The Marketing Mix-Up

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There have been thousands of theories and concepts, books and articles, truths and lies written about marketing. Some of these are constructed in the minds of the “right brain dreamer” dressed in marketing clothes. Others are written by those who relish falsifying the works of the earlier guru, to attain guru status themselves. The more useful of these are written by those who have experienced it, tasted the successes or licked their wounds in the capacity of a practitioner, practitioner’s boss or a consultant. Consultants! There are consultants and consultants… let me not venture into that area. I'll keep it for another article.

Let me speak from the vantage point of someone who has done it in all three ways. Firstly as the Marketing Head (or brains) of Keells Foods and Supermarkets and Pizza Hut, as a Partner and Senior Management Consultant of Sensei International, as the Chief Executive Officer of Rahimafrooz Superstores Ltd in Bangladesh, next as a student of great business gurus and finally as a consultant using the teachings of gurus, my own learning and helping my clients, in over 20 countries to apply it.

What a hodgepodge of products, from sausages to pizzas, from supermarkets to restaurants, from switches to bulbs, from paper to financial services, from electronics to engineering products and from mega sports events to mega learning events. Well, they say variety adds spice to life. So be it. Let product variety add genius to a marketers' life of experience.

I have used the traditional marketing planning model, from the SWOT, to GAP Analysis to Ansoff to BCG Matrix to the 4 P's. Well sorry I may be behind time. They say there are some 16 P's. They keep adding P's every month to the marketing mix, there are no peas remaining in the company. I would like to add a few more P's such as PRACTICAL, PROACTIVE, POWERFUL, PLEASING, PEOPLE in upper case letters, period. These are some of the thing we like to forget in our endeavour to apply the textbook stuff. I don't pretend to be flawless, I have made mistakes too, but I like to do what a few would do, admit them and learn from the mistakes. But you might say, how can I admit my mistakes, my boss will detach some parts of me which I am so attached to…I mean the next increment!. Well that's another story. The quality of leadership! Let me not venture into that here. I will save it for another article. I hope I can get to the point fast rather than talking of my future articles! I got a wandering mind - excuse me while I give it some exercise!

Most of these marketing tools don't adequately consider the concept, the customer. We think customers looked for product features, sorry that's old fashioned. Benefits? Are we sure? Some say it’s the experience, the feelings!. Well, I have news for you! They look for value, silly. Isn't it the nature of the beast to continuously add value? Is there anyone out there who does not want to add value, who says 'I want a lower salary next month than this month' or 'I want to give a slower delivery service so that my customer will demand an additional discount for late delivery' or 'I don't mind giving an additional discount to my customer - after all I love my customer; they taught this to us in the marketing class!' No way! None of us wants to get lesser value.

This shows that marketing should start by firstly identifying the value the customer is looking for. It's not from the mission or vision. It's not from the long term objectives. It's not even from the Gap or Ansoff. But wait a bit. Isn't this going against all the teachings of marketing? Yes it is. That's why this article is called 'Marketing mix-up' Let's examine these one at a time.

The mission. Most missions are sculptured by a consultant who is paid a mint of money, flown in from another country, who claims to have written thousands of missions. But when you take a closer look at these missions you see that they could be hung on any company's wall with a few changes in words. It merely becomes a wall hanging. They say the further the consultant travels from, the better he is and the more expensive he becomes. Try hiring a consultant from Chechnya the next time. You will see the point I am trying to make. Missions, visions and strategic plans are great as long as they are the outcome of a localised, creative, futuristic, exciting, fun-filled and systematic process, driven by an in-house planning executive or outside consultant. The traditional model says first do the mission before everything else. I am OK with this as long as the mission is relevant. What we normally do is use the mission as a template, look at the strategic plan, do a situational review and then come up with the marketing objectives, strategy etc.

Most marketing plans completely ignore the value sought by the customer, by the time they exhaust 6 months of the planning period following a complicated planning process laid down by a consultant!. Sometimes the fact that the marketing plan does not create any value to the customer stares us in the face but the marketer is helpless as he needs to make sure it matches the mission, the vision, the strategic plan, the boss's pet idea and the boss's wife's whims and fancies!. They refuse to accept logical marketing thinking because of the mint of time and money dumped on getting it done. Isn't it myopic to take this stance and lose more money trying the wrong strategy? Some bosses say, if we were to do all these changes, we need not have a qualified marketer. Even my grandmother can sell these products why do we need you? Such de-motivating, ego-damaging comments could only add more rot to an already rotting pile of garbage. The obvious reason for this is the guy who got the mission done does not want to say 'I made a mistake'. Nevertheless, they expect every one else to own up to mistakes. After Xerox's worst product failure, when the CEO, Davis Kerns, asked the management team "Why did we make this mistake?", only one plant manager, Frank, responded with "Sir, WE did not make any mistake. If you had asked anyone of us about this product, we would have said it would not work.

Why didn't you ask us, sir?”. Everyone thought Frank would be packing his stuff in the box, but David Kerns replied “Frank, I really don't know - but I will not rest until I find out”. This was the beginning of a culture change at Xerox which enabled them to win the Malcom Baldridge quality award five years later. This is the stuff great CEOs like David Kerns, Bill Gates, Jack Welsh, Steve Jobs and Michael Dell are made of.

The key tools normally used in strategic marketing planning are gap analysis, Shell directional policy matrix, the GE opportunity selection matrix, Porter’s focus model and the Ansoff matrix. These models are used to find out the strategic [a fancy word for long term] marketing objectives. The GAP is used to find out the difference between the desired goals of top management and the revenue forecast of operational management. The top management will come up with goals using a complex formula which includes economic growth, industry growth, technological forecast, debt/equity ratio, last year’s or three years’ growth etc or they may pluck a figure from the sky. Note, there is something missing in this list of variables. You guessed right. The value sought by the customer is missing. The next line in the GAP graph is the revenue forecast. This is usually done by the operational managers taking the last few years’ sales and extrapolating it. Managers have now realised that this is like driving your car looking only at the rear view mirror. So they have added a few new things like population growth, economic growth, electrification of rural houses and other indicators relevant to the industry, which may have an impact on the sales curve. Note, there is some thing missing in this list of variables as well. You guessed right again. The value sought by the customer is missing. Whatever said and done, more often than not the top management profit goals get converted into the strategic marketing objectives.

The Ansoff matrix is used to find out potential strategies to achieve these objectives by comparing products and markets on the basis of present product/present market, present product/new market, new product/present market, and new product/new market. When all four of these strategies are not enough, they look outside the industry using the Shell or GE matrix. These models are used to select an industry which is attractive. Possible options are plotted on the matrix based on attractiveness of industry and the company’s capabilities in each of the industries.

So the marketing executive is forced to move out of areas of strength and familiarity to meet the objectives laid by the board, more appropriately spelt; bored. Is there something missing in this whole process of setting the strategies? Yes of course, it's the value sought by the customer. If you focus close enough and see, hear and feel what the customers’ value desires are, you could do wonders without wandering into the unknown. Focusing beyond your core competencies will only result in the need to spend so much time on the new ventures, as lots of time is needed to learn the new business, and leave the bread and butter to be handled by the hungry, raw kids, who may end up eating the golden goose cooked to the traditional Chinese roast goose recipe.

In the more conventional method of marketing these new strategies of moving into unknown geographical areas in an existing industry, like a company selling shoe polish in Sri Lanka might decide to launch the product in Afghanistan, looking for new markets. Or a company manufacturing garments could acquire a fashion magazine. I am not saying you should not diversify, but that goes against the learnings we have from many companies who find it best to go the other way. AT & T to divesting their new calling card division and for Xerox to quickly moving out of the computer business many years ago illustrates this point.

Well you may on the other hand wonder why Apple diversify into mobile phones [I phone] from computers and why IBM diversified into business consulting from computers. This type of strategic decision could be made if the customer value was identified at the outset. Apple saw the convergence and computer and mobile communications technology to create new value to customers and IBM saw the need to guide company's to use the right IT solutions when they invest in computer hardware and software.

What is the value a customer looks for when they go to a gym? Health! Peace of mind! Inner growth!. Modern gyms have now made their product add value. The treadmill is only a small part. They would also have medical check-ups, fitness advice, health food, body-building food supplements and an entertainment set up. The entertainment set up would have a bank of TVs with different programmes on each, fitted in front of the treadmills, with the customer being able to select the appropriate audio channel for his choice of TV programme through controls on the treadmill, and using the earphones fitted onto the treadmill to listen to it. They would have sauna, massage, Turkish bath and even meditation and resting rooms. Special kids' gyms with a similar array of facilities, with trained nannies for the kids. A library with books on appropriate subjects thrown in will make it real value. What is described here is now being introduced in various forms and brands all over the world.

Now, a gym owner buying into or investing in a software business, audio/video business, a medical business and a health food business and combining them to create synergy for the customer, could be considered a marketing genius. Now wouldn't his mission have to be re-written to fall in line? Yes, of course! And this is the value discipline approach to strategic marketing which could help us to come out of the marketing mix -up.

My future articles will discuss the marketing mix -up at an operational level and how to apply this new ground-breaking concept, considered a breakthrough for winning, used only by a handful of successful global companies. Until then ponder on how this new thinking can apply to your business.