Marketing Mistakes

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Ever since I took several MBA courses, at Northwestern, I've been a fan of Dr. Philip Kotler (Professor of International Marketing at Northwestern's Kellogg School of Management). So when he discusses anything about marketing, I listen. Kotler says "marketing as a practice is in bad shape," and I believe it. Especially since, I share this position. Kotler does not mean the theory of marketing but the PRACTICE of marketing is in bad shape.

At present, many of our value chain participant companies (feedstock, raw material, formulator, and distributor) do not successfully handle this entire process. We do a great deal of talking about the importance of "bundling, CRM, competing globally, the Wal-Mart syndrome, and differentiation, while we cut marketing during times of down turns when it is exactly the time to function on all cylinders efficiently and effectively in marketing your products.

So, if marketing is so important, what are the key functions of marketing? Marketing's main functions, I believe, have three important interrelated components:

1. To develop a plan for a product/service, which supports the firms' strategy.
2. To bring the firm a strategic ROI.
3. To provide coverage for the investment in both time and funding.

Additionally, I believe marketing must "pull" the firms resources through the strategic plan and "push" it (a total systems package) through sales by creating a "must have" acceptance within the targeted market segments.

Professor Kotler has listed "10 Deadly Sins of Marketing" in his book of the same name. I would like to suggest there are five critical mistakes that left unchecked could be catastrophic to the firm.

Your firm may be making these mistakes if you are:

1. Lacking total value chain efficiencies and end-user focus.
2. Deficient in detailed understanding of your competitors and their strategic impact on your business if their plans are successful.
3. Not managing backroom, stakeholder relationships well.
4. Failing to understand "branding," and how to develop and use it successfully in combination with all offering components.
5. Lacking market plans and planning process efficiencies.

Let's discuss each one of these mistakes and how to make them go away.

Lacking total value chain efficiencies and end-user focus

There are two extremes impacting this issue. Either the firm has not gained succinct insight into its market opportunities or it is not well organized to serve and deliver what the target users expect. To resolve these issues one must diligently determine a market by specific needs within a segment and not simply by demographic or descriptive definition levels alone.

Sub-tactics to this segment analysis issue that will assist you in successful marketing, are:

- Segment prioritization, seeking customized compelling offerings at each level.
- Different customer needs within a given segment may require a specific focused sales effort (sales force).
- A company display of the firms values. The target customer grouping at the top.
- A transparent ease of customer-to-firm communications via websites and other.

Deficient in detailed understanding of your competitors and their strategic impact on your business if their plans are successful

Core competitors must be correctly identified by specific segments plus an unbiased transparent assessment of each must be made and, on a planned frequency.

The obvious tactics to use in a competitive assessment are to:

- Establish a "captain-of-competition" responsible for collecting and dissemination of competitive intelligence.
- Contract with an industry-knowledgeable "outside" consultant to perform not just a competitive analysis, but because they go hand-in-hand and therefore, helps lower costs, a combination of a Competitive Analysis and a Customer Satisfaction Survey.
- Constantly monitor key competitors new technologies.
- Finally, but not always obvious, is an analysis of the key competitors "systems" offerings and their abilities to "value sell."

Not managing backroom, stakeholder relationships well

Stakeholders are those persons who have "skin-in-the-game" such as employees, suppliers, distributors and investors. The indications that stakeholders are not fully on board and committed are: universally unhappy employees; lack of attracting the best suppliers and/or distributors, and investors feel they are out of the communications loop and unhappy.

Some of the resolutions to the stakeholders' contribution to the firms' success are:

- Management has a significant re-

sponsibility to first, before hiring employees, clearly develop the company's values, vision, mission, positioning, target markets and customers. Once this is complete, the company has a backdrop from which to efficiently interview potential employees at all levels.

- Rewarding employees, suppliers and distributors in a meaningful but generous manner. Your company will attract the best-in-class, motivated people and they will tend to be very loyal and significant contributors to an overall team pro-active effort.
- Each employee is a value. Treat each as though they are the only employee. Constantly train them; empower them with as much authority as they can handle.
- Suppliers must be incentivized to perform as a team participant. One successful tactic is to choose two suppliers for each core item and develop a true partnership with both. These suppliers become part of the firm's design or development team allowing for a total value consideration and not just price, quality and on-time delivery.
- Distributors, properly managed, are additional sources of market information. They can provide another facet of intelligence for problem solving issues in product/service design, delivery and field support

Failing to understand "branding," and how to develop and use it successfully in combination with all offering components

When don't you have a brand or when is it weak, your branding is a problem if:

- Your coveted target market (through a customer satisfaction/competitive analysis study) indicates your company is significantly below your competition.
- Your brand image is not distinctive.
- Allocate same amounts of monies in your budget to same marketing programs every year.
- ROI evaluation impact on your promo programs is limited.

Branding is a pan-company responsibility headed up by marketing. Branding provides a customer mind-set of expectations. A firm meets an equilibrium status with its core market segments and individual customers when each targeted customer's expectations are fulfilled. The higher the satisfaction level, the higher the brand equity.

Most of our industry spends significant portions of its budget on what I call "prayer flag" promotion, hoping they will be remembered even when nothing new is being said. I'm not suggesting these efforts should be entirely abandoned, but there should be an annual zero-based budgeting exercise to determine the ROI on such an image sustaining tactic.

For example, analyzing the overall issues the company faces one might find the quality of technical service is an element that, if resolved, would save or add significant revenue. In this case, one may want to reduce the "prayer flag" budget and increase the technical service budget aimed at improving its quality.

In most cases today, most marketers must supply a financial estimate of their brand promotional efforts and an overall estimate of the ROI. However, we see a massive movement towards a circular consideration where the marketing manager is held responsible for a much broader set of product ROIs than ever before.

Lacking market plans and planning process efficiencies

You know you have a problem when:

- The correct componentry and logic is missing from your market plan design.
- Planning does not consider contingencies.
- The plan cannot be easily tested against "what if" alternatives.

The resolution to the correct components and logic can be quickly resolved by going to Google and inserting the words: Elements of a Marketing Plan. This outline is universal and will handle most company needs. However, each company has their own idiosyncrasies, which may alter the order or descriptions.

One of the many management tactics would be to ask marketing to estimate what they could do (in revenue) with a 20 percent budgetary increase. Once that is done, ask them to submit a budget with a 20 percent reduction. After some considerable use of this budgetary approach, management will have a clear idea which marketers can accurately forecast results. ***CW***