

COLLECTED ESSAYS
IN MARKETING
STRATEGY

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To
MY CLIENTS PAST, PRESENT AND FUTURE

this work is respectfully inscribed by
THE AUTHOR

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INTRODUCTION

These “Collected Essays” are a set of papers that have evolved over the years. I have always written on issues of the day and marketing practice that seemed interesting to me. They started off as articles that might get published in magazines but my take on what was interesting rarely seemed to coincide with the views of the editorial staff.

Later I would write the articles and send them to clients and contacts to keep in touch – to take an alternative view to what seemed to be going on and maybe, bring some sanity to bear on the issues. As always, there was little response to the articles until they stopped arriving. By then they had been posted to the website in downloadable form.

Recently I have had more calls than normal for a return to the old hard-copy approach and, to meet that call, I have decided to revert to the old technology – but rather than just revert to more print runs of different formats I thought it would be a good idea to try and collect (what I thought were) the best articles from the past and put them all together in a single volume.

I have reviewed all the articles in this collection and I have tried, wherever possible, not to modify or change the

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article if it could be left in the original form. As a result, the articles stand as a testament of their time, there always seemed to be a bandwagon to overturn (Loyalty, CRM, E-everything, dot.com, recessions) and lessons to learn (Strategy, Segmentation, Forecasting, Planning, Branding etc) so no change from today really

I hope you enjoy reading (or re-reading) these articles as much as I have.

PAUL FIFIELD
WINCHESTER

CARGO CULT MARKETING

I wrote 'Cargo Cult Marketing' after a business trip to Australia. While I was there I heard about the cargo cult Indians in the isolated pacific islands. Everybody seemed to think that their behaviour was extreme and unreasonable and the result of their isolation from 'civilisation'. I was not sure that they were really so strange – or that we are really any different.

On a recent business trip, I came across a reference to the cargo cult Indians of Papua New Guinea. Cargo-culters inhabit the upland areas of the country and have seen from their mountain strongholds the great silver aeroplanes landing on cleared strips of ground in the valleys, to disgorge great quantities of food and materials for the native people. They have worked out what is going on and have cleared runways near their mountain homes ready to receive the lumbering aircraft they have seen below them. Now they just wait.

GIFTS FROM THE SKY

Elsewhere, on a Pacific island with a memory of Red Cross aid, the islanders dance in front of red-painted crosses and wait for food and other gifts to descend from the sky. On other islands natives worship at an office-like shack where holy men exchange pieces of paper just like bureaucrats. In Vanuatu the local cargo cult, which started in 1940, believes that a man will arrive to free them of missionaries and Europeans and bring them cargoes of refrigerators, canned food and cigarettes. In an effort to speed up his arrival, this cult even fielded candidates in a national election.

In every case the locals have a similar belief – just continue faithfully carrying out the rituals that they have witnessed and one day the materialist Gods will reward them and bestow upon them all the things that they need.

And how do we in the West see rituals like the cargo cult? Well, they are “nice and quaint aren’t they?”, “Picturesque”, “Ought to make a good documentary”. Whatever our words, we are secure in the knowledge that only the “backward” or “underdeveloped” parts of the world could possibly generate such behaviours. The cargo cult mentality could never happen in Europe, *we’re just too advanced for all that*.

We may not dance in front of red painted crosses or build runways in the mountains, well not quite, but are we really acting differently to the cargo cult islanders of the Pacific? Are we acting differently or, yet again, have we taken the same human behaviour and are acting it out in ways that don't seem quite so silly to the Western eye?

Now, economic slowdowns may not be very pleasant times in which to try to scrape a living, but they do serve to uncover types of business behaviours that tend to be hidden during the good times. Talking to people in successful and less successful organisations over the past few years there has been a remarkable sense of increased activity everywhere. Everyone you meet is working harder,

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longer and is under greater pressure than before. But still there is increased competition, falling demand, rising redundancies and firms going out of business daily. So what is happening to all this extra effort? Managers are certainly tired and personal lives and families are being sacrificed to the greater good of the company but still profitable sales are elusive. So what is going on?

What is happening is that we are all dancing in front of our own red-painted crosses because it's what we know how to do. We have been trained to do it and we know that we do it very well indeed – never mind that it doesn't actually improve the business and produce badly needed revenue – when things get bad we'll all have to dance a little harder. That's what we're paid for isn't it? – well, no actually.

It all comes down to the Western manager's predisposition to confuse motion with progress, or activity with results. Managers are not paid just to be, nor are they paid to spend long, busy hours in the office. Since managers are paid out of revenues, they must in some way contribute to the creation of revenues (sales) just to cover their salary costs. The panic and uncertainty generated by recent economic scares has forced many managers to think about how to keep their jobs, unfortunately they have not come up with the right answers. Let us look at some of the bigger red-painted crosses that have come in for serious adoration in the 'nineties.

Red-painted Cross No1 – Costs

As soon as the business looks like turning down, get in the cost cutters! As long as we just cut the wastage without affecting the investment in the business that allows us to satisfy customer needs – then fine. Unfortunately, the cost cutting is normally given to the accountants who, being mostly concerned with internal matters, approach this task in 'efficiency mode', reducing the problem to a simple

accounting equation “big” = “cost” and the priority order of cutting is related to their own understanding of the issues. So systems costs continue but advertising stops now! The time and money spent on cost cutting exercises is vast and does nothing to stimulate revenue generation; often it just makes additional sales in the future even more difficult to achieve because the means of attracting and satisfying customers have been cut away. We have taken the easy option. We have danced round the cross – and been praised for it.

When cost cutting fails to produce better profits... see cross No 7

Red-painted Cross No2 – Systems Strategies

Systems are “a good thing”; they make us more “efficient” because they can generate a “management information system” to tell us how well we are doing. But they don't sell and, more often than not, they don't play a major part in satisfying customers' needs either. So why are we spending valuable time creating internal upheaval to “upgrade” or install a new system? Again, we know the painted cross and how to dance round it – it helps us take our minds off the difficult problems for which we have no answers “How do we better satisfy our customers' needs and so attract more business and make more profits?” Too many systems strategies still seem to be all about more paperwork, more forms to fill in (albeit electronic) and the creation of more powerful control systems on people. The ‘nineties, we are told, are about “enabling” people and improving customer service. Although some organisations have moved the IT responsibility to line managers there are still far too many systems that force people into pre-determined moulds. Nevertheless the belief is, as soon as the new systems strategy is in place, miraculously, we will be awash with business again. So that's all right isn't it!

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When we are not awash with business... see cross No 7

Red-painted Cross No3 – Databases

That great god of the 'eighties, The Database, comes in for a remarkable amount of veneration and sacrifice in most organisations. Some businesses have almost been taken over by The Database and the Data Warehouse and countless hordes of acolytes exist purely to satisfy its unquenchable thirst for more data. This red-painted cross has been growing at an unspeakable rate. But what is it all for? Ordering, subdividing and classifying data doesn't sell. Turning databases into control mechanisms doesn't sell either. If The Database doesn't, in some way, improve what you do outside the business (with the customer) it is a Pointless Activity. Spending all week hunched over the computer is not the same thing as meeting and talking to real, thinking, breathing customers who can tell you, face to face, why they bought what they bought and what they will want from you in the future. For those with no interpersonal skills it is of course preferable to spend time with a computer than a real person. Unfortunately, until the business depends on satisfying the needs of machines rather than human beings, the organisation is better off employing people who can do more than just spell "empathy".

When the Perfect Database fails to improve profits... see cross No 7

Red-painted Cross No4 – Capacity

This is an obsession that is with us even when there is no recession. How often have you seen the numbers oriented manager push for major investment in plant, production capacity or people based on meticulously researched and prepared financial forecasts (technically known as "a wing and a prayer"), and without any attempt to assess likely customer demand? When challenged, of course, he points

to the budgeted returns and declares that "business is not for the faint hearted", that "one has to take risks to make a return", "when the going gets tough the tough get going" ...and so on, and so on... This is all macho-management nonsense and was never relevant, even in the 'eighties. Just like the runway in the mountains, let's build the capacity and, as if by magic, the new business required to fill it will turn up just because the capacity has been created – neat! Overcapacity is a disease that currently afflicts almost every sector, from car manufacture to financial services – and still they want to build more.

When the capacity turns out to be a cost not an investment... see cross No 7

Red-painted Cross No5 – Fad Surfing

And "Management by Objectives" begat "Management by Walking About" begat "Strategic Business Units" begat "Time Management" begat "Customer Care" begat "Globalisation" begat "Excellence" begat "Total Quality" begat "BS5750" begat "Re-engineering" – and each would solve all our ills. And of course they didn't. How can this have happened? It has happened, quite simply, because most fads concentrated on measuring the easy things like standards, controls and internal customers that can be classified, processed and boxed rather than difficult things like external customers who don't always know exactly what they want but do pay all our salaries. Today's fads include "Loyalty", "Data Warehouses", "Micro-Marketing" and "Customer Relationship Management" (CRM), only of course they are not fads – they are the real thing! This red-painted cross says that working hard to create change internally will, somehow, give the customer exactly what he wants – if only.

Ah yes but its not our fault it didn't happen... see cross No 7

Red-painted Cross No6 – Y2K

Too important to be a fad, Year 2000 activities are soaking up budgets all over the place. As Y2K hasn't happened yet, any word against the activity is, of course, heresy. But what is it really all about? Vast amounts of money being "invested" in updating systems that were never meant to be running this long, expanded by managers keen to cut headcount regardless of long-term consequences. Just like BSE, nobody seems to be to blame. While the "investment" goes on, other budgets are reduced and sacrificed to the Y2K altar. But what happens in 2000? What happens when we find that business has not ground to a halt and customers are still impatient to be served? What happens when we try to compete with businesses that have not cut every budget to meet Y2K needs and have continued to invest in marketing and their most important asset, their customers? We can't say that Y2K is not important, the Californian earthquake showed what happens when a company loses all its data, but it is a wonderful excuse to do absolutely nothing about the world beyond the company walls

When this one, too, fails to deliver the business... see cross No 7

Red-painted Cross No7 – Blaming those who are doing the business

If we are giving prizes for longevity, this must be the oldest Red-painted Cross in the clearing. For thousands of years, managers (those who stay at home) have been successfully laying off the blame for non-performance on the poor grunts who have to do the work. The much-maligned salesman or marketer whose job it is to try and implement the elegant but impractical plans worked out by people who have never seen, let alone spoken to, a customer. The biggest problem is that dancing in front of this particular

cross, is not a 'neutral' activity, it can actually do harm. As the people in the business realise that, in spite of the elegant mission statements and quality promises, what really matters round here is not the customer but the internal System, they either: 1. Leave, or more likely, 2. Dump the customer, spend more time in the office and get down to some serious politicking. The fact that the customers are leaving gives them less of a System to manage doesn't seem to worry anybody – its probably the ideal opportunity for them to “review”, “develop” and “enhance” the System into something even bigger and better.

THE MORAL

Like smoking, there is never a good time to give up dancing in front of the Red-painted Crosses. You have to believe it is better for you and that eventually you will be rewarded. Common sense alone says that it must be more profitable to concentrate on looking after the customer rather than the Internal System, because that is where the revenue comes from. Nevertheless, you can be sure that the way will be strewn with obstacles; you should bear in mind the following.

- Never forget the customer is the business
- Never let anyone else forget the customer is the business
- The business will survive by what it does outside, not inside the business
- The internal System can stop you succeeding, but cannot make you succeed
- If the old ideas didn't work, try something different
- Don't be infected by the panic of the non-visionaries
- Those that shout loudest typically know least
- Don't confuse motion with progress

BACK TO BASICS...

It's probably about time that we all looked again at how we approach business. To the innocent it must seem that we are unnecessarily complicating what is, after all, an extremely simple situation.

If you are to remain in business then you have to create and retain customers. You will do this by giving the customer what he or she wants, at a price that is both attractive to the customer and profitable to the organisation.

There really is nothing secret or complicated about the concept of basic marketing. It might not always be the most fashionable approach, nor always the most macho – but it is undeniably the most effective.

Allow yourself to be distracted by anything or anyone else and all you will have is lots of free time to spend dancing in front of Red-painted Crosses.