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The evolution of marketing with the advent of E-business

By Afzal Baccus, M.C.Inst.M.



Afzal Baccus

This article seeks to address the impact of E-business on marketing both as a function and business philosophy, and its implications for marketers. Being such a vast topic, the issues will be dealt with in 3 parts appearing in consecutive issues of the Marketing Challenge:

Part 1: Evolution of marketing theory and practice.

Part 2: Evolution of the market structure and impact on the customer.

Part 3: Impact on marketing functions and marketers.

Evolution of marketing theory and practice.

The focus of the first part of this series of articles is on the various evolutionary phases of marketing, while responding to challenges it

has to face in the ever evolving and dynamic business and market environment brought about by new information and communication technology.

Electronic business (E-business) represents a fundamental change in the business environment globally. E-business is a strategic shift in the way business is conducted, based on innovations in enabling technologies that support interactive online relationships among customers, staff, and business partners. Let's make it clear, E-business is not simply the creation of a web site or the incorporation of other information and communication technologies. Nor is E-business just about e-commerce transactions; it's about redefining old business models, with the aid of technology, to maximize customer value. Also, far too often, the terms E-business and E-commerce are wrongly interchanged. E-business is

the overall strategy, and e-commerce is an important facet of e-business.

Evolution of contemporary marketing thoughts.

Contemporary marketing thoughts first emerged in the early years of the twentieth century based on micro-economic theories. The production-oriented marketing concept took birth. Then came the product-concept, which focus on quality, performance and innovative features of the core products. Unfortunately, marketers got trapped in the "better-mousetrap" fallacy which led to the famous Theodore Levitt's 'marketing myopia'. In an era where supply exceeded demand, we saw the advent of the selling concept where much emphasis was put on aggressive selling and promotion. The aim was 'to sell what they make rather than make what the market wants'. (P. Kotler, 2000)

Marketing then developed into what is considered a customer-oriented approach with the successive formulation of the marketing concept, and the introduction

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of the notion of the marketing mix (Culliton, 1948; Borden, 1964) and the development of the marketing mix management approach with the 4Ps model (product, price promotion, placing) (McCarthy, 1960). More recently, in a world face with environmental deterioration, resource shortages, and demographic challenges, we started to talk about the societal marketing concept, which calls upon marketers to balance three considerations: company profits, consumers want satisfaction, and long-term public interest.

The marketing mix approach quickly swept away previously introduced notions and models of marketing and achieved the position of the dominating marketing paradigm. This is due to Borden's 4Ps, because its pedagogical simplicity and managerial appealing nature soon become very popular and widely accepted. Prerequisites to this marketing approach are mass markets, anonymous customers and to some extent standardized products. Thus, the 4Ps of the marketing mix became the universal marketing theory and had a tremendous impact on the practice of marketing. The rise of this concept coincides with the time when industrial society was reaching the peak of its life cycles in the Western world. A good enough product and effective sales could no longer guarantee success in the market place.

Soon, marketing academics and practitioners alike found that the 4Ps are inadequate for services, not-for-profit, and industrial organizations. This led Booms and Bitner (1981) to propose an extension of the 4Ps to include people, process, and physical evidence. Thus the 7Ps approach, which came into being, gain widespread acceptance in services marketing literature. Current authors, namely M. Rafiq (1995), propose the application of this extended marketing mix to services in other areas of marketing.

Marketing academics and practitioners alike found that the 4Ps are inadequate for services, not-for-profit, and industrial organizations. This led Booms and Bitner (1981) to propose an extension of the 4Ps to include people, process, and physical evidence.

Relationship Marketing

Although the marketing mix is still a valid marketing approach, it has definitely lost its position as the mainstream and dominating paradigm of modern marketing.

The philosophical foundation of the marketing mix and its 4Ps are not very well fitted to the competitive situation and technological development that is emerging in most industries. The mass marketing and transaction orientation as well as the adversarial approach to customers do not allow the

firm to adjust its market performance to the increasing expectation of customers today (i.e. enhanced value around the core product, reliable service, a trustworthy relationship with customers, suppliers, distributors and other business partners). As suggested by Dixon and Blois (1983), '... far from being concerned with the customer's interest (i.e. somebody for whom something is done) the implicit view in the 4Ps approach is that the customer is somebody to whom something is done!' Using a marketing metaphor, the marketing mix and its 4Ps constitute a production-oriented definition of marketing, and not a market-oriented or customer-oriented one (Gronroos, 1989).

The above arguments suggest that marketing as a function is continuously faced with periods of challenges and changes. According to research (Kashani, 1995) among international business executives: the marketing function appears to be under threat from 'own label' products, re-engineering, and advances in information technology. Increasing price competition, more (general) competition and the growing role of customer as a key asset are among the most important changes facing marketers. The conclusion from this analysis is that the traditional functional approach to marketing management,

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emphasizing the manipulation of the 4Ps, must be replaced by marketing concepts which rest on two fundamentals: knowledge-based and experience-based marketing.

Knowledge-based marketing requires a company to master a scale of knowledge: of the technology in which it competes, of its customers, of its competitors; of new sources of technology that can alter its competitive environment; and of its own organization capabilities, plans, and way of doing business. (R. McKenna, 1991).

The other half of this new marketing paradigm is experience-based marketing, which emphasizes interactivity, connectivity, and creativity. With this approach, companies spend time with their customers, with which it builds and maintains long-term mutually satisfying relationships. This is made possible by the effective and optimized use of information technology.

For the first time since mass market and globalization changed the “corner grocer relationship,” marketers have the ability to create one-to-one conversations with their customers. Through customization and personalization software, marketers begin to understand a customer's individual needs and concerns. On the Internet, this communication is done in a dynamic environment. These strategies have the potential to build stronger relationships between customers and the brands. The added bonus is that it works at every stage of the buying cycle 24 hours a day/7 days a week/365 days a year.

E-wave

After the different waves, which have shaped the economic, and business environment, we are now experiencing fully, the electronic wave or e-wave. New technologies of the information and communication technology (ICT), such as computer facilities, Internet,

digital television, mobile phones and intelligent home appliances have all reached critical mass at the same time and are set to revolutionize businesses in ways not seen since the industrial revolution. Welcome to the E-business revolution.

E-business has made much progress with more than a hundred million people worldwide having access to Internet communication. We are still at the beginning of an explosive growth. Electronic B-2-B (business-to-business) transactions are estimated to grow to more than 1,000 billion Euro in the next 3 years globally. While customer transactions are still a fraction of that, they have the bigger potential in the long run.

The initial wave on the web was focused on providing information and company presentations.

Now we see more companies using the Internet as a facilitator for transactions with their customers, and as a support for the businesses processes between themselves, their customers and their suppliers. The second wave in the evolution of the Internet has started. In this second wave, the business models of the pioneers are adopted in other business areas and web presence becomes a must for each company. Internet shopping is no longer a playfield for computer-addicts. It will become a mass media event. In comparison to the initial customer target, two large additional market segments can be approached now. Mass market consumers not using PCs can get their web access via TV sets connected to the telephone network. Business people as well as young spenders can surf the web on their mobile phones.



Benefits of the Internet are generally perceived and accepted. For consumers, convenient shopping is possible by a few mouse clicks. Businesses can cut back their time to market for their initial launch and they can react quicker to market changes than “brick and mortar” businesses.

Interactive Marketing

Perhaps the most important characteristic of electronic networks, which make them such powerful marketing tools are the potential for interactive communication. Many sites started off with static web pages or ‘brochureware’, which is often a straight copy of an offline brochure. However, to fully utilize the capabilities of E-business technology, interactivity has been added. Unlike other media such as television, radio or print, which are consumed passively, the Internet offers the opportunity to actively engage consumers in a dialogue. Many consumers switch on the television or radio as background noise without paying much attention to the content. Similarly many newspaper readers skim through the newspaper only reading in detail items that interest them. However, most research seems to indicate that most people use the Internet more actively, searching for particular information or for a specific purpose, pay more attention to what is presented and are not easily distracted.

Marketers should be knowledgeable about the new technology so that opportunities in the new economy are not missed and, above all, they are able to take an active part in the corporate debates about E-business issues.

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Evolution of Marketing Institutes

By Michael Fashanu, M.C.Inst.M.



Michael Fashanu

Before the advent of the marketing profession, the world grappled with trade and trading to build economies and fortunes. Trading started as production increased, outpacing what people could no longer consume individually and locally. The need and desire to acquire other goods and services to improve standards of living engineered the growth of trading across borders and boundaries. Nations now trade with one another, and so we have international trade, balance of trade, and trade by barter, counter trade, etc. Today, marketing as a course in social sciences has overshadowed trading and mere selling techniques, even as the planet becomes a global village in terms of communications and information dissemination.

Marketing today has become an important aspect of human daily living. The business world has come to terms with the fact that for life to continue, marketing must be embraced to the fullest. Any organization, no matter what form, shape or size - whether commercial, non-commercial, profit making or non-profit making must involve itself in marketing to survive. Marketing can be regarded as the axis around which world economies now rotate.

Marketing associations and institutes around the world encourage the development of new applications and principles of marketing. In Asia, marketing is seen as an important aspect of its technological development. Hence the establishment of the Asian Pacific Marketing Federation (APMF). The World Marketing Association is comprised of the American Marketing Association, the Chartered Institute of Marketing (UK), the Canadian Institute of Marketing, and others. Marketing in Africa is also developing at a rapid rate with the establishment of national marketing associations for professional marketers.

Marketing activities and management have actually taken new dimensions as technologies evolve and new ideas come into practice. New theories, research, development and applications are being introduced by marketers daily. Of paramount importance and worth mentioning is the Canadian Institute of Marketing which, in recent times, has grown tremendously in stature with improved services. It has also made a great impact in the marketing field with its international members who are promptly informed and kept involved in the Institute's day-to-day business. Thanks in part to the seemingly tireless General Manager - Mr. Grant Lee.

The Canadian Government should, as a matter priority, promptly give support and recognition to the Canadian Institute of Marketing by granting it chartered status when the Institute makes its appeal to elected federal representatives for proper legislation.

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Plan to Attend the 2003 CIM Annual General Meeting in Ottawa

The 2003 Annual General Meeting of the Canadian Institute of Marketing will be held on June 4 at the Ottawa Congress Centre. The meeting is being held for the first time as a partnering project with the Total Public Sector Marketing Symposium which runs from June 4 to 5.

Since the Canadian Institute of Marketing has been a sponsor of the symposium for the past three years, organizers have agreed to provide space for our annual meeting. By providing space and refreshments, the Symposium is the Canadian Institute of Marketing's first corporate sponsor for our meeting.

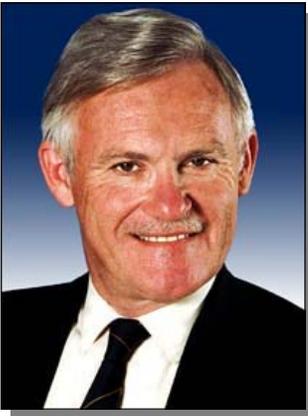
Although an agenda has not been drafted for the meeting, it is anticipated that it will run from 4:30 to 7:30 on June 4. The meeting will be followed by an event where members of the Institute can socialize with each other in a relaxed atmosphere.

Registrants should be prepared to spend at least one night in Ottawa near the Congress Centre to participate in the Symposium program, and visit some of the landmarks of our nation's capital city. The Institute will publish contact information of hotels close to the Congress Centre. There will also be a modest registration fee to cover any costs associated with our meeting and special evening event on June 4.

Some members may wish to combine a business trip to Ottawa at the time of the meeting. Plan now to attend.

Marketing is so widely misinterpreted

By John Stubbs, M.C.I.M., Fellow CAM
Chief Executive, Chartered Institute of Marketing



John Stubbs

The Financial Times (FT) has recently written a stinging leader on the regulation of selling in financial services, under the banner 'The toxic legacy of mis-selling'. Marketers and Chief Executives must sit up and take note, when companies fall below the standards of the society they serve.

Much of the dilemma centres on marketing. Marketing must reflect and interpret the consumer culture. Now that a more acute sensitivity to ethics has arisen in a number of consumer markets, has marketing picked this up? The answer is that in the best marketing companies, yes we have. Why have companies failed in observing basic business ethics? Because marketing, the custodian of the consumer franchise has been excluded from decision-making.

Idealism, rationality and choice all play their part in marketing. The marketer's task is to unearth the role these ideas play in customer preference. Governance and social responsibility have therefore emerged rather naturally as areas of direct concern for marketers, because critically they have become issues for opinion leaders within the consumer culture.

What is really important about a company to most people? The top answers in a recent MORI survey were: services, products, and customers. A critical factor in consumer choice is trust. We all feel a real sense of trust for our favourite brands, and always have done. But in a data driven, high-tech, high reward, virus riddled world, the absence of trust has crept in. A sense of mistrust has begun to pervade the market.

In all of this the importance of Communication Advertising Marketing (CAM)'s agenda is enormous. If we do not trust market research, or communication, then companies themselves come under attack. If companies do not trust their own market research, or excessively spin their communication, they will create propositions that do not command trust amongst consumers.

Now direct selling itself is under attack. So is branding, particularly global brands.

Perhaps it is not surprising that major marketing companies such as Coca Cola and P&G, who have had their problems in the marketplace—remember the problems of Procter's Sunny Delight, - are now moving deep into the territory of corporate social responsibility. How many of us are aware that P&G is majoring on its role of purifying water for Africans; or that Coke is using its African distribution systems to help Aids sufferers in Africa. This is a new vision for marketing.

The world of communication is changing. These companies now need to reach diverse stakeholder communities. And this poses new problems for communicators. Marketers must now be



centrally involved in the whole of corporate communication.

The demise of single media and single message campaigns means that it takes longer to reach customers, and it is often more difficult to find the best way of doing so. Selection of not just one media, but combinations of media, is a key skill. The integration of messages across media is now essential. One-on-one communication or at the very least ever more sophisticated segmentation strategies are necessary. Bland targeting is out. Wastage is out.

And a new and more tricky balancing act is needed to get the right balance of what can be mutually contradictory strategies, i.e. better reach, lower cost, and personalised communication.

Who are these experts in the company, able to take these difficult decisions? How many companies employ specialist expert media managers? Very, very, few. How many employ specialist advertising people? Few. The opportunity for the Communications, Advertising and Marketing (CAM) trained individual is enormous. Integrated communication is what will distinguish CAM in the future. Expertise in each individual, marcomms function, and each individual media, combined with this ability to understand and knit together the overall picture.

The brand name for this kind of thinking and skill base is Media Neutral Planning. Marketing Directors of some of the largest and most capable UK companies have identified the principles involved in forging unbiased and effective communications.

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The Billet consultancy, and Professor Jenkinson at the University of Luton, and indeed a host of communications, advertising and marketing experts are hard at work generating the analyses.

Consider this example. British Gas as part of its CSR programme has initiated the Think Energy programme in schools. Simple enough. It uses the curriculum to engage children in energy efficiency. But then it feeds the education programme into a million households via a parent's guide, and kids magazine, to encourage children to work with the older population to conserve energy. BG invests in home magazine campaigns to encourage room makeovers for increased energy efficiency. Then energy efficiency experiments are conducted on Tomorrows World road shows. And a new TV initiative called energy idols gives children the opportunity to publicise their ideas on the box.

So here we see in practice the development of different channels for different audiences with the same key message. Combinations of media increase reach and cost efficiency. The whole is amplified by the sales force promoting the right messages.

In most companies this would be a pretty ambitious programme, and few would have the ability to measure its effectiveness. In fact most companies do not pre-test; except for TV, most do not measure effects; few use objective criteria to choose the integrated media strategy.

Corporate Social Responsibility is just one example of the new corporate agenda, and its communications and branding implications. Companies like BP, P&G, Sainsbury, Tesco, Coca Cola, B&Q, are all tackling these more complex communications challenges.

Most of them have CSR, and Corporate branding strategies. Now Theodore Levitt takes a jaundiced view about companies that 'go public' on the responsibility issue.

But Social Responsibility is near the top of this government's concerns. 38% of Labour MPs in the UK spontaneously mention Corporate Social Responsibility (CSR) as being an important factor when judging a company. "Fifteen years ago, if you said business will help save the environment people would have laughed at you. Today I believe this is a serious proposition." That's British Prime Minister, Tony Blair. So if you are a businessman in the United Kingdom, you may now understand the role and the tax burden, which the

Marketing has long been widely misinterpreted, and misapplied. It is in need of a new lexicon if it is to be correctly positioned in the minds of business, the city and Parliament itself.

Prime Minister expects of your company.

If this is the shape of things to come, then we may expect the skills of the marketer to be ever more widely applied in the future. Marketing has long been widely misinterpreted, and misapplied. It is in need of a new lexicon if it is to be correctly positioned in the minds of business, the city and Parliament itself. Marketing means above all the science and art of winning customer preference, using the skills which communications, advertising and marketing can so expertly impart. As such marketing and marcomms are at the heart of the corporate agenda.

Marketing takes place not in a vacuum, but in a context of leadership, which can empower or belittle it. A survey that I did as Chief Executive of the Marketing Council in partnership with KPMG in 1999 showed that Chief Execs of the more successful companies

in the FTSE put marketing, and customer insight at the top of the Executive Board agenda. Their commitment to understanding people, and focusing on their real needs, is a tangible manifestation of leadership in marketing. And there are other straws in the wind.

Anecdotal evidence suggests that senior marketers have taken on a much greater responsibility for management of corporate brands. Business leaders such as John Browne of BP have applied marketing disciplines on a colossal scale to corporate makeovers.

Now the marketing community, in the shape of the Chartered Institute of Marketing in partnership with CAM, has decided to help marketers apply their skills to shape the corporate agenda. Governance, corporate reputation, and social responsibility, ethics, sustainability, and the relationship of marketing to with shareholder value, all will feature in this exciting new agenda.

We need to meet people's needs not just through company products and services, but also through every operation of the company. Communications and internal marketing is at the centre. The business world is moving towards integration and convergence. Every stakeholder is now a target. Our task is to gauge the long term needs of each and to craft strategies to meet them.

The desired outcome? Shareholders will understand that brands create shareholder value, and that marketing minimises risk to the company's assets. The goal increasingly is to meet the needs of consumers and society at large for a better quality of life. This essential marketing task is creative, innovative and exciting as it opens up a new leadership role for CAM in market research, marcomms, and brands creation.

John Stubbs can be contacted through the Chartered Institute of Marketing's Web site at

Implementation issues of marketing strategies

By Prasanna Perera, M.C.I.M. (UK), M.C.Inst.M., M.S.L.I.M., Chartered Marketer (CIM-UK)



Prasanna Perera

Developing marketing strategy is an exhaustive process, but to obtain the right results, implementation of strategies is vital. There are several implementation issues that marketers confront, both internal and external. The ability to overcome these issues, is vital for marketing success.

Issues relating to the implementation of marketing strategy

The availability of adequate resources to implement strategy is a major issue. It sounds so obvious, but many organizations develop grand strategies and then to their dismay realize that resources are not available. Among other things, these resources could be people, finances, and technology.

Organizational structure becomes an impediment in many instances due to outdated structures that are totally incompatible in terms of the strategies to be implemented. The golden rule is that “Structure should follow strategy”. If this is practised, it would be a great benefit towards marketing strategy implementation. Organizations of today should be bold enough to change the structure based on needs.

There is simply no other substitutes! The culture of an organization, could either aid or abate, implementation of marketing strategy. A positive culture which encourages innovation, risk taking and creativity would be ideal. In such organizations, strategy implementation becomes an existing and challenging activity. Hence, the senior management of an organization, has a great responsibility to foster the right culture. Take for an example, organizations such as Sony, 3M, GE and Toyota. The marketing strategies of these organizations are brilliantly implemented, with a minimum of fuss. The underlying secret, is a very positive organizational culture.



Skill and motivation levels of marketing staff, are also key issues. Strategies are implemented through people, and effective management of people is required to get positive results. People management skills are not the forte of marketing professionals. Often excellent strategies are developed but poorly implemented, as a result of demotivated and uninspired staff. Marketers would do well to enhance their people management skills, since marketing is all about internal and external customer satisfaction. Marketing is a “people” discipline which is enhanced by marketers who have de-

veloped high levels of interpersonal relationship skills.

A majority of organizations demonstrate a “planning culture”. Hence, greater effort is made towards analysis and planning, instead of implementation and control. Hence, lack of feedback and control, could also be an implementation issue. The danger here is that even if implementation is ineffective, you may be unaware of same, due to lack of feedback and control. An effective control system, would be a great boon toward effective implementation of marketing strategy.

In certain organizations poor budgeting practices could result in resources being allocated in an un-equitable manner. Resources need to be budgeted and allocated in an optimum manner to deliver the right results. Marketers would do well to work closely with finance persons through the budgeting process.

Internal marketing is a prerequisite for effective external marketing. Poor inter-functional and intra-functional coordination can result in implementation problems. Good inter-functional coordination will ensure that the “marketing wheels” turn in the same direction, consistently. The marketing of marketing is a vital ingredient for marketing strategy formulation and implementation.

Steps to be taken to effectively implement marketing strategy

The first step is to realize that the implementation of strategy is as important as the strategy itself. Both of these activities should be treated equally.

An organizational culture which is based on “doing” rather than “talking of doing” is important. In other words action orientation in marketing activities. This would create the urgency which is so vital in a competitive

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marketplace. This “doing” phenomenon should be backed up by calculated risk taking, innovation, and intuition.

Strong leadership, both at the helm of the organization and at marketing functional level is vital. If the goal posts are clearly defined, then the actions required to get there can be formulated and implemented with a great deal of ease.

In most organizations, the goal posts are not clearly defined due to poor leadership and vision. Good, positive and creative leadership, is mandatory for consistent performance.

Marketing strategies including advertising and sales promotions should be supported with resources. Therefore, professional budget-determining methods should be used such as the “objective and task” method.

A culture of inter-functional cooperation and understanding requires all persons in an organization to take responsibility for customer-centered actions and treating the customer as their own responsibility.

Fostering a culture of inter-functional cooperation and understanding would also help in marketing strategy implementation. This requires all persons in an organization taking responsibility for customer-centered actions and treating the customer as their own responsibility. Job rotation is a good technique to practice to achieve a customer focus across business functions. Knowledge management and a learning organization creates the impetus for implementation of strategy. Managing knowledge workers and encouraging them to share knowledge with fellow workers create new levels of challenge that are vital in implementing strategies.

E-marketing could be a powerful medium to implement strategy efficiently and effectively. The Internet takes away physical barriers present in offline marketing that can become implementation issues. Developing a powerful and interactive Web site, and using it to compliment offline strategy, would provide the synergy vital to achieve tangible results in marketing. Do not underestimate the potential of Internet marketing in getting strategy implemented swiftly.



Conclusion

As Nigel Percy states in his book “Market-led Strategic Change” marketing plans and strategies which do not confront or address implementation realities, contain the seeds of their own failure. The role of internal marketing is worth repeating. If employees are treated like customers, then customers will get treated like employees!

Finally, the reality of marketing is that strategy is implemented by those who are largely not involved in strategy formulation. Marketing strategists should be aware of markets and implementation issues. This would help them to formulate strategies that get implemented effectively, to achieve expected results.

“The integrated strategy and implementation scenario is the ideal, to which we aspire” (Nigel Piercy)

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APMF Meeting Report

At its May 31 meeting in Jogjakarta Indonesia, the Board of Management (BOM) of the Asia Pacific Marketing Federation agreed that the Canadian Institute of Marketing be upgraded to full member status, as it has been an associate member for more than three years.

The APMF is a new international body that is growing steadily. At the time of the Jogjakarta meeting, APMF was just a name. Funds transferred from one country to another at the end of each term of office of the President went directly into the account of the new President’s marketing association. The BOM recognized that this is not prudent for legal and accounting purposes.

The suggestion was made to register APMF in Indonesia (where the APMF Foundation is registered), for legal and accounting purposes, and then open an account with Citibank to facilitate the withdrawal of funds. The APMF is moving forward to solidify its legal and financial status.

The BOM approved a letter to the Secretary-General of the Association of Southeast Asian Nations (ASEAN) proposing to sign an MOU. The APMF will try to assist the newer members of ASEAN (Cambodia, Laos, Myanmar and Vietnam) in the transfer of marketing knowledge and helping their marketers to access the APMF network.

The Canadian Institute of Marketing is represented at APMF meetings by Chair Bruce Hoggard, F.C.Inst.M. Mr. Hoggard can be contacted at bruce@hoggardinternational.com for details.

Moving up the business agenda

By Mike Johnston, M.C.I.M.



Mike Johnston

What makes a successful company? Is it the finance department? Operations? Or is it the chief executive and his board members? In fact, successful companies are those with good marketers that provide the customer-facing leadership needed to satisfy not only the customer, but the shareholder as well.

As marketers, we are all judged by how effective we are seen to be in our daily activities. Effectiveness and shareholder value are the issues of the day, but what is effective marketing, and how can we raise the profile of marketing up the business agenda?



The Chartered Institute of Marketing (CIM)'s Marketing Effectiveness Campaign is proving the link between effective marketing and value generation for customers and shareholders alike. CIM has gathered together a group of the world's leading experts on the subject of marketing effectiveness to release new research and survey findings throughout October and November 2002.

Clear evidence suggests that it is in fact marketing and effective marketers that drive customer revenue streams, and build long-lasting relationships with customers to generate long-term cash inflows. Marketers from all industries must consider not only the impact of their marketing decisions on the customer, as was traditionally the case, but the shareholder too. In a sense, an effective marketer is one who is able to reconcile these two objectives.

What's more, the marketing role is now infinitely more demanding than ever before, because marketing is now about more than just satisfying human need, as was once the case. Not only have consumers' tastes and passions changed, there is now increasing pressure from the boardroom to make marketing financially accountable. All this against a backdrop of declining consumer spending, and a rocky economic outlook in many economies.

An effective marketer is one who can make the right connections between the marketing department and the rest of the business. The goal of any effective marketer is to generate profitable revenue streams for the business, long-term.

Effective marketing requires a customer-centric approach. After all, it is these longstanding relationships that allow us to realize the true value of our customer base. Don Peppers, the American one-to-one marketing expert, is supporting CIM's campaign.

"I believe a company should actually think of itself more as a collection of customers, rather than as a collection of products and services, patents, inventories, factories, or territories," says Peppers. "It's time to begin educating organizations and ultimately their investors on the strategic value of customer growth initiatives." Peppers issues a strong challenge to marketers across the world - prove to

boardroom executives that a customer-facing approach should become the key strategy for companies to build shareholder value.

Ultimately, it is up to us as marketers to show that these customer-focused strategies pay real dividends. New research by PA Consulting Group, in support of CIM's campaign, shows that marketing typically generates three times the shareholder value of other functions.

"Our new research of 6,000 companies shows that marketing drives 3 times more value than anything else in the business - yet marketers are often not in the driving seat, creating a gap of around 25% in the shareholder value performance of many companies," says Peter Fisk, of PA Consulting, in support of the campaign.

He sees the marketer's role as not simply to champion the customer, but to use these relationships to create value for the business today and in the future.

"Markets are no longer as stable and predictable as they were," says Fisk, "Customer expectations and trends can change quickly, new competitors can rapidly gain a foothold, and new technologies can disrupt the basis of competition. Markets are more global, subject to broader and remote forces, and their boundaries blur as adjacent sectors converge".

Unfortunately many finance directors fail to recognize the vital importance of good marketing as part of competitive business strategy. There is often major disparity between finance directors' views and those of their marketing counterparts.

In recent research carried out in association with The Chartered Institute of Marketing (CIM), just 6% of

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moving up ...cont'd from page 9

finance directors and CEOs say that marketing has a considerable effect on increasing competitiveness. Perhaps of more concern, is that only 10% see marketing as a key driver of business results.

Despite this conflict of views, finance and marketing are highly dependent on each other. When questioned, marketers say that financial resources are key to improving their marketing, whereas 37% of the finance directors see it as “very important” that marketers stick to their budgets. Clearly, hard cash is a big issue.

Marketers can think about the impact we have on returns (and ultimately shareholder-value) by considering the concept of ‘future cash’ and imagine a pipe of cash stretching from today into the future. The challenge is to maximize the size and flow of this pipe of cash. The longer, fatter and more sustainable the cash pipe, the more shareholder value. Marketers should focus on how they can make the pipe fatter through competitive differentiation, longer by strengthening their brands and customer relationships, and flow faster through innovation and speed of response to market change.

The skills we need in this volatile business climate are inevitably changing too. Today, high performance marketers must not only develop strategic skills to access these new markets, but continue to learn emerging best practice, rather than relying on a traditional marketing education. The most effective marketers are those who are able to anticipate, react to new opportunities, while focusing on making new ideas happen fast.

The high-performance marketer knows its customer inside out. We need to be instinctive and forward looking, while being able to anticipate, identify and

satisfy customers’ needs today and in the future.

“We have identified the key question every marketer needs to ask at a strategic level to be more effective,” says David Wright, Head of Corporate Marketing, at The Chartered Institute of Marketing “If the organization didn't exist, would there be a customer need to invent or establish it? If not, the organization needs to find a point of differentiation from the competition. At an operational level, marketers need to know what their organization's marketing objectives are for the year in terms of brand share, return on investment and customer loyalty.”

What is your current market and brand share? What are the marketing programs for the year, and how do they tie in with your organization's marketing objectives? Who are your key competitors and what are their programs for the year? Marketers may not know the answers to all these questions instantly, but if they are not asking the questions in the first place, then they are off the pace.

Our latest research shows that marketers earn more than their contemporaries in other functions, and that the gap between male and female pay is beginning to close in marketing, ahead of other professions, and that job satisfaction is on the increase. This puts marketing professionals in a better position to influence the board and ensure that their vital contribution is recognized.

CIM's October campaign brought marketing to the top of the agenda, and put pressure on CEOs to look at marketing and effective marketers not as a discretionary expense, but as a key determinant of business success.

Mike Johnston, M.C.I.M. is International Chairman, Chartered Institute of Marketing (CIM UK). He can be contacted through the Institute's Web site at www.cim.co.uk.

Internal marketing is mission critical

By Ron (Doc) Halliday, MBA, CMC,
M.C.Inst.M., Strategic Imagineer



Doc Halliday

Marketing is a dynamic business discipline that is going through revolutionary change as it incorporates the Internet—now a core essential media—into its already complex mix. It is an art and a science that involves knowledge, insight and creativity. However, marketing must also serve as the catalyst and primary driver in the formation of new corporate culture.

Marketing touches on everything individuals and organizations do to create an appetite or appreciation for a product or service. The adoption of a customer-focused operating philosophy involves marketing as an integral part of the enterprise, if it is to achieve sustainable and profitable growth. For a company to deliver a value proposition worthy of consideration and purchase, employees must view their roles as being vital to the meeting and/or exceeding of customer expectations. They are mission critical members of the company's marketing thrust. A company is and of itself a brand, and every employee should feel that they are part of that corporate brand. The truism that employees are a company's greatest asset is often overused, but customers punish those who talk the talk, but don't walk the walk.

(cont'd on page 11)

internal marketing ... cont'd from page 10

The notion that the responsibility for creating and building a customer-focused corporate culture is *not* an internal marketing responsibility, is a fallacy. In all too many cases it is not considered a strategic imperative. Defining a desired cultural shift is usually written into the business goals by senior management. It is often viewed as a human resource issue, but its underpinnings and subsequent encouragement must be led by the marketing team. Cultural change will only take place when the majority of employees are committed to a shared vision. When the idea of employees wishing to become 'world class' at serving *their* customers permeates an organization, a sustainable competitive advantage is created—an advantage not easily matched by competitors.

When the idea of employees wishing to become 'world class' at serving *their* customers permeates an organization, a sustainable competitive advantage is created—an advantage not easily matched by competitors.

Marketers must take a leadership role in making 'world class' a cultural reality. They must go beyond the paradigms of the past and embrace their new responsibilities. The fundamental objectives of matching what a company does well (its core competency) to the needs of a select group of customers (the target market) in such a way that it brings value to the customer and profit to the company, remains of paramount importance.

Traditionally, marketing's focus had been to determine who the customer is, and to develop and communicate offerings that provided an 'easy buy' process. It includes the continual improvement of the after-sale and customer relationship processes. Marketers are still challenged by the need to have the product or service customers

will want tomorrow, at a price the customer will be willing to pay. They must create the promotional appeal that will work against tomorrow's competition, and at a place the customer will be shopping. Marketing decides the flow of goods and services from the manufacturer or supplier to the end user, satisfying the needs and desires of that user. And it does so profitably.

A marketer's corporate responsibility must include the accountability for internal marketing and all of its challenges. Marketing has been typecast as a predominately external customer and market focused function. Its role, simply stated, has been to find and keep customers. I believe that in today's world, that just isn't good enough.

Every business must constantly be looking for new ways to reach their customers, and for new ways to deliver greater value than the customer expects. 'Exceeding expectations, not just meeting them' may have become an over used term, but it simply isn't achievable without *every* employee being involved in the marketing process. Employees must see their roles as being critical to delivering value to customers they feel they know and serve. Employees need to be recognized for their contributions, and rewarded for going beyond the benchmarked norms.

Being customer-driven means being uncompromisingly dedicated to turning out delighted customers. It means adopting 'best practices' into the business, and establishing value-add as defined by the customer, *not* by the company. It means combining a sense of urgency to serve the customer's present needs with an instinctive understanding of their future needs, even though those specific needs still remain on the horizon.

With all the focus placed by marketers on the customer, what about those

who are expected to deliver it? What about their understanding and inclusion in the marketing process? Is it not true that most employees consider marketing someone else's responsibility? When was the last time a total quality management or process improvement program was classified as a fundamental step in successfully marketing a product or service to the customer? Most 'increase productivity/lower cost' programs focus on improving bottom line performance. Seldom do the marketing benefits of customer retention and market share growth, or the importance of greater customer perceived value and what that means, get discussed, let alone understood.



The absence of defects should not be viewed as the ultimate goal. The goal must be an exceptional standard of performance at *every* level of the business. I'm sure you will agree that measurable success is achieved when quality service is present throughout the entire transaction between a business and its customer. Every time the customer comes in contact with the company, no matter on what level or with which department, he is judging the company as a whole. That includes the greetings received on the telephone at first contact, as well as the staff's ability to listen, to the accuracy of the invoice received by the customer, and the follow-up call the company makes to ensure that everything was delivered as promised.

(cont'd on page 12)

internal marketing ... cont'd from page 11

Customer satisfaction is the sum total of each customer transaction over time and part of, but not separate from, the marketing process.

Marketing is dependant on employees believing that the quality of service provided will have a direct impact on their remuneration, and eventually on their job security. Without employees striving to meet customer expectations 100% of the time, customer retention levels fall. And the cost of replacing those customers can only have a negative impact on marketing costs. Attitudes influence perception.

Marketing is dependant on employees believing that the quality of service provided will have a direct impact on their remuneration, and eventually on their job security. Without employees striving to meet customer expectations 100% of the time, customer retention levels fall.

Formerly known as the order desk, customer service has been given a new name. CRM, or Customer Relations Management. I believe the change was motivated by someone suggesting that building relationships with customers was a good idea, and that CRM 'sounded' better to the customer. But it doesn't address the belief of the general workforce in many companies that *all* customer issues and problems belong to CRM. The customer and its problems are not their responsibility. Another marketing disconnect.

It is with strong conviction that I say that forward thinking companies are cognizant of the primary question at the top of every employee's mind. Namely, what's in it for me? Every time a company embarks on a new marketing or cost cutting program, this question needs to be answered. For marketers, it means including an internal marketing strategy with the necessary funding to effectively communicate and involve every employee

in delivering value-add and customer service to the marketing process. A pragmatic and open explanation in the employee's language, as to how they can benefit from their contribution, is a fair and logical request. And who better to address the question than marketing leadership? It means, however, that marketing must accept ownership and take a leadership role in the organizational efforts of shaping the desired customer focused corporate culture.

The difference between a firm barely surviving or genuinely thriving can be simply the perception the organization has of the importance of internal marketing.

Ron (Doc) Halliday is best known as a dynamic motivator by the hundreds of sales people who have attended his seminars all across Canada and the United States. His broad sales and marketing leadership experience was gained during a successful career of more than twenty years in both the textile and telecommunications industries. He can be contacted at doc@impactbc.com.

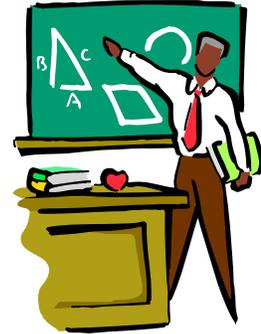
APMF CPM program delayed

In August this year, Mr. Kan Ah Keng, Ph.D., Chair of the APMF Education Committee reported to Mr. Sherman Lam, President of the APMF on the progress of the Chartered Professional Marketer (CPM) program.

In November 2001, a survey questionnaire was mailed to representatives of APMF concerning the CPM program. Specifically, respondents were asked if they would support the continuation of the program, among other things. Only 3 responded but all supported continuation.

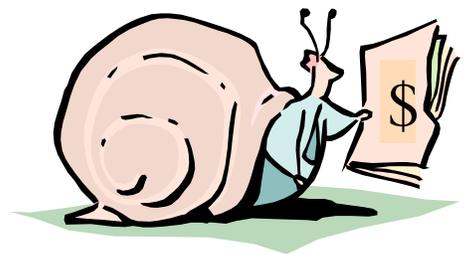
Meetings were held in Singapore to discuss the steps needed to revamp the program. Decisions were taken to

abolish or modify some courses and keep others. It was also decided at that meeting that a sum of \$US30,000 a year would be needed to recruit a research officer to work on the project with the objective to develop the syllabuses and reading materials (guidebooks, CD ROMs) and so on.



In February 2002, letters were sent to members of the Education Committee to elicit their opinions about the changes and how the new syllabuses could be developed. Only one person responded giving very good ideas as to what the new syllabuses should include and recommended a format for examinations.

To date, the Education Committee has been handicapped in its efforts to proceed as it is unable to raise the \$US30,000 to recruit a person to work on the project as recommended by the APMF Board of Management in January, 2002. Until the funds are forthcoming, there is little that the committee can do to move the project forward..



Georgian College offers two CIM-accredited programs



Georgian College in Barrie, Ontario Canada offers two marketing programs that are accredited by the Canadian Institute of Marketing. Gary Boydell, M.C.Inst.M. and Norm Smith, M.C.Inst.M. are two active members of the Institute who are heavily involved in the development and delivery of the programs. Both are marketing teachers at Georgian.

The three-year co-op diploma program in **Business Administration—Marketing** introduces students to the various functional aspects of business in general, and marketing more specifically. Graduates are able to apply planning, assessment, analysis, communication, sales, teamwork, research, and mathematical skills to support the marketing activities of an organization. Graduates are also able to participate in the design of an organization's marketing plan and the preparation of a business plan. The graduate of the program is able to perform a number of complex functions including applying principles of financial analysis and control, and using analytical and evaluation skills to support a variety of management functions. The student is also capable of a more in-depth participation in the design and development of the organization's marketing plan.

The two-year Business—Marketing co-op diploma program introduces students to the various functional aspects of business in general, and marketing more specifically. Graduates are able to apply planning,

assessment, analysis, communication, sales, teamwork, research, and mathematical skills to support the marketing activities of an organization. In addition, graduates are able to participate in the design of an organization's marketing plan and the preparation of a business plan.

To broaden the program choices, all general, accounting, and marketing students, whether in the two-year or three-year diploma program share a common first semester.

Graduates of the programs find employment as management trainees to a division or general manager; area sales to sales management; entry level positions within advertising agencies and marketing research firms. Employers include banks; finance; trust and insurance companies; computer firms; government ministries and agencies; producers of consumer and industrial products; wholesalers; retailers; companies and non-profit organizations.



The co-op program at Georgian is designed to blend career ambitions with college studies to enhance the students' skills through real and relevant work experience. This blending affects much more than simply earning a salary, including adjustment to the work environment and the development of professionalism

For further information about either program, contact Gary Boydell at gboydell@georgianc.on.ca or contact a Business Programs Co-op Consultant at 705-728-1968

How would you like to win a prize?

The Canadian Institute of Marketing values its student members. These are the marketers who will lead businesses into new territories, and develop strategies for new product and service acceptance. This is an opportunity for student members to raise their profile and market themselves to a very competitive economy.

The Marketing Challenge will be published three times in 2003. Take a little time to dust off that paper that you thought was absolutely brilliant—the same one that your professor thought was outstanding. Polish the work, and submit it to the editor of the Marketing Challenge. A committee of the Institute's Board of Directors will read the papers and select one that displays wisdom that would benefit all marketers.

The article should be 1000 to 1500 words, edited for publication and submitted in MS Word format with a photo of the author. Entrants must be student or graduate members of the Institute.

All entrants will be rewarded with an appreciation award. The winner will receive a prize and certificate. The winner's article will be published in the Fall Issue of the Marketing Challenge which will be archived on the Institute's website.

Send entries to Grant Lee, glee@aglmarketing.com by October 31, 2003



Dear Employers:

Georgian College Business Marketing Co-op students are available to you year round. Our work terms are scheduled as follows: January to end of April; May to end of August, and September to end of December.

These 2nd year Georgian College Business Marketing, Accounting and Business General students are ready to fill in for special projects, maternity/parental leaves and short term staffing needs. They are enthusiastic, open minded and full of the latest knowledge in their field.

They do, however, need something very important from you! They need a chance to gain hands-on, related work experience.

If you have not hired a co-op student from Georgian before, give us a call and we will be happy to answer your questions.

Let Georgian work for you.

Sincerely,

Sue Cahoon (Accounting & Marketing) 705-728-1968 ext 1493 scahoon@georgianc.on.ca
Lee Wilford-Allan (Business General/HR) 705-728-1968 ext 5269 lwilford@georgianc.on.ca

Georgios Stroumboulis (Third year co-op marketing student at Brock University in St. Catharines, Ontario). For the past six months I have been living in Europe completing a marketing co-op placement under the European Union. I am completing my placement at a European information centre in Corfu, Greece. There are 258 EIC offices within the European Union that assist local SMEs with the marketing of their businesses, the integration of new EU business practices, and basically, aid with any task that a client may require using the vast database and resources that are made available by the EU headquarters in Belgium and Luxembourg. I have also completed a high-school placement at Tri-Media Marketing and Publicity Inc., in Welland, Ontario.

After the completion of my EU placement, I will return to Brock University to complete one more co-op term to obtain my BBA Honours degree. I have Canadian and E.U citizenship which will help me work within Canada and travel with ease across the E.U.

Ten years from now, I hope to help establish my own venture based in, or around the marketing industry. In the short-run, I am looking to obtain a beneficial placement at a reputable marketing firm for my next co-op term in May 2003.



OluSola Victor Ayodele Somosu A.C.Inst.M., B.Sc. Bus. Admin. (2nd Class Upper) from Ogun State University Nigeria (1994), M.Sc. And MBA (Marketing) from University of Lagos in Nigeria, Dip. In computer Apps. and Programing from Exam Success Computer College in Lagos, Nigeria.

New Member Profiles

Afzal Baccus, M.C.Inst.M, DipM MCIM Chartered Marketer (CIM, UK)

MSc E-Business

I have been practicing at marketing management level in a pharmaceutical wholesale company for more than 5 years. I have acquired nearly 15 years of experience in the health care sector after subsequently working at different levels (nurse, medical representative, marketing manager and marketing director).

I'm practicing as a marketing consultant on a partnership basis with The PharmaMarketing Services Ltd, which offers its consultancy services to health care companies. Our key projects portfolio range from market intelligence, organization of symposiums/congress, to E-Commerce recommendations. I also lecture on a part-time basis at a local branch of the

Chartered Institute of Marketing.

My other fields of interests are E-Business, international marketing, CRM and branding. I am also committed to promote and defend the cause of marketing, with the vision that it is recognized as the key organizational function and gain the well-deserved share of voice at corporate board level.

Hence, one of my priorities in planning the transition and preparations to settle down in Toronto by mid-January 2003, is to develop contacts and networks with marketing professionals in that region. I am looking forward for a marketing management job whereby I can practice my marketing skills and share my experience, in a B-2-B, B-2-C, or services organization.



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new member profiles ...cont'd from page 14

I am working toward a career in marketing/sales support management in a marketing related position, a director (board) in a company (2,000-20,000 employees), a multinational corporation, or develop a career as a marketing consultant. I am hoping to relocate to Canada.

Formerly, I was Senior Sales Executive Total Oil Nigeria Plc., former Head of Business Development and Marketing / Sales Supports unit with Baywood Continental Company (A Contractor with Shell Nigeria, Chevron Nig., and a host of other oil companies), Senior Sales Logistics & Procurement Officer with Fig Ventures Nigeria Plc.

I am currently Lecturer at Polytechnic of Namibia Windhoek.

John-Michael Legge, G.C.Inst.M. has been working toward the goal of membership in the Institute for the past several years, completing the three-year co-op Business Administration Marketing program at Georgian College in Barrie, Ontario. He is working as a camera salesman and lab assistant at Japan Camera. He will be searching for career opportunities in a marketing department of a large company in the New Year. As a graduate member of the Canadian Institute of Marketing he looks forward to putting his academic knowledge to work and to gain valuable experience in the field of marketing.

M.Tarek El Kassar, A. C.Inst.M. Is a sales manager with more than 10 years sales and marketing experience of scientific and high tech analytical instruments. He is currently working for Gulf Scientific Corporation (GSC).

G.S.C is a dedicated chemistry center specialized in chromatography, spectroscopy and mass spectrometry techniques. It is

based in Dubai (U.A.E) and is the regional office (Gulf and Middle East) for distribution, marketing, training and service of the world leaders' analytical industry (Waters, Micromass, Varian Chromatography, Varian Spectroscopy, Varian NMR, Millipore, Chromsystems, TA instruments, Sievers and Onix).

Gulf Scientific Corporation is committed to providing complete analytical solutions by understanding the requirements of its customers and offering a broad range of services, training and application support through a dedicated team of professionals.

Oswald V. Emmanuel, FCMA (UK), CGA, M.C.Inst.M.

I immigrated to Canada in October 2000, and am currently employed at Trillium Health Centre (THC) where I work as a financial consultant.

During these two years in Canada I was privilege to get designated as a member of Certified General Accountants of Canada and also The Canadian Institute of Marketing.

In my current Job I consult with VPs, Directors and Managers in the hospital on managing their budget so that the ministry allocation is wisely spent. The concept in marketing "customer is king" helps me in doing what I do better as I apply the marketing concepts in accounting.

Before coming to Canada from Sri Lanka, I was heading the accounting department for the National Airline of Maldives. I was an expatriate in the Maldives Island, where I worked for 4 years. During this period I traveled to Canada and now call this country home.

In Sri Lanka I was the group accountant for a company that was involved in selling generators and air conditioners. In one of my business trips to India I met a business partner who was willing

to supply refrigerant gas for air-conditioning. At this time there was only one major supplier of this product in Sri Lanka, and I took up the challenge to market this product locally. While doing my accounting work, and within 3 years, my sales staff of 4 and I captured 35% of the market share. This was the start of my passion for marketing. Since then, I have given up regular accounting functions such as preparing accounts, and have become more involved with management accounting — with a marketing heart.

The combination of marketing and finance has given me a new perspective, and made me a better team player. I encourage all colleagues and friends to have at least two career passions in life so that every decision is made after analyzing the issue from at least two different perspectives.

Send the editor your suggestions for the next newsletter

New member profiles is a suggestion presented by a reader of the Marketing Challenge. This is the publication of members of the Canadian Institute of Marketing. Let your editor know what you would like to see in the newsletter, and your executive will try and include your suggestion in the next issue.

The Marketing Challenge is read worldwide as it is posted on our Web site as a .pdf file and available for printing. Help us make it better.

A. Grant Lee, F.C.Inst.M.
Editor
glee@aglmarketing.com

Whole organization performance – the marketing perspective

By James A. Schauer, F.C.Inst.M.
Easton Marketing Services Ltd.



James A. Schauer

Technology and high level specialization have brought us to the point where many marketing organizations have become an assortment of departmentalized skill sets, from production, advertising, costing, pricing, selling, re-investment, to accounting and administration. To overcome the undesired, yet predictable outcomes from this fragmented approach, they later resort to a myriad of trendy remedies, including re-engineering, restructuring, downsizing, culminating in merger and convergence strategies – also applied progressively, as separate solutions. Increasingly we discover that, without effective organization-wide communications, these fragmented solutions rarely deliver the promised synergies in the long term, thereby inviting risks that ultimately lead to failure. Yet once we learn to appreciate that marketing really begins and ends with customers, it doesn't have to end this way.

Meaningful marketing is like operating a complex aircraft, where it's impossible to conduct any one activity in isolation from all others without also endangering a safe arrival. Ongoing monitoring of all systems as a whole ensures that in an unfriendly environment each activity is balanced to optimize its impact on desired

outcomes – holistically, from both an operational and customer or passengers' perspective. Similarly, successful marketing outcomes also require effective leadership and balanced solutions based on continuous feedback from all sources in order to arrive at its desired vision of a future state (or destination). Working *backwards* from this vision, creative restructuring ensures an optimum impact on desired results to meet the needs, expectations and value perceptions of customers in a constantly changing marketing environment.

While it cannot survive without customers, business essentially exists to make money – ahead of profits. Failure to achieve this goal is often in large part due to not understanding the important human dimension in 'marketing'. A well-coordinated delivery of service, quality and value by small and medium-sized enterprises, notably the German Mittelstand, demonstrates their competitive advantage from mutually dependent relationships with customers – ahead of most larger corporations, because they're invariably closer to their customers and more sensitive to their changing needs. They also understand better the importance and value of loyal customers in competitive markets, where 70% of satisfied customers are not also loyal, and that their loyalty cannot be bought.

We also know of the often-misunderstood factors that impact adversely on customer loyalty. For instance, following deregulation of the US airline industry in 1978 we saw increasingly competitive discounting of air fares, which actually encourages travellers to delay their bookings as long as possible, hoping for still cheaper fares. This trend led to an ongoing

decline in brand loyalty, thus increasing the financial risk for all operators. To offset the shrinking revenues from fares, the decline in customer loyalty was further compounded through less convenient scheduling, longer check-in lines, reduced passenger comfort, and misdirected or lost luggage. In spite of these negative marketing practices, North American carriers continue to make money and barely satisfy shareholders; yet only one of them, Southwest Air, has consistently got its whole organization performance right, to produce profits as well.



Application of wisdom derived from competitive marketing intelligence and the 80/20 principle (not Pareto) can provide the secret for doing better with less effort or cost, while optimizing performance and desired outcomes for customers. In practice many organizations discover - sometimes too late - that they were blinded by early successes in a static environment, until acquiring meaningful and honest feedback from customers and consumers telling them otherwise. This neglect then hides the illusion of subsequent successes and problems that first come to light when sales and revenues begin to decline.

Conversely, most successful organizations have learned to appreciate the value of feedback from present and prospective customers as an integral part of their organization's long term viability.

(cont'd on page 17)

whole organization performance

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The risk of not understanding customer expectations and their value perceptions can also lead to missed business opportunities. Ongoing feedback research has also shown that customers do not always expect the ultimate in service quality, so long as the organizations takes early empathetic steps to remedy any shortcomings - to the affected customers' satisfaction. In the absence of this knowledge, managers will want to "to play it safe" and provide an excess of unwanted services, which in turn becomes a loss when customers cannot appreciate their usefulness and value. The resulting widening performance gap involves both hard *and* soft measures, affecting sales performance and ongoing business investment inversely, thereby calling for more complex solutions than a relatively simple problem might suggest.

From a marketing perspective, the key to optimum success has traditionally come from adopting a *general systems* or organization-wide leadership approach. This begins with a clear *vision*, i.e. "where do we want to go?" Planning must then reflect an understanding of all competitive forces in developing effective solutions holistically; to arrive at desired outcomes in an environment of constant change. Fragmented solutions will simply not suffice. Since managers of fragmented solutions are traditionally given to divergent thinking with a clear focus, a major culture change will be needed. General systems or whole organization solutions, on the other hand, require convergent thinking, i.e. being able to see and grasp the whole picture, rather than its individual pieces.

Here the ability to synthesize or integrate elements, rather than

breaking them into parts for the purpose of analysis becomes a major business asset. A good synthesizer understands how the various process elements fit together, like a jig saw puzzle, and how they interact to form a whole, or 'general system'. The outcome is an effective balance between internal processes and customer expectations - even in fast changing competitive environments. Businesses using general systems thus perform as whole organizations that involve their customers, to become 'customer-centered,' an interactive approach that also requires visionary leadership. With all systems harmonized, effective marketing success then evolves quite naturally and efficiently.

Many problems begin when uneducated managers use marketing terms and concepts wrongly or give them their own interpretation, rather than admit and correct the limits of their knowledge. This is hardly

Many problems begin when uneducated managers use marketing terms and concepts wrongly or give them their own interpretation, rather than admit and correct the limits of their knowledge.

surprising because there is a lot of over-inflated esoteric jargon adding to the confusion. As a result, these managers tend to approach marketing from a departmental or other self-serving perspective with a focus on pricing tactics (rather than strategy), advertising, or selling. Invariably customers then become "the target" for sales, akin to a hunted prey, which ignores that customers essential for continuing loyal support are not sold – *they buy*. This practice inevitably ignores the extent to which customers are influenced by competitors' offerings to meet their expectations and perceptions. The outcome can become particularly damaging for

services like insurance, travel, or maintenance programs, that are usually not be experienced until long after their purchase.

It's small wonder then that most new businesses do not understand the meaning of marketing. Earlier research, confirmed by Trudy Belanco, senior business consultant at Ontario's Brantford-Brant Business Resource Enterprise Centre, confirmed recently (National Post, Sept. 23, '02) that "between 85% and 90% of business startups also do not have a marketing plan." Yet popular wisdom tells us that "failing to plan means planning to fail." In spite of this essential need, a 1997 Statistics Canada study ("Failing Concerns: Business Bankruptcy in Canada", by John Baldwin et al) revealed that "lack of marketing skills, managerial experience and incompetence account for 90% of all failed businesses."

Somehow we seem to have forgotten the wide-ranging business successes of the Hanseatic League, the early Venetian merchants, and Indian Ocean traders. These organizations lasted for many centuries, creating the basis for modern global marketing practices. In Europe the decline of these customer-centered practices only came about with the evolution of city and state governments who introduced regulations, quality control requirements, and taxation, compounded by the growing interest in emerging American markets during the 17th Century. With the introduction of the Euro at the beginning of this year, Europeans were reminded of these fundamental marketing concepts established centuries ago ("Experiment Europe – a continent learns from its history", Spiegel Special issue #1/2002).

Much recent criticism concerning the shortcomings of marketing comes from people who at one time were

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whole organization performance

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successful in a relatively static or a monopolistic setting, but were then blinded by this illusion of success without asking themselves "how is my success?" As the marketing environment changed - and with it their customers' expectations and perceptions - they invariably ran into trouble. Others discovered - just in time - that advertising, pricing, selling or quality improvements used in isolation could n't produce holistic outcomes. Unfortunately this doesn't prevent them from writing about the need for "revolutionizing marketing" or "the end of marketing as we know it," when in fact they never learned or understood its concepts, or applied them wrongly to begin with.



Carl von Clausewitz, the well-known Prussian strategic thinker, documented these concepts 175 years ago (in his classic work "On War"), where he noted that "many assume that half efforts can be effective. A small jump is easier than a large one, but no one wishing to cross a wide ditch would cross half of it first."

James A. Schauer is president of Easton Marketing Services Ltd., providing project management, performance analysis, service quality improvement and marketing planning services. A fellow and director of the Canadian Institute of Marketing, his background includes international travel/tourism, financial services, and air operations. Copyright © 2002 Easton Marketing Services Ltd.

The Chair's Message



Bruce Hoggard

Greetings and welcome to members of the Canadian Institute of Marketing and all our faithful Marketing Challenge readers world-wide. As our thoughts turn to the up-coming holiday season and its many celebrations, let me take this opportunity to wish each member and their families a peaceful and joyful Christmas and holiday season.

As I review the Institute's accomplishments of 2002 I am very excited about its accomplishments and new-found direction and invigoration, spurred on by its members and their welcomed involvement. I also look forward with anticipation and excitement to 2003 and the challenges and rewards that it will hold for all of us, as the Institute continues to move forward. However, for now at least, here are a few of the highlights since the last newsletter.

As an Institute we have, and continue to develop, a stronger relation with the Chartered Institute of Marketing in the UK—with special thanks to Shiv Seechurn and Grant Lee who are heading up the education/certification/accreditation initiative. During the last three months they have been carrying on discussions with Tony Varey of the CIM UK. At this moment we are preparing to formalize the MOU and officially launch our new educational program in 2003. As well, this will provide the CIM UK and Canadian Institute of Marketing an

educational base from which to penetrate the United States market for our respective members.

The Institute's membership continues to grow and to attract new members from Canada and around the world, as it is recognized as a world-class organization. This image is further enhanced and supported by the Institute's ever-growing and valuable role in the marketing profession in Canada, and through its international affiliations with the Asia Pacific Marketing Federation and the World Marketing Association. As recognition of this active role in marketing, and its commitment and participation in the global marketing industry, the Institute was awarded full membership in the Asia Pacific Marketing Federation at the 2002 October Board meeting held in Jakarta.

Since the last publication of the Marketing Challenge our Registrar, Ron Fletcher has reviewed the growing influx of membership applications and awarded 24 new memberships their certificates during this period. A great number of international membership inquiries for 2002 originated in the United Kingdom. This is partially due to CIM UK members looking to Canada for marketing opportunities and because the Institute is now listed on the CIM UK Web site. Ron is projecting that we will have granted membership certificates to approximately 65 new members by the end of this year—a growth rate of close to 30% in 2002. Thank you to Ron and those members who have assisted him during this transitional phase and encouraging growth.

As Chair of our marketing institute I am also proud to say that our 2003 marketing plan, being developed by James Schauer and Grant Lee will be ready for your Board's approval in December.

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Chair's message ... cont'd from page 18

The aim is to have it ready to move forward and implement early in the new year. Once again special thanks must be extended this time to James, for his input and assistance in the plan's development.

Finally, with regards to the domestic undertakings of the Institute, we have a new link to the Marketing Challenge. In recognition of the Institute's valuable role in the marketing industry within Canada and the world, Industry Canada has added the newsletter to each one of its Guides to Canadian Industry sites on the internet. Now people in any country with an Internet connection can visit and read the Marketing Challenge at:
http://strategis.ic.gc.ca/SSG/gi35921e.html#TRADE_JOURNALS.

During 2003 this strategy will be extended and applied to other links and sites with the goal of increasing the visibility of the Institute and the reach of the Canadian marketing professional who is a CIM member.

In closing I extend the Board's thanks to our General Manager, Grant Lee, who has been involved with each of the activities referred to above and in ensuring the Institute operates and functions on a daily basis. Without his valuable input and hours of due diligence we would be a less effective, or attractive organization. My gratitude also goes out to all the members for making the Institute an on-going and valuable part of the marketing profession in Canada. Keep up the great work, and to all of you who read the Marketing Challenge, all the best to each and everyone of you in 2003.

*International Report*

By Bruce Hoggard, F.C.Inst.M.

As many of our readers may already know the Institute has been actively involved internationally following my first visit to Tokyo in 1997. Since then the Institute has gained a strong international reputation, respect and admiration amongst the other Asia Pacific Marketing Federation member countries. However, for those many new members a brief review maybe in order before reporting about the last Board meeting and Marketing Conference held in Jakarta at the end of October.



2003 APMF Board of Directors

In 1997, spurred on by reports and concerns being expressed by other marketing Associations and Institutes within Asia and Europe, that Canada was about to lose its identity and independent voice on marketing matters to the American Market Association, I went to Tokyo to rally international support for the Institute. The trip was a success gaining support from countries throughout both the Asian and European regions. The Institute was formally welcomed into the Asia Pacific Marketing Federation at the APMF Annual General Meeting held in Sri Lanka in 1998 thus giving us a voice to the World Marketing Association. Since then I have attend two to three meetings a year representing the Institute and Canada on the APMF Board of Directors, spon-

sored in part by my Company who donates my time close to 70% of the total expenses. During this time the Institute was recognized with an APMF awarded for its outstanding contribution to the APMF from 1998 onwards. At the same time I was also recognized and received an awarded for my own outstanding personal contribution and support to the APMF. In both cases the awards were only one of three or four presented.

Now with the latest Board meeting held recently in Jakarta, Canada has once again been recognized and acknowledged for its commitment, continuity and participation in the APMF. As of October 31, with the changing of the APMF constitution and an impressive full majority, the Canadian Institute of Marketing was awarded full membership. This is definitely a proud day for the Institute and its members as it once again illustrates the professional nature and approach that Canadian marketing professionals project around the world.

The Board Meeting and accompanying Marketing Conference were held at the ASEAN Secretariat in Jakarta and hosted by the ASEAN Secretary-General Mr. Rodolfo C. Severino. As for the safety issues and concerns given the Bali bombing, I must state that I had never felt as safe as I did this trip. Also there were several moments of silence prior to each day's events to remember the people so tragically killed in the blast. Seeing the resolve and utter contempt that the average Indonesian had for the attack only reconfirmed that it was the act of a few people, not the mood of a nation.



(cont'd on page 20)

international report...cont'd from page 19

Other highlights from the Board meeting included:

- The Sri Lanka Institute of Marketing (SLIM) was voted the Second Vice President, meaning that Sri Lanka's representative will assume the Presidency of the APMF following Hong Kong, the current President and the Philippines (First Vice President) two year terms.
- The current President of the World Marketing Association (WMA) is Hermawan Kartajaya, the past President of the APMF and the Indonesian Marketing Association (IMA). As such the APMF will be coordinating several world-class events including the release of a special WMA edition of the Nanyang Business Review at the International Conference of Universities in Bangkok from January 8 to 11, 2003.
- During the two day event the APMF Foundation named its new President and Chairman, Mr. Jose S. Concepcion Jr., a very prominent business man and past politician from the Philippines who is admired and respected throughout the region. He will lead a group of Asia's who's-who including Dr. Mochtar Riady, Indonesia; Mr Phornthep Phornprapa, Thailand; Mr. Kwek Leng Joo, Singapore, Mr. Michio Torii, Japan; Dr Stan Shih, Taiwan; Deshamanya Lalith Kotelawala, Sri Lanka and Datuk Hishamaddin Tun Hussien, Malaysia. At this point the Canadian Institute of Marketing has yet to nominate its representative. Members are encouraged to put forward names for consideration by contacting the Institute by e-mail.
- The APMF has also established a positive relationship with the Association of Southeast Asian Na-

tions (ASEAN) a trade grouping of 10 countries. The APMF is now a NGO affiliated to ASEAN with IMA coordinating the secretariat for this joint venture and affiliated NGO status. It is expected that the APMF Board will have a planning meeting with the ASEAN Business Advisory Council in February 2003 to discuss marketing and the need to coordinate growth within the region. This is a great step forward for the APMF and recognizes its valuable role to the marketing profession within the region as well as the world.

- Another issue that was discussed and presents opportunities for Canadian companies was the APMF web site. There is a need to revamp the entire site and find a web master responsible for the maintenance and operation of the site. Any Canadian companies interested in this should contact me directly.
- In March 2003 Hong Kong Institute of Marketing is planning to host a marketing conference dealing with the service industry and the China market. This will be the backdrop for the next APMF Board meeting and will constitute the Annual General Meeting.

In March 2003 Hong Kong Institute of Marketing is planning to host a marketing conference dealing with the service industry and the China market. This will be the backdrop for the next APMF Board meeting and will constitute the Annual General Meeting.

The other part of the two-day event was the ASEAN Marketing Conference. Opened by H.E. Rodolfo C. Severino Jr. other greetings were brought by Jose Concepcion Jr., President of the ASEAN Chambers of Commerce and Industry, Eva Riyanti Hutapea the CEO of PT Indofood Sukses Makmur and Bryan Tilaar from Martha Tilaar Group of Companies. There were also two Indonesian Government Ministers in at-

tendance during the Conference and its events. Mr. I Gede Ardika, the Minister for Culture and Tourism was there as was the Minister responsible for Indonesian Political and Security Affairs.

The new ASEAN logo represents a stable, peaceful, united and dynamic ASEAN. The colours of the logo -- blue, red, white and yellow -- represent the main colours of the crests of all the ASEAN



countries

The blue represents peace and stability. Red depicts courage and dynamism. White shows purity and yellow symbolizes prosperity.

The ten stalks of padi represent the dream of ASEAN's Founding Fathers for an ASEAN comprising all the ten countries in Southeast Asia bound together in friendship and solidarity. The circle represents

The Conference was an excellent and informative look and review of the ASEAN market and what marketing means and where it should develop and grow if it is to be an effective tool in the future. One of the messages, one similar to what we hear in Canada, is to not lose the "cultural" aspect of the market, instead conforming and adjusting marketing so that it "fits" with the region, the people and the culture - not to be over-powered and bullied by the "American way."

Overall, the 200 plus people were treated to 9 hours of intense discussion and presentations. As a none ASEAN it was very enlightening and educational to watch and participate in the discussions and proceedings, providing insight and ideas for the market in Canada.

My next international report will cover the APMF's Annual General Meeting to be held in Hong Kong the week of March 21. If you have any comments and or questions you can contact me directly at bruce@hoggardinternational.com.

New members and membership upgrades (to November 2002)*

Full Member	No. 648	Afzal Baccus	Mauritius
Full Member	No. 649	Nicanor Calibud	New Guinea
Full Member	No. 650	Laxman Anura Kaluarachchi	Brampton, ON
Full Member	No. 654	Nihal Fernando	Brampton, ON
Full Member	No. 656	Farhad Darius Sethna	Toronto, ON
Full Member	No. 659	Yusef Othman Al Hasim	Saudi Arabia
Full Member	No. 660	M D Yusuf Bhuiyan	Bangladesh
Full Member	No. 667	Oswald Emmanuel	Mississauga, ON
Full Member	No. 669	Marion Bastiampillai	Mississauga, ON
Associate Member	No. 652	G Sunderesh	Sri Lanka
Associate Member	No. 653	Folake Adeniji	Nigeria
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Associate Member	No. 661	Vishal Mewasingh	Mauritius
Associate Member	No. 664	Giuseppe Giampaolo	Toronto, ON
Associate Member	No. 665	Bilal Ejaz Ahmed	Pakistan
Associate Member	No. 666	Olusola Victor A. Somosu	Namibia
Graduate Member	No. 651	Barbara Joan McDonald	Walkerton, ON
Graduate Member	No. 655	Nathalie Gauthier	Dieppe, NB
Graduate Member	No. 662	Courtney Gostling	Barrie, ON
Graduate Member	No. 668	John-Michael Legge	Barrie, ON
Graduate Member	No. 671	George N. Nicitopoulos	Newmarket, ON
Student Member	No. 663	Georgio Stroumboulis	Fort Erie, ON

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