Marketing Strategy: The rules for

By Dr. John L. Stanton
Chairman, Department of Food Marketing
Saint Joseph’s University
Based on the Book

- Text: Success Leaves Clues (SilverLake Publishers) Authors: Stanton and George
My research wasn’t targeted to Promotions or even just the food industry

I was looking for commonality in the really successful marketing programs

And

I found 10 common elements
I think we would all agree that promoting our products is an important ingredient in the marketing mix

• However many of the decisions we make are very tactical and/or very “spur of the moment!”

• I found this to be true when I did research for my book “Winning Marketing Strategies.”
The objective of the book was to find those characteristics of successful marketing strategy. I found 10 common factors which were present in virtually all the most successful strategy and absent from the failures.
I think these rules are just applicable to promotions as to overall marketing strategy.
Marketing Strategy: The Rules

• 1. Leadership
• 2. Know What Is Under Your Umbrella
• 3. Get Close and Stay Close to Your Customer
• 4. Know Your Playing Field
• 5. Know Who You Are Playing Against
Marketing Strategy: The Rules

- 6. Surprise
- 7. Focus-Focus-Focus
- 8. Concentrate Your Resources
- 9. Mobility
- 10. Advance and Secure
Rules of engagement are common among competitors

- The military follow rules of battle.
- Sports managers play it by the book.
Look at what the generals have said about rules of strategy.
What Others Say About the Rules

“Fools say they learn from experience. I prefer to learn by others’ experience.”

General Bismarck
What Others Say About the Rules

“War acknowledges principles…but these are not so much fetters which compel its movement outright but as guides which warn us when it’s going wrong.”

Admiral A. T. Mahan
What Others Say About the Rules

“Genius acts by inspiration. That which is good in one circumstance is bad in another, but it is necessary to consider principles.”

Napoleon
What Others Say About the Rules

Do not attack the enemy when he adheres to the rules, but profit from his slightest mistakes without delay.”

Frederick the Great
What Others Say About the Rules

“Perhaps a principle is most of all a ‘guide’ that can sometimes be violated, but always must be considered.”

John J. Alger
Do you have rules of strategy for your business?
1. Leadership

When we wrote the book we were not going to put the rules in any order but Leadership so dominated it had to come first
1. Leadership

- Most important of the rules. All winners had strong leadership.
- Leadership is not a position it is a state of mind.
- There are leaders at every level of the organization.
Leadership

“It was not the Prussian army, which for seven years defended Prussia against the three most powerful nations in Europe, it was Frederick the Great.”

Napoleon
Leadership

“Which army will win is answered by which of the two commanders has the most ability.”

Sun Tzu
Leadership

“An army of deer led by a lion is more feared than an army of lions led by a deer.”

Philip of Macedon
What Makes A Leader?
Leadership Traits

• 1. Vision
• 2. Robustness
• 3. Risk Taker
• 4. Competitiveness
• 5. Boldness and Decisiveness
• 6. Opportunism
• 7. Grace under Pressure
• 8. Innovativeness
Leaders!

Preachers of vision

Lovers of change
Leadership

A state of mind
not a position!
Vision

• Leaders have vision, and share it with everyone.
• Vision is like the architects rendering. The final product is drawn before the blueprints are made.
• I challenge you to close your eyes as see a scenario you expect or want to happen.
• I know a lot of you play golf. I know you visualize the shot before you take it. It helps make it come true!
Can you visualize exactly how you want a consumer to walk through your section in the store?

Can you diagram every step,
What does leadership mean in Marketing

• Giving people cathedrals!
• Does everyone know what you see.
  – The retailers
  – The merchandisers
  – The sales force
• In other words are you collaborating!!
• People need to see how the pieces fit together
• Companies with silos are companies without leaders
Innovativeness

- Here is a place that being in trade and consumer promotions needs leaders.
- Consumers are numb to promotions; buyers are expecting the same of thing.
- The ”same” seems safe but leaders take us to new ideas that excite consumers and wake up buyers.
- But leadership needs to be at both the supplier and buyer levels.
Are you ready to innovate

• Paul Mulcahy, retired CSC president of the sales company set aside a significant portion of the advertising and promotions budget in case someone came in with a new idea or new plan or new promotion vehicle.

• He never wanted to say we didn’t give it a try!
2. Know what’s under your umbrella
Know what’s under your umbrella

- What you make in the factory, may not be what consumers buy

- Charles Revson said, “In the factory we make cosmetics, at the counter we sell hope.”
When Disney learned that they run theme parks but people bought family fun, they had permission to go into any market that family fun was relevant such as retail stores, cruise ships, magazines, movies, record labels, and even an entire town called “Celebration.”
Don’t Go Too Far

• 7UP made the uncola! That was their entire advertising theme for years.
• When 7UP went into a new niche for a cherry flavored un-cola it was a hit. It was still an un-cola with a different flavor.
• When they went in to the cola market with 7UP Gold it was a big failure. Not only did they lose US$60 million but they lost additional share points in the un-cola market as consumers were confused!
Are your promotions consistent with how consumers see you.

- Are you asking too much of your promotions.
- What promotion could have made Coke users try 7-Up Gold?
Criteria for deciding “what is under your umbrella”

- Can I do it?
- Will the target make give me permission to do it?
- Will the competition allow me to do it?
- Can I satisfy the organization’s objectives?
Can I do it?

- This is the easiest question.
- Do you have or can you acquire the resources?
Will the target make give me permission to do it?

• Some think they get permission to sell from their board of directors!
• Wrong-They get permission to make, but permission to sell comes from the customer.
• No amount of advertising or money spent on promotions will get consumers to buy what they don’t think you should make!
McDonald’s Arch Deluxe?

- McDonald’s positioned the Arch Deluxe as a “hamburger for adults” — with a sophisticated, grown up taste. Arch Deluxe ads showed kids making “yucky faces,” turning up their noses at the new adult burger. They even showed Ronald engaged in “adult” activities like golf and pool.

- And the result of spending over $100 million on the Arch Deluxe campaign? As one Wall Street analyst put it: “They teed off one of the most expensive campaigns in history, and still we estimate that comparable store sales were down for the quarter.”
Crystal Pepsi?

What kind of a deal would it take to make this a success.
Obviously they didn’t pay attention to 7-UP

• A large marketing campaign was launched, for which the company invented the world's first photo-realistic, computer-generated bus wrap printing.
How many companies entered into markets because it made sense to them

• Everybody wants to use the “equity in the their” to get into new markets.
  – Just because you sell chips does not mean consumers will give you permission to sell dip
  – Just because you sell deli meats doesn’t mean consumer believe you can make cheese
Will the competition allow me to do it?

- Be ready for a fight.
- When Campbell Soup Company entered the dry soup market, Lipton came at them with both barrels. The has promotions snf more. It made sense to CSC that they could make dry soup but not to consumers nor would Lipton give them a chance.
Can I satisfy the organization’s objectives?

- Is this consistent with the objectives of everyone in the channel?
- It may be good for you but how does it help your channel partners.
3. Get and Stay Close to the Customer/consumer

- Don’t ask customers to compromise!
- I often ask sales forces these simple questions:
  - How is your buyer/customer rewarded
  - What is in their annual plan
- No glamour in meeting customers
- It’s more than price
- How can you become more customer oriented?
Delight Me...
The Ten Commandments Of Customer Service

Richard J. George/John L. Stanton
Look at Beechnut

- They made baby food, but listened to mothers ask about leftovers for young babies
So they created baby food for each stage of development
Komatsu Heavy Equipment

• Wanted to make the best heavy construction equipment in the world.
• The listened by send a group of engineers and designers to the US for six months to ride with the equipment drivers to learn how to make it better!
Listen to Lillian Vernon

- Lillian Vernon is CEO of one of the largest catalogue companies in US.
- She says, “...You have to constantly assess what your customers want and need. I spend some time every month listening to customers calls. I encourage my executives to do the same.”
Kenechi Omahe “I would rather listen to 3 people for 3 hours than read a survey of 8,000 people.”
In the words of John LeCarre

“The desk is a dangerous place from which to view the world.”
“He who listens, understands”

*West African Proverb*
4. Know your playing field

- How is the world changing?
- I still meet with food companies that have two divisions: Grocery and Food Service

30 years ago Grocery stores were as high as 80%

Source: Planetretail.net
Change is Constant
“In this volatile business of ours, we can ill afford to rest on our laurels, even to pause in retrospect. Times and conditions change so rapidly that we must keep our aim constantly on the future.”

-Walt Disney
How has the area of promotions changed

- Are you aware the 3rd largest society in world is:
  - 1st China
  - 2nd India
  - 3rd Facebook
  - 4th USA
- How many know what Groupon is doing?
Who is the competition?

- Not always what it seems - remember the lion!
- Customers and consumers, not you, determine who is the competition
- Actually, no such thing as the competition
- Rather, there is competitor A, competitor B, etc. You do battle one at a time!
Look at the Words of General George S. Patton

• “I have studied the enemy all of my life. I have read the memoirs of his generals and his leaders. I have even read his philosophers and listened to his music. I have studied in detail every damn one of his battles. I know exactly how he will react in any given set of circumstances. And he hasn’t the slightest idea of what I am going to do. So when the time comes I’m going to whip the hell out of him.”
Competition:
How to keep from being out-niched

Always block competitive moves.
  – Never let the competition get a foothold.
  – It is easier to stop the competition before they get started, than after.
  – Evaluate the costs of blocking competition against future lost sales not immediate sales gains.
Competition: How to keep from being out-niched

- J&J found out that Bristol Myers was going to enter the acetaminophin market.
- J&J made the most expensive branded product and B-M was going to enter in the lowest price branded market.
- J&J did everything to stop them.
  - They sued them over an add campaign.
  - They ran major “stock-up” consumers promotions to fill consumers medicine cabinets.
  - They ran major warehouse filling programs with the trade.
Competition:
How to keep from being out-niched

• B-M never got a foothold in the market, and today is a distant second.
• J&J dominates with over 90% of the branded business.
• Had B-M entered at the low price end of the market it would have initially taken very few sales from J&J.
• J&J was protecting its future.
Slim-Fast

High Price → Ultra Slim-Fast

If competition entered here they must compete against the best product. No Deals!

No man’s land

If competition entered here no one will buy they product
They either want cheap or effective.

Low Price → Old Slim-Fast

Deals Galore!!
If competition entered here they won’t make money
6. Surprise

- Secrecy - Difficult in the industry
- Counterintelligence
- Doing the unexpected
- Is giving away a free Turkey every Thanksgiving really working

- “Everything Which the Enemy Least Expects Will Succeed the Best.”
  » Frederick the Great
7. Focus-Focus-Focus

- Effectiveness - what do you want to accomplish?
  - Have you set objectives for each promotion
  - Has these objectives been consistent with all the partners.

- Stay with the objective
  - Paradox of growth
  - It’s not always easy!

- It can be like a NORTH STAR
“I Believe in Focus in Business. I Would Love It If Geico Stays Focused on What It Does and Does It Even Better.”

Warren Buffet
“You Never Want to Turn a Brand Away From Its Core Franchise by Attempting to Cast a Wider Net in a Search for New Opportunities.”

Tom Pirko, Bevmark
RESTAURANTS

CAN WENDY'S SIZZLE AGAIN?

It’s targeting adults with new entrées and fast turnaround

It’s lunchtime at a busy Wendy’s restaurant in Grandview Heights, Ohio, a Columbus suburb, and police officer Mark Beeba moves his squad car slowly up to the drive-through speaker. As he does so, a computer inside the restaurant tracks his progress. When managers scan the data later that day, they’ll learn that Beeba and the rest of the day’s customers waited an average 82 seconds from order to pickup. Though 10 seconds shy of the corporate goal, it’s quick enough to get Officer Beeba’s attention. “This is a very fast line,” he says.

That’s just what Gordon F. Teter, chairman and chief executive of Wendy’s International Inc., wanted when he took the helm in 1997. While spending a little more for a sandwich. And it’s making the kinds of improvements they’ll notice, like cutting drive-through times by 25%. Most of all, it’s making sure that Wall Street sees the changes. “Translating superior performance to shareholder value is our goal,” says Teter.

After years of lagging behind, that’s helped Wendy’s outperform its much bigger archrival. Wendy’s stock has climbed 14% since Jan. 1, compared with 13% for McDonald’s. Timothy M. Ghriiskey, a senior portfolio manager at Dreyfus Corp., expects net income to grow 26% this year, to $155 million, on 3% higher sales of $2 billion. “There has been a real change in management attitude toward shareholders and the bottom line,” says Ghriiskey, whose funds hold 775,000 Wendy’s shares.

Indeed, Wendy’s has had to learn some hard lessons in the last few years. In the mid-’90s, the chain got caught up in a price war started by McDonald’s and Burger King. Wendy’s refused to discount—and saw same-store sales growth slump from 5.3% in 1996 to 1% in 1995. Meanwhile, an ill-conceived overseas expansion was turning into a cash drain. As the No. 3 burger chain, Wendy’s simply couldn’t

The chain is experimenting with new menu items such as the French Onion Burger and the Bacon Mushroom Melt. And to make sure the word gets out, it upped its ad budget by 20% this year, to $151 million, with a campaign featuring founder and ceremonial Chairman R. David Thomas.

Wendy’s is also listening harder to what its franchisees have to say. The plan to speed up drive-in lines came from Wendy’s owners in Houston. Back in 1995, they started experimenting with timers, monitors, and prizes such as cash or movie tickets for extra-speedy workers. Those efforts slashed drive-through times by a quarter. Exporting the improvements to the rest of Wendy’s locations...
8. Concentrate your Resources

- Efficiency - What is the best deployment of the organization’s resources?
- Put your money and people where it makes a difference
- Concentrate your resources at the point of attack
- Concentrate on weaknesses - I loved the Burger King promotion when McD’s changed their oil and BK gave away their FFs
Concentration is not easy

- Structure of most organizations are against concentration
  - Brands compete for limited resources
  - Fairness doesn’t work
  - Shoot the losers!
- Concentration everywhere means concentration nowhere
- CSC got rid of pickles, frozen dinners and frozen seafood to focus! Was it enough? It was a start.
9. Be Mobile

• Stand in the road long enough and you will get run over.
• Hard to hit a moving target
• Mobility does not conflict with focus
  – Customers, competitors, and circumstances all change eventually
  – Need to change strategy and/or tactics as the situation dictates
10. Advance and Secure

- Success means taking the offense
- Offense often fails, so have a safe haven to fall back to.
  - If J&J fails with the nurtaceutical Benecol it can still compete in all other products.
10 Rules of Successful Marketing Strategy

• Leadership
• Know what under your umbrella
• Get and stay close to the customer
• Know the playing field
• Know who you are playing against
10 Rules of Successful Marketing Strategy

- Surprise
- Focus-focus-focus
- Concentrate your resources
- Mobility
- Advance and secure
Ask Yourself:

1. Are we exhibiting leadership?
2. Are we still operating under our umbrella?
3. Do we really understand our customers’ problems?
4. Have we considered the relevant external forces?
5. Do we know the strengths and weaknesses of our competition?
Ask Yourself:

• 6. Will anyone besides us be surprised?
• 7. Have we focused on our objectives?
• 8. Are our resources concentrated where they will make a difference?
• 9. Are we still a sitting duck or can we fly to where the action is?
• 10. At some point does our strategy take us forward, but not out on a limb?
If Not These Rules Then What Rules?

• Have some rules for marketing decision-making
• Ad hoc approach no longer effective or efficient
• Goal - work smarter vs. ..... harder
• Goal - outthink vs. ......... outspend competition
• Goal - win the marketing war!
Marketing is a Passing Parade

• A good seat today can be a bad seat tomorrow.