

# How to Set Marketing Objectives

A Technical Note with a Worked Example

By Alex Hiam

Marketing plans and programs should be driven by clear objectives, like a dollar sales goal. These objectives are the high-level targets you want to accomplish from your marketing.

I like to back into a program or budget - objectives first. That way I know what results I am trying to get and can make sure I have enough reach and scale to my marketing. Also, when I know what a realistic objective (outcome) is, I can work on my plans until I find a way to achieve that objective without overspending and creating a poor return on my investment.

Don't pluck objectives out of thin air or you'll regret it later when they aren't achievable given your resources. Your objectives flow from your situation, strategy, and tactics. To create good, achievable objectives, make sure your objectives reflect the following:

- The situation right now
- The opportunities available and your strategy for capturing these opportunities
- Realistic estimates of results from these strategies, based on the likely impact of your tactical plans.

But this is very abstract. *Let me show you how* it is done.

Say that an inner-city hospital is losing money and struggling to maintain its flow of patients. You're a marketer at this hospital, and envision expanding the hospital's activities to include outpatient clinics in more affluent and well-populated suburbs, to increase revenues and make the books balance.

Before you can define a specific strategic objective of three clinics by the end of the year (generating \$1 million in insurance billings on costs of \$0.8 million), you need a detailed plan of action. This plan must include not only renting, equipping, and staffing the units but also marketing these clinics to prospective customers in the suburban areas.

Customers include both the patients you hope to bring into your clinics and the area doctors in private practice who may participate in various ways to bring the clinic business. (A pediatrician or general practitioner's office may affiliate with the clinic and use the clinic to provide after-hours service to its patients.)

So you need to create a plan and budget to communicate information about the new clinics. Who would you communicate with? Your plan focuses on those potential consumers living within a 30-minute drive from each planned location and the doctors and other medical professionals within a somewhat larger area who may refer to, or affiliate with, the clinics.

Until you have a plan and budget that can clearly inform a significant percentage of these two groups, you can't accurately forecast the level of business.

To set overall sales performance objectives in the simplest and most powerful way, look at your tactical plans (which you'll detail in later sections of your plan) and add up the number of specific instances in which your marketing communications will reach (and, hopefully, impact) target customers/prospects.

As a marketer for those new clinics you arrange enough radio advertising, billboards, educational events, and publicity (coverage in the news) to reach 100,000 people in the target markets at least three times. You can now use that number as a base from which to extrapolate the number of customers.

Of course, not everyone exposed to your marketing will come into a clinic just because you've told them about it. You need knowledge of the market and your customers to anticipate how many you may attract. Suppose that half of the people you reach will use some kind of outpatient services once in the course of a year, and 5 percent will use such services 5 times or more.

So that comes out to how many outpatient visits in the community in question? Now run the numbers: 50 percent of 100,000 is 50,000. 5 percent of 100,000 is 5,000.  $5,000 \times 5$  visits = 25,000. For a rough estimate of the total number of outpatient visits in this market, you add the 50,000 one-time visits to the 25,000 visits that repeat customers will make, and you get 75,000.

Next, you have to work out how many of these patient visits will likely go elsewhere (because of loyalty, convenience, habit, insurance constraints or whatever), and subtract those visits from the total you just calculated since you aren't likely to win them over to your clinics. Suppose that leaves you with half the number (or 37,500 visits) that you can reasonably hope to bring into the new clinics.

If all of them came through your clinics in a year, and the average billing per visit was \$40,

then the total billings would be \$1.5 million. These computations are rough, and of course you can't expect to ramp up to these numbers right away, but setting a goal of \$1 million in billings through the clinics in the first year does seem reasonable, given your computations. And so, after working the specifics carefully, you can now write this strategic objective into the plan with reasonable confidence that your hospital can attain it.

But watch out for changes in other parts of the plan. If the board of directors of the hospital in this example balks at the advertising budget and cuts it by half, you'll have to recalculate a reasonable plan, using your strategic objectives. Don't get caught with an optimistic set of objectives and a minimal set of tactics, or you'll definitely fail to achieve your goals.