THE OFFICIAL CIM REVISION CARDS

Analysis and Evaluation

PROFESSIONAL POSTGRADUATE DIPLOMA IN MARKETING

• Relevant!
• Succinct!
• Compact!

The definitive revision tool for exam success

REVISED AND UPDATED

The Chartered Institute of Marketing

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Welcome to the CIM Revision Cards from Elsevier/Butterworth–Heinemann. We hope you will find these useful to revise for your CIM exam. The cards are designed to be used in conjunction with the CIM Coursebooks from Elsevier/Butterworth–Heinemann, and have been written specifically with revision in mind. They also serve as invaluable reviews of the complete modules, perfect for those studying via the assignment route.

- Learning outcomes at the start of each chapter identify the main points
- Key topics are summarised, helping you commit the information to memory quickly and easily
- Examination and revision tips are provided to give extra guidance when preparing for the exam
- Key diagrams are featured to aid the learning process
- The compact size ensures the cards are easily transportable, so you can revise any time, anywhere.

To get the most of your revision cards, try to look over them as frequently as you can when taking your CIM course. When read alongside the Coursebook they serve as the ideal companion to the main text. Good luck – we wish you every success with your CIM qualification!
INTRODUCTION TO ANALYSIS AND EVALUATION

LEARNING OUTCOMES

In this unit you will:

- Appreciate the role of marketing in adding value
- Understand the importance of market orientation in determining the success of an organization (see syllabus)
- Understand the range of tasks involved in undertaking rigorous evaluation and analysis
- Review the strategic process and understand the importance of analysis and evaluation within it
- Understand the motivation behind the Professional Postgraduate Diploma Analysis and Evaluation syllabus
- Gain an overview of the main approaches to situational analysis and evaluation
- Appreciate the role of marketing within the strategic planning process (see Syllabus 1.5).
Fig. 1.1. Formulating strategy – Remember what we are trying to achieve
Market orientation involves the specific activities that translate the philosophy of marketing into practice.
Customer orientation involves understanding customers well enough to create superior value for them continuously.
Competitor orientation is the awareness of the capabilities of competitors.
Interfunctional co-ordination involves the company using all its resources to create value for its target customers.
Analysis represents a method for gaining information relating to external markets and internal assets. Evaluation is the study of options in the light of company capabilities and attitude to risk.
This unit looks at:

- Business orientation and the role of marketing – identifying the business intelligence needed to inform strategy-making in domestic and international markets.
- Assessing the impact of major trends in the global context on strategy making.
- Conducting a strategic audit of the internal and external environment, including an evaluation of business performance, using appropriate tools, models, analysis of numerical data and management information.
- Appraising the nature of culture within organizations and the importance of its fit with strategy and operations.
- Synthesising a coherent and concise assessment of the situation facing an organization, and develop alternative scenarios.

Fig. 1.2. The five elements of the A&E unit
Marketing philosophy

Markets are becoming increasingly competitive and dynamic. The main driver behind the marketing concept is the belief that organizations are more likely to succeed if they are focused on the customer.

Market orientation

Narver and Slater have identified different components of market orientation. At the core is a focus on long-term profits. The business needs to be sustainable and have a strategic perspective rather than a tactical one. This should be supported by an organizational culture that encourages all employees to promote customer satisfaction. This should be underpinned by customer orientation, competitor orientation and inter-functional co-ordination.

The different types of business cultures are represented in Figure 1.3 and provide a framework to analyse and evaluate companies.
Business Orientation

**Key Questions**
- What is the business orientation of this organization?
- To what extent is the organization finance/operations/people or market led?
- What is the significance of knowing a business orientation for marketers?
- How can a marketer best utilise this information to develop better plans?
- What is the role of marketing in firms displaying different orientations?
- Does marketing have a role in such organizations?

**Operations**
- Production orientated
- Dominated by operations department
- Principal role is to buffer/protect organization from external fluctuations

**R&D**
- Product orientated
- Design orientated
- Focus is on innovation
- Continuously attempting to be first with new or improved product or service features

**Marketing**
- Principally customer orientated
- Recognising that the customer is the only part of the business process which brings cash into the organization, everything else is a cost

**Financial**
- Principally focused on maximising short-term profits
- Often at the expense of long term customer satisfaction
- Marketing is seen as an expense which needs to be controlled

**People**
- Principal belief is that employees are the cornerstone to satisfying external customers which, in turn, maximises profitability
- Employees tend to be financial stakeholders

Fig. 1.3. The orientation of different business functions
Fig. 1.3. Continued
A study by Doyle, Wong and Saunders (1993) demonstrated that Anglo-Saxon companies such as those operating in North America and the United Kingdom were short term in outlook by being more profit-orientated whereas Japanese had a balanced orientation taking each business function into consideration and taking a longer-term business perspective (Figure 1.4). The study also indicated that simply adopting a purely marketing approach was not likely to improve performance as much as it would by applying a balanced approach depicted in Fig. 1.4.

Marketing stakeholders

So far we have talked about three groups of stakeholders in the process of creating value: customers, competitors and employees. But other
groups can influence the success of an organization. The seven markets model is shown in Figure 1.5. Effective marketing involves the realization that all stakeholders matter. They invest in the company and allow the business to invest in itself. But shareholders do not exist in a vacuum. There is overlap between the different groups. Employees may become shareholders, for example. Many companies have share schemes.

Fig. 1.5. The seven markets model
specifically to encourage this crossover. Shareholders may be encouraged by reference groups.

Marketing and value

Marketing has been criticised in the past for focusing solely on customer value, largely ignoring other stakeholder groups.

Marketing needs to define value more broadly in terms of economic value – the idea that every activity should create a surplus, that is, that outputs should have a higher value than inputs.

For marketing to be seen as relevant inside the business, marketing activities need to be seen as contributing to that profit by creating value, not destroying it.

It is important to demonstrate how marketing adds value by using rigorous business metrics for all marketing activities. To show how activities add value there is a need to be able to measure their contribution.

The role of marketing in corporate strategy

Marketing needs to be at the core of corporate strategy. There are three important roles for marketing to fulfil in the planning process.

Identification of customer requirements

If a customer-orientated approach is adopted there is a need to know as much as possible about who is buying the product or service. This will involve market research.