

Stage 4 – Marketing Objectives and Strategies.**MARKETING IN PRACTICE: HARLEY-DAVIDSON**

With \$6 billion in global sales, Harley-Davidson holds a 10 per cent share of the European market for heavyweight motorcycles and a 46 per cent share of the US market. As the global economic crisis continued, Harley-Davidson announced that its quarterly retail sales had slipped by 30 per cent worldwide (35 per cent in the United States) during one particularly challenging period. The company quickly began conserving financial resources, cutting production by 25 per cent and laying off 1,000 employees, with the objective of remaining a strong competitor after the economy rebounded.

Although Harley-Davidson's marketing plan wasn't geared towards growth in the immediate future, it included a number of steps necessary to strengthen the firm's ability to expand in the coming years. For example, the company took this time to retool its new product development process so its marketers would be able to introduce new motorcycles and accessories more quickly than in the past. The marketing plan also included special activities for attracting first-time buyers among women and younger adults as the loyal customers of the future. The company sought to maintain an overall gross profit margin of more than 30 per cent so it would have the means to invest in tomorrow's marketing plans for growth. Finally, it prepared for entry into India by planning dealerships in major cities and arranging special events to show off Harley bikes.¹⁰

MARKETING IN PRACTICE: HEINZ

Heinz, well known for its beans, ketchup, baby food and salad cream, uses its marketing plans to pursue growth, even during difficult economic periods. Year after year, the corporation seeks to increase turnover by 4 per cent or more worldwide; within a few years, fast-developing markets such as Latin America and Russia are expected to account for as much as 20 per cent of Heinz's overall sales. Already, 15 power brands (including Heinz, WeightWatchers and Ore-Ida) account for 70 per cent of the firm's £6 billion in annual turnover, with most of the purchases made in grocery and discount store chains. Building on this brand and channel strength, Heinz's marketing plans call for introducing at least 30 new products every year and using media advertising to send customers into stores in search of its brands.

To support global growth and brand profitability, Heinz's managers are cooking up a variety of innovative new marketing plans. Recently they arranged to have Heinz's barbecue sauces distributed through Wyevalle Garden Centres and its baby foods distributed through Mothercare stores, allowing consumers to make additional purchases outside the usual supermarket channels. Heinz's marketers have also been using social media such as online videos to engage customers, communicate brand personality and build brand preference. With new labels, new packaging and new advertising messages on the way, Heinz continues to seek higher sales in every season.⁵

CASE: REACHING FOR INTERDEPENDENT GOALS AT JOHN LEWIS

The John Lewis Partnership, UK owner of the John Lewis department stores, Waitrose grocery chain and a new chain of John Lewis at Home speciality stores, has an ambitious set of three interrelated goals for long-term success. The first goal of this £7 billion business is for its employee-owners to gain personal satisfaction from worthwhile, secure and fulfilling work. The second goal is to build customer loyalty by winning the trust and confidence of shoppers who seek value, choice, service, honesty and good corporate citizenship. And the third goal is to achieve sufficient profit to retain the company's distinctive character and continued growth, with employee-owners sharing in the rewards.¹

During the recent economic downturn, while many retailers struggled and a few failed, John Lewis's marketing plans called for expansion. According to the department store's managing director: 'When we saw the recession coming, the thing we said right from the beginning was: Let's not worry about the short-term numbers; let's worry about how strongly the brand comes out of it at the end of the recession.'² Management created marketing plans to achieve financial and marketing objectives by opening the new Home stores, adding 'value' products to Waitrose's range, improving the John Lewis Direct website, developing new apparel ranges and taking other steps to support ongoing growth. The marketing plans also guided the company's social responsibility and sustainability activities, with objectives such as conserving energy and water, buying from socially responsible suppliers and reducing excess packaging.

By following these marketing plans and making adjustments for external factors such as increased competition, John Lewis has gained market share and earned public admiration and affection despite the challenging economic situation.³

CASE STUDY: APPETITE FOR GROWTH AT MCDONALD'S EUROPE

With 6,600 fast-food restaurants in 40 nations, McDonald's Europe has profited from the recent trend towards lower-priced, more casual dining. During the economic crisis, competitors such as Starbucks were closing European outlets – yet McDonald's Europe was following marketing plans for opening hundreds of new restaurants in France, Italy, Spain and other nations. The marketing plans also called for opening more than 1,000 McCafé gourmet coffee counters in or adjacent to existing McDonald's restaurants across Europe.

Pursuing growth in turnover and profits by opening new restaurants and coffee bars represents a strategic shift for McDonald's Europe. From 2003 to 2008, the company focused on growth through market penetration, taking steps such as redesigning its stores and introducing new menu items to bring customers back again and again. It also repositioned its in-store play areas as Ronald Gym and Fun Clubs to reflect the benefit of keeping children fit and to encourage family visits to neighbourhood McDonald's restaurants.

Since 2009, however, McDonald's Europe has been using its marketing plans to support a major expansion initiative. Its saver menu has made the restaurants more popular than ever among price-conscious consumers, and the seasonal specials help McDonald's broaden its appeal beyond hamburger fans. The McCafés add an upmarket option for consumers seeking fresh-brewed espresso and mochas – and give customers another reason to choose McDonald's for takeaway breakfasts.

Today the marketing plans for McDonald's Europe aim to achieve financial objectives such as increasing overall turnover and profitability, selling more of specific menu items, increasing sales during certain times of the day and achieving a 20 per cent return on investment in new restaurant openings within ten years. Marketing objectives include adding to market share, polishing the brand image, stimulating trial of new menu items geared to local and regional tastes and reinforcing customer loyalty. Societal objectives include supporting sustainable agricultural practices, reducing greenhouse-gas emissions, using renewable materials in food packaging and increasing recycling within its communities. In the long run, the McCafés could be a major factor in the company's expansion. 'We can become the biggest seller of coffee in Europe,' observes one executive.²⁸

Case questions

1. To set consistent and realistic yet challenging objectives, what internal and external factors should the marketers at McDonald's Europe consider when preparing marketing plans?
2. If McDonald's Europe adopts the long-term goal of becoming the biggest seller of coffee in Europe, what are the implications for its yearly marketing plan tactics and operations?