

## **JCB's Adoption of Marketing Planning**

Some time ago, the incumbent marketing director of construction equipment leader JCB went to study strategic marketing at INSEAD in France. On his return to the UK headquarters of JCB he introduced a formal marketing planning process to the company. Recognising the cultural diversity and complexity of a global business, the marketing director opted to focus initially on the UK. At the time the company had four core product groups, including backhoe loaders and telehandlers, plus some quickly emerging new product categories, such as skid steers and mini-excavators. Each product group had its own set of marketers, thus each team produced a marketing plan.

As the marketing planning process was new to the company, external trainers were brought in to establish a stage-by-stage sequence of activities, and to provide the company's sales and marketing staff with the required analytical toolkit. Stage one included the core marketing analyses: financial performance of the company's products and sales analysis; the marketing environment forces active in each product group's target markets; the buying behaviour characteristics and evolving customer needs; competitors' products, strengths, weaknesses and projected plans; the company's brand positioning vis-à-vis leading rivals; plus, JCB's capabilities.

These tasks proved time-consuming for already busy personnel, so some external support was commissioned in order to research customers and competitors. Small teams from within the marketing function were allocated to the different forces of the marketing environment: technological developments, regulatory pressures, economic trends, and so forth. These teams reviewed secondary sources for information, networked with JCB and dealer personnel, met with subject experts to solicit their views, and created a dialogue with industry observers. To examine competitors, the JCB marketers visited trade shows, talked with customers and dealers, analysed rivals' products and marketing programmes, reviewed financial performance and engaged with industry-watchers. Marketing research in the form of one-to-one depth interviews and focus groups gleaned customers' views of JCB, its products and customer service, changing customer needs and the customers' views of competitors. Some of these analyses were undertaken by teams of marketers working across JCB's product groups and target markets, while much research was specific to the separate marketing teams handling each product group in the company.

Within six weeks, a significant amount of marketing intelligence had been derived, updated, collated and analysed. Stage two, externally moderated by consultants, involved brainstorming workshops with sales and marketing personnel reflecting on current strategies in the light of the various marketing analyses conducted. As a result, the target market priorities were modified, new products commissioned, revised marketing communications created, modified pricing considered, dealer plans revisited and customer service improved. An important aspect of stage two was the sharing of marketing intelligence – particularly about competitors, opportunities and threats – between the separate marketing teams. The final stage of the process involved the formalisation of appropriate marketing mix programmes to operationalise the revised marketing strategy, coordination of the separate teams'

proposed marketing programmes, plus the allocation of budgets, personnel, schedules and responsibilities to these emerging tasks.

In year two, when the summer marketing planning period was reached, JCB's subsidiary companies overseas were also included, producing top-line marketing plans. Managers overseas were able to learn from their UK colleagues and emulate the format of their resulting marketing plans. For the UK marketers in their second season, there was the opportunity to address outstanding marketing analysis gaps from the previous year and to focus on utilising the marketing planning toolkit rather than learning about its scope and tools.

By year three, the rest of JCB's non-UK operation had become involved, while in the UK the growing understanding of the marketplace facilitated by two years' marketing planning and marketing intelligence gathering led to the creation of new target market segments. The marketing plans by year three were segment-specific, ignoring the product groups created by JCB for operational convenience. This led to the formation of the company's Compact Division, recognising that customers of mini-excavators or mini-skid steers had different purchasing behaviour to customers buying the larger-scale versions of such products.

After three years, one manager described the marketing planning process thus:

In the first year it was really hard – hell: learning new skills; realising we had inadequate or incomplete knowledge of market trends, competitors and even customers; adjusting to undertaking the planning work alongside our 'day jobs' ... just finding the time. The process now is routine: we never miss the opportunity to find out about customer views, examine competitors or discuss market developments with 'those in the know'. We're also much quicker in producing and delivering the marketing plan. The big difference is that now the company's strategic planning and budgeting are guided by the analyses and market understanding provided by the marketing plan. More to the point, we're selling more machines, in a larger number of segments to more satisfied customers. Even better, whether in our French subsidiary, Indian plant or American sales office, we're all addressing the market in a coordinated manner and everyone is aware of the requirements for effective marketing planning. But it has taken three years. Finding the time was hard to start with. It did 'hurt' in the first year!