

Marketing at the Crossroads

Several years ago John Roberts, as a customer of US airline South-West, received a nine-page email promoting the company's US\$30 airfares to celebrate its thirtieth birthday.

For only US\$30, Roberts – the AGSM's National Australia Bank Professor of Marketing – could fly from Texas to Idaho, or from Chicago to Boston.

The only problem was that Professor Roberts was living in San Francisco, a fact the airline knew but chose not to act on when sending the email.

The example, according to Professor Roberts, illustrates what is both good and bad about modern techniques such as Customer Relationship Management (CRM).

While the CRM system was good enough to know that he was a frequent South-West customer, and to capture his contact details, it was not good enough to tailor the communication specifically for him.

Instead of sending a relevant offer, South-West was simply spamming him with a scatter-gun promotion. The net effect of this 30 year good news story was a bad customer experience.

"I think CRM is an incredibly exciting opportunity, but when it is done without the involvement of the marketing department all you will have is this mechanistic churning, which doesn't do what good marketing should do – give the consumer what s/he wants and values, thereby creating economic rents for the firm," says Professor Roberts.

"It goes to the basis of what annoys me about 90 per cent of CRM practice – that it's all about selling more product, and it has nothing to do with making consumers' lives richer, so that they then become more loyal customers and add value to the organisation that way."

Professor Roberts began his professional life as a mathematical statistician, and believes he "died and went to heaven" when he, more through circumstance than design, became a marketer.

But in 2004, he says, the marketing discipline is facing some unique and distinct challenges, driven partly by technology such as masses of automatically recorded customer information and also by the new mantra that "if you can't measure it you can't manage it."

"We are moving to a world where a good marketer has to be logical and rational. Whereas, in the past, really good marketers have been people who had the creativity and flair to capture the hearts and souls of customers, now they have to do it in a methodical, measured and quantified way," says Professor Roberts.

"And that's a big ask. Because intuition and creativity have been, and still are, critical parts of marketing, if we are not careful we will fall into the trap of only looking at the things we can measure, and not be cognisant of the things we can't measure, but which are also terribly important."

Professor Roberts acknowledges that, in the past, marketing directors resisted measurement and therefore accountability.

“You had creative directors, who would dance around saying ‘don’t measure me, you’ll destroy everything I’ve done and all will be lost’. The truth is that a lot of these people were great, but a lot of them were also very ordinary,” he says.

“If you weren’t allowed to measure them, you weren’t allowed to sort the wheat from the chaff, and so there was no accountability when we had unbridled creativity.

“But I worry that we are in danger of the pendulum swinging too far in the opposite direction, and like the drunk looking for his keys under the lamp-post, we will only look in the places that are well lit.”

Another challenge for marketing professionals, says Professor Roberts, is that while the concept of marketing is becoming “pervasive” throughout organisations, other areas of the organisation are “stealing bits of marketing.”

“Marketing is losing the service quality stuff to the statisticians, it is losing CRM – which is all about customers and customer behaviour – to the IT department,” says Professor Roberts.

“I mean – what does the IT department know about how customers react?”

The result, he says, is that marketers are losing “quite a lot of what was traditionally their domain” and, perhaps more importantly, have been sidelined and lost their level of access to the chief executive’s office.

“I’m not saying that marketers should complain to the CEO that they’ve been left out and should be re-included because they are wonderful,” says Professor Roberts.

“The onus is on marketers to prove their value and until they establish that value there’s no reason why they should not be sidelined. So there’s no point in whinging.

“The reason CEOs are not breaking down more marketing directors’ doors at the moment and saying we need your insights is not the CEOs’ fault – I’m actually blaming the marketer, who has to re-establish a relevance as to why s/he is a valuable resource the CEO should be using.”

Professor Roberts says he wants to see marketing executives “reclaiming their seat at the table,” but believes it will never happen if the profession waits for an invitation from the CEO.

“Marketers have to put their hands up and demonstrate they have some valuable insights which will lead us to meeting key company objectives,” he says.

“It might be customer retention – because marketers understand customer needs better – or it might be increasing the share of wallet from customers because we have a better feeling for up-selling and cross-selling, or it might be because a marketer has some terrific customer acquisition strategies which can target new prospects. It might be branding and the face the firm shows to the market, or it might be how the marketing mix provides points of proof to the brand essence. The good news is the marketer’s armoury of insights and actions has never been better stocked with finely tuned tools.”

“So there’s no question that marketers can add value to the firm but they have to show how they can do that, and thereby redress the imbalance of what has been a gradual attrition.”

Good marketing practice, says Professor Roberts, is based on two foundations: finding out what the consumer values relative to what the organization can provide, and understanding what the organisation wants to achieve relative to what the market characteristics will support. However, that is the static view of the world.

Marketing is not just about understanding the present, it is also about anticipating and shaping the future.

“Consumer and organisational needs don’t have to be in conflict, and for that reason I think of marketing as an extremely socially useful profession,” he says.

“The marketer is the bridge between the consumer and the company, about understanding consumer needs and harnessing the resources of the organisation to deliver value to them.

“Some people look at marketing as deceptive or manipulative, but 95 per cent of marketing is about finding an alignment by giving consumers what they want. It is the sustainable and smart approach. It’s also easier.”

By Lachlan Colquhoun>