

DISPATCHES™

Insights On Brand Development From The Marketing Front

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HAVING THE “MO DIALOGUE”

It happened again last week. We asked a group of experienced brand marketers, “What’s one of your marketing objectives for 2010?” And of the four responses we got to this question, only one was a legitimate, classical marketing objective--from the marketer who responded that his brand was aiming to “trade-up current users to a higher-margin item”; the other marketers responded with such things as “grow market share x points,” and “build brand awareness y percent,” and “successfully launch product z.”

When we pointed out that only one of these responses was a legitimate, “big M” marketing objective, we received immediate push-back, somewhat defensively, as you might imagine, from some of the marketers: “Come on, these are all objectives we marketers have for the year”; and, “Why **aren’t** these all legitimate marketing objectives?” Of course, growing market share, building brand awareness, and effectively launching product news are all goals that marketers often have for a period of time. But none of these is a specified, pre-determined *behavior*. And causing customer/consumer behaviors—both changing and sometimes sustaining them—is the “stuff” of real marketing objectives.

Marketing objectives get underneath the broader business goals (such as growing volume, profit, or share) and more qualitative aims (such as getting a product well-launched). They explain, in quite specific human-behavioral terms, what the brand’s intended target customers will **do** during the desired timeframe in order for the brand to achieve these things. And marketing objectives are so important for marketers to know! Knowing what customer behavior you seek enables the marketer to, literally, do the math to figure out if the forecasted volume is achievable. For example, *how many customers must the brand trade up to a higher margin item over the course of the year to reach the volume and profit expectations?* Or, *how many more times* must one of our brand’s current users buy us this year to achieve the volume forecast? Marketing objectives are just as important for the general manager, the one who must ultimately decide how much of the company’s resources to invest in a given brand. Why would any GM commit significant company resources against a volume or share forecast without understanding the customer behavioral “mechanics” that are expected (that are required!) to deliver those numbers?

Being aware of this very importance, both among marketers and their general managers alike, absolutely demands that at least once each year the two parties engage in what we like to call the “marketing objective (or, MO) dialogue.” Within this dialogue both marketers and GM’s can (1) get to a precise articulation of the kinds of customer behaviors each expects, (2) probe the probability or logical soundness of the assumptions leading to the behaviors, and (3) most important of all, lay out the math that is expected to result from those behaviors—the # Behaviors times % Customers that equals what \$ ($\#B \times \%C = ?\$$).

For this dialogue to work, though, the marketer simply must express the *precise end-behavior* that is being sought. This is sometimes more involved than it sounds. Here are a few examples (from real, live MO dialogues) that illustrate what we mean:

Imprecise MO #1

The marketer of a new all-herbal, sparkling beverage states that his marketing objective is to build an entirely new category, since there are currently no all-herbal sparkling beverages on the market. Consistent with this, he expresses his MO as follows: “grow household penetration for the new category/brand to 14% by the end of Year I.” For sure, growing a new category (or, more to the point of customer behavior) bringing in totally new users, aka previous non-users, to a category **is** a customer behavior and therefore a legitimate marketing objective. But in this case, how many of the users in the 14% of households will end up drinking the new beverage *in addition to what they are currently drinking*? Probably not many. In fact, most “new users” of the all-herbal beverage will end up *switching* a good many of their beverage occasions from other sparkling beverages...making the predominant customer behavior being sought a switch from something else rather than an initiation into a totally new experience of drinking sparkling beverages.

Why does this “precise” distinction matter? Because what strategies and tactics we use to get a switch will be quite different from those to gain an initiation; and we want to make sure our invested resources are going against the correct behavior we seek. Think about it: the messaging it takes to get a dental floss user to switch from one floss to another is nothing like the messaging required to get a never-before dental floss user to start flossing.

Imprecise MO #2

A marketer of a leading skincare brand’s line extension states that her marketing objective for the launch year is “to achieve a 65% trial level among target consumers.” Her rationale for this is that, consistent with all the product testing the team has done, the product works so well that if the brand can just get a woman to apply the cream once, she’ll be hooked. On the surface, the act of trial by a consumer **is** a behavior, right? But it’s not an end-behavior, and the GM needs to know what is that end-behavior? The marketer here has provided a *promotion* objective (a sub-marketing objective); but she has failed to articulate enough about the ensuing, post-trial behavior that will enable everyone to do the math. The real behavior here, similar to that in Imprecise MO #1, is most likely *switching*. So the marketing objective needs to address what percent of target consumers will switch (and at what month-to-month build-rate) to figure out how many cases of the new line extension will get sold during the launch year.

Imprecise MO #3

The marketing team for a new “purple pill” drug that is intended to replace an old “purple pill” drug that is going off patent has set the following marketing objectives for the new pill: “to trade up 75% of current prescribers to the new purple pill within the first 3 months of Year I and to

grow the market (of which the purple pill is the share leader) by 8% over the full first year.” It’s not uncommon for a brand to have a couple of different marketing objectives for a given period of time. In fact, many category leaders need to both increase their frequency of use among customers and bring in new customers—and they will use certain marketing mix elements to accomplish one of the objectives and different ones to accomplish the other. Such is this case of the new purple pill: the brand is fundamentally looking to *sustain* a certain frequency of prescription writing and (apparently) to bring into the purple pill’s class of drug some doctors who have never before written prescriptions for the category.

Once again, though, the team’s stated marketing objectives are not precise enough. Three things are needed to make them precise enough: (1) articulate the end-behavior among current prescribers, which in this case is to sustain a certain level of “purple pill” Rx writing as the brand transitions from one purple pill to another; (2) verify that these “never-before” Rx writers of the purple pill class will not be *switching* from another class of drug or even another OTC related product; and (3) express the number of these never-before writers who will enter (and at what Rx-writing rate) the purple pill class—in other words, state exactly *how* the class will grow 8%.

BOATS & HELICOPTERS

To help you and GM’s foster a more precise MO dialogue, here are two classic “help-lists”:

a. The 6 Classic Marketing Objectives (Behaviors)

1. Bring in new users/prescribers to the category or class (for the 1st time)
2. Get current users/prescribers who are not using your brand to switch
3. Get current users/prescribers of your brand to do so more often
4. Get current users of your brand to use more of it each time they use it
5. Get current users/prescribers of your brand to trade up to your brand’s better entry
6. Get current users/prescribers of your brand to use your brand exclusively

b. The Hallmarks of a Precise Marketing Objective

Specific
Measurable
Achievable
Relevant
Time-bound

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