

OBSERVATIONS

October 2003

A Journal Of Things We Find Interesting

Managing Marketing, part 2

*This spring I monitored a graduate course on marketing management at the University of St. Thomas. Some of the more useful ideas from the class were presented in the last issue of **Observations**. Some more are discussed here. Your comments, critiques and affirmations are, as always, welcomed. --dw*

Lynn Olson, a senior executive at SuperValu, led a class on market planning and control. His basic thesis is intriguing: marketing should be THE critical core business function, leading the others. Marketing, he argues, is about finding and keeping customers, and he cites Peter Drucker's comment "the only reason to be in business is to have a customer." It follows that everything marketing does is essential to the business.

This is a good rationale -- the way the world should be. In practice, however, marketing is usually seen as an expense, a staff function, a support group to sales. This is partly the result of marketers who don't really believe in their discipline and, I think, partly due to a lack of marketing expertise among senior management.

The difference between a sales-driven organization and a marketing one, Olson says, is that a marketing organization deals with all aspects of the customer process -- getting them, keeping them, providing service, warranties, etc. Marketing is an ongoing activity, responsible for the total "shopping experience."

A sales-driven organization, on the other hand, is transactional and finite. "Marketing is not necessarily part of the sales equation," says Olson, but



How much wood could a woodchuck chuck if a woodchuck could chuck wood? You'd have to ask this furry fellow who showed up while we were having breakfast in the Black Hills. It's a long, long drive, but Spearfish Canyon, just west of Deadwood, is one beautiful place.

marketing IS a revenue-producing activity because its job is to find customers and keep them buying.

This brings to mind a comment from a perceptive client who once said "A sale is just one step in the marketing process." I understand that. You probably do too. But I bet your sales manager and your CEO have trouble with it. "Marketing" is often a euphemism for "sales" in organizations with a short-term vision of the future.

These companies too often think the game is over when the deal is done. They fail to realize that the game is just getting interesting. Repeat sales, strengthening customer preference, building a brand, building partnerships with clients, putting your mission statement into practice -- these are all things

that marketing gives you that just closing a sale doesn't. I'm convinced that most marketing people should also be sales people, but very few sales people can be marketers.

"All strategy begins with an underlying belief about what is possible to achieve."

Olson offers a suggestion: we should "act as if." "All strategy," he argues, "begins with an underlying belief about what is possible to achieve." If you want to be a CEO, act as if you were; make decisions as if you were empowered. And if you want to build an organization that truly values marketing, act as if it were already built. Good advice.

Models of differentiation

One of the threads that ran through this course was the importance of differentiation. One model suggests that you must choose among three key competencies: operational excellence, customer intimacy or product leadership. You pick the one you want to excel at and then maintain "functional equivalency" with the competition in the other two.

Wal-Mart, for instance, is excellent at logistics (operational excellence) and is as good as its competition in relating to customers and providing the products they want. 3M is excellent at product leadership and manages (some of the time) to be good enough at customer service and operations. A lot of service businesses focus on customer intimacy and try to maintain equivalency in the other two areas.

We are who we sell to
as much as we are
what we sell.

All of this relates to defining your personality -- or position, or brand -- in the marketplace. One of the often-ignored truisms about branding is that you have to exclude potential customers in order to include the customers who will give you your personality: we are who we sell to as much as we are what we sell.

If your organization is wildly into its Web site, for instance, that means it's focusing on people who are active internet users and excluding some who aren't. That's fine, but does this differentiate you the way you intend? Does it match your brand personality?

Why SWOT analysis isn't

There were some interesting insights into market research. The ubiquitous "SWOT analysis" was taken to task because it's not really analysis. It's information gathering. It's an exercise for determining what your strengths, weaknesses, opportunities and threats are, not for analyzing what you should do about them.

The information is of different orders -- strengths and weaknesses are internal qualities, often defined by subjective criteria. Opportunities and threats are external qualities which should be

Check out our Web site! You can request pdfs of this (and earlier) Observations, find out what we do or just chat.

www.wilhide.com

based on objective data. You should operate in the quadrant where you have external opportunities matched to internal strengths, but you can't afford to ignore areas where you have external threats matched to internal weaknesses because that's where you're most vulnerable.

What kind of research works best?

Should you use quantitative or qualitative research? Quantitative gives you more precise information, it's more "reliable" (i.e. you can duplicate it with more confidence) and you can apply statistical techniques to analyze it. Qualitative gives you more insight, but with a smaller sample. It's less reliable, more expensive, less subject to statistical analysis, but often more useful.

The key is to determine where the research is "actionable." You need to know what is possible and get close to the real decision maker up front, or you may do the whole study to no point.

One good question to ask is "what will the marketing manager do with this information?" Another is "if the news is bad, how will that change what you do?" If you sense wavering on either answer, take a closer look at whether the study is really worth doing.

Another issue is who to study. Kodak tested its X-ray film with hospital purchasing managers but the real decision makers were X-ray technicians and they weren't surveyed. David Ogilvy, when he was selling fancy stoves to owners of expensive houses, always demonstrated the product to the cooks. The matron of the house signed the check, but the cook made the decision.

Cheryll Bann, an expert on market research, says that you should start by surveying your own organization. She claims that 80% of the information most organizations need is held internally, but only 20% of managers believe this.

Like all marketing activities, it's good to include some bottom line metrics when doing research. You need to look at ROI -- both time and money -- to see if the research is really worth it. What will it cost? What would not knowing this cost? How much of an impact will this information have on decision making? Answer those questions first.

Observations is an occasional publication we put out when we feel like it. We provide creative services and consulting for marketing communications. If you have a project we could help with, please contact us. If you'd just like to shoot the breeze about some of this stuff, we usually have time for that too.

Doug and Jean Wilhide

Rules of thumb

Ever wonder where the phrase "rule of thumb" came from? According to Ms. Bann the phrase dates to old English common law which stated that you couldn't beat your wife with anything larger than the circumference of your thumb. I haven't been able to verify this.

This fall looks like a busy season for sharing expertise. The new mini-MBC at St. Thomas begins in September and I'll do a 3-hour mini-session on advertising creative strategy on October 16. I'll be leading a half-day seminar on direct marketing for the printing company DPD on October 30. On November 11, the Association for Women in Communications is sponsoring a session on "measurement," and I'll be leading a panel discussion on the subject over lunch. If you want more information on any of these, get in touch.

We made our annual stop at Tom's Burned-Out Cafe on Madeline Island in August. Not much new to report. This year's motto is "We cheat the other guy and pass the savings on to you." Tom's other classic bits of advice are still in evidence:

"You gotta be tough if you're gonna be stupid."

"Sometimes there are more horses asses than horses."

"Buy something. We're broke."

"Let's make getting into trouble fun again."

Time Available

We're looking for new projects.

Need to develop an ad campaign? Need some help with your direct marketing programs? Need copywriting for a brochure or consulting on your present or future direction? Worried about tight budgets?

We offer a simple value proposition: agency quality work with over 25 years experience at a price that is about half what traditional agencies charge.

You don't have to let reduced budgets cut the heart -- or the effectiveness -- out of your marketing programs.

Call us. 612-926-3939.