic sales plan
- ✓ **Learn sales forecasting methods to make informed decisions**
- Understand different tools to be used for crafting a strategic sales plan
- Develop models for sales planning

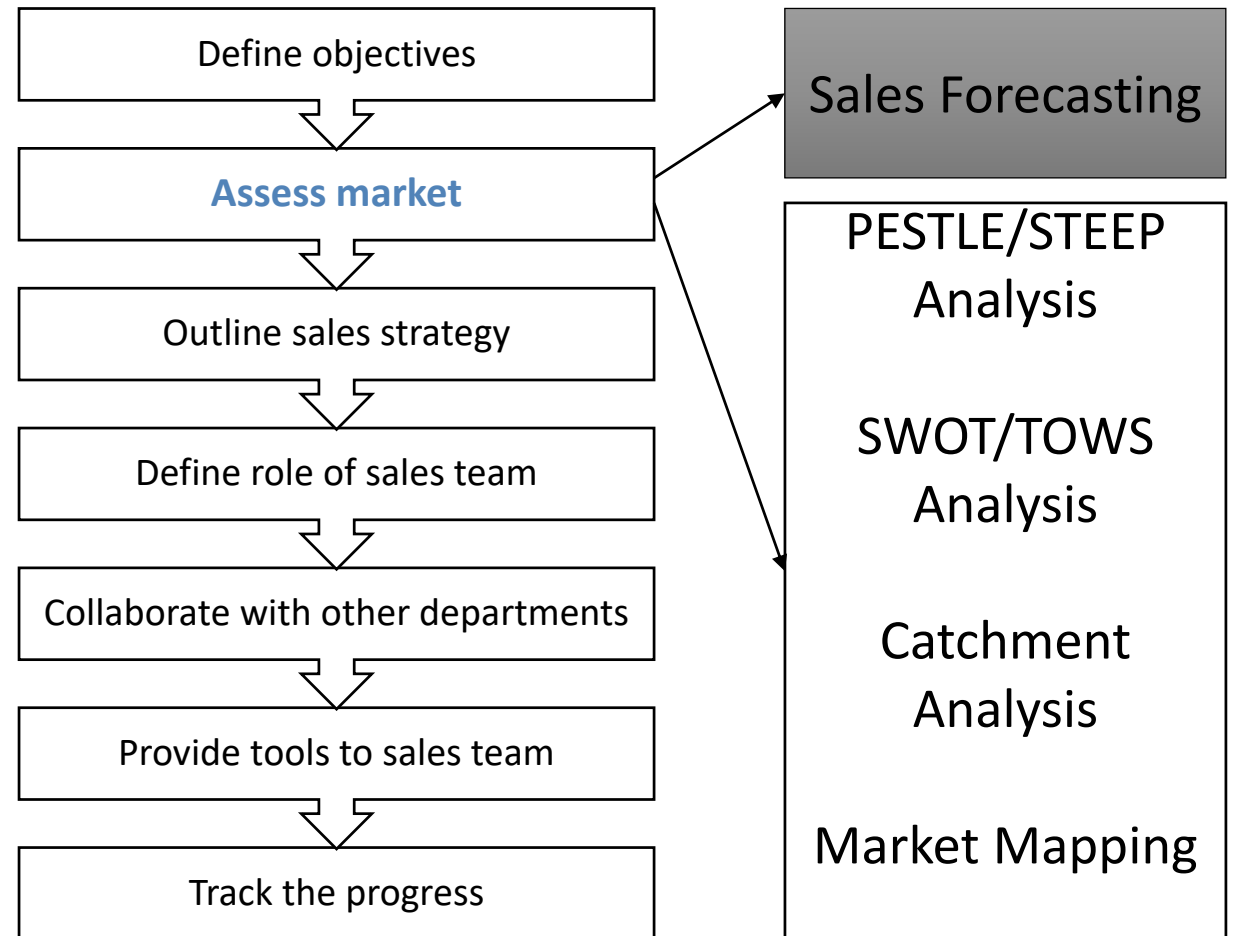
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Crafting a Strategic Sales Plan

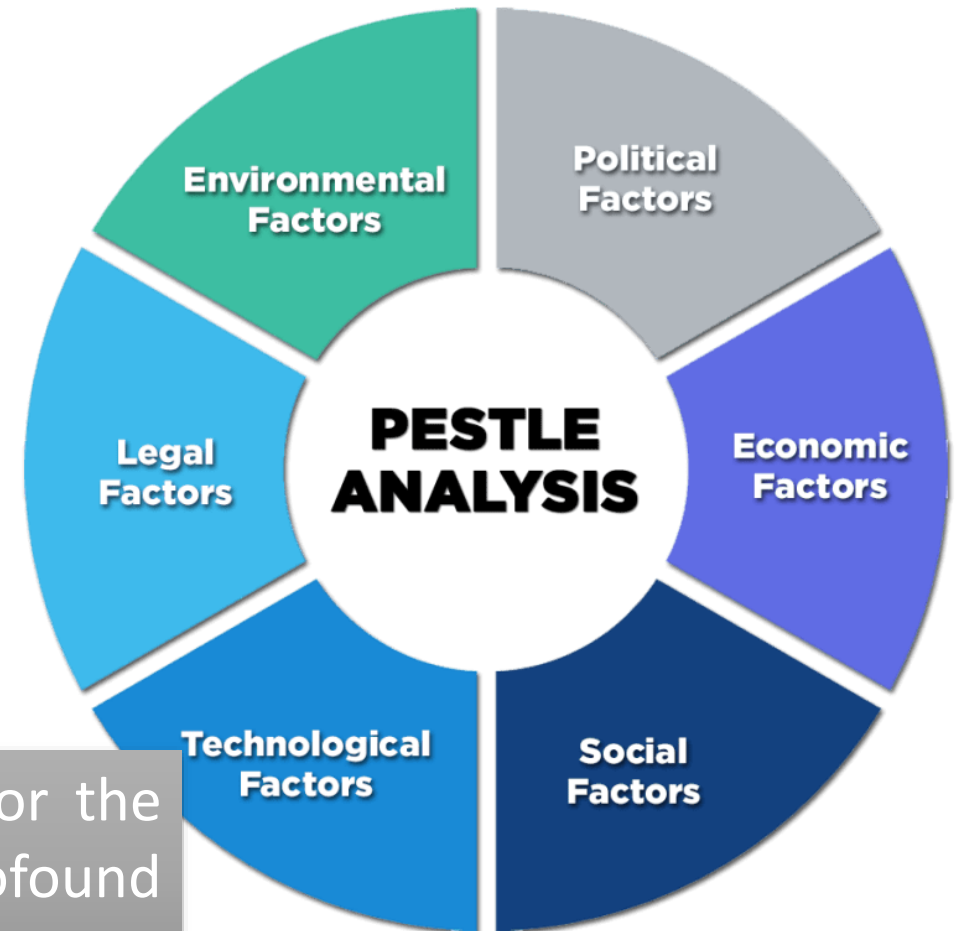
- A **strategic sales plan** is a portfolio of ideas, processes, and technology that guides a sales organization's strategy and provides the resources and tactics for reaching sales goals.



PESTLE/STEEP Analysis

- ✓ **The STEEP analysis**, also called **PESTLE** analysis, is a strategy of *external environmental* analysis for companies.
- ✓ It lists the factors of the individual categories that may influence the unit under investigation.
- ✓ A kind of *external audit*

A PESTLE analysis is used to analyze and monitor the macro-environmental factors that may have a profound impact on an organization's performance.



PESTLE/STEEP Analysis

Political factors

- These determine the extent to which the **government and associated politics intervene** in a certain industry or the economy.
- These may include significant changes to the business environment such as new taxes and regulations (trade tariffs, employment and environmental regulations etc.).
- Political factors include: **policy frameworks, labor market policies, government policies, competition oversight, legislation, political stability, tax policies, trade barriers, security requirements and subsidies.**

PESTLE/STEEP Analysis

Economic Factors

- When making important strategic marketing decisions the business needs to consider the influence the economy may have on the firm's ability to sell its products or services.
- Economic factors include **economic growth, interest rates, exchange rates and the inflation rate**. These factors have major impacts on how businesses operate and make decisions.
- *For example*, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy.

PESTLE/STEEP Analysis

Social Factors

- Cultural determinants like demographics, growth trends, health consciousness, customer attitudes, etc. affect the **demand** for certain products or services.
- Social factors include: values, attitudes, lifestyles, consumer trends, demographic influences, income distribution, education, population development, security.
- *For example*, an aging population may imply a smaller and less-willing workforce (thus increasing the cost of labor).

PESTLE/STEEP Analysis

Technological Factors

- Innovations in technology can affect the company's operations and the market in which it operates.
- Technological factors include: new technologies, technology effects, research, development speed, new products and processes, product lifecycles, technology investments, and government research expenditure.
- Furthermore, technological shifts can affect costs, quality, and lead to innovation.

PESTLE/STEEP Analysis

Legal Factors

- Regulators are becoming more powerful and the legislative burden on businesses is arguably greater than ever.
- Your team needs to consider the legal factors that will affect your business now and in the future.
- This could be anything from data protection regulations through to employment legislation.

PESTLE/STEEP Analysis

Environmental Factors

- Environmental factors include **ecological and environmental** aspects such as weather, climate, and climate change which may especially affect industries such as tourism, farming, and insurance.
- Furthermore, **growing awareness** of the potential impacts of **climate change** is affecting how companies operate and the products they offer, both **creating new markets and diminishing or destroying existing ones**.
- Environmental factors include: **material, resources, disposal, emission regulations, energy, transport routes, life cycles, and global warming**.

PESTLE/STEEP Analysis

Examples



Political Factor	• Must consider the taxation and manufacturing rules of each country • Must follow import and export laws well
Economic Factor	• Must Target customers with good purchasing power • Developing countries may be good opportunity for Nike
Social Factor	• Need to target health-conscious people • Shoes and Apparel must be for health-conscious people along with sporty people
Tech. Factors	• Nike uses finest technology • Constant changes in the technology as well as opportunity as well as threat
Legal Factor	• Must consider the copyrights and designs of shoes and apparel it produces • Must obey Health and safety rules
Environ. Factor	• Need to come up with environment-friendly products

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UBER

Political Factor	• Need to make its stand clear about drivers' insurance. • Have to follow minimum wage rules. • Have to have deal with bans in many countries.
Economic Factor	• Easily accessible. • Affordable fare charges • Offers jobs opportunities, but pay may not be convincing.
Social Factor	• User friendly • Quick pick up • Gives better ride experience than taxis
Tech. Factor	• Excellent mobile app for users • Using social media and other electronic media well for promotion
Legal Factor	• Need to prevent ban in many countries • Need to follow labor and employee safety laws well • Copyright laws need to be looked at as well
Environ. Factor	• Fuel usage may increase • Traffic congestion is a concern as well

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PESTLE/STEEP Analysis

By helping you to understand how *external factors* affect your businesses, **PESTLE** can help you:

- ✓ Determine their long-term effect on the performance and activities of your business
- ✓ Review any strategies you have in place
- ✓ Work out a new direction, product or plan for your business
- ✓ Identify solutions to problems
- ✓ Gain strategic advantage on competitors
- ✓ Evaluate the risks associated with markets you're interested in

SWOT/TOWS Analysis

- Management must make a realistic and objective appraisal of *internal* company strengths and weaknesses in the context of potential *external* opportunities and threats (SWOT analysis).
- Opportunities for the future of a business and threats to it stem primarily from **factors outside the direct control of a company** and, in particular, from trends and changes in those factors that were referred to earlier as the macro-environment – namely PESTLE.



SWOT/TOWS Analysis

SWOT Analysis

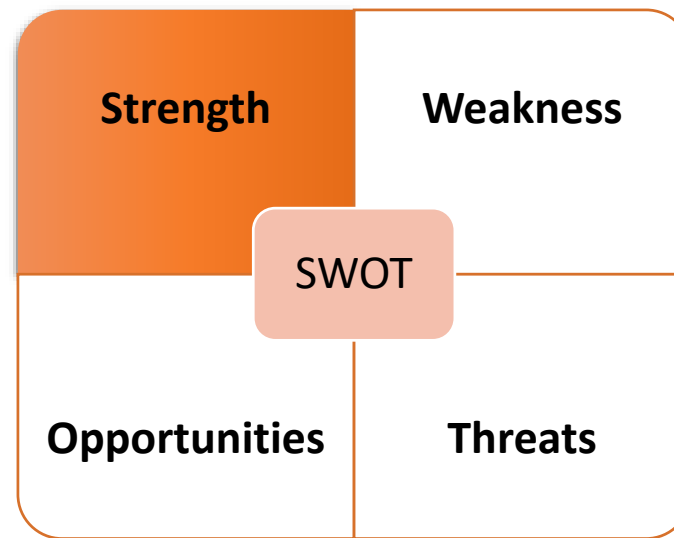


SWOT/TOWS Analysis

SWOT Analysis

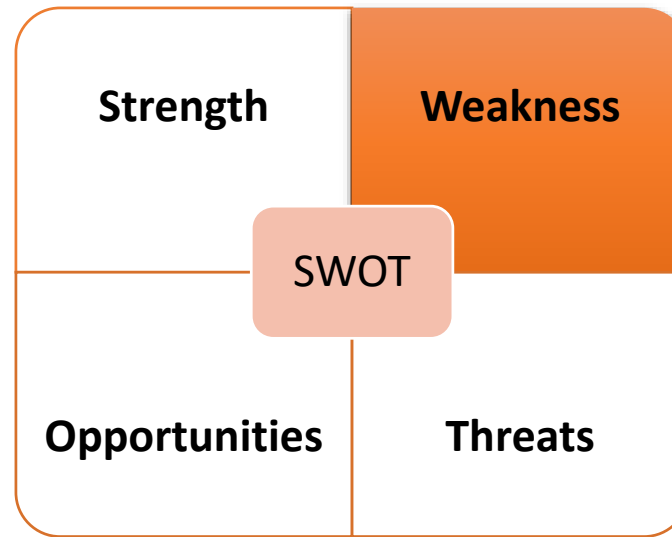
These are areas in which the organization is better and outdoes the competition.

Some examples are strong brand recognition, a loyal customer base, unique propriety technology and a healthy financial condition.



SWOT/TOWS Analysis

SWOT Analysis



These are problem areas that are not performing at optimum levels and that need improvement.

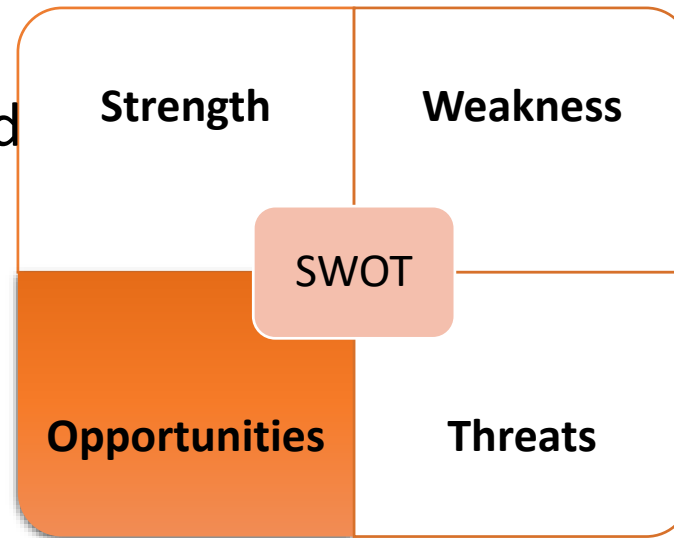
These could be high employee turnover, poor product quality, an unmotivated sales force, lack of capital and an excessive level of debt.

SWOT/TOWS Analysis

SWOT Analysis

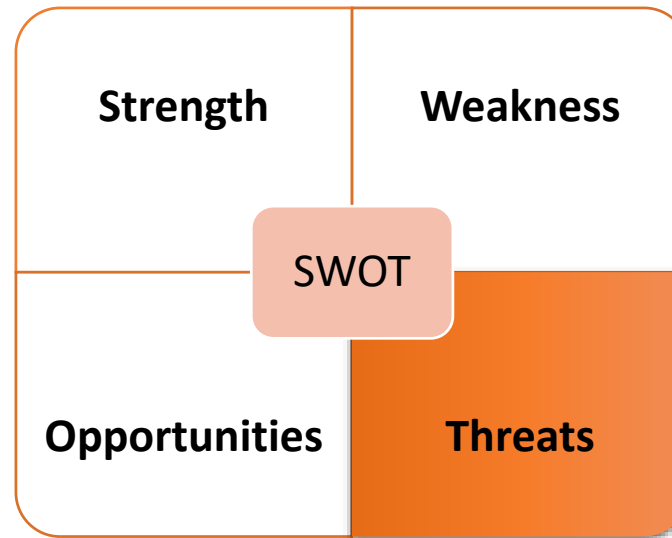
Managers can identify better opportunities to expand and sell more of their products and services.

It might be going into new international markets, developing an innovative product line or exploiting weaknesses in a competitor.



SWOT/TOWS Analysis

SWOT Analysis



These are factors that can hurt a business.

For example: rapidly increasing costs, new competitors in the market, tightening supply of labor, changing demographics and more government regulations.

SWOT/TOWS Analysis

Questions that can help inspire your SWOT analysis

Strengths

- Strengths are internal, positive attributes of your company. These are things that are within your control. ✓ ✓ ✓ ✓
 - What business processes are successful?
 - What assets do you have in your teams? (ie. knowledge, education, network, skills, and reputation)
 - What physical assets do you have, such as customers, equipment, technology, cash, and patents?
 - What competitive advantages do you have over your competition?

Source: Liveplan.com

SWOT/TOWS Analysis

Questions that can help inspire your SWOT analysis

Weaknesses

- Weaknesses are negative factors that detract from your strengths. These are things that you might need to improve on to be competitive.
 - Are there things that your business needs to be competitive?
 - What business processes need improvement?
 - Are there tangible assets that your company needs, such as money or equipment?
 - Are there gaps on your team?
 - Is your location ideal for your success?

SWOT/TOWS Analysis

Questions that can help inspire your SWOT analysis

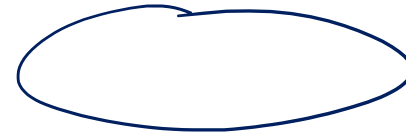
Opportunities

- Opportunities are external factors in your business environment that are likely to contribute to your success.
 - Is your market growing and are there trends that will encourage people to buy more of what you are selling?
 - Are there upcoming events that your company may be able to take advantage of to grow the business?
 - Are there upcoming changes to regulations that might impact your company positively?
 - If your business is up and running, do customers think highly of you?

Source: Liveplan.com

SWOT/TOWS Analysis

Questions that can help inspire your SWOT analysis



Threats

- Threats are external factors that you have no control over. You may want to consider putting in place contingency plans for dealing with them if they occur.
 - Do you have potential competitors who may enter your market?
 - Will suppliers always be able to supply the raw materials you need at the prices you need?
 - Could future developments in technology change how you do business?
 - Is consumer behavior changing in a way that could negatively impact your business?
 - Are there market trends that could become a threat?

SWOT/TOWS Analysis

- **Example** • SWOT analysis of the health and beauty company



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Strengths	Weaknesses
1 The company is well established in the national market-place in health and beauty products 2 The locations on high streets offer <u>easy accessibility</u> to existing and potential customers 3 The company has a good reputation as a supplier of prescriptions 4 It has <u>well-trained employees</u> on the shop floor 5 Boots Advantage Card offers one of the most generous loyalty schemes within the UK market-place	1 Not all the staff have the same level of experience and training so that there is <u>inconsistent customer service</u> 2 Not all stores carry the same range and the layout of stores can be <u>confusing</u> 3 Employees are sometimes unable to be fully knowledgeable about the wide array of products and services offered by the company 4 Registration for the Advantage Card is not consistently encouraged <u>within the stores</u>
Opportunities	Threats
1 The markets for over-the-counter medication and health supplements are growing 2 Consumers are becoming <u>increasingly more inclined to self-medicate</u> 3 The pharmacists employed within the stores can offer advice on such ailments as flu or even allergic reactions 4 In some areas, it is less time consuming and more convenient to consult a pharmacist at Boots than to get an appointment to see a doctor or visit a hospital	1 Supermarkets also sell <u>over-the-counter remedies</u> such as headache tablets and some vitamins (e.g. Vitamin C dissolvable fizzy tablets) 2 Many of Boots' products are more costly than when sold in cheaper retail outlets (e.g. Superdrug, Poundland) 3 Many of its more expensive beauty products (e.g. hair dryers) can be <u>purchased more cheaply online</u>

Source: Jobber et. Al. (2018)

SWOT/TOWS Analysis

Example



SWOT/TOWS Analysis

TOWS Analysis

- A TOWS analysis is very similar to SWOT, however there is a key difference between the two, other than a reshuffling of a few letters!
- While SWOT analysis, puts the emphasis on the **internal** environment (your strengths and weaknesses), TOWS forces you to look at your **external** environment first (your threats and opportunities).
- Doing this allows you to gain better understanding of the strategic choices that you face.
- *Remember that "strategy" is the art of determining how you'll "win" in business*

SWOT/TOWS Analysis

TOWS Analysis

	External Opportunities (O)	External Threats (T)
Internal Strengths (S)	SO <i>"Maxi-Maxi Strategy"</i> Strategies that use strengths to maximize opportunities.	ST <i>"Maxi-Mini Strategy"</i> Strategies that use strengths to minimize threats.
Internal Weaknesses (W)	WO <i>"Mini-Maxi Strategy"</i> Strategies that minimize weaknesses by taking advantage of opportunities.	WT <i>"Mini-Mini Strategy"</i> Strategies that minimize weaknesses and avoid threats.

Source: TOWS Matrix © 1982 Heinz Weihrich, Ph.D.

SWOT/TOWS Analysis

TOWS Analysis

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- Diversify into new markets
- Improve the quality of products
- Reduce the costs of top-selling products.

Source: TOWS Matrix © 1982 Heinz Weihrich, Ph.D.

SWOT/TOWS Analysis

TOWS Analysis

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- Find new and cheaper suppliers
- Develop more aggressive marketing campaigns

Source: TOWS Matrix © 1982 Heinz Weihrich, Ph.D.

SWOT/TOWS Analysis

TOWS Analysis



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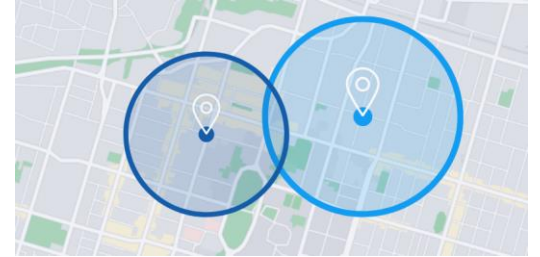
	External Opportunities (O)	External Threats (T)
Internal Strengths (S)	SO Closing out poor-selling products Terminating under-performing employees	ST "Maxi-Mini Strategy" Strategies that use strengths to minimize threats.
Internal Weaknesses (W)	WO Developing more aggressive selling techniques	WT "Mini-Mini Strategy" Strategies that minimize weaknesses and avoid threats.

Source: TOWS Matrix © 1982 Heinz Weihrich, Ph.D.

Catchment Analysis

- To grow your business, improve the customer experience, and retain and engage your customers, you need to understand who they are and where they come from.
- Catchment areas, or trade areas, allow businesses to understand where their visitors are coming from, and gain deeper insights into who they are and their behavior.

Catchment Analysis



What is a catchment area?

- A catchment area, or trade area, is the geographic area that a business, service, or organization attracts its customers from.
- Catchment areas can be defined by **distance**, by **travel time**, and by **mobility patterns**, allowing you to analyze where foot traffic comes from in a variety of ways.
- Catchment areas are often used **to better analyze foot traffic and store visit rates**.

Catchment Analysis

Why it is crucial to do Catchment Analysis?

- **Understand where your customers are coming from:**
 - Map and visualize where your customers visit your store locations from, helping you understand your main service area.
- **Understand the market potential and penetration:**
 - Gain a sense of what the market is like in the region your stores exist, and determine how likely you are to be successful.
- **Understand your store location coverage:**
 - Paint a clear picture of the coverage of your store locations, including gaps and overlaps. Improve your own store performance and compare against competitor businesses.

Catchment Analysis

Why it is crucial to do Catchment Analysis?

- **Select new sites for opening and existing ones for closing:**
 - Identify the best sites for a new potential store and which ones would be the best to close, based on actual store performance.
- **Determine which locations are performing the best:**
 - Use analytics to improve the performance of individual stores and your entire network. Identify the best stores to expand or remove and how to better reach out to customers.
- **Understand your customers' travel network:**
 - Leverage this to know exactly where your customers travel in your trade area, and enhance your customer experience for them in the process.

Catchment Analysis

Why it is crucial to do Catchment Analysis?

- **Improve marketing outreach and customer targeting campaigns:**
 - The more you know about your customers, the better you can market to customers, increasing your conversion rate.
- **Analyze competitor locations:**
 - Learn how you perform against your competitors, develop strategies to better serve competitor customers, and gain their business for yourself.
- **Map customer behaviour and mobility patterns:**
 - Catchment area enables you to create extremely useful catchment maps, helping you perform faster, more effective catchment analysis.

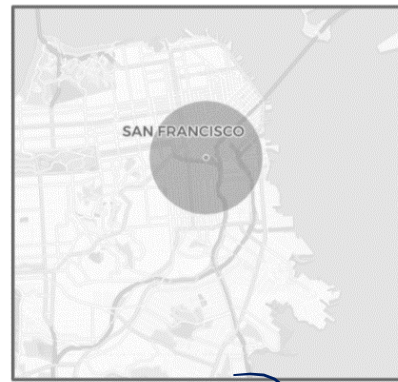
Catchment Analysis

Factor Influencing Catchment Area Size

- The size of a business's catchment area can be influenced by the **format and size of a store**, or the **nature of the service**.
- The **number of businesses in the location** can provide an additional pull for consumers such as shopping retail centres, which due to their size and number of stores can become 'destinations' for consumers.
- Consumers will be prepared to travel over an hour away for a shopping centre in comparison to their local high street or grocery store.
- Similarly, if you are looking to purchase **high ticket priced items** such as a new kitchen or sofa, you will often be **happy to travel further** to visit showrooms.

Catchment Analysis

Methods to Calculate Catchment Areas



1.0 - Buffers



2.0 - Drive Times



3.0 - Mobility Data

1. Buffer trade areas - Trade areas defined by a distance around the location(s) under analysis.

2. Walk/drive time trade areas - Trade areas defined by the walk or drive time to the location(s) under analysis.

3. Mobility trade areas - Trade areas defined by the mobility patterns of the location(s) under analysis.
This is made possible by pairing point of interest (POI) and mobility pattern data appended to your store locations.

Catchment Analysis

Methods to Calculate Catchment Areas

- **How to perform a buffer analysis:**

- **What this is:** Buffer trade analysis involves creating a buffer zone (by distance) around your store locations, indicating the area for analysis. GIS and BI tools such as CARTO, Esri, Tableau, Domo, and AWS all facilitate this type of analysis, making it easy to define buffer trade areas for your store locations.
- **Why you need this for a catchment analysis:** Buffer trade areas are a simple way of determining where your customers are coming from, and initiating this analysis. Based entirely on distance from your store locations, these buffer zones are the most basic form of catchment area analysis.

Catchment Analysis

Methods to Calculate Catchment Areas

- **How to perform drivetime/walktime analysis:**
 - **What this is:** Drive and walk time catchment analysis involves analyzing trade areas based on the travel time it takes to get to the store location by either walking or driving. Business Intelligence and GIS solutions enable analysis by turning raw data into visualizations that are easy to interpret and gain insights from.
 - **Why you need this for a catchment analysis:** Drivetime and walktime trade area analyses are extremely important for understanding how easy it is for customers to get to your store. This paints a clear picture of how accessible your store is to your customers and is especially important if your business sells items that require people to have a vehicle (i.e. big items like furniture, etc.).

Catchment Analysis

Methods to Calculate Catchment Areas

- **How to perform mobility analysis:**

- **What this is:** Mobility catchment area analysis involves analyzing trade areas based on mobility patterns data. This allows you to see your trade area based on the mobility patterns of customers - and potential customers - in the areas around your business. You can leverage this data to better understand your customers, their demographics, and their behavior. Data visualization is made possible by using BI and GIS solutions.
- **Why you need this for a catchment analysis:** Mobility trade analysis gives you deeper analytics than a standard buffer analysis, as it shows where people are actually going. By using mobility data, you can also derive demographics data such as age, income, education levels, and more. All of this gives you deeper insights to draw from for your decision-making process.

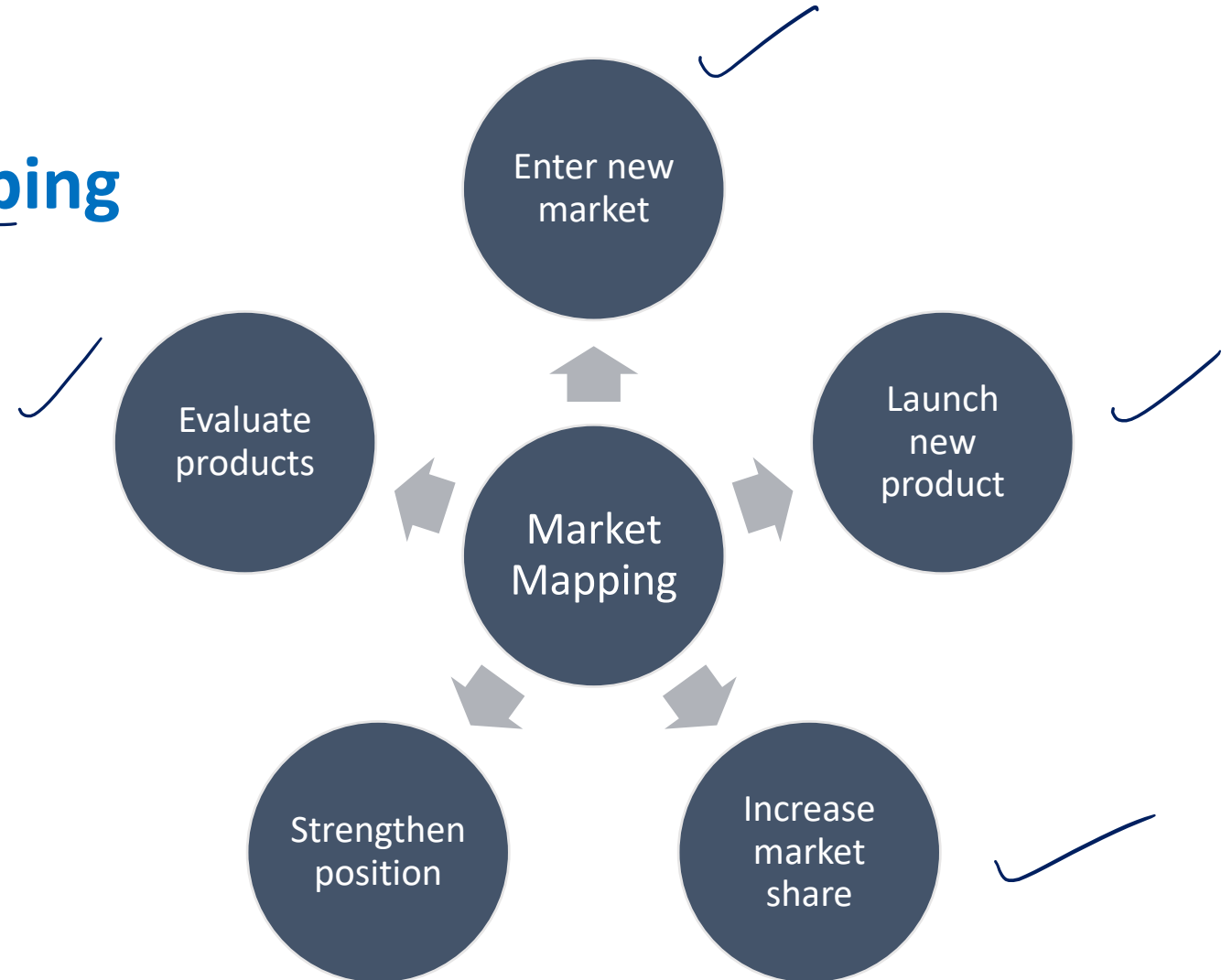
Market Mapping

What is market mapping?

- Market mapping is a method of visualizing your position or product within a specified market. You create different market segments to measure and benchmark against. ✓
- It's a positioning map that takes into account the forces in your market, such as supply, demand, and saturation, and where you fit into the puzzle. ✓
- Market mapping gives you a complete picture of your competitive landscape, including customer segments, product comparison, and market forecasting. ✓

Market Mapping

Benefits of Market Mapping



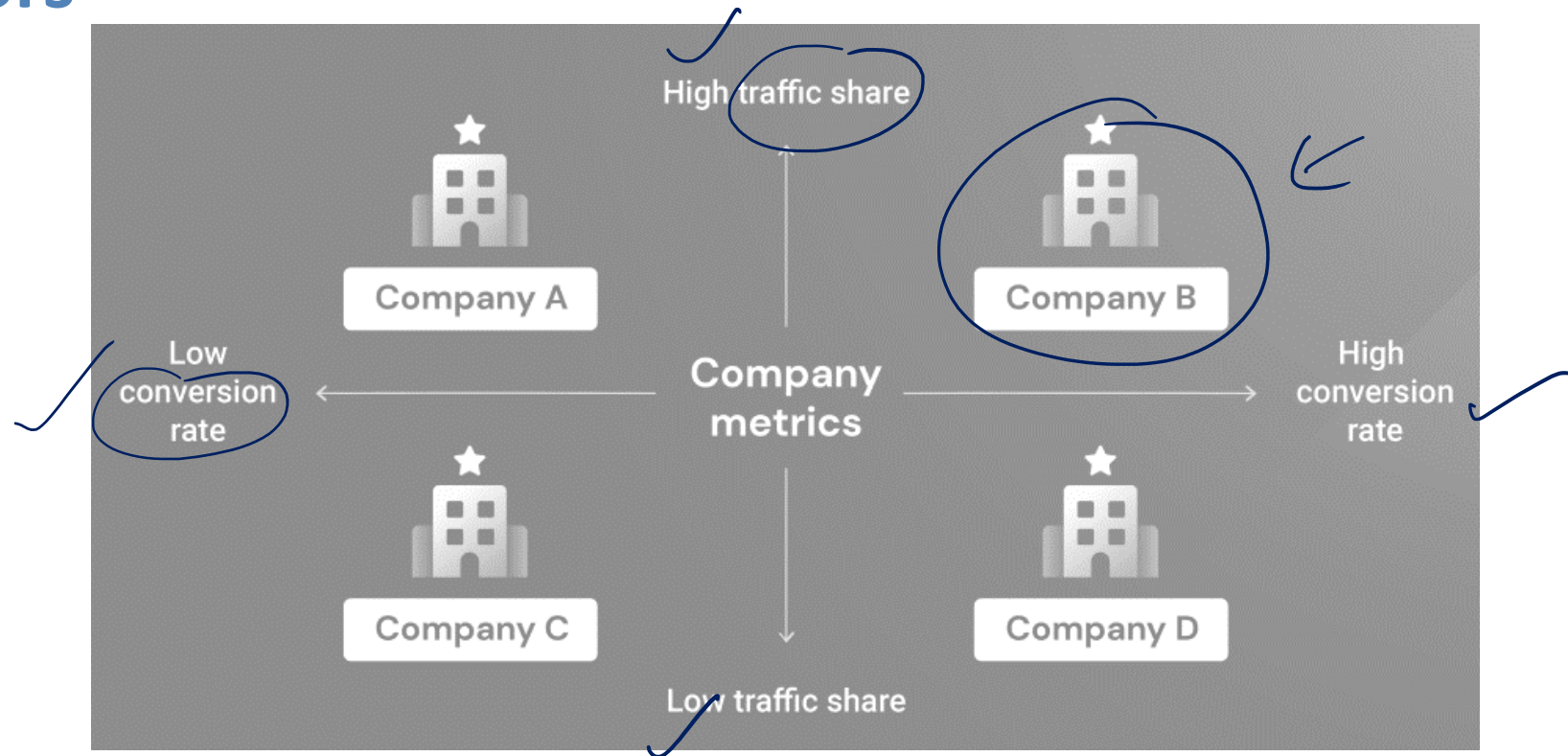
Market Mapping

Mapping Competitors

- *Start-up company - create your go-to-market strategy*
- *Existing company - defending your rank against the competition*
- **Crucial - To understand who the strongest players in the market are.**
- **How:** Position companies on a graph representing relevant measures such as yearly revenue and reach, or product range and price level.
- When you view the various companies on the competitive map, you can detect gaps or weak points in the market that present an opportunity for you.

Market Mapping

Mapping Competitors



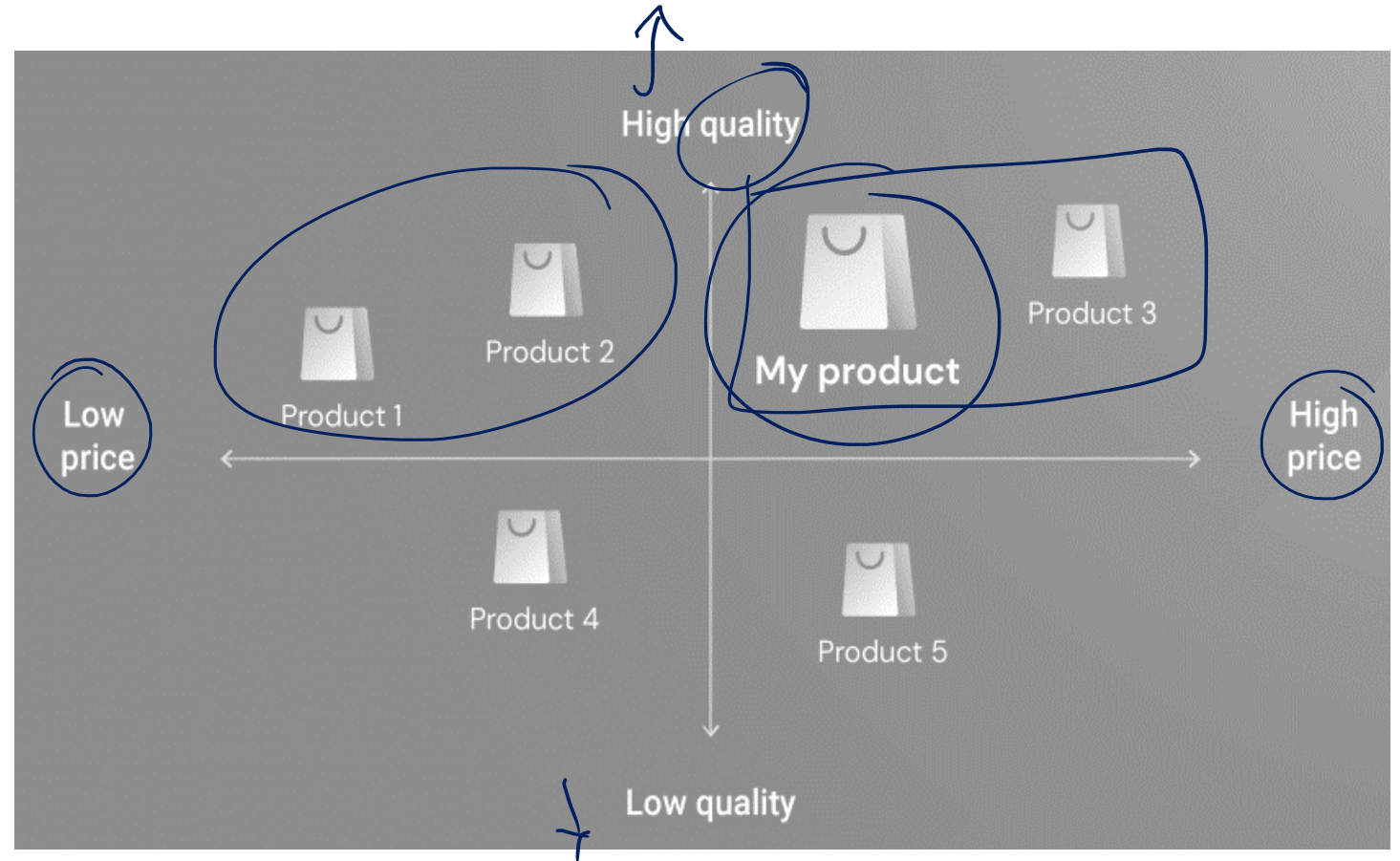
Market Mapping

Mapping Products

- *Want to launch a new product - need to figure out the best way to introduce it into the market.*
- *You think it's time to innovate - need to present your audience with something new.*
- **Crucial** - to determine how different products are positioned in terms of features, quality, and price
- **How:** Plot products on a graph with product-related parameters

Market Mapping

Mapping Products



Market Mapping

Mapping the Audience

- Another type of market mapping focuses on the **customer**.
- For example, an eCommerce marketer may focus on the **frequency of purchases** or **website demographics** such as age, gender, or location.
- You'll create a map to identify **which type of people are your best customers**. This lets you target the prospects with the highest potential of buying from you.

Market Mapping

Market Mapping Cycle

Market mapping is a data-driven market research strategy that takes out the guesswork and allows you to strategically position yourself in the market.

