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## From the Media

### Hewlett-Packard surges

Hewlett-Packard rose the most in six years in New York trading after posting profit that beat analysts' estimates and forecasting growth in 2009, signalling that the personal-computer maker will withstand a global slump.

Fourth-quarter earnings were \$US1.03 a share, excluding some costs, Hewlett-Packard said. That beat the \$US1 average of projections compiled by Bloomberg. Profit in the next fiscal year will advance to between \$US3.88 and \$US4.03, with the midpoint of that range surpassing estimates.

The projections show that chief executive Mark Hurd's cost cuts have helped squeeze more out of sales, even as they're weighed down by the recession, said Toni Sacconaghi, an analyst at Sanford C. Bernstein & Co. That puts the world's biggest PC maker ahead of Cisco Systems, Intel and other technology firms dragged down by the slowdown.

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### Sarah Lee – Not so Kosher

Sara Lee announced plans to close its kosher meat-processing facility in Chicago by the end of January, 2009 and to discontinue its kosher meat brands, Best's Kosher, Sinai Kosher, Shofar and Wilno. The company has been shedding brands lately to concentrate on its most profitable divisions. "The Kosher meat business is really a smaller, niche business for us, so it's not something that we're going to be able to focus on going forward," said spokesman Mike

Some Jewish bloggers are fretting over what this might mean for the availability of kosher meat, which is facing a serious supply crisis. But according to Cummins, Sara Lee's effect should be negligible.

The shortage stems from the legal problems of the country's largest kosher meat supplier, Agriprocessors, Inc. The company has struggled with heavy fines and criminal charges since a May immigration raid on one of its plants. The company halted production at certain plants and filed for bankruptcy earlier this month. Some observant Jews have gone vegetarian or even turned to slaughtering their own meat.

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### Plugging Australia with Oprah

Nicole Kidman appeared on the Oprah show a few days ago, plugging Baz Lurman's "Australia". Oprah claimed that she had seen the film and it was wonderful, etc, etc. She could not have seen it as absolutely nobody outside the studio has done so yet.

However, more interesting is that Oprah accepts paying guests. \$50,000 was paid to Oprah to have Nicole Kidman on the show.

Guess who paid? The Australian government.



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## A lot of Boomers don't want to retire

A lot of baby boomers plan to work as long as they can, although what they choose to work at may change.

A Merrill Lynch study concluding that seven out every ten adults plan to work in some capacity past age 65, with almost half of those adults never planning to stop working completely.

People certainly want to work in different ways — with more flexibility and control. Most do not want to work as hard or as long as they are in their 50's for another thirty years. But most want to work.

Of course some will continue to work because they don't have a choice; more Boomers than not have failed to save enough gold for their "Golden Years." But the study shows that most folks in this generation will work because they want to, not because they have to.

The demographics are in their favour too because a worker shortage is forecast over the next few decades. Many firms are now figuring out how to entice their older workers to stay rather than ushering them out the door.

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## Roy Morgan Consumer Confidence

Weekly Roy Morgan Consumer Confidence for November recovers - up 5.5pts to 95.8

On November 8/9, 2008 the weekly Roy Morgan Consumer Confidence rating was up 5.5pts to 95.8. The rise came after a larger than expected 0.75% interest rate cut by the RBA and also came days after the election of Barack Obama as the new US President.

The rise in the Roy Morgan Consumer Confidence rating has been driven by more positive feelings about the Australian economy over the next year.

Australians are more positive about their financial situation over the next year with 37% (up 3%) of Australians expecting to be "better off" financially in a year's time compared to only 20% (down 5%) that expect to be "worse off."

Full Details: <http://www.roymorgan.com/news/polls/2008/815/>

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## Obama Wins Ad Age's Marketer of the Year

Not only has he demonstrated his campaign's blend of grass-roots appeal and big media-budget to convert the American electorate, Sen. Barack Obama has shown he's already won over the nation's brand builders. He's been named Advertising Age's marketer of the year for 2008.







In September, AlertMe announced a new application for its platform that will add energy-monitoring capabilities to the security system. Called the Smart Plug, the new technology plugs into any outlet and uses the same AlertMe hub to monitor and control the energy use of any appliance that's plugged into it. Customers can see both live and historical consumption and control appliances remotely through the web or phone. The device can automatically turn on lights, for example and it can also alert users remotely when key appliances fail. Perhaps even more compelling, it can automatically turn off appliances when users leave the house and then turn select ones on again—say, a kettle readying water for tea—when they're on their way home.

The energy-monitoring Smart Plug is due to be released soon, the company says. Heating control and meter-reading features are due to launch next year.

Website: [www.alertme.com](http://www.alertme.com)

Contact: [info@alertme.com](mailto:info@alertme.com)

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## Is globalisation hurting local brands?

Many 'influential' consumers believe that global brands have a negative effect on local cultures in developing markets, according to research from YouGovStone commissioned by SABMiller. Seventy-six per cent of respondents agree that local culture is affected negatively by multinational brand operations, with just 10% claiming a positive effect.

The perceived positive effect of multinational activity in developing countries is seen most strongly in product availability and accessibility, where 67% claim a positive effect compared to just 19% suggesting a negative one. Overall, consumers seem to take a dim view of globalisation, with 63% concerned that globalisation harms national culture in developing markets, rising to 74% in developed markets.

Download the full report, the methodology used and its results from here. It makes fascinating reading for anyone connected with either a global or local brand.

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## Survey identifies barriers to banking loyalty

A survey from Secure Identity Systems and Harris Interactive reveals that more than half of bank customers who are worried about the current state of their bank are concerned that their money and identity are not safe.

According to the survey, bank customers with concerns regarding financial institutions are more worried about identity theft than other banking issues, such as bank fees or financial reimbursement if their bank fails.

Among adults who have worries about their bank or financial institution:

40% are worried that they might be subject to identity theft.

39% are worried that their bank might fail given the current financial crisis.

32% feel their bank charges fees that are too high.

31% are concerned that they will not be reimbursed should their bank fail.



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## What is killing brand loyalty?

Consumers' traditional loyalty to brands didn't change for just one big reason - there are lots of factors involved, each of which needs to be addressed in each company or product's brand development strategy. To highlight just a few:

1. There is much more choice today: the number of products within most categories has increased dramatically;
2. Many "me too" products have been launched, with most looking very similar to the originals;
3. The number of ads seen by consumers daily has increased enormously, especially since interactive channels like the internet, email and SMS have arrived on the scene;
4. Modern consumers are more sophisticated and more likely to think for themselves and to try new products;
5. There is more comparative information available, on web sites and in consumer magazines and the national press;
6. The standard of service (and of products) has in many cases improved to the stage where there is not much difference between brands;
7. Price competition has increased - a major factor in all but the most non-elastic of categories.

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## The persuaders

All our lives we encounter persuaders. Those who were successful are largely responsible for the way we are. Because some of us are exposed to some positive persuaders we are drawn to become positive persuaders. I believe all successful persuaders are a result of having been successfully persuaded at some time in their lives.

Life is one continuous series of persuasions. At home it is the parent persuading the child, the child persuading the parent, the salesman persuading the prospect, the lawyer persuading the jury, the boy persuading the girl or the politician persuading his constituency.

To be a persuader you must be persuaded and in order to continue to grow we must practice the art of persuasion. The old saying, "Nothing succeeds like Success," fits the persuader perfectly. The earlier in life you begin, the fuller your life will become. It is only in sharing and giving that we realise what we have and we can give nothing better than persuading others to worthwhile goals, right motives and eternal values.

It is safe to say that sometimes in our lives we will be persuaded to become positive persuaders seeking to give and share, or we'll not be persuaded and spend the rest of our lives waiting for a break, taking and keeping.

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## Luxury consumer trends for 2009

In troubled times many will predict the death of luxury products, but true luxury marketers will work with and execute the fundamentals as defined by customers' needs and desires, consistently and extraordinarily well.

Genuine luxury is and always has been, a cyclical business. 2009 can be seen as a golden opportunity to deliver on the luxury fundamentals, to radically innovate, continuously adapt offerings and business models and position brands for long-term leadership.

It is largely due to the resilience of luxury brands that many of them span centuries, while most other industries' brands don't.

The Luxury Institute predicts for 2009 and beyond:

1. Accelerated internet activities: the Luxury Institute has been presenting the empirical case directly from the voice of the wealthy consumer for luxury brands to make their websites the centrepiece of their online and offline strategies since 2006. The traditional luxury industry has been slow to adopt Web 2.0. The economics of this will become much more compelling as the downturn makes opening stores and traditional advertising economically challenging.
2. A move toward recognising the influence of Generations X and Y. According to a Luxury Institute Wealth Survey of luxury consumers and mobile device usage, 22% of consumers have executed a transaction via a mobile device, while 21% have made a payment via mobile. Those doing so tend to be under 45 years-of-age, but significantly wealthier, with household net-worth of more than US\$5 million.
3. Price matters. The idea that more expensive items, regardless of quality, service and functionality, appeal more to wealthy customers than cheaper equivalents, will be shown to be wrong. Most of the wealthy are self-made and have sacrificed to earn every cent while delivering great quality and service to their own customers. They will use both sides of their brains while shopping.
4. High-end philanthropy will increase. The Luxury Institute expects that many discredited Wall Street executives will turn a new leaf in an effort to save family legacies and reputations and get into the high-end philanthropy game.
5. The Luxury Institute's research has documented the rise in relevance of Corporate Social Responsibility. Wealthy consumers have increased their preference for socially responsible brands from 51% in 2006 to 57% last year. Expect that number to rise dramatically by 2009. Luxury consumers will demand that luxury brands serve not just them, but society as a whole. They will require luxury brands to be ethical with all constituents; charitable in ways that make a difference to their beneficiaries; and eco-friendly in ways that can be documented. It might mean we will see, among other changes, a reversal in luxury charity events where 80% of proceeds go to lavish fun for the attendees and 20% to the beneficiaries.
6. In the midst of the current financial crisis (and the populist backlash on unearned financial services wealth) many wealthy consumers are a bit confused and feeling a bit defensive about luxury, even if they have money to spend. Consequently, many wealthy consumers will opt for classic luxury that is unique and exclusive, with exquisite artistic design, craftsmanship and quality, delivered with impeccable service. Personal shoppers, travel agents, realtors, car





As a result, 19 best-selling products are now available through Amazon in the US packaged in smaller, easy-to-open and recyclable cardboard boxes that protect the products within just as well, the company says. New, eco-iconic packaging on the Fisher-Price Imaginext Adventures Pirate Ship, for example, eliminates 36 inches of plastic-coated wire ties, 1,576.5 square inches of printed corrugated package inserts, 36.1 square inches of printed folding carton materials, 175.25 square inches of PVC blisters, 3.5 square inches of ABS moulded styrene and two moulded plastic fasteners.

Along with Fisher-Price, Mattel, Microsoft and electronics manufacturer Transcend are among the firms Amazon worked with on this first batch of products and many more will follow in the years to come, it says. The project will expand across Amazon's international sites beginning next year. In the meantime, Amazon has also put together a "Gallery of Wrap Rage" featuring videos and photos of the phenomenon and customers are invited to upload their own.

Eco-minded initiatives are all very well, but when they also eliminate a major source of customer frustration? Then they become a no-brainer. Manufacturers around the world: follow this example!  
Website: [www.amazon.com/gp/help/customer/display.html?nodeId=200285450](http://www.amazon.com/gp/help/customer/display.html?nodeId=200285450)  
Contact: [www.amazon.com/gp/help/contact-us/general-questions.html](http://www.amazon.com/gp/help/contact-us/general-questions.html)

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## Definitions - Bosberaad

a think tank, strategy, or long-term planning meeting.  
a meeting of leaders at a remote place to avoid distractions. The word means literally "bush summit." Also known as Lekgotla

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## Strategic decisions--made better and faster.

Most leadership teams spend just three hours per month making strategic decisions. That translates into less than a week per year. Worse, many teams fritter away those precious hours on unfocused, inconclusive discussion rather than rapid, well-informed decision making.

The consequences? Delayed decisions that lead to wasted resources, missed opportunities and poor long-term investments. One global firm spent more time each year selecting its holiday card than it did debating a vital Africa strategy.

How can your leadership team avoid such pitfalls? Spend your limited time on issues exerting the greatest impact on your company's long-term value. Deal with operations separately from strategy. Put real choices on the table, evaluating at least three viable options for every strategy. Use meeting time for decision making--not just discussion--and agree on what was decided. And move issues off your agenda as quickly as possible.





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## Tips for becoming a more gentlemanly executive

In an article in the London Times, William Drew asked, "Is the gentleman a dying breed?" In the piece, Drew quotes Yann Debelle de Montby, brand director at Alfred Dunhill, the tony men's outfitter. "Being a true gentleman," he says, "means being gallant and generous. One can be gentle but remain firm, determined and retain a great sense of humour."

But does the gentleman have a place in today's go get-'em business world?

Drew thinks yes. "Old-fashioned good manners — holding open doors, standing up when someone enters the room, asking questions of others rather than talking about yourself, ensuring that you compliment your host generously and so on — are an entry point for respectful behaviour," he notes. "But it's more about your overall manner towards others: how one conducts oneself not only socially, but also in business, in relationships and in public."

But being a modern-day gentlemen in business is about more than just being nice for nice's sake, especially when the chips are down. Says luxury goods retailer, Trevor Pickett: "When your back's against the wall in any industry you fall back on the relationships that you have built with people. You can't do that if you've just screwed them on price, for example. That's just not the way we do things."

Drew offers 10 tips for the aspiring modern-day gentlemen (which go equally well for the modern-day gentlewoman):

1. Some things don't change: say please and thank you and ask questions about other people rather than talk about yourself.
2. Be punctual. Tardiness does not make you look important, it turns you into an arrogant incompetent who thinks that his time is more important than other people's.
3. The modern gentleman cares about the planet. Be environmentally aware (but not obnoxious about it).
4. Open doors for people and stand up when they enter a room, but do this for men as well as women. The modern gentleman doesn't treat women like porcelain.
5. Be modest. Bragging is distinctly ungentlemanly.
6. Be a good father. Nothing is less charming than a man who leaves childcare to women.
7. Be honest about wherever you have come from in life. Pretension is spineless.
8. Flirt — with everyone. Good flirting is a form of politeness. Pay compliments and put your companion at ease.
9. Do not phone/text/check your BlackBerry incessantly.
10. Dress tidily. Whatever style you are going for, scruffiness just isn't in.

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Website: [www.greengraffiti.nl](http://www.greengraffiti.nl)

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## Articles

### Managing your team in a downturn

Lindsay Blakely

Layoffs have truncated staff; cost-cutting measures are threatening projects and morale is in the toilet. From the manager's perspective, getting the most out of employees in this kind of environment can seem like a Sisyphean task. In fact, it's a perfect opportunity to rejigger processes and fix what's broken — and managers are uniquely positioned to do just that. Here's how being candid with your employees, rewarding them in creative ways and enlisting them to help make hard decisions can not only keep your team motivated but pull your company out of its slump.

Things you will need:

Any additional cash that can be set aside to reward the top-performing members on your team.

Constant attention. It's your sole task right now to improve the mood in the office so that everyone can get back to work.

Informal Meetings:

Give employees frequent opportunities to openly discuss — and ask questions about — the business situation the company is facing.

Employee Buy-In:

Now is the time to leverage the expertise of your team. Motivate and engage employees by including them in the problem-solving process.

Transparency:

The middle manager plays a crucial role in communicating messages from senior leadership. Maintain loyalty from direct reports by giving them what they deserve: honest explanations for what went wrong and how the company plans to move forward.

Set the Tone

Lower the anxiety level in the office by being candid about the challenges — and opportunities — ahead.

It's easy to blame the economy for all the reasons a firm is suffering: Customers are cutting back on their expenses, advertisers are trimming their budgets and stock prices are sliding. These problems may, in fact, be attributable in part to the downturn, but going with the "It's the economy, stupid" defence sends a subtle but potentially dangerous message to employees: It implies that the situation is totally out of the company's hands and left in large

part to fate. This is exactly the kind of attitude that raises anxiety levels in the office and disrupts employees' focus on the problem at hand: turning business around.

"Have the confidence to not completely blame the economy," says Stanford business professor Bob Sutton. "If employees believe that leadership can break things, they'll believe that leadership can fix things, too."

Don't just rely on the CEO's message. An e-mail from the top explaining why the company is in the red can't tell employees much, which means mid-level managers need to be the interpreters. Speak to employees in small groups and be as candid as possible about where the company stands. This is also a good time to suss out any rumours. "Organise quick events to ask what people have heard and to answer any questions they have," says Dave Logan, a senior partner at Los Angeles-based consulting firm Culture Sync.

Open the books. Giving employees the numbers behind company performance clarifies where the business needs to change and how their jobs connect to the bigger picture. But be warned: "If you're going to be transparent, take the necessary time to teach employees about how the business works," says Rich Armstrong, general manager of the Great Game of Business, a coaching firm that teaches open-book management. He advises managers to start with what employees probably already understand, like operational numbers and then connect the dots with how those numbers increase gross margin and generate cash flow. Above all, keep finance jargon to a minimum.

Focus on the future. There's no need to sugar-coat it: Pulling the company through the downturn isn't going to be easy, but emphasising the challenge can have its benefits. "It's a great time for [your employees] to realise that they can play a role in discovering opportunities for the company," says Vince Thompson, a former manager at AOL and author of the book Ignited.

## The You in Team

If a firm is going to stay resilient, the staff's collective commitment and collaboration are essential. In this environment, simply making an effort to be more visible and available to employees can spark productivity and bring the team together.

For example, if you normally work within the confines of a walled office while your team toils away in the cube farm, grab your laptop and set up shop in a cubicle near them — even if it's only a couple of times a week. Start showing up to the smaller meetings that you usually skip, or rearrange your travel schedule to cut down how much time you spend out of the office. In short, don't wait for employees to take advantage of an open-door policy. Go to them first and ask how their work is going. This isn't about micromanaging — it's about knowing firsthand what they need.

## Enlist the Team to Fix What's Broken

Goal: Motivate employees and find out how and where the business needs to change. Traditionally, the top execs decide the strategy and let it trickle down. The problem with this tactic is that it rarely makes the emotional case needed to mobilize employees around a common goal, says Paul Bromfield, a principal at Katzenbach Partners, which has advised firms like Aetna, Credit Suisse and Pfizer. "This is about problem-solving and discipline and that's where employees come in," he says. "Firms should be harnessing employees in the effort to identify where to cut costs and how."

Not only will utilising workers' expertise make them more invested in the company's success, it also gives management a more honest look at what's not working. Senior leadership tends to focus on just one area of cost-

cutting, Bromfield says, like products, headcount, or moving operations off-shore. Employees, on the other hand, can use their collective wisdom to eliminate clumsy (and costly) procedures across divisions.

Here are four guidelines for involving staff in the process:

1. Identify key influencers.

“If you’re really going to mobilise people, you can’t do it from the top,” Bromfield says. Find the key employees who hold sway in their departments and get them to embrace and spread the change effort. These are the people who know how things really work (not just the way they’re supposed to work) and have a way of bringing together the right people to get things done.

2. Let teams do the problem solving.

Form groups around the influencers and motivate (rather than mandate) employees to identify what’s slowing down business. Often the best place to start is to look for processes and bureaucracies that annoy the team. Set a basic timeframe to achieve cost savings, but let each group work at its own pace.

3. Make it a conversation.

Schedule brown-bag lunches or other informal venues to talk to employees about their findings and where they might be hitting roadblocks.

4. Follow through.

Many cost-savings programs fail because management implements the initiative only halfway or lets inefficiencies creep back after meeting short-term goals, which won’t sit well with employees. Adopt the changes wholesale or not at all.

### Big Idea - Keep Top Performers Moving

In an ideal world, the upside of a downturn is that recruiting qualified employees becomes easier. With more candidates in the job market, now could be the time to find new talent if your company has the resources to continue hiring. But managers shouldn’t forget about the top performers already on staff, say Monster executives Steve Pogorzelski, Dr. Jesse Harriott and Doug Hardy, authors of a recent paper on how firms should invest in employees when business slows down.

When the economy’s bad, it’s easy to think that employees are grateful to have jobs at all. But layoffs and budget cuts may cause good workers to look for better opportunities. Give them a reason to stay by making room for them to keep advancing their careers. “Keep critical talent moving — not necessarily up, but growing in experience, responsibility, money, or other tangible and intangible ways,” say the authors of the study. If promotions or raises aren’t possible, give good workers the chance to make a lateral move or to take on a struggling department.

### Get Back to the Work That Matters

Make sure your team is tuned in to growth opportunities.

The problem with a downturn is that while cost cutting is absolutely necessary, it can make everyone gun-shy about pursuing new initiatives and opportunities for investment. However, if your department and in turn the company, is

going to emerge from the slump in a competitive position, there are a few key investments you can't afford not to fight for now:

## Customers

Learn about the customers of your weakest competitors, writes Michael Roberto, a blogger for Harvard Business Publishing and management professor at Bryant University. While competitors are busy shoring up their relationships with large, established clients, it could be the perfect time to swoop in and court their smaller customers.

## Research and Development

Take a cue from Apple's Steve Jobs. When asked by Fortune magazine recently about Apple's strategy for the downturn, Jobs pointed to how the company survived the 2001 tech bust by upping its R&D budget. "It worked and that's exactly what we'll do this time," he told the magazine.

Separate the value-added activities from the wheel-spinning exercises, Thompson suggests in Ignited. Instead of giving up on new projects in a downturn, shift focus so that the team is investing time in identifying and prioritising the projects that will generate the most benefit for the company. Even if the final product will have to wait until more resources are available, doing the legwork now means the product will go to market faster when the time is right — and employees will stay engaged in the meantime.

## Vendors/Partners

"There are two ways to run a business," says Fred Mossler, senior vice president of merchandising for online shoe retailer Zappos, "adversarily or as a partnership." Considering that the company relies on about 1,500 partners to provide its customers with a diverse selection of shoes, Zappos has chosen the latter option. To that end, the company built an extranet, so that every partner can see how its brand is performing. "They get to see everything our buyers see," Mossler says. "This way we have about 1,500 other sets of eyes looking at our business and helping to improve it."

## Acknowledge and Reward Deserving Employees

Utilise achievement, even if resources are scarce.

Employee bonuses and raises are among some of the first expenses that upper management cuts during a downturn. But even if extra compensation isn't in the budget, that doesn't excuse managers from rewarding employees. "Lack of recognition — both financially and verbally — is one of the things that does the most damage," says David Sirota, founder of the management-consulting firm Sirota Survey Intelligence. "I worked with an investment bank some years back where bankers were earning bonuses from \$100,000 to \$1 million a year," he says. "You know what they complained about? They didn't know if the chairman thought they were actually doing a good job, because he never spoke to them about it."

One easy, no-cost way of recognising valuable employees is to improve their quality of life. "The best reward you can give people is autonomy over how they spend their time," says Jody Thompson, a former Best Buy human resources manager who, along with Cali Ressler, helped create the company's Results-Only Work Environment program. That means giving employees your trust and the flexibility to work at home (or wherever suits them) whenever they want to — without any judgments. This gives workers more control over their time and sometimes



portfolio of ideas should consist of a good balance of big brilliant ideas and smaller ideas. "It's the sum of the whole idea that counts," he said.

Where do the insights for innovative ideas come from? He suggests looking up data, observation studies, research and even engaging in intense dialogue with people. "To get somewhere, talk to people," he said, "and don't worry if it drives them nuts."

Above all, Dharmarajan urges businesses not to be complacent. "Don't just stay in your comfort zone," he said. "Anything can happen. Competition is always knocking on the door and competition can come from anywhere." For example, he describes how Toshiba – a manufacturer and marketer of household and office automation products and computer systems – came out with the W62T Sportio hand phone with value-added features such as an acceleration sensor, GPS and calorie counter.

"So we have to stay ahead. To do that, we don't just innovate for growth. We have to innovate while growing too. Innovate with everything from product to processes to services. Very importantly, innovate now," said Dharmarajan, "and do it yourself."

#### Mining Your Own 'Oil Field'

I-morph guest speaker Ting Choon Meng, president of the newly created Fellowship of Inventors in Singapore and an inventor of medical devices himself, provided more insights on inventors and inventions. "The man who invented the wheel is an idiot. The man who added another three wheels is a genius," he said. Turning a one wheel invention into a mode of transportation was the innovation here.

Whether invention, innovation or differentiation, Ting's take on these concepts is that "China can do it better, India can do it cheaper and both can do it faster!" In fact, he predicts that, at the current rate of acceleration, half of all MNCs (multinational corporations) globally will be Chinese or Indian owned in 20 years' time. A small country such as Singapore could not match these giants in terms of critical mass and volume, but could draw on its own 'oilfields', innovative ideas and inventions. He points out that a Singaporean company invented the ubiquitous thumb drive, for example. Ting also emphasises the need to systematically explore and exploit intellectual property (IP) strategies to build and maintain competitive advantage.

#### Catalyst for Innovation

Another I-morph guest speaker, Donald Dalderup, managing director of the New Business Development Academy (NBDA), believes that ideas and insights for innovation can come from many sources -- demographics, industry markets and structures, process employees, changes in public perception, new technologies, scientific findings and, even, the unexpected and incongruous. Once an idea is born, one can move an innovation along by strategising, brainstorming, formulating and fine-tuning concepts, testing its business viability and, eventually, launching it into the market.

Dalderup is convinced that good ideas are not hard to find. Instead, the real problem is implementing the ideas due to the lack of funding. While good ideas can surface from anyone at any level in a firm, getting support from top management is vital for ideas to materialise. And, "like it or not", he says, "no innovator is self-sufficient". Group thinking is necessary and a good ecosystem is integral to successful innovation and differentiation. As the saying goes, two brains are better than one.

According to Dalderup, an ecosystem is comprised of a vision and mission, process, talent and culture. Firstly, innovators must know specifically what they want to do and hope to achieve. Secondly, they must bear in mind that an innovation is an ongoing process and, therefore, reinvention is necessary for the product or service to stay



restaurant brands," he excitedly remembers. "I'm in meetings with these folks and we're talking about cutting a sixteenth of an inch off a straw in order to save \$17,000. We're trying to go from four-ply napkins to two-ply to save thousands of dollars. It was all about efficiency—how much value can we extract? They had three flavours of ice cream that took too long to produce. There was talk of getting rid of Frozen Pudding, because it had rum flavouring."

Slightly overwhelmed, Carbone quietly questioned the vice president for marketing. "But you're known for 28 flavours; that's how the brand is known. He said, 'Don't worry about it, we'll just tell people we are out.'"

Not long after this discouraging incident, he began to work for an organisation called Disney. "I was never the same again," he continues, excitedly. "Here we were talking about the temperature of the velocity of the wind blowing in your face at Spaceship Earth. They were talking about the temperature at where an ice cream bar melts, because in summer it will melt at a very different rate in California than in Orlando. The scent of chocolate chip cookies is actually pumped out onto Main Street."

Many have looked to mimic Disney's success, but only a few have reached that nirvana. "What we miss when looking at Best Practices is what Next Practices are. The ultimate beginning of next practices to me is in the genius of a man who understood a very essential question: 'How can you make that emotional connection.' He built a story with a set of clues and then it clicks."

"I became fascinated by the power of the mouse. Peter Drucker said years ago that the purpose of a business is to create value and the reward is profit. We lose sight of the richness and the robustness and the palate that we have to draw on to create value when we become so focused on the manipulation of the dollars to generate profit."

To understand the value, Carbone stresses, you have to understand people. "Customer satisfaction isn't a predictor of customer loyalty," he adds. "Most defectors are actually satisfied customers. It's really based on the need for emotional engagement."

To prove his point, he reaches to another personal experience, this one with Northwest Airlines. Carbone hails from Minnesota and regularly flies to and from the Minneapolis airport on Northwest "which has 87% of the lift in Minnesota," he notes.

"I've been platinum as long as they've had it, with almost four million actual air miles?. They think I'm loyal."

But Carbone says there is a distinct difference between necessity and likeability. "I hate [Northwest]. I feel they have to reward me for the pain that they inflict on my life and how they cause me to feel."

Is this rational? Experiences have nothing to do with the rational side of your brain, Carbone says. "There are experiences that we accept and experiences that we prefer. Then there are those we prefer with such a passion that we don't even understand. How loyal do you have to be to tattoo someone's logo on your body?" he asks, referencing Harley-Davidson.

Here in the twenty-first century, we are witnessing a dramatic shift in how and why people spend money. "The tools, perspectives and the way we think and form our firms are still built off the model of making and selling in the industrial age," Carbone says.

"The world has changed dramatically into a world of sensing and responding. Sensing things that we don't even know we don't know. So it is fundamental to understand how customers behave. We begin to become very concerned about attitudes. How they feel about us as a firm. How they feel about our products and our brand. But



6: Recruit a top manager. Most firms assign a low-level drone to work with the channel. Wrong. Channel managers need to be heavy hitters so that they can influence and direct channel strategy and behaviour. Be sure you treat channel managers well, or they could end up working the partner's issues inside your firm, rather than the other way around.

7: Train, train, train. Channel sales training must go beyond the sales training that you would normally supply to a direct sales force. Your channel partners' sales reps will need top quality selling tools, such as competitive data sheets, sales scripts, selling videos, testimonials as well as the usual brochures and specification sheets.

8: Support, support, support. If the channel partners are using your product in new ways, such as customizing it for a particular industry, they'll need MORE support than your direct sales force. Frequent and ongoing communication is vitally important to the health of a channel relationship.

9: Provide cool incentives. While your partner's sales staff may already be well compensated, they'll be far more likely to sell your product if they feel that there's "something in it for them." For example, you might give a channel sales rep credit towards a personal purchase for attending a regional training session.

10: Spend some money. A good way to ensure channel loyalty is to help with the channel's marketing efforts, such as through joint funding of advertisements. However, don't just throw money at them. Be sure that there's some way to measure the impact of the money, through higher sales of your product.

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## How firms respond to competitors:

### A McKinsey Global Survey

Management theory suggests that firms facing serious competitive threats should extensively analyze how to fight back. Actual managers, however, say they are satisfied with the results of a less active approach, according to a McKinsey survey. Firms that understand how their competitors really react may be able to gain an edge.

When a competitor strikes—introducing an innovative new product, for example, or slashing prices—management theory suggests that firms should immediately dive into complex analyses of their possible moves and countermoves across the whole competitive landscape, assess these potential responses with sophisticated financial metrics such as net present value (NPV) and promptly mount a response.

The real world is much simpler, according to a McKinsey survey of executives from around the world and from a variety of sectors, including financial services, manufacturing and high tech.<sup>1</sup> On the whole, as firms determine how to respond to a competitor's moves, they generally assess three or fewer options and don't look forward more than two years. About half don't examine more than one round of countermoves by any competitor. A significant number rely on intuition to determine a response. And firms most frequently respond with whatever counteraction is most obvious in the moment—answering a price cut, for example, with a cut of their own, which often doesn't hit the market until at least one or two sales cycles after the competitor's move.

Even so, most respondents to the survey say they were able to counteract at least some of the reduction in earnings they expected when they found themselves facing a competitor's price change or innovation. Overall, they say they expected earnings to fall by an average of 7 percent and only 22 percent of respondents felt they could

offset at most 25 percent of the expected decline.<sup>2</sup> In addition, a majority would conduct their analysis the same way—or even less exhaustively—if they faced the same situation again.

Knowing that responses to competitive moves are generally straightforward and relatively slow—and that firms are unlikely to change in this respect—gives managers new ways to think about how they might gain competitive advantage from their own moves.

## Monitoring the competitive landscape

This survey asked executives how their firms responded to a specific competitive situation: either a significant price change or a significant innovation. Answers about both were strikingly similar in most cases, as were the answers of executives across regions and industries.

A majority of executives in both groups say their firms found out about the competitive move too late to respond before it hit the market. Thirty-four percent of those facing an innovation and 44 percent of those facing a pricing change say they found out about the competitor's move either when it was announced or when it actually hit the market. An additional 20 percent of the respondents facing a pricing change didn't find out until it had been in the marketplace for at least one or two reporting cycles.

These findings suggest that firms aren't conducting an ongoing, sophisticated analysis of their competitors' potential actions. That view is supported by the executives' responses to questions on how they gather information about what competitors might do. Executives most often say they track information from news reports, industry groups, annual reports, market share data and pricing data). Far fewer respondents obtain information from more complex sources, such as the reverse engineering of products or mystery shopping.

Yet the threat is real. Respondents say the competitive move they were answering questions about had the potential to cause a noticeable reduction in their annual earnings—an average of 7 percent. Among those who answered the questions about innovation, 50 percent say they expected a drop of 6 percent or more and 9 percent a drop of 21 percent or more. Among respondents facing a price change, 45 percent expected a drop of 6 percent or more and 6 percent a drop of 21 percent or more.<sup>3</sup>

## Making the obvious move

Despite the potential for serious earnings drops when a competitor introduces a significant price change or innovation, executives say their firms assess surprisingly few options for responding: half, only one or two and just 11 percent, five or more.<sup>4</sup> The most common option assessed—by more than half of the respondents—is the single most obvious counteraction, such as matching a price change or offering an imitative product. Other common sources of ideas are what a firm did the last time it faced a similar competitive move and advice from board members or external experts.

When firms choose a response to a competitor's move, their approach is equally straightforward. The most frequently chosen response comes from the same source as the response most frequently considered: the single most obvious counteraction. For price changes and innovations alike, the other top two responses were making intuition-based decisions and not responding directly at all.

Firms also tend to overlook complex metrics such as NPV when thinking about how to respond in a competitive situation. Instead, they focus on earnings and market share. Indeed, they could not rely on NPV over the long term, because most look no more than two years into the future when assessing the potential effects of their response to a competitor's move.



What does "best practices" in Marketing Operations (MO) look like and how do industry-leading firms operate and integrate this highly valuable function? Marketing Operations Partners recently polled more than 80 marketing leaders to find out.

## Key Findings

Four factors that survey participants say have contributed significantly to their MO success:

1. Clarity and consistency across the organisation—shared practices, a well-defined road map and enabling infrastructure, reinforced by clear and pervasive communications that keep everyone on the same page.
2. Executive advocacy and support to champion the value of the MO function in achieving the organisation's objectives.
3. A culture of accountability and alignment that fosters buy-in at all levels and rewards productive behaviours consistent with the desired vision.
4. Processes and technology that are fully leveraged to achieve and sustain operational excellence.

To get an in-depth understanding of current MO functions, Marketing Operations Partners' benchmarking study solicited feedback from more than 80 technology firms. Participants were primarily CMOs, VPs of Corporate Marketing and Marketing Operations Directors with high-level marketing responsibilities at some of Silicon Valley's most recognised Fortune 100, 500 and 1000 enterprises.

## What Is Marketing Operations and Why Is It Important?

Marketing operations (MO) is a term that is sometimes used differently across organisations. We define MO as a thorough, end-to-end operational discipline that leverages processes, technology, guidance and metrics to run the marketing function as a profit centre and fully accountable business. The goal is to do two things exceedingly well:

1. Drive the achievement of enterprise objectives by reinforcing marketing strategy and tactics with a scalable and sustainable enabling infrastructure
2. Nurture a healthy, collaborative ecosystem both within and outside the marketing department that optimises Marketing's value and fuels enterprise wide success

Question: To what combination of factors do you attribute your MO success to date?

### Clarity and Consistency Fuel MO Excellence

To achieve "best practice" status, clarity and consistency across the organisation are critically important. All key players need to be operating with a common vision and road map that fosters consistent business practices, relevant metrics definition and audience-appropriate reporting.

The best-performing firms have an enterprise wide dashboard at a corporate level, with each functional area setting goals and measuring performance for their key deliverables that cascade up to the enterprise strategic objectives. In short, success is driven by integrated processes, an enabling infrastructure, clear and pervasive communications and ongoing metrics that are consistent and meaningful to the organisation leadership.

2. Executive Buy-in and Advocacy

Clearly, survey respondents feel that their MO function can thrive only in an environment of executive advocacy and support. In the best-case scenario, MO is tightly integrated with Sales Operations and is highly regarded within the organisation for its value and contribution.

Ideally, an organisation's CMO or top-ranking marketing executive views himself or herself as the internal client for key strategic as well as tactical MO deliverables and these are considered an essential part of the overall management team's agenda.

To achieve "best practice" status, constant reinforcement by the CEO and other members of the C-team is key. The MO function needs to be recognised as a valuable strategic asset at the company level (which is an earned role). It needs to share companywide visibility with other core functions and be an integral part of quarterly reviews and dashboards that are managed by the CMO and rolled up to an enterprise level.

With full executive buy-in and support, the MO function should be sitting at the table with other functional executives, actively participating as new directions are being debated, new product ideas are being developed and strategically important projects are being funded.

### 3. Nurturing a Supportive Culture

Along with an enabling infrastructure and strong executive advocacy, respondents also credit a supportive culture for their MO success. Support is often a function of how effectively Marketing "cleans up its own act" first and then branches out to interdependent functions to role-model effective collaboration and educate groups such as Sales, Finance and IT on the "What's In It for Them" in supporting key MO initiatives.

In "best practices" organisations, the MO team is highly regarded and fully supported and its contributions are widely recognised. A culture of accountability and celebration steadily builds momentum and grassroots support. MO and Sales Operations are tightly integrated and work synergistically to achieve mutual successes and deliver bottom line results.

In the words of one survey respondent, "Business units appreciate MO's proactive stance and contributions...and milestones are both celebrated and widely promoted as points of success."

### 4. Process Refinement and Automation Bring Bottom Line Benefits

As "best practice" firms implement or refine their Marketing Operations processes, they see increasing opportunities for cost savings and efficiency gains. They can identify and eliminate sources of waste resulting from poor planning, redundancies and expedited execution. They can break the inertia around bottlenecked programs and get sponsorship to move strategically important efforts forward.

In their own words, survey participants report:

"Things are smoother because we're all on the same page."

"We've implemented an annual operating plan and strategy with bottoms-up and tops-down forecasting, creating common repeatable processes and templates."

"We're becoming more effective and efficient and have a good process for stopping what does not add value."



simply little need for the product in the first place. Sometimes, however, the causes are less obvious, and it may be possible to take remedial action.

The key to successful marketing strategy is based on a thorough understanding of buyer behaviour—that is, on an understanding of how and why buyers purchase (or don't purchase) value propositions. A knowledge of buyer behaviour is relevant to all types of enterprises business firms, non-profit organisations and government agencies.

Why do people buy? What makes them say yes to some value propositions and no to others? Why do people behave as they do?

If marketers could only know in advance of each decision what the answers to these, and similar questions would be, then their task would be much easier.

Buyer behaviour includes observable behaviours such as the amount purchased, and when, with whom, by whom, and how purchases are consumed. It also includes non-observable variables such as buyers' values, personal needs and perceptions, what information they have in memory, how they obtain and process information, how they evaluate alternatives, and how they feel about the ownership and use of various products.

Unfortunately, it is difficult to predict people's buying behaviour. This is the main reason why so much skill is required in marketing. Luckily, there has been much research on why people act as they do and from this we are able to see a general pattern of buying behaviour.

Buyer behaviour can be defined as: the acts of individuals and organisations directly involved in obtaining and using economic goods and services, including the decision processes that precede and determine these acts. (MAANZ Glossary 2006)

Buyer behaviour includes the study of

- a. What they\* buy,
- b. Why they buy it,
- c. When they buy it,
- d. Where they buy it,
- e. How often they buy it, and
- f. How often they use it.

\* individuals and organisations

Buyer behaviour research also considers the uses consumers make of the goods they buy and their subsequent post-purchase evaluations and also in how individuals dispose of their once-new purchases.

Depth of understanding

Good demographic (quantitative) data on the number of people living in each geographic region, how many are graduates, what their incomes are, and so on may be available. This is scarcely enough to develop the sort of meaningful profiles needed to segment and target. These factors alone do not explain the variations in personal buying behaviour.

Buyers and Consumers or Users

The person who makes a product purchase is not always the consumer or user, or the sole user, of the product in question.

Buyers are not always the users, or the sole users, of the products they buy, nor are they necessarily the persons who make the product selection decisions.

Marketers must decide at whom to direct their promotional efforts: the buyer or the user.

Personal Consumers versus Organisational Consumers

1. The Personal Consumer buys goods and services for his or her own use, or as a gift for a friend.
2. The Organisational Consumer encompasses profit and not-for-profit businesses, government agencies, and institutions.

Personal Buyers/Consumers and Organisational Buyers

The Personal Consumer buys products - goods and services (the value proposition) for his or her own use, for the family or as a gift for a friend.

The Organisational Buyer acquires products as part of their own value creation activities (i.e. to make or supply products) Organisational Buyers include profit and not-for-profit businesses, government agencies and institutions.

Understanding a Buyer's Motives

Buying motives can be grouped on three different levels depending upon the consumers' awareness of them and their willingness to divulge them.

At one level, buyers recognise and are quite willing to talk about their motives for buying certain value propositions.

At a second level, they are aware of their reasons for buying but will not admit them to others.

The most difficult level of motives to uncover are those at the third level, where even the buyers themselves do not know the real factors motivating their buying actions. What Do Buyers Like?

In order to succeed in marketing it is vital that we understand some of the thinking and psychology behind the reason why buyers like things. The following suggestions will help you succeed more often in your dealings with your customers:

- 1) Buyers always like things that represent value – that is what they perceive they are getting is greater than what they have to invest. This is much more relevant than a simple low price.
- 2) Buyers want as much quality as they can get for their investment.
- 3) Buyers like to feel good as often as possible. When you feel good you smile.
- 4) Buyers often like things which they associate with past good feelings, and nostalgia.
- 5) Buyers like things when they represent the next natural stage in their ongoing relationship with what they want to be.
- 6) Buyers like things that appeal to (all or some of) their senses.
- 7) Buyers like things which are a demonstration of their preferred lifestyle and/or of the ideological stance they have taken or which they wish they had.
- 8) Buyers tend to like things to agree with what their friends and other peer groups expect.
- 9) Buyers tend to like things because they are already familiar and comfortable with them.
- 10) Buyers also like things because the buyers they dislike don't like them.

Some general points about buyer behaviour:

- \* Buyers are influenced by many intangible factors - cultural, social, personal, and psychological.
- \* When needs become powerful enough to prompt action, they become motives. How a person responds to motivation depends on his or her perception of the situation in question.
- \* It's more effective (and easier) to communicate value in ways that work with existing behaviour (perceptions and attitudes) rather than trying to change those behaviours.
- \* Buying behaviour varies depending on the situation and the kind of products (value propositions) in question.

## Basic expectations

Every time customers do business with an organisation, they are, expecting to fulfil some basic needs:

- Safety.
- Products that do what is expected
- Minimal Risk
- Friendliness: The most basic of all customer needs, friendliness is usually associated with being greeted politely and courteously.
- Understanding and empathy: Another basic customer need. Usually associated with being treated politely and courteously.
- Fairness: The need to be treated fairly.
- Control: Control represents the customer's need to feel they have an impact on the way things turn out.
- Options and alternatives: Customers need to feel that other options are available to getting what they want accomplished.
- Information: Customers want to be informed about the product benefits and features as well as other key factors involved in the exchange with your organisation.

## Is Buyer Behaviour Always the Same?

As we will see Buyer Behaviour changes according to the situation or context.

Buyer behaviour also changes over time due to learning (experience) and these changes are clues to the future. These changes over time are known as the Customer LifeCycle.

Customer profiles tend to be a "snapshot" of the customer, their characteristics or behaviour at a single place in the LifeCycle and time. Are you the same person now as you were last year? You have had experiences and thoughts and triumphs and downfalls in the past year that has changed the way you think and behave?

Even though activity-oriented human behaviour can be modelled at a particular point in time, it is far more powerful to look at it over a time period. People buy for basic reasons and, like all marketing fundamentals, the reasons appear simple and clear cut. At the base, all buyers buy to achieve value. (This is rarely just a low price!) Value is all you get in return for your total investment.

Under the heading of value, buyers buy for reasons including:

- \* Profit, gain or economy/savings
- \* Design or appearance
- \* Pleasure, comfort and pain avoidance (physical and emotional)
- \* Safety or security
- \* Convenience
- \* Love and affection
- \* Sex appeal
- \* Social approval
- \* Pride, prestige/status
- \* Speed of Operation
- \* Ease of Operation
- \* Compatibility with Present System





simultaneously being employed by current or prospective competitors or through superior execution of the same strategy as competitors (Bharadwaj, Varadarajan and Fahy 1993). The CA is sustained when other firms are unable to duplicate the benefits of this strategy (Barney 1991). Because of its importance to the long-term success of firms, a body of literature has emerged which addresses the content of SCA as well as its sources and different types of strategies that may be used to achieve it.

A resource-based view emphasises that a firm utilises its resources and capabilities to create a competitive advantage that ultimately results in superior value creation.

The examples of the resources are:

- Patents or trade mark
- Proprietary Know how in marketing.
- Installed customers base
- Brand equity.

Capabilities: refers to the firm's ability to utilise its resources effectively. An example of capability is the ability to bring a product to market faster than competitors. Such capability is the ability to bring a product to market faster than competitors. The firm's resources and capabilities together form its distinctive competencies responsiveness, all of which can be leveraged to create a cost advantage or differentiation advantage.

Proper applications of marketing's "Four P's" apply to everyone making and selling products and services. An attempt has been made to very briefly summarise the importance of each here:

Product: Marketers are actively engaged in developing products that their customers truly need. They pay careful attention to the features and benefits of the product as it is being developed and ensure that it is adequately differentiated from alternative offerings so that they can present a "value proposition" or at the very least a good reason to purchase the product in the first place. Suppliers must apply the same principles when marketing ingredients, as manufacturer/marketers must do for their end-user brands.

Price: Marketers can further differentiate products through application of a variety of pricing strategies and it is true that many natural personal care players are not able to achieve the volume levels necessary to be the low cost leader. Yet, there are dozens of other ways to position a product strategically via pricing and firms must pay careful attention to the target market and the competitive environment, as well as a variety of external factors including the regulatory, economic, technological and social inputs when choosing the strategy that best fits their product.

Place: Distribution channels are also an important way to achieve sustainable competitive advantage. Some products are available only in specific channels while other products are available in multiple channels. Where the marketer chooses to offer the product often dictates what happens with the other elements of the marketing mix and can provide further differentiation.

Promotion: Marketing communications (MARCOM) strategies, mediums and particular vehicles serve to convey these advantages and points of differentiation to the target in the form of words, images and other symbols. The preferred result of this process is a distinguishable brand identity and image, which must be established, enhanced and defended at all costs (Darrin C. Duber-Smith.2004).

How do we measure the sustainability of competitive advantage in the market place of a firm?

Day and Wensley (1988) suggest using perspectives of both the customer and the competitor to assess the firm's performance. Measures of customer input such as satisfaction and loyalty balance the competitor focus and help to complete the assessment of SCA of a firm.

How we source the competitive advantage:

Day and Wensley (1988) focused on two categorical sources involved in creating a CA: superior skills and superior resources. Other authors have elaborated on the specific skills and resources that can contribute to an SCA. For example, Barney (1991) states that not all firm resources hold the potential of SCAs; instead, they must possess four attributes: rareness, value, inability to be imitated and inability to be substituted

In the present environment, one might question whether personnel could truly be considered a sustainable competitive feature of a firm. But if these personnel truly understand customers' needs and are able to foster business-intimate relationships with them, then they most certainly qualify as an SCA (Srivastava et. al., 1998). As an example, Treacy and Wiersema (1995) point to successful firms such as Home Depot and Nordstrom who have embraced the idea of customer intimacy in order to deliver a highly customised end product to customers.

Market Orientation:

Market orientation, then, presumes an outward focus on customers and competitors. For example, through a customer orientation, firms can gain knowledge and customer insights in order to generate superior innovations (Varadarajan and Jayachandran 1999). Also, through inter-functional coordination, teams may be formed and empowered to respond to specific customer requests and solve complicated problems that span across functional areas (Tansik 1990). Because a market orientation employs intangible resources such as organisational and informational resources, it can serve as a source of SCA (Hunt and Morgan 1995).

Customer Orientation:

Day and Wensley (1988) suggest using perspectives of both customer and competitor to assess firm performance; this outward focus links the SCA construct to the concept of market orientation. Through a customer orientation, firms can gain knowledge and customer insights in order to generate superior innovations (Varadarajan and Jayachandran 1999).

However, it is the external focus – the focus on competitors – that allows a firm to recognise and/or create unique resources. This uniqueness is what gives a firm the advantage. The advantage (or superiority) is sustained (or prolonged) as long as the unique strategy provides added value to customers and as long as competitors cannot find a way to duplicate it.

Customer Value:

Woodruff (1997) also sees the next major source of CA coming from a more outward orientation, specifically toward customers. He suggests a customer value hierarchy in which firms should strive to match their core competencies with customers' desired value from the product or service.

Under this theory, the reason that the firm exists is to satisfy the customer; the focus on providing customers with value forces firms to learn about their customers, rather than simply from their customers. With respect to performance differences, this theory suggests that those firms that provide superior customer value will be rewarded with superior performance as well as an SCA.

Relationship Marketing:

Morgan and Hunt (1996) examine the role of relationship building as a means of obtaining resources in order to create an SCA. They propose that resources can be combined in order to form higher-order resources, or competencies, from which the firm can eventually achieve a CA. For example, it is difficult for outsiders to replicate the process of building a long-term relationship. Resources such as loyalty, trust and reputation are immobile and cannot be purchased. Therefore, Morgan and Hunt (1996) state that relationships formed to acquire organisational, relational, or informational resources will commonly result in sustainable resource-based CAs. (Janice spark.2004)

## Logistic:

Make competitive advantage through logistics excellence your strategy. Exploit logistics service and performance to set you apart from your competitors. Now it's time to exploit and incorporate Place, i.e., Logistics, as the base for a marketing and business strategy to grow the business and to gain market share. Customers would perceive that you provide a competitively superior value and service. That is a strong foundation for growth.

Strategic Sales Planning Selling of two main functions: tactics and strategy. Sales strategy is the planning of sales activities: methods of reaching clients, competitive differences and resources available. Tactics involves the day-to-day selling: prospecting, sales process and follow-up.

Tier 3 red strategy, customer: Work directly with your customer and ask them what their needs are and if your business may offer a possible solution

- Increased closing ratio by knowing clients hot buttons
- Improved client loyalty by understanding needs
- Shorten the sales cycle with outside recommendations
- Outsell competitors by offering the best solution

## Conclusion

Significant progress has been made over the years with respect to construct definition, operationalisation and measurement of concepts in the marketing strategy field. However, there is still a lack of research that maps how a particular strategy can influence performance by providing firms with an SCA (Varadarajan and Jayachandran 1999). This paper has traced the origins of the SCA concept and has linked it to other concepts in the strategy field, including market orientation, customer value, relationship marketing and networks. A conceptual definition has been provided, along with suggestions as to how it might be achieved in network relationships.

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expenditure on the maintenance of its buildings, that is, as a recurring item which could be cut in the face of financial pressure.

However, an organisation which sees education and training as one part of the organisation's strategy for achieving its objectives will have another view. This organisation may consciously group together training activities and the much wider development activities (and describe them as Human Resource Development (HRD)). Whether it explicitly labels its activities HRD or not, the organisation which views training and development as an essential activity harnessing potential to achieve goals will not be so ready to cut its budget in times of financial difficulty.

Seen in these terms, the HRD budget competes directly with that of other functions for scarce resources (even though it is distributed across many departments to be spent). Some companies are so committed to the importance of their HRD strategies as vital contributors to business success, that their reaction to financial 'hard times' is to increase the amount they spend on it.

Decisions about how much to spend and what types of HRD will be supported therefore become inextricably tied up with organisational politics and cannot be considered in isolation from the culture and traditions of the organisation, its philosophy, and its aims.

Why bother to develop employees?

Many senior executives in business, commerce and public administration will put their hands on their hearts and agree that 'people are the most important asset in the organisation'. They may even, in their business plans and strategy documents, make some reference to manpower and management resources. However, it is highly unlikely that there will be any links between business objectives and people development which are articulated in terms of performance. This is quite different from financial, production, sales and marketing, pricing, capital investment and other objectives which will probably have quite clear performance outcomes as targets. So, if HRD were to have specific outcomes or targets, what might they be?

Managing other people

Competence, Commitment and the Capacity for change (the 3Cs) can best be demonstrated by looking at specific goals linked to business objectives. One of these might perhaps be the introduction of information technology.

For example, one well known company decided to invest in an extremely expensive system of computerised stock control. The board realised that not only would the hourly paid workforce need considerable training in the mechanics of using the new system, but also that a fundamental shift in attitudes was required throughout the production function if implementation of the system were to be successful. Supervisors, foremen, and managers were going to have to liaise more effectively within their own function, and communicate closely with other functions.

So, along with specific training to give employees the knowledge and skills to use the new system, they also instituted 'interdepartmental problem groups' of foremen and middle managers. These groups examined both 'old chestnut' problems and anticipated new ones arising from the new system. They worked out for themselves the need for better communications and changes in attitude and had prior board commitment that their problem group solutions would be implemented. Thus those managers took on 'ownership' of the problems and generated a commitment to their solutions.

This example is a good illustration of how HRD can contribute to the fostering of the 3Cs - Competence, Commitment and the Capacity for change. Competition from other organisations is often a reason for bothering to

develop employees. This may be in the form of intensified competition for the available recruits at any level - the brightest school leavers, the best qualified graduates, or the senior people with the most relevant experience. Increasingly, applicants are interested not only in salary and associated benefits, but also in what a prospective employer has to offer in terms of personal and career development, appraisal systems, and criteria for promotion. An organisation might suddenly realise that, in spite of competitive benefits packages, it was not managing to attract and retain high calibre employees.

This could be because there is no evidence of succession planning, the appraisal system is a mechanical procedure used principally for the airing of grievances, and criteria for promotion take little or no account of an employee's overall performance in a job. They rely solely on easily quantifiable achievements.

In this sort of case, the competition could be coming from an enormously wide range of organisations; the only similarity need be that they are seeking to recruit a comparable type of staff.

However, competition can also provide the motivation to undertake some systematic HRD if it is seen that a competitor is gaining some advantages through its HRD policies. For example, your company may begin losing market share to a competitor whose in-house seminars on how to get close to the customer are beginning to bear fruit. Or, the competitor's well established quality circles may have given way to 'zero-defect groups' which are now achieving their objectives. Of course, if your company has no mechanisms, either formal or informal, for finding out what competitors are doing on any front, then it is unlikely that it would know of such developments.

A company which attached importance to 'scanning its environment' would, on the other hand, pick up these things quickly and be motivated into doing something itself.

Whose responsibility is it anyway?

Reality often falls far short of the ideal - in organisations as in all else. However, it is helpful to look at an ideal situation in order to assess what is, or what should be, the right answer to this question in any particular organisation.

In an ideal world, the short answer to the responsibility question is that everyone in an organisation is responsible to some degree for identifying and then articulating his/her own development needs and to a varying degree for identifying the development needs of others.

Stimulus for HRD activity will come from at least three directions. It will come from the bottom where those closest to the manufacture of the product or the delivery of the service are best placed to have innovative ideas for improvement, and to notice problems associated with existing procedures and practices.

Competitive Pressures

Stimulus will also come from the top and cascade down through a management structure in which managers know that they have support in developing employee competence, commitment, and capacity for change. In this ideal world, the top stratum of management will have articulated clearly the organisation's aims and philosophy so that no employee has any doubt about where the organisation is heading and what values it holds most highly. In American and Japanese companies these intentions are often encapsulated in a very concise paper known as 'The Mission Statement'. This almost invariably includes statements summarising the company's HRD aims and relating them to its strategic aims.



They're the longwinded busybodies who never get invited to the cool parties. Porcelain-skinned print campaigns turn up their perky, sans-serif noses at e-newsletters' frumpy templates and canned copy. Super Bowl spots kick sand in e-newsletters' bespectacled faces.

Yet, these boxy embodiments of mediocrity move product and build loyalty. Marketing people are aware of this—they've proven it with charts and everything. You need an e-newsletter and you know it.

Before rolling up your sleeves, cranking up the REO Speedwagon, and cooking up some long-form creation-wizard-based love, please review the following six bromides from a recent how-to article phoned in by a reigning email-marketing magnate.

After each, I'll explain how to do the exact opposite so that you can avoid polluting the e-ecosystem with mediocre e-newsletters.

#### 1. Share expertise

Wrong—share ignorance. Consider the old Zen adage "the more I know, the less I know." It means the more expertise we have, the more we're dazzled by just how little we currently understand.

Pick something you're marvelously clueless about and confess the fact to your readers. They won't fault you for it—but they just might love you for it. As long as the topic you're "ignorant" about is something they didn't even know they were ignorant about until reading your enlightening e-newsletter.

#### 2. Tell a success story

Wrong—tell a failure story. It humanizes your company and demonstrates your high standards. Example: a legendary 1960s ad for the Volkswagen Beetle showed just the car, with "Lemon" in bold type. The copy explained, "The chrome strip on the glove compartment was blemished and needs to be replaced."

While other car companies waxed self-congratulatory about success, Volkswagen cornered the market talking about failure. You can do the same with your e-newsletters—simply master the art of strategic self-criticism. It never fails.

#### 3. Conduct a relevant interview

Wrong—conduct a gloriously irrelevant interview. Approaching a topic head-on can be a headache—especially if it's been done to death. Try a sideways approach. What can your design firm glean from interviewing a homeless man? How might a chat with a priest spice up your women's fashion newsletter? Why would a software developer pick a farmer's brain about emptying grain bins into semi trailers?

I don't know the answers to these questions, but I'm willing to read your e-newsletter to find out!

#### 4. Take an in-depth look at a product or service you offer

Wrong—take an in-depth look at a product or service you refuse to offer. As the visionaries of 37signals say in *Getting Real* (sort of a Thomas Paine's *Common Sense* for the digital generation), "do less than your competitors in order to beat them."

Embrace l'esprit du moment by poking satirical fun at the superfluous features common to your industry. Waving the simplicity banner while it's still in vogue is smart—and your next e-newsletter is a smart place to wave it.

#### 5. Springboard off of current events

Wrong—springboard off of that which is timeless. Your readers are suffering from information overload—spare them the latest trope on gas prices, politics and Paris Hilton. Realize that the guys reading your scrap metal e-newsletter probably don't give a rat's ass that it's Halloween.

