Tactical Planning: Looking Forward

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Soon we will begin to move from strategic to tactical planning for 2008. As a marketer, you hope to find the balance of tactics best suited for your brand's strategy. Do you make these decisions by looking forward or backward? Don't answer this question yet.

ACNielsen HCI approaches tactical and budget planning while considering the inherent power or "relative value" of each medium to communicate a message. They have measured the relative value of many communication tools using their Campaign Tracking System. Their Promotion Planning Model (PPM) uses these relative values to help the marketer optimize his or her choice of tactics and expenditures given their brand's strategy and life cycle stage.

The PPM assumes that all marketers have an equal opportunity to implement their plans. However, we know in Canada that the quality of campaign implementation can vary widely. Few campaigns are implemented perfectly. Most commit one or more of the four classical errors: message, sales aid, ad execution and funding. Therefore, we recommend monitoring the quality of the execution as the campaign goes forward.

Response analysis, another approach, applies statistical tools against several years of historical prescriptions and promotional inputs. It assumes that any variables not explicitly considered in the model are static or behave randomly. However, neither we nor our competition remain static or behave randomly. Therefore, the weakness of response analysis is its inability to account for changes in your strategy, tactics, message, or the quality of your execution or that of your competition.

The following is a true, yet unfortunate, story of how regression analysis mislead the marketing team for a blockbuster brand. It occurred in the US within the last decade.

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Company A was the market leader in a quickly growing therapeutic area. Their brand was perceived by prescribers to be adequately effective. Compared to the competition, Company A's brand was least associated with an infrequent, yet serious, adverse effect. Their main message stressed safety. Company B, which was soon to launch their medication, would likely stress greater potency of their brand. In anticipation of this new rival, Company A changed their message to stress efficacy. Company A's sales growth slowed substantially. A regression analysis of Company A's prescriptions and promotional inputs indicated that their support promotion, namely advertising, was not working. Company A ceased advertising.

ACNielsen HCI observed that prior to this change in message, Company A's promotional mix had been working well. However, their new "efficacy" message was much less believable than their "safety" message or Company B's message. ACNielsen HCI could only look on while Company A accelerated their loss of market leadership by switching to a message lacking credibility with their users.

Considering this example, would you want to drive your brand by looking backward or forward?

CPM

For more information about how to plan, optimize and monitor your promotional mix, contact Graham Davies at (416) 467-7005 or g@davies-strategic.com.