

DISPATCHES™

Insights On Brand Development From The Marketing Front

Sunday, September 20, 2009

IN DEFENSE OF MARKETING

*“To right the unrightable wrong ...
No matter how hopeless, no matter how far...”*

The Impossible Dream

Our host kicked-off a Brand Positioning & Communications training program we conducted in Europe by having all the participants introduce themselves. In addition to the standard questions such as name, country, title and brand she asked each one to share his or her dream. When it came my turn I shared that my dream is “to dream the impossible dream.” Perhaps you are familiar with the song “The Impossible Dream” which comes from the musical play Man of la Mancha and is based upon the Miguel Cervantes masterpiece Don Quixote. (To hear the title song in a commercial for Honda, just copy and paste in your address line):

<http://www.youtube.com/watch?v=XiBX8MkFkd4&feature=Playlist&p=AE239A7447086CFF&index=5>)

The character Don Quixote is an elderly warrior who, as the expression goes, tilts windmills. He is a knight-errant who goes in search of wrongs with the intension to right them. At times I feel like Don Quixote fighting the “unwinable fight” in assisting organizations and their marketers in trying to achieve marketing excellence. It is a battle that must be fought on many fronts among which are: the management’s failure to understand the role that marketing plays in the organization; marketing being run by non-marketers with little training or aptitude for their role; misuse of marketing as “service to sales” which, in the long run, does a disservice to sales personnel and undermines the competitiveness of the organization long-term; the lack of institutionalization of sound marketing principles and best practices; and the lack, or misuse, of marketing research and sound business analysis, failing to create a learning organization – among others.

I feel I’ve lived a dream. I’ve had a wonderful childhood and received a sound education, both formal and informal. I’ve been a Navy officer and pilot (as well as a “gentleman”). I’ve worked for some of the most admired companies in the world. I’ve held every marketing position from lowly Brand Assistant to Chief Marketing Officer to General Manager. I’m coming on 40-years of marriage with a most loving and supportive wife. I have three loving daughters and two fine sons-in-law. I have one precious grand daughter with two more due to arrive before year-end. My business partner and I complement each other. Besides he’s my very good friend. I have a wonderful team in each of my co-instructors and consultants and our operations people in Chanute. We are like family depending upon and supporting each other faithfully and

enthusiastically. I travel the world and have scores of friends where ever I go. I am a 4th-dan black belt in two martial arts – Taekwondo and Hapmoodo. My life has been a dream. What else is there to dream? Win the lottery? Now that's truly improbable.

There is one dream left, the impossible dream. In my professional life it is to help restore marketing to its proper role in the corporation, and marketers be empowered to create new successes. When I started marketing, which is just about 38-years ago, the company with which I began my career, Procter & Gamble, was up there with the Harvard B-School in producing the most corporate presidents. And, the P&G folks who made it to the top level came out of marketing where we were trained to be the *presidents of our brand*. Today marketing does not command the respect it did in those early years of my career. In some sectors marketing is not perceived to be very important, if important at all, other than to provide support to the sales force. As might be expected this is particularly acute in non-Fast Moving Consumer Goods (FMCG) sectors such as Medical Devices & Diagnostics. Nor do marketers run their own brands. At best they own discreet projects with little interconnectedness to others in building a brand. As a result marketing is underutilized. It's a vast resource going vastly to waste.

Quite frankly I'm tired of hearing that marketing isn't capable of building sales and/or market share. I'm tired of hearing senior managers voice their opinion that they are uncertain of the value that marketing brings to the organization and questioning whether they should support marketing. Like what planet do these managers come from? Marketing has proven itself in every sector. And if marketing is not working in these companies then it is not marketing that is at fault but their way of doing marketing. It is a lack of vision, leadership and/or sound management of those who question the value of marketing that fails the marketing team and their ability to produce results. To live without marketing is to conduct a symphony orchestra without the woodwinds, or brass, or percussion instruments. It's like driving a car without a steering wheel or on only three tires. I'd really like to know how these managers who question whether marketing is an essential function in the organization ever got to their level.

The role of marketing is to *create brand loyalty*. Create is to bring a customer into existence. Brand goes beyond the product to encompass a constellation of values that forge a special relationship with customers. Loyalty is about earning the customers' unswerving devotion to the brand. Now does this sound unimportant? Is this not essential? It's more important than ever given the dynamic force of markets to commoditize products, coupled with growing price sensitivity - particularly when information is so readily available regarding pricing.

Abandon marketing? Today it is more important than ever for everyone in the organization to be involved in marketing. When a customer call comes into the company the individual who addresses it is marketing the organization, irrespective of her or his titular function. Tell that customer that the person she needs to speak to is currently at lunch and that the customer (yes, the customer!) should call back later subverts the company's ability to build a positive relationship with the customer. It is very likely to turn-off the customer, paving the way for competitive encroachments.

Marketing is an essential function of everyone in the organization. And having a competent marketing department is *essential to the long-term health of the organization*. But marketing needs to drive the organization. It starts with marketers becoming champions of customers and ensuring that the organization respects and better serves its customer segment than competition

in everything, absolutely everything it does. It necessitates developing a brand positioning to build brands not merely sell products and doing the stewardship to ensure that everyone in the company is undertaking their duties consistent with the brand positioning strategy. It's about out-thinking the competition today and staying ahead of the competition into the future. It's about creating relevant and meaningful differentiation to drive customer preference. If it is not marketing in this role then to whom does it fall in the organization? It certainly isn't coming from those senior managers who question the value of marketing as a discipline. Obviously they do not know how to organize or direct marketing or they would be receiving more, much more from their marketing.

An argument I hear against marketing from those who do not appreciate its role revolves around their sector or segment. It goes something like this:

“Our category is different. It has become increasingly more price competitive. Governments and purchasers are not distinguishing competitors on the basis of quality but pricing. And, we carry premium pricing so competing has become much more difficult and I don't think marketing can help. We need more sales personnel.”

Is it not astounding that these managers did not see or feel price pressures some time ago? Did they think the party was going to go on forever? Is it not astounding that actions were not taken some time ago to create relevant, meaningful differentiation in their offerings be it product or brand? Given that we are at a tipping point of commoditizing many industries and categories what then do they propose to do? Shore-up the sales force so they can out muscle the competition in the short term? What will smart competition do? At the very minimum they will drop pricing to squeeze their premium priced competitors. And, how will these premium priced companies, who trade on their reputation, compete with third world countries who can make and sell products cheaper than the industrialized nations can make them? Oh, it's ugly and only going to get uglier.

Without *meaningful* differentiation (as in driving preference despite a price premium) pricing will come down wherever surplus capacity exists, more efficient producers are available and the need to curb costs is important. *It's the way of markets*. So premium priced companies will need to reduce or even eliminate their premium pricing in the future just to maintain the business. And because their premium pricing has created a ceiling for lower priced competitors they, in turn, have ample room to further lower their discount pricing dragging the premium priced competitors into a downward spiral. *It's the way of markets*. Just look what is going on in the electronics sector. Products like the iPod and iPhone are being enhanced while at the same time their pricing is coming down. What will happen to the pricing for products whose performance is not being enhanced and or lack the appeal of an iPod or iPhone? The answer is evident. They will suffer.

If senior managers are not taking the lead in creating brand loyalty then who will in the organization if not marketing? Product development? Only if R&D is a core competency of the organization and they have the capability to create meaningful differentiation? Sales? Not hardly. They are interested in making the transaction today. And customer loyalty to a salesperson is not the same as gaining customer loyalty to a brand or its company. Manufacturing? They can ensure quality (as in meeting minimum standards) and efficiency, neither of which build brand loyalty.

Finance? You don't even want to go there. They will rationalize products and services to bolster margins. They'll also encourage taking price increases without providing a corresponding value to customers exacerbating premium pricing. And they'll inveigh for cutting marketing support funds. However you look at this it is not a pretty picture.

What would happen if there were no marketing? If marketing were to be abolished from a given organization the function would take root informally. Most likely the sales person would do his/her own marketing. Why? Because marketing is essential in differentiating offerings and influencing customer preference. However, marketing would not be disciplined and strategic but random and spurious. Maybe that's not too far off from what some organizations are currently getting from their marketing department.

Only the marketing function is in a position to create brand loyalty – if it is utilized appropriately. I have a problem with senior managers questioning whether marketing is essential to the organization. I do not have a problem with these senior managers questioning whether they are getting fair value from their marketing department. This is a real issue. Marketing needs to be accountable for results the same way sales is responsible for results. Expectations need to be established for marketing and all efforts should be inspected to ensure that these expectations are being met. In other words all efforts must be analyzed against concrete goals. If marketing proves ineffective in an organization it is not that the marketing function is not essential but, instead, that the marketing in question sucks!

BOATS & HELICOPTERS:

The best defense of marketing is a sound offense. Here are some things for you to consider:

1. ***Do your job!*** Ensure you have segmented the market and chosen a target that you can win. Develop a brand positioning strategy statement and conduct marketing research to ensure it is strategically appropriate. Undertake the stewardship to make certain that every function and person in your organization is serving to build the brand according to the specifications of the brand positioning strategy. Work to create brand loyalty by better serving your target than competition with relevant and meaningful differentiation.
2. ***Create a learning organization.*** Know what your efforts are producing. Identify your expectations with SMART (Specific, Measurable, Achievable, Relevant to delivering the sales forecast, and Time-bound) objectives for each marketing mix element and tactic. Importantly, analyze the results of each initiative to determine if, in fact, it met its objectives. Adapt future efforts based upon your learning such that you will be able to predict future results and Return on Investment (ROI).
3. ***Make choices.*** No organization can do it all. (And don't just do what you've always done in the past if you need different results. Doing the same things in the same way will not produce different results.) We have to be disciplined to make choices. However, it will be difficult, if not impossible, to make really wise choices without creating a learning organization. So go back and attempt to quantify or, at the very least, objectify your subjective judgment as to the value of marketing mix elements and tactics.

4. ***Become a student and practitioner of successful marketing.*** Get your head out of your category, sector and country. Learn what is going on elsewhere in marketing. In particular study those brands that are enjoying significant success and learn what they did to achieve that success. Identify the winning principles and carefully consider what you can adopt and adapt to achieve similar success.
5. ***Think and act BIG!*** Marketing is not about completing projects. Yes, projects are what you may be working to complete. But it is about getting the most out of what you are doing. It's about producing BIG results. It's not just about developing advertising but, instead, getting a BIG idea that translates to leadership advertising and achieving stretch objectives. Push the envelope for strategies, ideas, tactics, etc., that will disrupt your competition, animate your brand and delight your customers to produce incremental sales.
6. ***Believe in yourself.*** You can do it. So now, just do it!

Marketing is essential to a healthy organization. But it is essential that we make our marketing work.

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