3

Marketing Skills

BRAND MANAGEMENT

Brand management can be defined as: ‘The management of the brand life cycle from launch to development and right through to its rejuvenation – both in terms of its external positioning and brand values, and in terms of internal behaviours.’

The pros of brand management are:

- it ensures clarity and consistency of competitive positioning,
- it helps to exploit the economic value-creating potential of the brand, and
- it helps differentiate the company’s products, promotions and price premium, to avoid discounting, and increases customer loyalty and thus switching costs.

Possible cons include the fact that, as a process, it may become an end in itself, and an industry in its own right.

Brand management is needed whenever there is a significant heritage from a past superior product or service delivery. It is particularly relevant to products and/or services that stand for something distinctive (often called the ‘brand values’). For example the Guinness brand stands for strength and healthiness – symbolized in its brilliant advertisements, which end with the word: ‘Believe’.

Brand management is needed at all stages of organic product/market development. Even where the product is relatively mature, or even in decline, it is still needed. For example, in the early 2000s the fashion brand Pringle was rejuvenated. Marks & Spencer has also tried to rejuvenate its brand in a similar fashion through the injection of new life with sub-brands like Per Una, Blue Harbour and Agent Provocateur, with some degree of success.

Brand management is also needed during the integration phase of any acquisition – in order to either strengthen an acquired brand, to replace it, or to begin its migration towards a new name.

A killer takeaway for brand management is that the organizational behaviours supporting the brand (especially service) *must* be consistent with it, or the brand values will be tarnished.

For example, the Rover 75 brand, under BMW's ownership in the late 1990s, had very unclear targeting, resulting in a huge backlog of unsold cars, which Jeremy Clarkson, leading TV car pundit, characterized as: 'The Rover 75 when it was launched presented serious problems for air-traffic controllers – the runaways of airfields were full of them' (this was where their unsold models – in their hundreds, were parked).

Where underlying behaviours are not currently consistent with the brand, then major culture change is needed. Brands are not just about marketing and products, they are equally about aligning people and their behaviours with the brand.

Brands only have a meaning if they are targeted at particular segments of the market.

Key links to other skills include:

- acquisitions integration (p. 107),
- competitor awareness (p. 25),
- customer awareness (p. 57),
- life-cycle management (p. 60),
- market research (p. 66), and
- product development (p. 69).

References

Doyle, P. (1994) *Marketing Management and Strategy,* Prentice Hall, Hemel Hempstead.

Kotler, P. (1984) *Marketing Management*, Prentice Hall, Englewood Cliffs, NJ.

CUSTOMER AWARENESS

Customer awareness can be defined as: 'Being able to have the out-of-body experience of managing you or the customer and how he/she perceived the value you add or are destroying, and on a segment-by-segment basis.'

The pros of customer awareness are that:

- it is the starting point (often) for successful strategy development,
- it can give you a major edge over your competitors, and
- by delivering superior customer value, and by avoiding destroying customer value, you will find it much easier to retain customers, to build market share, and to gain share from your competitors.

An invaluable technique for enhancing customer awareness is to use a technique called 'motivators and hygiene factors'. Hygiene factors are the basic standards of product and service delivery which, unless delivered well, will destroy value. Where hygiene factors are not met they detract from value – and from the buying impulse. Motivator activities excite customers distinctively, and are the key sources of differentiation.

In Fig. 3.1 the conventional 'enabling' forces become the motivators, and the 'constraining' forces become the hygiene factors not being met. The relative size of the arrow (or vector) is a visual indicator of the actual strength of motivators and hygiene factors (from a customer's perspective). This tool can be used either to help predict customer buying behaviour, or for benchmarking customer value added by the firm.

You will need to think through these questions:

- Is the factor really a motivator or merely a hygiene factor? (Often, managers put in 'motivators' things which are simply hygiene factors met to different degrees.)
- How important is that motivator or hygiene factor?
- How well is it met (or is it not met at all)?

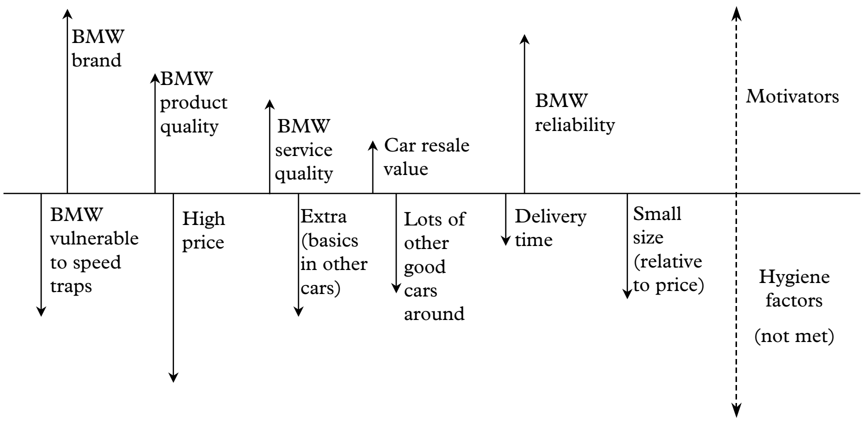

Fig. 3.1 Motivator/hygiene factor analysis – businessman contemplating a BMW purchase

The motivator/hygiene factor analysis clearly needs to be checked out by some empirical research – with customers.

The pros of motivator/hygiene factor analysis include:

- it gives you an outside-in perspective on your competitive advantage,
- it prioritizes customer value both in terms of importance and the extent to which value is being created (or, indeed, destroyed), and
- it allows you to think ahead about future value creation in the industry, thus pre-empting your competitors.

Its cons might include that it can become too subjective unless one is fully capable of having the 'out-of-body-experience', and unless at least some market data is collected.

Killer takeaways from customer awareness:

- Besides having your out-of-body experience of *existing* customer needs, also anticipate what future/latent needs might be.
- Use motivator/hygiene factor analysis whenever tendering for business.

The linkages of customer awareness with other skills include:

- competitor awareness (in order to prioritize aspects of competing) (p. 107),
- life-cycle management (p. 25),
- market awareness (p. 62),
- market development (p. 64),
- market research (p. 66),
- negotiating (p. 92),
- product development (p. 69), and
- selling (p. 72).

References

Grundy, A.N. & Brown, L. (2002) *Be Your Own Strategy Consultant*, Thomson Learning, London.

LIFE-CYCLE MANAGEMENT

'Life-cycle management' can be defined as: 'Managing the life cycle of products, markets, customers, distribution channels, technologies and know-how in order to meet, and to anticipate, market needs.'

Life-cycle management typically involves managing some, or all of these variables in terms of:

- incubation,
- growth,
- launch,
- maturity,
- decline, and
- rejuvenation.

Its pros are:

- it draws attention to the need to vary your strategy, your resources and your mindset over various life cycles, and
- it emphasizes that maturity is not necessarily an endgame, but may be merely a stepping stone to rejuvenation.

But a con is that it can encourage managers to think myopically of the stage that they are currently in, or prevent thoughts of potential rejuvenation, or the incubation of new ideas.

Life-cycle management is needed for the following:

- Products/services which almost inevitably move through these life-cycle stages.
- The account management of customers whose needs may change over time. Also it is relevant where key stakeholders (in a business-to-business context) may personally reach saturation of these products/services, or may even move on from their current roles.

- Understanding the industry life cycle, particularly as the market growth drivers and also Porter's five competitive forces change, and the relevance of the company's mindset and competencies.

An example of life-cycle management is that of project management as a product. In the late 1990s, project management consulting and training was in a healthy growth mode. This was triggered in part by management's need to deal with the increased rate of change, and also by the availability of software packages – like that of Microsoft Project. This growth was further increased by a finalized methodology called 'PRINCE', which gave managers some structure for managing projects.

By 2002/2003 many new entrants had come into the project management training and consultancy market. But, the basis of project management had still not fundamentally changed, making it easy for new entrants to deliver a current, state-of-the art project management programme.

As a result of these influences, project management training had become more or less a commodity. Mindful of these shifts in life-cycle changes, the authors have developed a more sophisticated and relevant product and process called 'strategic project management', which integrates strategic analysis, implementation strategy and conventional project management into a more powerful process. Our objective was to proactively manage this project's life cycle through innovation. Our next step is hopefully to persuade Microsoft (a client) to build in these techniques to their software (or, on second thoughts, might this commoditize it?).

A killer takeaway from life-cycle management is that you should never assume that something is forever. A 'frozen' strategy will ultimately get found out, however awesome and dominant you may appear at a particular stage.

The links to other techniques include:

- competitor awareness (p. 25),
- customer awareness (p. 57),
- margin management (p. 88),
- market awareness (p. 62),
- organization and people planning (p. 220),
- product development (p. 69), and
- strategic thinking (p. 49).

MARKET AWARENESS

Market awareness can be defined as: 'Having an intuitive understanding of market needs, market change, and why this change is occurring.'

Its pros are:

- it should help to prevent you from becoming complacent,
- it will increase readiness to change, especially in your resource base and mindset, and
- it ought to suggest new and exciting avenues for strategy development.

A possible con is that you may be mistaken about trends because you have made assumptions which you may not have checked out.

Market awareness is needed particularly at times of significant market change. For example, in the late 1990s Marks & Spencer seemed to have failed to have appreciated that:

- many of its potential customers didn't want just the standard, not-so-fashionable, M&S brand, and
- because of new, lower-cost competition, existing customers were expecting similar value, rendering M&S's past formula of 'value-for-money' – based mainly on UK-sourced clothing – obsolescent.

The result of this mistake was almost £0.5 billion wiped off its operating profits by around 2000.

The most relevant techniques for market awareness have already been covered, namely:

- PEST factors,
- growth drivers,
- Porter's five competitive forces, and
- motivator/hygiene factors.

Killer takeaway: if asked the question 'what business are you in?', you may reply that you are in a large number of businesses spanning geographic markets, industry markets, types of customer, distribution method – so begin by mapping out what these actually are, and might be.

The links with other key skills include:

- business planning (p. 82),
- customer awareness (p. 57),
- market development (p. 64),
- market research (p. 66), and
- market segmentation (p. 90).

MARKET DEVELOPMENT

Market development can be defined as: 'The proactive process of exploiting existing, new and latent market opportunities for financial advantage.'

Market development should also be a highly proactive process – markets do not stay still so rather than just responding to change why not to play a more active role in developing your market?

A classic example of proactive market development was that of Dyson Appliances in the mid/late 1990s. Dyson revolutionized the carpet cleaning market with a bagless machine that was also stylish and upmarket. As a result of these innovations Dyson achieved dominance of the UK market, and expanded the market with its (and its competitors') higher-priced machines.

The pros of market development are that:

- it rejuvenates the company,
- it provides avenues to potentially profitable growth, and
- it is a stimulus to organizational energy, and is motivating.

A potential con of market development is that it can entail diversifying into areas where existing competencies are less appropriate.

Market development (as a process) is relevant to organic strategies, to acquisitions, and of course to alliances.

Market development can be closely or less closely related to current markets. The more distant or different these markets are, the more the company needs to be aware of the dangers of diversification. For example, Dyson Appliances decided to enter the US market with its premium-priced product at over $400. The US market is notoriously difficult to compete in, and often requires major adjustments in mindset. As of 2003, the jury is out on whether Dyson will or won't be successful here.

You have already seen most critical techniques (for example, growth drivers, Porter's five forces, and the motivator/hygiene factors), and the strategic option grid too (see the later section on option generation).

Its links with other key business skills include:

- acquisitions (p. 15),
- alliances (p. 21),
- business planning (p. 82),
- competitor awareness (p. 25),
- customer awareness (p. 57),
- forecasting (p. 156),
- life-cycle management (p. 60),
- market awareness (p. 62),
- market research (p. 66), and
- product development (p. 69).

MARKET RESEARCH

Market research can be defined as: 'The systematic, but often intuitive methodology of establishing customers' present and future needs, in order to match these up with one's own products and services.'

Market research has two key pros:

- it diminishes the reliance on subjective perceptions of customer needs, and
- it can tease out not only current, but future (and latent/needs) too.

But set against this are the cons:

- it can become a very expensive and/or a time-consuming operation – because its advocates often propose larger data samples in order to preserve statistical validity, and
- the data gathered may not be particularly insightful, or may be limited primarily to *present* customer needs, rather than to future needs.

Market research (of some form or another) is needed for all new product/market development. But it should also, (at least in some abbreviated form) be an input into business plans, and especially into any full blown strategic review. It is equally important during acquisition appraisal, as customers can give you some most interesting insights into the relative strength/weakness of a potential acquisition, and about its products, its services and its culture.

Market research can be highly quantitative, qualitative or both. Traditional approaches to market research tend to favour more quantitatively-based methods, with skilfully worded questionnaires containing response parameters such as:

- strongly agree,
- agree,
- neither agree nor disagree,
- disagree, and
- strongly disagree.

The authors' contention is that these methodologies *can* be taken too far at times. In their view it needs to be more focused on real insights – not only about *what* customers need and *how well* they see current products/services being delivered but more importantly *why* they have these perceptions, and what is their *real significance*.

Taking this point to perhaps absurdity, imagine spending a lovely evening with a new girlfriend/boyfriend and not managing to escape their bedroom before morning. The very next day you get your market research form out and ask: 'Did you enjoy last night with me darling? I am doing some market research: Do you strongly agree, agree, neither agree nor disagree etc. …'

Qualitative market research based on deeper study of a smaller number of decision-makers (and of their agendas and perceptions) might, therefore, be more effective.

For instance, when helping a major supermarket chain develop its home shopping business in the 1990s one of the authors interviewed his wife (now ex) in the back garden.

'Ann, what would you pay for a home shopping delivery?' he asked.

'I dunno,' she responded.

'What would turn you on or off about home shopping?'

'I dunno,' she responded.

(His hypothesis at that stage was that 20 million other female householders would probably not know either.) As he was turning away, she then said, on reflection:

'But I will tell you that if they are five minutes late, especially if I am doing the school run, that would be the end of the relationship.' (She meant with the supermarket, not with him.)

From this he concluded that a) the grocery home shopping market place needed to be educated about the value of home shopping; b) the supermarket might, if it succeeded in a), charge for the service; and c) good logistics was going to be absolutely crucial.

A hundred questionnaires in the traditional mode of market research might have failed to produce this valuable insight.

Killer takeaways on market research are:

- Remember what you are trying to achieve, and seek to achieve this goal with the most cunning and insightful market research techniques.
- Before you ever commission external or internal market research, conduct some 'psychic market research' first: ask yourself 'given these questions, what would I be almost certainly likely to find out – even if I did not do market research? (This can be eighty per cent accurate – and a lot cheaper! – as long as your intuitions are well grounded.) (Could we ask you not to point out this suggestion to colleagues at Cranfield School of Management in the marketing group?)

Key links to other skills include:

- life-cycle management (p. 60),
- market development (p. 64), and
- product development (p. 69).

PRODUCT DEVELOPMENT

Product development can be defined as: 'The process of developing an existing or new product in order to satisfy existing customers needs better, or to meet new customer needs.'

Product development is normally associated with external products, but can be applied to internal products too. For example, when launching a new management development programme it is possible to:

- brand it,
- launch it with a half-day conference with the CEO/future tutors, and
- support it with merchandise and videos,

as did one leading healthcare company in the UK.

So product development can also be a process applied to an internal service. The pros of product development are that it:

- continually updates the product portfolio of a business,
- helps to grow the business, and
- hopefully, achieves a higher margin mix of products.

Possible cons are that:

- the market needs are not fully thought through,
- now products may make operations more complex to support and may have marginal benefit, actually destroying, rather than creating, shareholder value.

It is often said that nine out of ten product ideas fail. But, inevitably, many products do not pass the 'proof of concept' stage, so that estimation is probably a little harsh. Hopefully, once proved conceptually, most products then go on to succeed.

Product development is needed not merely for organic development but also for getting the value out of acquisition integration – which might entail significant further investment to develop the business. Without product development you may well find yourself being overtaken by competitors.

Besides the strategy and marketing techniques already covered (especially motivator/hygiene factors), a further technique is called 'wishbone analysis'. Taking Dyson Appliances bagless carpet cleaner as an example we start at the very left with Dyson's vision 'Dyson Beats Hoover'. The bones of the wishbone (in no particular order) contain the alignment factors that were both *necessary and sufficient* for achieving that result. These include not merely our product delivery, but also customer motivator/hygiene factors, competitor reaction and other aligned conditions externally (see Fig. 3.2).

By using this pictorial representation to capture all aspects of the *system* of alignment (Senge 1990), there is perhaps more chance of success. The 'wishbone' can be tested for resilience by putting each of the bones/alignment factors on the uncertainty grid (see Fig. 2.10, p. 45).

Killer takeaways from product development are:

- Always work backwards from the customers and not from what you happen to feel like doing.
- Always ask (within the 'wishbone' alignment factors), what is the one big thing you have forgotten? – like 'competitors' mindsets won't change'.

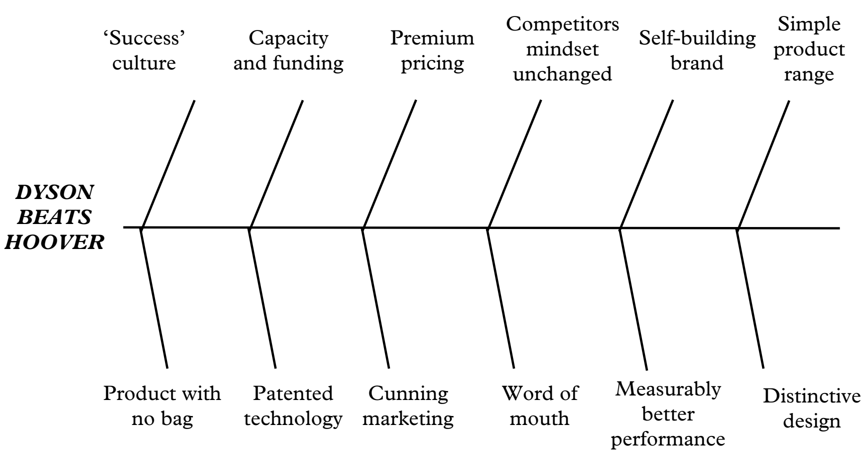

Fig. 3.2 Wishbone analysis

- Practice the art of 'psychic market research' (see earlier section Customer Awareness p. 57) or collect some rich data on your customers through a very small sample, early on.

Links to other skills now include:

- competitor awareness,
- customer awareness,
- imagination,
- market development,
- market research,
- risk and uncertainty analysis, and
- strategic thinking.

References

Senge, P. (1990) *The Fifth Discipline: The Art & Practice of the Learning Organization*, Doubleday, New York.

SELLING

Selling is an interesting concept, requiring a novel redefinition. Let us define selling as: 'The art of facilitating the buying process.' This is quite a cunning definition as it reframes what selling is all about. Selling is not, for us, about stuffing products down the throats of reluctant customers, and dashing off to Spain with the money. It is, first and foremost, a facilitation process; and second, it needs to focus on *how customers buy*.

A wonderfully entertaining book on this theme is Geoff Burch's *Resistance is Useless*, which contains entertaining stories of how, for instance, you might sell a tank to Genghis Khan – who would not know what one looked like. You would have to work backwards from *his* mindset, not simply assuming that a tank would just slot in neatly to his plans.

The cons of the conventional selling concept (conceived of as a way of ensuring that your planned product is actually consumed by customers) are:

- it can be experienced as 'pushy' by customers – as a turn off,
- it will increase their defensiveness, and will increase barriers to decision-making,
- it will cause a protracted buying process, and
- if successful, a dissatisfied customer may not buy again from you.

The pros of the idea of selling as a facilitated buying process are:

- It gives customers more of a feeling of control, allowing them to relax and to buy.
- It allows you to listen to their needs, to fine-tune your product/service, to thereby increase value added and build switching costs.
- It builds, rather than destroys relationships (in a business-to-business environment).

Even in consumer marketing, which cannot be so tailored, it is essential to model your sales effort wholly along the lines of 'how does a customer make a decision to buy?'.

'Selling' (as redefined by us) is needed more often in management than perhaps is appreciated. We are not just talking about selling externally to a key account, but also selling management ideas/projects, too.

One technique for analysing the buying process is AIDA (A for awareness; I for interest; D for desire; and A for action).

The idea here is that you can create awareness (but without real interest), or achieve both but with no real desire, and even when desire occurs, you may still get inaction. The corollary of this is that to make a sale it is often better to work intensively to facilitate a small number of customers *all the way along* the buying process – to achieve crystallization of demand, rather than to scatter-gun your efforts. (As independent management consultants, both of us know how true this is! If we did not practise this, we would be probably out on the London streets at weekends – begging.)

In terms of the business-to-business market or internal selling within the company, further (and more elaborate, but effective) frameworks include the buying/selling cycles as shown below. Here we see the buyer has to move around a complex cycle (Fig. 3.3), which is supported by his/her adviser (Fig. 3.4). In selling an idea internally there is often an even *higher attrition* rate of ideas than when selling externally, so patience, stealth, accuracy and sensitivity are even more paramount.

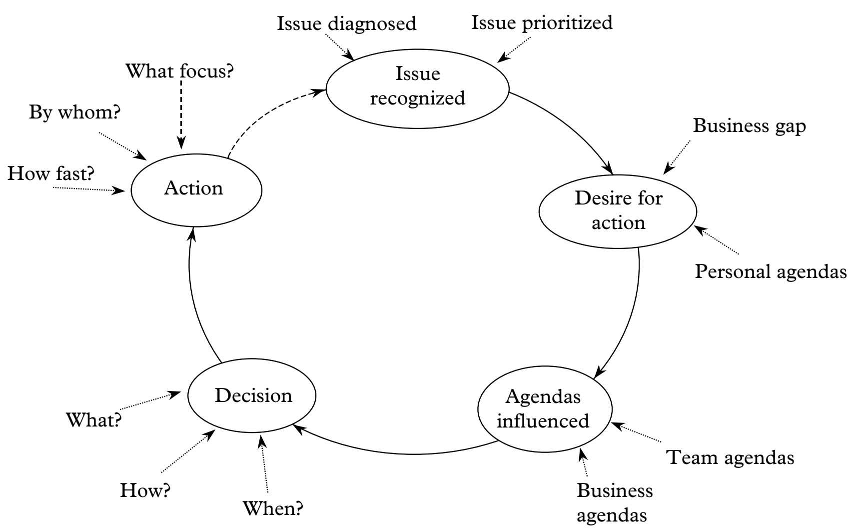

Fig. 3.3 The buying cycle – the customer

A further useful technique is that of wishbone analysis, which we saw in the section 'Product Development' (p. 70) to identify all the necessary and sufficient conditions required in order to make a bargaining decision.

Killer takeaways include:

- Selling is facilitating the buying process, not making a pushy sale (Fig. 3.4).
- Always work backwards from the customers' agendas – have the out-of-body experience.
- Remember, what is the one big thing we have forgotten which might prevent the customer from buying?

Key links to other skills include:

- business cases (p. 79) (giving the customer a business case for his/her purchase),
- competitor awareness (p. 25),
- creativity (p. 245),
- customer awareness (p. 57),
- empathizing (p. 182) (with the customer),
- listening (p. 190) (to the customer),
- networking (p. 216),
- political awareness (p. 196),
- risk and uncertainty analysis (p. 44),

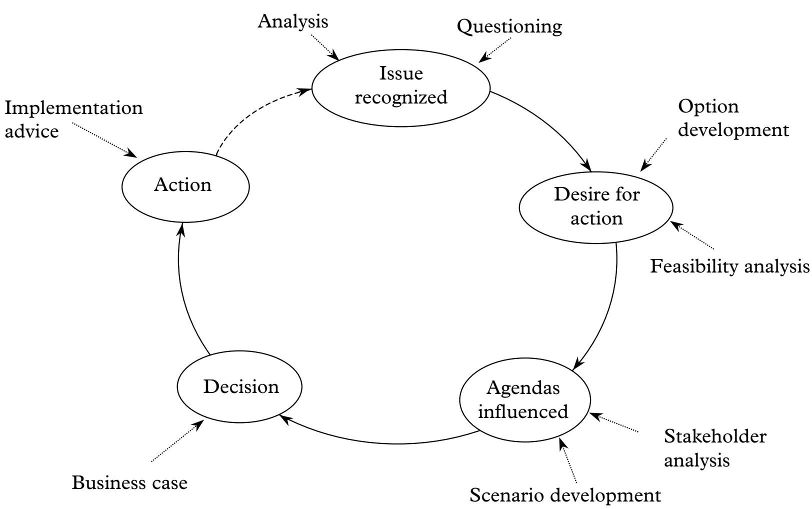

Fig. 3.4 The buying cycle – the adviser

- stakeholder management,
- storytelling, and
- value management (to put an economic value on the product – from the customer perspective).

(Notice that we are now increasingly entering the land of softer skills, for example with 'political awareness' and 'stakeholder management'.)

Reference

Burch, G. (2002) *Resistance is Useless,* Capstone Publishing, Oxford.