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Enter the Dragon The awakening of the global village to China's market forces

by Anthony Raman, MCInst.M



Anthony Raman, MCInst.M

Endless debates continue about who invented spaghetti. Was it the Italians (Marco Polo), Arabs or Chinese? The answer seems to depend on the degree of alliance you may hold with any one of the three cultures.

What is no longer debateable is the impact that China is having on the world today. Through politics, technology, business and culture, China is influencing the way the world thinks and interacts. With expanding global interests and economic presence, China is consolidating its identity as a world leader, and is a major economic force.

It is common to find many talking about entering the Chinese market and capturing an abundance of wealth as their reward. The implications of this are varied, driving the need to adapt to the changes rather than ignoring them.

As Ted C. Fishman (2005) stated in his book *China, Inc – How the Rise of the Next Superpower Challenges America and the World* (p. 1):



“China is everywhere these days. Powered by the world’s most rapidly growing changing large economy, it is influencing our lives as consumers, employees, and citizens. The words MADE IN CHINA are as universal as money.”

Not a day goes by when, in most parts of the world, a

consumer doesn't enjoy a Chinese-made product in a direct or indirect manner. In fact, some products are no longer made in their country of origin. Instead, they are manufactured in China due to cost.

The impact that China is having on today's world is significant, broad and far-reaching.

China is not only becoming the world's leading producer but also the world's leading consumer, representing a formidable supply and demand force.

The Chinese are leading consumers of luxury goods. This position, once held by the Japanese, now belongs to the Chinese through sheer total market size.

The Chinese have long been a globally mobile race. For generations they have been involved in regional commerce and industry in various countries throughout the world.

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Editor**A. Grant Lee,**B.A., M.A., M.C.I.P.,
R.P.P., MCInst.M.,
FCInst.M.**Publications Advisory
Committee****Leonard E. Weeks,**

MCInst.M.

Joshua Caplan

MCInst.M.

James Schauer,

FCInst.M.

Suzen Fromstein,

MCInst.M.

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Canadian Institute of
Marketing
L'Institut Canadien du
Marketing

205 Miller Drive
Halton Hills (Georgetown)
Ontario, Canada L7G 6G4
Tel: (905) 877-5369
Fax: (905) 702-0819

www.cinstmarketing.ca

Enter the Dragon

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China is the largest market for education and training, especially MBA programmes.

'India has one important advantage in its relative mastery of the English language, but the number of competent Chinese English speakers is growing rapidly.'

CIA-The World Factbook - China, July 2005

China is the largest factory house in the world, churning out a wide range of products for global consumption.

China has a low production cost base with possibly the largest workforce in the world.

China has the largest base of domestic consumers due to the largest growing population in the world — about 1.3 billion people.

China's consumer society is booming as it surpasses even the United States in consumption of every basic food, energy and industrial commodity, except oil.

China looks to be the likeliest challenger to the United States as a world superpower and to Japan as the leading nation in the Asia Pacific.

Having the Asian bandwagon behind, it has greatly strengthened China's claims as a global power, but others should be on their guard.

*Barry Buzan,
Professor of International Relations - London School of Economics*

China has established itself as a developer of technology for Earth orbital vehicles and space exploration and science.

The Kyoto Protocol report mentions that China's economy is "at the centre of the world raw materials economy."

Countries, such as the United States and Japan are looking to China to save their

economies from stagnation.

There is growing socio-economic disparity in China. Consumers and producers in rural areas are missing out on the economic benefits enjoyed by people located in the coastal regions. This could lead to civil unrest.

China's growing economy is imposing a heavy strain on its environment. It is developing into the largest source of greenhouse gases, replacing the United States as the largest producer of such gases.

Due to China's burgeoning population, she is turning to importing food (in steadily increasing amounts), as the domestic supply fails to meet demand.

With a booming population of 1.3 billion people, China is now the world's largest consumer of grain, meat, coal and steel

Earth Policy Institute Report (2005)

Chinese companies are spreading themselves globally, and growing in dominance over domestic markets in some countries.

China is becoming a base for outsourcing by many companies around the globe. This action may lead to increased unemployment rates in some industry sectors and nations.

Over much of the business world, the term *China Price* has since become interchangeable with *lowest price possible*.

The China price is part of the new conventional wisdom that companies can move nearly any kind of work to China and find huge savings. It holds that any job transferred there will be done cheaper, and possibly better.

Ted C. Fishman (2005)

There is growing dependence of many economies on China, such as those of the United States and most Asian nations.

China's political and military strength is growing, showing potential to become the greatest nation and culture the world has known.

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China wields strong trade bargaining power leveraged by its large economy and market size.

China is moving towards implementing Foreign Direct Investments abroad. China could be greater than the United States and Japan in this respect.

China is a breeding ground for a growing number of international entrepreneurs.

There is no question that China's immediate impact on the global village is significant and that its future influence on the global economy will be immense.

'In its rivalry with India as an economic power, China has a lead in the absorption of technology, the rising prominence in world trade, and the alleviation of poverty.'

CIA-The World Factbook - China, July 2005

The rise of China as a global force not only challenges the present status quo of the world, but also places the country in the enviable situation of enjoying advantages in areas that have never been enjoyed by any other country in history, through demand and supply of the largest homogenous population base.

This may provide China with the ability to significantly influence not only the global environment but also the production and consumption of most goods and services in the world.

For example, many nations turn to China for the manufacture of their souvenirs — tourists purchase reminders of overseas trips that frequently share the same country of origin and the words "Made in China."

Marketers need to understand that China not only represents an opportunity but also a catalyst that can alter the market conditions on a global basis.

Historically, when we studied economics in certain parts of the world, there was a saying, "When America (USA) sneezes, the world catches a cold." Now we can say of China, "When the dragon breathes fire, the world ignites!"

As Lester R. Brown said in his Earth Policy Institute Report (2005):

"China is no longer just a developing country. It is an emerging economic superpower, one that is writing economic history. If the last century was the American century, this one looks to be the Chinese century."

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A life lived well Keith KernickWarne

MCInst.M., FCInst.M

September 26, 1928 - March 24, 2005



Keith was born in Winnipeg, Manitoba and graduated from the University of Manitoba. He left Winnipeg for Montreal to pursue his career as a newspaper writer. He then moved to Toronto where he met Mary his wife, raised their family, and enjoyed a long and distinguished career in marketing. Keith founded Warne Marketing & Communications in 1979. He is a Fellow of the Canadian Institute of Marketing, past-president of the U.S.-based Business Marketing Association, and the only Canadian awarded the G.D. Crain Jr. Award for outstanding contributions to Marketing and Advertising in North America.

Keith was one of the earliest members (#52) of the Institute, joining in 1986. He was a regular contributor to our journal and designed our logo to mitigate a major challenge presented by the government of Canada over the use of a previous logo. Mr. Warne redesigned our Web site, and his company has served as webmaster for at least 6 years. He served several Boards and Offices of the Institute, and was elected Fellow on September 24, 2004.

Central banks and services marketing: A case study of the Bank of Ghana

by Robert Hinson, MCIInst.M



Robert Hinson, MCIInst.M

This study has come about as a result of the growing realization and acknowledgment that Central Banks across the globe hardly ever give any thought to marketing let alone services marketing. Central Banks generally formulate and implement monetary policies towards price stability of their respective countries. In addition to general functions of central banks, the Central Bank of Ghana performs other varied functions including acting as regulatory body and licensing authority of all banks and some non-bank financial institutions in the country.

Services are defined in simple terms as deeds, processes, and performances. Services pervade every form of activity/organization. It is almost impossible for a purely manufacturing oriented organization to be recognized and distinguished without acknowledging the role of services in the set-up. It is important to recognize that it is almost impossible for an activity to function without acknowledging the crucial role that service plays in the operation.

Central Banks the world over are considered public service or quasi "glorified" civil service. There is also the growing perception that civil service around the world plays second fiddle to the private sector in terms of the discharging of quality service to internal and external customers.

The purpose of the paper is to establish whether services marketing is crucial to the operations of central banks and whether the central banks consciously strategize to embrace the principles and concepts of services marketing, using the Bank of Ghana as case study.

The Mandate, Objects And Functions of the Bank of Ghana

The Bank of Ghana takes its mandate from the 1992 Constitution of Fourth Republic of Ghana and hence the Bank of Ghana Act, Act 612, 2002; passed by the parliament of the Fourth Republic of Ghana. Extracts of the Bank of Ghana Act follow.

The Bank of Ghana Act: Act 612, 2002

The Act among others, noted the continued legal existence of the Bank of Ghana, the objects of the Central Bank, the functions of the Central Bank and the authorized share of the Bank.

(a) Continued existence of the Central Bank.

This section states that the Bank of Ghana in existence before the commencement of this Act shall, subject to this Act, continue to be in existence as a body corporate with perpetual succession and common seal and may sue and be sued in its corporate name.

(b) Objects of the Central Bank

The primary object of the Bank is to

maintain stability in the general level of prices. However, the second objective notes that the bank shall support the general economic policy of the government and promote economic growth and effective and efficient operation of banking and credit systems in the country, independent of instruction from the government or any other authority.

(c) Functions of the Central Bank

The Bank of Ghana is mandated to provide several functions including:

- to formulate and implement monetary policy aimed at achieving the objects of the Bank.
- to promote by monetary measures the stabilization of the value of the currency within and outside Ghana.
- to regulate, supervise, and direct the banking and credit system and ensure the smooth operation of the financial sector.
- license, regulate, promote and supervise non-banking financial institutions.

Key activities towards quality service

Outsourcing of Non Core Activities: Some of the key things that an organization, for that matter, the Bank of Ghana could pursue when considering service quality is to concentrate on core activities of the Bank. The Bank could therefore embark on a number of activities including outsourcing of its secondary functions. In an article, "Is Ghana ready for Business Process Outsourcing," the writer sought to highlight the benefits of outsourcing and whether Ghanaian firms

Central banks...continued from page 4

including the Central Bank, are ready for outsourcing. The undisclosed writer sought to establish that 'Business Process Outsourcing', which is on an increasing trend, has proven to be very useful for institutions to operate effectively where they lack the expertise. The writer stated that currently about 70% of companies are already engaged in Business Process Outsourcing (BPO) of some sort, while 65% envisage total outsourcing of all non-core functions. The writer contended that though opportunities exist for BPO, the process is at the moment faced with serious limitations. The article stated that the problems range from human resource capacity, real estate, to logistical support. It cited an example that though 18,000 graduates are produced every year, only about 2% qualify and/or are willing to work in BPO companies.

Is the Central Bank a listening bank?

One of the key concepts of service quality delivery are components built into service delivery which will ensure listening to customer specifications and ensuring that the service is in conformance to it; that the service is reliable; that the service will satisfy the basics, and finally the design should be such that the service system will produce perceptions of quality. These precepts were found not to have been considered as demonstrated in an article which appeared in the March 22-28 edition of the Business and Financial Times entitled "Bank of Ghana ignore."

The paper reported that that Bank of Ghana has ignored calls by commercial banks in the country calling on the former not to introduce the new credit transfer system because they believe its introduction could promote and encourage money laundering. The

paper noted that the concerns were raised at a day's seminar that was organized to introduce the bank's staff to the product. It noted further that the reaction of the commercial banks have made the Central Bank jittery that the product may not receive the support and promotion of the banks as it happened in the previous non-cash payment products.

The paper noted, however, that the Bank of Ghana would complement the debit instrument clearing process and provide users with more choices. The paper quoted the 2nd Deputy Governor saying, "the system when operational would allow banks to transfer funds in the banking system with credit vouchers." He was again quoted as saying that "Credit Transfer Vouchers (CTV) would be cleared multilaterally and the net position of the banks settled through the Ghana Inter Bank Settlement (GIS) system."

Extracts of International Monetary Fund (IMF) Country Report issued in December 2003 on Bank Of Ghana. Report No. 03/396.

The report noted that there have been several import reforms to the policy framework. It noted that in January 2002, a new Central Bank law came into effect which sought to establish and guarantee the independence of the Bank of Ghana in the pursuit of its primary objective of price stability including provisions aimed at enhancing its operational efficiency and strengthening its supervisory role.

The report noted that while the Bank's accounting and auditing practices improved significantly, it failed to address some of July IMF Safeguard Assessments, namely, the continual holding of shares in Ghana International Bank (London). It noted that divesting these shares would help to

bolster the independence of the Central Bank.

Methodology

The study was undertaken by employing the following methodology by means of simple exploratory techniques. Personal interviews were conducted with two CEOs of two selected non bank financial institutions in the Greater Accra Region and with some staff of selected Commercial Banks and selected of Bank of Ghana to elicit their views on service delivery of the Central Bank.

Personal Interviews

Non Bank Financial Institution CEOs
The CEOs agreed that the Central Bank of Ghana is 'holding a big stick' over the institutions rather than dialoguing with them on issues. They noted that sometimes the Bank of Ghana displays stark ignorance about their operations. They end up formulating laws that are unfavorable to the industry. They mentioned that some of the prudential requirements do not help the industry to grow. For instance, a requirement that a Discount House should always maintain 70% of its liquidity in bills and other short-term funds is retrogressive.

Two Selected Commercial Bank Staff

Interviews with two selected staffs of some commercial banks in the Greater Accra Region on their impression of the service quality of the Bank of Ghana in terms of its service delivery and role in the financial system revealed that they both agreed that the Bank of Ghana staffs are usually ignorant about what goes on in the commercial banks. They noted the Central Bank staffs would need more practical training in their operations before it would be able to appreciate them.

They noted that when they launch new products to commensurate with changes

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in the environment, they expect the Bank of Ghana to study their proposal and consider the trend in the industry worldwide before taking a decision since the world is now a global village.

Two selected Bank of Ghana staff

I conducted an interview with two of the senior managers of the bank of Ghana about the service delivery of the bank to both internal and external customers. Both interviewees agreed that the bank is not doing enough to improve the quality of service delivery. They complained of the communication gap between top management and the other officers. They also talked about inadequate training of staff. They were of the opinion that even through financial engineering, the world of the practitioners is always ahead of the regulators. It is important that the regulators be given adequate training and exposure to enable the Central Bank to regulate properly.

Discussion of the findings and recommendations

Bank Of Ghana Efforts Towards Service Quality

The Bank of Ghana has recently embarked on a number on activities with the view of improving its services to the stakeholders. Some of these activities include:

- the creation of a public relations office to improve the Bank's communication with stakeholders and the public at large.
- the creation of an external relations unit to improve communication with external bodies like the Bretton Woods Institutions.
- the creation of consumer unit within the Banking Supervision Department to handle grievances/issues of

the public raised against the commercial banks.

- The granting of a universal license to commercial banks to enable them render multiple services to the public.
- The rightsizing of the Bank for it to concentrate on its core activities.
- The Bank is however yet to outsource its non-core activities such as the transport, printing and library support services functions.

The Bank of Ghana seems to have taken some steps towards improving service delivery to its stakeholders. However, some of the steps the Bank took have been fraught with problems because the Bank of Ghana did not consciously consider the role of service marketing in the delivery of service as detailed below:

- The public relations office which was created did not function properly and had been swallowed by the Under the Secretary's Department because that arrangement was not given careful consideration before its establishment. The head of that unit appears not to understand some economic issues.
- The Bank is finding it difficult to regulate the commercial banks because of the universal licence given without adequately training personnel of the Supervisory Department, or merging it with other departments to make supervision effective.
- The action taken by the Bank of Ghana towards rightsizing ended up in court because it did not take the necessary steps to follow procedures, or apply marketing skills.
- The Bank has not been able to outsource most of its non-core functions due to poor planning of its implementation.

Considering the outcome of the study it is recommend that the following service improvement strategies be instituted to improve the service quality in Ghana's Central Bank:

1. The bank create a Marketing Department, which would be given a strategic status.
2. The Bank be given adequate training and exposure to its staff.
3. The Bank dialogue more with its customers before taking actions that affect them.



Conclusions

The Central Bank in Ghana has not considered services marketing in their operations, and that may be one of the reasons why their operations are fraught with problems. The Central Bank should as a matter necessity employ services marketing and grant a strategic status to marketing in its decision making chain.

Robert Hinson holds a bachelors, post graduate Diploma and an MBA in marketing. He is a Chartered Marketer and a lecturer in the Marketing Department at the University of Ghana Business School. He is a marketing consultant, is published, and presented conference papers on a wide range of topics including Service Marketing, Marketing Communications, Behaviour Change Communications, Technology and Banking, and, The Internet and Exporting. He can be reached at rhinson@ug.edu.gh

Canadian Institute of Marketing improves its Web presence and member services

The first chance you get, see www.cinstmarketing.ca. A project budgeted in our 2004-5 plan was to refresh our Web site to reflect the current profile of the Canadian Institute of Marketing. It is now representative of our Institute and gives clarity to its direction. We have a new constitution and bylaws drafted to implement the constitution that are under review by the College of Fellows and Board of Directors. This information cannot be posted on the site until approved by the membership at our 2005-2006 annual general meeting to be held in June, 2006. In addition, although we have the architecture and content for the Members only site, it won't be completed until it funds are available for its launch. This is a 2005 budgeted project.

their business or personal information in Consulting Services Directory. This directory is long overdue as it is a request by members and also a request by the general membership that came out in the 2003 membership survey.

For the first time we have introduced a feature for subscriptions to our journal, *Marketing Canada*. The feature is generating about five requests per week and is responsible for increasing an awareness of the Institute and boosting our ranking on search engines. Through this feature, we expect to receive an ever increasing number of applications for membership from residents of Canada and other countries. Authors can be assured that their articles will get global exposure and that they are read by a known profile

add more as we find organizations that have synergies with the Institute and its members.

The site's education pages show the international programs endorsed by the Institute and several marketing programs of Canadian colleges that are accredited by the Institute. The Canadian Institute of Marketing continues to re-establish relationships with Canadian schools to confirm former accreditations or accredit programs for the first time.

Membership details are described on the site including benefits of membership and why membership may be attractive to people involved in marketing.

The site carries news and events pages and links to sites of interest to the Canadian Institute of Marketing.

There is a career centre on the site for members looking for employers and for employers seeking professional marketers. These pages will be populated as agencies and individuals become aware of the feature.

Already, the contact page has generated several detailed requests for information.

Place www.cinstmarketing.ca in your folder of favorite sites and return to it often to follow the activities of the Institute.



The screenshot shows the homepage of the Canadian Institute of Marketing. At the top left is the CIM logo. To its right is the text "The Canadian Institute of Marketing" and "L'Institut Canadien du Marketing". A search bar is located in the top right corner. Below the header is a navigation menu with links: "Who We Are", "Membership", "Resource Centre", "Education Programs", "Career Centre", "News and Events", and "Contact Us". The main content area features the heading "The Bureau of Professional Marketers in Canada" and "Le bureau des acheteurs professionnels au Canada". Below this is a sub-heading "Where marketers become professionals through knowledge and experience" and "Là où les acheteurs deviennent des professionnels par la connaissance et l'expérience". There are two columns of links: "Who We Are" (Membership, Resource Centre, Education Programs, Career Centre, News and Events, Members Only, Contact Us) and "Quick Links" (Subscribe to Marketing Canada, Remittances). Below these is "Press Releases and Bulletins" (Ontario Colleges' Marketing Competition). At the bottom, there is a copyright notice "© 2005 The Canadian Institute of Marketing" and contact information: "205 Miller Drive, Halton Hills (Georgetown) ON, Canada L7G 6G4 Tel: 905.877.5369 Fax: 905.702.0819 info@cinstmarketing.ca".

The site is more interactive than the previous version and will accommodate a spring webinar, then several thereafter. Already, members may list

of readers.

The site lists a number of organizations with whom we are developing long term relationships. We hope to

Annual General Meeting keeps Institute focused on core activity

The 2005 Annual General Meeting held June 25 in Toronto Ontario turned into a business session that drew clear directions for the Institute's management.

The following members were elected to the Board of Directors for a one-year term. Details are on the Institute's Web site.

- Joshua Caplan, (Chair)
- Shiv Seechurn (Vice Chair/Registrar)
- Oswald Emmanuel (Secretary/Treasurer)
- Charles Adegboyega
- Réal Chabot
- Ron Halliday
- Susan Hughes
- Suzen Fromstein
- Prasanna Perera
- Ranil Herath
- James Schauer
- Len Weeks

Following the election, there was discussion about appointments to chair selected standing committees instituted by the 1997 By-laws and non-standing committees. The following is a tentative list of members named for the committees. Some have confirmed their commitment.

National Executive Committee
 (Under Review of new By-law)

Education and Professional Development Committee— Shiv Seechurn

Membership Services Committee— Rasika Wickramatunga

Communications Committee— Suzen Fromstein



Conferences and Seminars Committee—Rasika Wickramatunga

Finance Committee— O. Emmanuel
 Committee on Corporate Funding (open)

International (non standing) (open)

Government Relations (non-standing)
 — James Schauer

Advisory Board — College of Fellows

Professional Accreditation Board — Shiv Seechurn (Registrar)

Web site Development Committee (non-standing) — Scott Warne

Georgian College, Barrie ON
 The CIM UK professional certificates and diploma program launched at

Georgian College has not been successful in attracting candidates. The approach will be reworked with Georgian through our Education and Professional Development Committee and the CIM UK. S. Seechurn suggested a task group and budget to develop a curriculum for a Canadian Institute of Marketing program for professional development.

Fanshawe College, London ON
 G. Lee has met with staff at Fanshawe involved in the college's marketing programs, looking for a professional development relationship with our Institute.

George Brown College, Toronto ON
 The Institute has developed a relationship with George Brown. We are in the process of accrediting their marketing

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programs. They have a strong international focus and student body.

Web site Upgrade

The site will have a members only section in 2005-2006.

Marketing Canada

Our journal continues to be one of the prime offerings of our Institute. The publication is published 3 times annually. Members are encouraged to use it to share marketing information, present case studies, original research and personal career updates. The name was changed in 2005 from The Marketing Challenge to Marketing Canada.

Membership and Member Services

We have much to do in this area of growth and retention. Once our new constitution and By-laws are approved by the membership and Industry Canada, the Institute will have a clearer pathway to certification/licensing and this is the ultimate goal to attract and maintain members. Much has been done over the past few years with very limited resources to pave the way for this change in the Institute's focus and structure. Rasika Wickramatunga who was in charge of member services in the Sri Lanka Institute of Marketing will chair member services.

Suggestions to consider enhancing the value of membership were achievement awards, academic professional development offering continuing education credits for seminars and events attended, as well as articles published. The subway series of seminars will be continued for three events and we will host a "webinar" in the winter season.

1997 By-laws Review and New Constitution

G. Lee presented a draft of a new constitution and set of implementing By-

laws. This documentation has been reviewed by the College of Fellows. The documents will then be revised and sent to the Board of Directors for input until January. Then the documents will be revised again and distributed to the membership for review and input until April 2006. They will then be finalized and prepared for presentation and a vote of acceptance at the 2006 AGM.

Registered Professional Marketer

The Institute is developing the protocol for introducing the designation, Registered Professional Marketer. Some members may desire this designation in private practice or in senior management positions. Member Anthony Raman, MCIInst.M. is assisting with the development of the protocol and requirements. This will be reviewed by the College of Fellows and Board of Directors before being presented to the membership and a vote to implement at the 2006 AGM to coincide with the adoption of the By-laws as this designation will be written into the constitution and By-laws.

Asia Pacific Marketing Federation

Members recognized the value of the APMF in working toward common international marketing standards, but also recognized that we have bigger issues in Canada and that our attention and resources must be on our immediate challenges and not those of the APMF. The members agreed that we would like to have a more active role in the APMF later.

Volunteer/Consultancy Projects

The Institute is currently involved in three outreach projects; one for the Toronto Chapter of the Bruce Trail Association, one for a Peel non-profit organization (SHIP), and Housing Connections Toronto.

Internationally Educated Professionals Conference March 2006

Board Member Ranil Herath informed the members of a conference, which has the potential of attracting qualified full members to the Institute. This is the IEP Conference at the Metro Toronto Convention Centre. Sponsorship would be involved as well as an exhibit. The General Manager, Executive Committee and R. Herath will explore the possibility of our Institute's involvement in the 2006 conference.

Ontario Colleges' Marketing Competition

The Institute participated in the Ontario Colleges' Marketing Competition for the first time in November 2005. The general manager was invited to be a judge. The event is huge attracting about 1500 of Ontario's best marketing students to compete for significant awards over a two-day period. The Institute will be a judge in 2005 and subsequent years.

The Institute will develop a bookmark for distribution in any student kits and for handouts throughout the year at the various career fairs and exhibits where the Institute is involved.

MARCOM 2006 participation, Ottawa

G. Lee and S. Seechurn participated in MARCOM 2005 in Ottawa in April. Lee attended the exhibit area and introduced a speaker on behalf of the Institute. The Institute was well represented at the 2005 conference with appearances by members Mike Datsun and founder James Jarrett.

Federated Press

The Institute has developed an ongoing relationship with Federated Press to endorse their marketing programs and field speakers. Our Chair and Registrar will be speakers in the fall.

Marketing—Tactics dictate strategies

By Dr. Ranjan Madanayake, DBA, CPM, FSPMgt., FSBP, MCInst.M, MMA, MIM (SL), MSLIM



Dr. Ranjan Madanayake, MCInst.M

In 1982, I took an appointment in Nigeria as the head of sales, and designated Sales Manager in a large group of companies in diversified industries. My task was to handle marketing and sales of a pipe mill producing steel and galvanized pipes, as well as a steel mill producing reinforcing rods and sections for construction. These two factories were very big in volume and size. The steel mill was one km long and the pipe mill almost as long. The distribution system was through wholesalers who were dealers in pipes and steel, located in the biggest single market place in Africa, the commercial city of Anambra State, Onitsha. I visited the market every other day and had a very good relationship with my customers. Another company in the group had a problem and I was entrusted to find a solution.

Angle iron, which is produced in the steel mill, is sharp on the outside and round on the inside but what this company had done was to produce an angle iron by using an industrial bending machine and bending steel strips. Resultantly the angle iron produced through this process was round on the outside and sharp on the inside. However the new angle iron had all the other features found in the traditional type. In my visits to the market, I found that this product was viewed as

a duplicate and a very poor imitation of the original angle iron, which is sharp on the outside and round on the inside. The wholesalers rejected it. They considered the product to be of poor quality and strength, but it wasn't. The predicament of the company was very severe, as it had millions worth of unsold stock.

At that time in 1982, we were taught by our marketing gurus to satisfy customers' needs and wants. Americans and Hong Kong Chinese managed this group. My task was to change the perception of the trade and achieve something favourable. I did not know about differentiating or positioning then. The first book on Positioning by Al Ries and Jack Trout, though published in the USA by The McGraw Hill Companies, Inc. in 1981, wasn't available in Onitsha or Nigeria for that matter. In this instance according to the authors of Positioning, the wholesalers have positioned it as a "weak imitation." What strategy and what tactic must I seek to change that positioning of the wholesalers on the angle iron?

I had two 4-inch pieces of the original and the imitation. One evening alone in my apartment sipping a drink on a very cold "Hamatan" night I was gazing at the two samples and after a while I took the imitation piece to hand and started to gently tap the rounded outside edge with the side of my finger, comfortable. I changed it to the original, one that was sharp on the outside and did the same and my finger stung, you can guess, because it was sharp on the outside. I tried them both again and again and the penny dropped – eureka. The conclusion was that the sharp edged one hurts and the round edged one doesn't.

Every house in Nigeria particularly in the South use a large amount of steel in the form of angle iron, flat bars and rods to make security grills to mitigate or avert the aggression of armed robbers and they also use steel for furniture, as they prefer steel furniture to timbre. Angle iron constitutes the bulk of the steel used in security grills and furniture. My hypothesis was that the round angle iron was safer than that of the sharp angle iron for both security grills and furniture; a tap on either will demonstrate that. So there came the idea "the angle iron that won't hurt." I took this to a wholesaler who was closer than others to me and I told him about my thinking. I said that we should call it a "safe angle" and offer it to those who make furniture and security grills. To cut a long story short we were very successful. I appointed the wholesaler as our special agent for the product, and his team that was trained by me brought the orders from direct users. This personal but simple anecdote has an important message, however, strategic marketing and tactical marketing must first be defined before analysing the case.

Strategic Marketing

Strategic marketing is the long-term course of action that an organization accepts to drive its marketing priorities, which are its vision, mission, goals and objectives. To ascertain an organization's objectives one can use the Ansoff Growth Vector Matrix, which is about products and markets. They are:

- Market penetration
- Product development
- Market development
- Diversification

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Tactics dictate strategies

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Once this stage of products and market objectives is accomplished, the marketer can then move on to decide on the strategic elements:

- Segmenting markets
- Targeting market segments
- Differentiating offerings
- Positioning offerings

This is the most important stage in the marketing process, not that the others aren't, but this is more important due to its long-term nature. Strategic elements should not be subject to frequent change and should be managed prudently and wisely. One cannot, for example, run a positioning at launch and suddenly reposition it in just a few months later at growth. It will confuse the target market.

The first aspect of this stage is segmenting markets. Once the segmentation process is completed, the decision which segment or segments to serve must be made, simply because no product is ideally suitable for all segments. Even though the former CEO of Coca Cola, Roberto Goizueta saw people drinking water as a distinct segment and an opportunity, (and water as also a competitor), they segmented the thirst market to serve them with non-Cola products such as Fanta and Sprite. This is targeting and the process broadly is:

- Single-segment concentration – focus on one segment.
- Selective specialization – targeting more than one segment.
- Product specialization – one product several segments.
- Market specialization – focus on many needs of a particular group.
- Full market coverage – serve all

segments with products needed. Once the above process of targeting is accomplished the next step is to find a method to differentiate the offering. Who would want to shift to a me too product? Unless it is as good but much cheaper. Therefore there must be some differentiation from others in the market place. This must be the sustainable superior value that marketers must create when developing the total value proposition.

The next step after differentiating is positioning. Positioning according to the founders of the concept Al Ries and Jack Trout is what you do to the customer's mind. The strategic alternatives recommended by them are:

- Strengthening ones own position in the mind of the target market.
- Grab an unoccupied position.
- De-position or Re-position competition.
- A fourth may be the Exclusive club.

Two others, Michael Treacy and Fred Wiersema, proposed a framework referred to as Value Discipline in their book titled, "The discipline of Market Leaders" (Harper Collins. 1996). The framework included:

- Product leadership – innovate or improve performance.
- Operational excellence – organizations like McDonalds lead in this field.
- Customer intimacy – personalized service.

After achieving successful differentiated positioning, the strategic marketing stage is completed. The challenge now is to develop, price, deliver and communicate the positioning which in fact is the total value proposition.

When we position a car as the safest car in the world as an attribute, we must

then do everything to ensure that it is the safest car in the world, price it appropriately with a reasonable return, place it or make it available to potential buyers at points convenient to them and communicate to create awareness and demand. This is where tactics come into play.



Tactical Marketing

The challenge of delivering the organization's positioning is achieved through tactical marketing. Tactics are relatively short term. Tactical marketing is achieved through implementing the marketing-mix:

- Product
- Price
- Place
- Promote
- People
- Process
- Physical evidence
- Customer Care

If positioning states that the product provides high protein nutrition then the product design must incorporate that element as a vital aspect of product development – PRODUCT. If positioning states that the product is affordable then the pricing aspect must incorporate that element when planning the value proposition – PRICE. If positioning refers it to be appropriate for low-income families it must be conveniently located or made

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Tactics dictate strategies

.....continued from page 11

available for low income families to buy from outlets they patronise – PLACE and then communicated to them of its availability and goodness – PROMOTE. Consider the service industry, which might say our hotel has well trained staff to handle all your needs, and then it must train them to do so – PEOPLE. They can also say “we offer personalised service,” and when one actually goes there many people must be present to attend to guests’ needs – PROCESS. A hotel may claim that it is the most beautifully designed; hence it must appear to be so – PHYSICAL EVIDENCE. This summary is what the marketing mix and tactical marketing entails.



The Angle Iron Case

In 1982, what I saw was a product plus an opportunity to make use of it, which when compared with the competitive product, was a distinct competitive advantage. It was also tactical, as it was product oriented and the tactic dictated the strategic element positioning of the product by positioning it as “The Safe Angle”. This is an example of the reverse of the strategic process, which Al Ries and Jack Trout in their book titled “Bottom-up Marketing” (First Plume Printing, 1990)

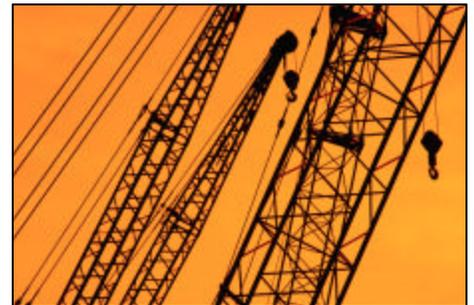
has argued. They define a tactic, as one which they say, must have an element of differentness, should be competitive in the total marketing arena, and possess a competitive mental angle that allows the marketing programme to work effectively. They define strategy as a coherent marketing direction, that encompasses coherent marketing activities with a purpose to mobilize resources to pre-empt a tactic.

If we analyze many instances in strategy formulation, it has always been the case of a tactical element giving leadership to the strategic element. An interesting aspect they have mentioned in the book is their reference to tactics being independent of time and relatively constant while a strategy unfolds over time. A sale, they say, is a tactic used at one time or another, and that a store that has a special sale event everyday is a discount store, which is a strategy. The tactic they see is the angle that produces the results and strategy within the organization of the company to produce the maximum tactical pressure. Tactics they say dictates strategy and then strategy drives the tactics. The example I gave earlier about the angle iron, a personal anecdote, demonstrates this aspect very clearly. The round angle, a tactical element, was made use of to position it as a safe angle, which is a strategic element.

Planners really do not (in the pragmatic world) simply go top down but almost in every instance works bottom up, because they always tend to start with the product, service or idea they wish to market. In the top down process we need to segment, target, differentiate and position, which are the strategic elements and then develop, price, place and promote the products, services or ideas. The former virtually does not happen and alternatively, the tactical elements will dictate strategy and then strategy will drive tactics. In

the angle iron case the round angle was differentiated and positioned as a safe angle and then tactics such as product, price, place and promote were used to deliver that positioning which is what the total value proposition is about.

The total value proposition is the sum of the total of both the strategic and tactical elements of a product, service or idea—not just one of either. So, if you lead your strategy with tactics, then you are most likely to be successful.



Any challenging comments to my article are most welcome by contacting me at rmadanayake@slt.net.lk. If you think it is of value, please tell others.

Dr. Ranjan Madanayake is author of Strategic Marketing Plan – The 12 ‘P’ Model, Sri Lanka and Co-author of The Marketing Collectibles, New Zealand & Malaysia. He is a member of the International Academic Board, Phoenix International University, Managing Director, Phoenix Business School, Sri Lanka, and Marketing & Management Consultant, for East West Marketing (Pvt) Ltd., Sri Lanka.

NewRoads Automotive Group unveils Magna Carta for customers and staff—a new marketing concept for automotive dealerships



Gregory Gilpin, MCIInst.M

After working for Disney in the United States and ExxonMobil in the United Kingdom, it comes as no surprise that this gentleman is still thinking big.

This past May, Gregory Gilpin and the NewRoads Automotive Group unveiled to staff what it calls its “Magna Carta” that it hopes will transform five dealerships, two leasing companies and a special finance company into one unique brand.

“We are implementing our best practices for a truly unique customer and employee experience,” says NewRoads marketing manager Gregory Gilpin.

NewRoads is an amalgamation of North York Chevrolet Oldsmobile, Richmond Hill Pontiac Buick GMC, North York Chrysler Jeep Dodge, Open Road BMW, NewRoads Financial, KIA of Newmarket and NewRoads National Leasing, formerly All Makes for Lease and NYCO National Leasing. All are Greater Toronto Area stores.

For customers, the charter will mean enjoying all the same privileges of ownership, whether they own a Chevrolet, Jeep or BMW, Gilpin explains.

“After 35 years of listening to our customers, we think we have a pretty good handle on what they want, and now we are going to give them what they want, regardless of the brand they choose.”

For staff, it means there will be an emphasis on hiring from within, more training to help make a NewRoads job into a career—all leading to an increased *esprit de corps*.

The “Magna Carta” is the brainchild of NewRoads president, dealer Michael Croxon, senior management and Holmes and Lee Advertising,” Gilpin says.

Amalgamation of all the dealerships gives NewRoads increased market place clout when it comes to buying everything from paper clips to advertising. For example, (where possible), NewRoads ads will appear as the NewRoads Automotive Group, not individual dealerships.

Grouping all makes will help to enhance their image as a brand, the NewRoads brand, he says as well as lowering ad costs. Gilpin is cautious when it comes to discussing specific provisions in the document until staff are finished pouring over every aspect to see if they can practice what they preach.



NEWROADS
Automotive Group

He hints that there might be a 12-month walkaway policy on every lease or finance, or there might be free loaner cars or a seven-day money-back guarantee along with savings on gasoline and insurance for customers of the group. But nothing is set in stone, yet. “I am setting up joint ventures with many companies, leveraging the size of our client base with the end goal of our customers having an ownership experience like no other...and it’s working”.

“We need to drill down and see if we can deliver,” he says.

But to succeed, the “Magna Carta” has to be more than just a set of fine sentiments on a wall plaque. That means keeping the document a work in progress.

“Customers need change. The goal is to implement a system by which we are continuously improving ourselves to mirror these needs,” Gilpin explains.

Gregory Gilpin can be contacted at ggilpin@kiaofnewmarket.com.

Percolation of strategy to all levels of an organization is vital

by Lubaina Galely, MBA, DIPM, MHP, PCS, HIA, MCInst.M



Lubaina Galely, MCInst.M

For a business organization to be successful, it is imperative that every individual in the organization fully understand and work towards achieving the corporate goals.

To achieve this, management has to ensure that everyone in the organization is aware of, and comprehends the vision, objectives and the strategies.

Rather than just outlining tasks for each employee, the key is to communicate the current situation, the markets and the opportunities. Often, the employees at the junior levels of the organization (who usually are the ones who deal with the customers on a daily basis), are not clear what the big picture is, and what the strategies spell out for them.

Valuable input, as well as in-depth market and customer knowledge can be gained from all levels of an organization, which can be used by executives to monitor and adapt the strategies to the changing conditions. To be closer to its customers, many organizations have preferred to maintain a leaner management structure. However, unless communication flows both ways – up and down all levels (especially when developing strate-

gies), there is a risk that the various departments may not be working optimally and collectively towards organizational success.

The strategists should decide on the format of the development of strategy, based on the type of organization and the challenges facing the organization. If the organization is too complex, technical or scientific in nature, the strategy may be developed as a narrative to aid understanding.

Once every individual can see the effect of their contribution, the resultant collective focus on success would have a powerful positive impact on the organization, especially during times of tremendous change. By equipping each individual with a clear understanding of their role, provides them with the ability to make decisions that are aligned with those of the organization. This, in turn, helps to relieve their managers of the burden of constantly monitoring and motivating their department.

When explicit strategy percolates to all levels of the organization, there is little room for individual assumptions to direct individuals or departments away from the main goals. As a result, the departments and sections of the organization work effectively and efficiently together rather than just focusing on departmental goals. This would give the company an edge over its competitors.

Lubaina Galely can be reached at lubainagalely@yahoo.com.

CIM a sponsor at MARCOM 2006

MARCOM 2006 is being held June 7 to 8 at the Ottawa Congress Centre (Ottawa). The symposium brings many of Canada's top marketing minds together to connect, pause and discuss key trends and issues related to marketing in the public and non-profit workplace to develop innovative solutions for today's service delivery challenges.

MARCOM is in its 8th year. The Canadian Institute of Marketing has been a sponsor for the last 4 symposiums. The core focus of MARCOM is helping public sector and non-profit professionals get better results from their marketing initiatives. There will be three tracks: Tools, Strategies and Social Marketing, with opportunities to hear in-depth case studies, panel discussions educational sessions from novice to advanced!

The Canadian Institute of Marketing participates with an exhibit booth and members who facilitate round table sessions and introduce speakers.

The Institute uses the round table sessions and speaker introduction opportunities to help position our membership as professional marketers, and the Institute as the governing body for professional marketers in Canada. Activity at our booth includes membership inquiries and fielding questions about what constitutes professional marketing.

For information see:

www.marcom.ca

Federated Press seminars endorsed by CInst.M

Members of the Canadian Institute of Marketing located in the Greater Toronto Area have an opportunity to refresh their knowledge in marketing research, sales and marketing intelligence, branding, and public awareness for the federal government.

The marketing research course is being held October 11 to 12 at the Sheraton Centre Hotel on Queen Street in Toronto. The marketing research course is at the same venue from October 25 to 26.

We have increased our investment in the seminars by fielding our Chair, Joshua Caplan, MCInst.M and Shiv Seechurn, MCIM, MCInst.M. our Vice Chair and Registrar to present papers.

Josh is presenting a paper on exploring ways of making competitive intelligence a more powerful resource for executive decision-making.

Josh is a Business Development & Communications Specialist at Array Systems Computing Inc. Over the last ten years, he has had the opportunity to work in a diversity of companies and gain vast experience building business-to-business marketing strategies and refining marketing intelligence practices in the North American office products and information technology sectors.

Shiv is presenting on using and understanding marketing surveys for better

customer segmentation. The session focuses on communications with clients through customer surveying.

Shiv is a Chartered Marketer with the Chartered Institute of Marketing, UK. He has lectured several marketing courses, including those of the CIM UK. Shiv has held several positions in marketing and management in Seychelles and Mauritius. He is currently employed with Revenue Canada.

The 4th annual Gaining Public Awareness: Government Marketing conference will be held December 7 and 8, 2005 with optional interactive workshops on December 9, 2005 at a location to be announced in Ottawa. And, the 4th annual Power of Branding Conference is scheduled December 12 to 14 at a location to be announced in Toronto.

The Institute has forged a partnership with Federated Press to help promote the seminars and encourage marketers to attend.

In return for endorsing the courses and conferences and promoting same, the Canadian Institute of Marketing receives placement of our logo on the Federated Press Web site and other publications associated with the event, a signboard at the registration desk advertising our endorsement, space for a display, distribution of our own promotional material, a 10% discount off the published rates for members, and one free pass usually given to a member staffing our booth or presenting a paper.

To register for the seminars, contact Federated Press at 1-800-363-0722. You can view the programs at www.federatedpress.com as the programs are firmed up.



Constitution and By-law draft under review

The Institute's College of Fellows and Board of Directors are working with the General Manager to draft a constitution and new implementing By-law for the Canadian Institute of Marketing. By-law No. 1 has served the Institute well since its first draft in 1982. The original By-law was revised and reissued in 1997.

The new document will set the Institute on a fresh path that still holds many of the principles and objectives of the founding fathers, along with a flattened organizational structure and clarity in defining itself as a self-governing body for professional marketers in Canada. It accommodates a new designation of Registered Professional Marketer for members who would need such a title in developing careers in industry and government, and this triggers opportunities for the Institute to offer a post graduate diploma and continuing education program to place responsibility on RPMs to maintain high standards of practice in marketing. Members who are not registered are still regarded as professional persons, but those holding the RPM designation send a message to their employers and the public that they are the best of the best for senior level marketing positions.

Members will get to review and comment on the draft document from January to March 2006. The objective is to put the new constitution and By-law to a vote at our annual general Meeting on June 17, 2006 at the Old Mill in Toronto.



Brands Come Second

Brains not Brands are an organization's marketing asset

by John Flynn, Chief Executive
The ComMentor Group



John Flynn

Some would argue that The Brand is the key marketing asset, but brand valuation is based on such factors as purchase frequency and size, price, demand, penetration, consumer pull through, loyalty, etc. These, and other factors, add up to create the strength of the Brand. However, the achievement of these is all the responsibility of the marketing professionals, and dependant on the way in which they conduct their business.

The strength of the marketing community is becoming critical to the success of an organization, and yet the value of marketing is being questioned. The marketing guru, Ardi Kollah, recently observed that "As the pace of change (in markets) becomes so much faster, our relationships are becoming much more temporary. Information has become perishable and brand loyalty is nice to have, but seldom bankable." The ability to survive in such an environment is therefore dependant on the capability and pro-

Brand loyalty is nice to have, but seldom bankable.

fessionalism of an organization's marketing function.

To successfully undertake the role of marketing, it is essential that practitioners have both the required knowledge, gained through professional qualifications, and relevant experience, gained from an appropriate career path. Depending on the route that an individual wished to take, there are various approaches to achieving professional qualification including the Chartered Institute of Marketing and the CAM Foundation.

It is the application of the marketing skills and knowledge that is crucial to the success of both the individual and the company, and therefore, appropriate professional qualifications are absolutely essential. However, as all good poker players know, it is not only whether you are holding a good hand that counts, it is also how you play what you have got that matters. Equally in managing and growing a business it is how you use the resource at your disposal that is the key. And none is more important than marketing. However, how to drive and control what some have recently described as the "fluffy" occupation of marketing, is a problem many are walking away from, preferring to turn to other management functions to undertake the task.

Marketing is just input and output
While marketing is a complex function, along with other business activities, it can be simplified to a matter of inputs and outputs. The company inputs resource in the form of new business

offers (products, services, etc.), new business opportunities (new markets, M and As, etc) and marketing resources including skills and budget. From this "raw material," marketing should produce a competitive resource that creates differentiated offers targeted at discrete segments—the success of which can be measured.

To successfully achieve the four marketing outputs, four key issues need to be covered. The first is the alignment of the marketing **strategy** with that of the overall business strategy. This is not difficult as marketing should have had considerable input into the development of the business strategy. The harder task is usually aligning the marketing strategies of diverse business units. While this requires some effort, it is the one task that is absolutely essential if an organization's business goal is to be achieved.

Next is the issue of marketing **strength**, or the skills and experience of the marketing community. Getting the mix right so that the requirements of each element of the strategy can be addressed requires a clear understanding of the ability of the community and where their individual skills need to be enhanced. Having defined the need then the next task is to identify the most appropriate means of developing the required marketing strengths. This is where the "marketing asset" requires appropriate investment if it is to achieve the desired output.

You must have the right skills if you are to win the battle.

In a military sense, a company must have the appropriately skilled and equipped troops if you are to have a chance of winning the battle.

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Brands come second

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The marketing **structure**, the third of the issues, relates to the allocation of the resources required to achieve the most effective and efficient use of the marketing facilities, including marketers, suppliers and other contributors. Procedures and processes are important but it is the structure of real and virtual teams, and their relationships both between themselves and with other business functions and channel members that will create trust across groups who are addressing the same goals, but from slightly different perspectives.

And finally, **support**. While marketing is becoming increasingly complex, the support facilities, in the form of management systems, are readily available. However, these tend to relate to sales and promotional management. It therefore falls to the individual company to create an appropriate marketing support system. This again requires investment and also the acceptance of a pan company common language of business development and marketing. The result, when correctly defined and implemented, is the ability to coordinate and monitor the complete spectrum of marketing activity throughout an organization.

Measuring Marketing Muscle

Each of the above areas of activity needs to be measured against a professional benchmark such as the National Occupation Standards. These are currently being developed in the UK by the Marketing and Sales Standards Setting Board. One of the purposes of this government initiative, which is being undertaken by people drawn from all aspects of marketing activity, is to produce marketing standards that will be the basis for the assessment and performance management of the marketing function.

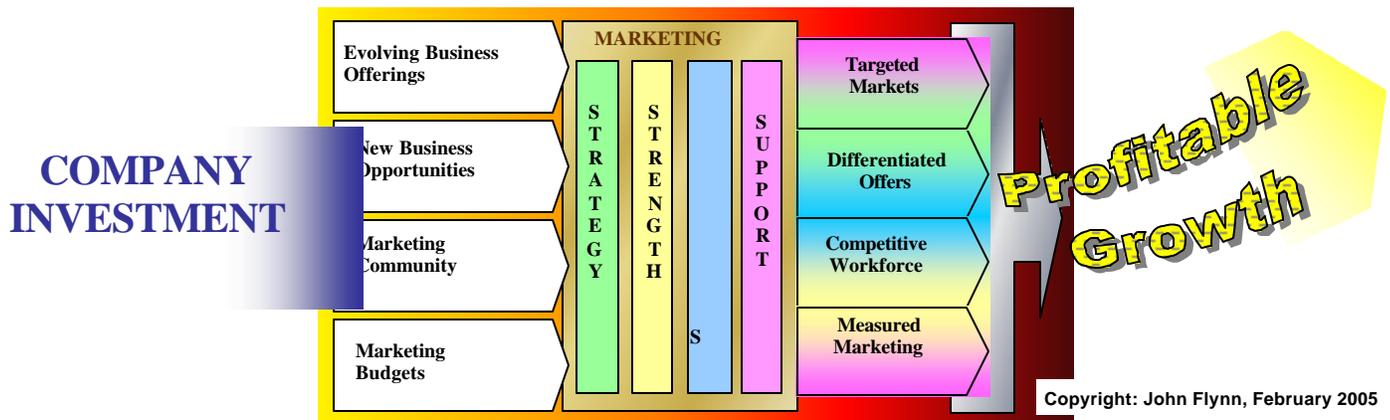
The Marketing and Sales Standards Setting Board in the United Kingdom is developing a professional benchmark such as the National Occupation Standards to produce marketing standards that will be the basis for the assessment and performance management of the marketing function.

competent implementation, professionalism in the form of qualifications and appropriate practical experience is essential.

As Tim Ambler of London Business School put it in referring to another marketing input and output model, "We should switch the focus of director's incentives from the effluent (the share price) to the input. Marketing is the sourcing and harvesting of inward cash flow, and brand equity is the reservoir of unrealised cash." If marketing is responsible for the short and long term revenue stream, then it must be fully equipped for the task. There is a need in business to understand and invest in the real marketing asset.

Contact John Flynn at:
johnflynn@commentorgroup.com

Not surprisingly, the profitable growth of an organization seems to be in direct relationship to the effectiveness with which marketing resources are used. Therefore, if companies are to capitalize on their key marketing asset, their professional marketers, then they need to invest in the exploitation of their marketing community's knowledge and experience. However, only addressing some of the above issues is as bad as ignoring all of them. – Strategic brilliance cannot overcome in-



Positive organizational culture

The secret of winning organizations

Prasanna Perera, F.C.I.M. (UK), MCIInst.M., M.S.L.I.M., Marketing and Management Consultant, Chartered Marketer—CIM (UK)



Prasanna Perera, MCIInst.M., FCIInst.M

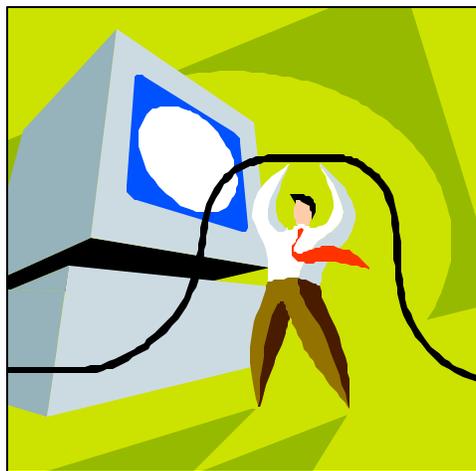
Many are the books and articles that are written on the subject of corporate culture. However, the hunger never subsides and the mystique continues, with many corporate figures trying to understand its relevance and importance. In this brief article, I will endeavour to shed further light on this fascinating subject.

Corporate Culture—One more Time
 Between business plans and reality, lie years of habits, customs, vested interests, unwritten rules, procedures and policies—the corporate culture. Culture cannot only stop a change effort dead in its tracks, it can also propel it to great heights.

People and organizations are creatures of habit, and changing habits are much harder than changing structures or systems. Organizations, like people, have personalities. To ignore an organization's personality traits could be fatal in any change process. To truly change an organization, you need to change the culture! This is easier said than done, since culture is deep-rooted and deep-seated within the fabric of the organization.

Organizational Cultural Barriers

Many programmes of change in organizations fail, because of cultural barriers. The main obstacle is hierarchical structure and top-down leadership style. In such an environment, people wait for things to happen and are not encouraged to make things happen. Communication barriers, especially between departments, cause programmes of change to fail. In certain organizations, inter-departmental politics are rampant, based on the “we – they” phenomenon. Programmes of change also require top management in organizations to “walk the talk” (Not only to talk). However, in many organizations, there is no commitment to change programmes on the part of the top management. Poor empowerment of employees also leads to blocks in programmes of change, since employees cannot take timely decisions. Therefore, organizations that are keen to initiate change programmes, would do well to break away from the shackles of corporate culture and chart new ways for future prosperity.



The Value of a Positive Organizational Structure

High performances cultures are a launching pad for new initiatives, and are characterised by the following behaviours.

- Can-do-spirit.
- Mutual support.
- Bias for action.
- Passion for the customer.
- Collaboration.
- Positive attitudes.
- Creative/Innovative.
- Willingness to change.

GE is recognised as one of the world's most successful business organizations. The secret of GE's success is its focus on a set of core values, which defines the culture. It really is the power of a healthy culture. GE leaders throughout the company demonstrate these core values.

- They have a passion for excellence and hate bureaucracy and all the nonsense that comes with it.
- They relish change and are stimulated by it. They see change as an opportunity, not as a threat.
- They understand that speed is a competitive advantage and the organizational benefits that can be achieved from a focus on speed.
- They have a willingness and confidence to empower others.
- They have a commitment to work and to walk-the-talk. Not only to talk!
- They demonstrate loads of energy and have the ability to energize and motivate others.

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Another example of a positive culture is David Novak and the leadership he provided KFC. KFC was an old American institution that had gone through a number of changes in ownership. David saw his job as leading the rebirth of a great American giant. His vision included shaping a new culture, refocusing on the customer and rebuilding healthier relationships with employees. David convinced the top management at KFC to focus all of the organization's attention on supporting the Restaurant General Managers (RGMs) and the restaurant operations.

To demonstrate this commitment, a theme was developed: "The RGM is No. 1 – The customer is the reason why". The result of these initiatives was the re-mergence of KFC as the leading player in the fast food industry.



Values and Beliefs—The Inner Fabric of Culture

Corporate values are the guiding principles underpinning what is important within the company. Values often include integrity, business ethics, concern for key publics etc., Beliefs on the other hand, refer to things that are believed and "the way we are supposed to be around here." Examples of beliefs include working as a team, having an open-door policy, managers are paid to make decisions, and people should follow rules.

When values and beliefs are shared by a group of people, they become a powerful set of unwritten ground rules that guide daily decisions and actions. An example is Johnson & Johnson and their credo: *Statement of shared values.*

- Believe our first responsibility is to the doctors, nurses and patients to mothers, to fathers and all others who use our products.
- Responsible to our employees, the men and women who work with us throughout the world.
- Responsible to the communities in which we live and work.
- Responsibility to our shareholders and that business must make a sound profit.

Many organizations are beginning to recognize the power of shared values and make them part of their reward and recognition system. Jack Welch, former CEO of GE, passionately believes in the importance of organizational values. According to Welch, values are a key to success at GE. He also states that in an environment with values, everyone can create a win.

"Our job is to provide a culture, in which people can flourish and reach their dreams – in which they can be all they want to be"
 (Jack Welch)

Successful Organizations—In Cultural Terms

It would be interesting to visualize what successful organizations are like in terms of culture.

Organizational structures would be flatter and less hierarchical. (Lower levels of fat!) Team orientation would replace individual attention. Recognition would be granted to team achievements, rather than individual achievements. Controls would be minimal and

would be exercised objectively. The belief is that excessive controls could kill creativity and teamwork. Managers would be more like coaches—training, guiding and motivating their teams. Managers would be discouraged to act like supervisors or bosses. When promotions are granted, they are based on performance, ability and the skills shown in developing others. Employees are encouraged to indulge in continuous education to match the changing work environment. Instead of command and control, facilitation skills are encouraged in managers when dealing with their teams.



As can be observed, organizations with healthy cultures, demonstrate characteristics which are special. The emphasis in such organizations is on people, teams and creating a cohesive working group, devoid of internal politics, power and authority.

Prasanna Perera is a Marketing and Management Consultant and Senior Lecturer in Marketing Management. He is a Chartered Marketer and Fellow with the CIM (UK) and Canadian Institute of Marketing. He can be contacted at: prasannaperera@mail.ewisl.net

This year's revolution

Morality in marketing

by David Thorp Head of Insights, Chartered Institute of Marketing (UK)



David Thorp, MCIM

Danger! Marketers ahead...

Just 3% of customers trust advertisers. Only second-hand car salesmen fare worse. Why is this? Because marketers are perceived to sell dreams that cannot be fulfilled, 'pander to our desires for things that are bad for us, and manipulate us into wanting things we don't really need,' in the words of Geoffrey Klemmpner, editor of *Philosophy for Business*.

These days, most marketers accept the need for a code of ethics for how they behave, and abide by such a code. But there is a difference between ethics and morality. Ethics is a code of practice and can be manipulated. Sometimes, companies use the flexible term 'ethics' to cover activities which might be underhand – or which do not tell the whole truth. Morals, on the other hand, are the non-corruptible truths that underlie any code of ethics.

When fair trade schemes were first widely introduced in the early 1990s, customers were strikingly supportive of them. They were keen to support policies where supermarkets promised to pay a fair wage to tea pickers, vine growers and coffee planters. And customers were also keen to support corporate social responsibility (CSR) when

it first became a public issue in the late 1980s. CSR, green marketing and fair trade have become the basis for a proliferation of ethical marketing programmes, involving all sectors from banks to supermarkets.

With Fast Moving Consumer Goods (FMCG), it is assumed that the company passes on the extra cost of the supplier's fair trade premium, and the customer is willing to accept this. But nowadays, some supermarkets charge the cost, plus the fair trade premium, plus the usual supermarket profit, plus a *further* percentage – and keep the excess themselves.



We believe that when supermarkets increase their profits from fair trade products while claiming to be ethical, something is deeply amiss – they have used 'ethical' stances to mask immoral behaviour.

Customers won't put up with this much longer, because they cannot be fooled so easily any more. In the Internet age, Web sites such as CorporateWatch (www.corporatewatch.org) and Greenpeace (www.greenpeace.org) bring examples of dubious practice into the non-specialist arena. Customers can act on the information they receive by boycotting the companies or campaigning in the press.

Look at the problems Nike got into when claims emerged that it exploited

child workers in the less developed world. Consider the fiasco Coca-Cola had on its hands when its Dasani mineral water was shown to be purified tap water. And reflect for a moment on the damage to its brand that Nestlé experienced when it was embroiled in a row over its marketing of expensive powdered milk to women in less developed countries.

Needless to say, all three companies have acted on these isolated incidents and promote themselves as responsible. But companies are in a dilemma. If you promote an ethical code, the customer then begins to think, 'this is a marketing strategy to get me to buy goods from this company, rather than going elsewhere.' This is where it is important to be moral rather than merely 'ethical'. Increasingly, customers will start to look for an 'elsewhere' that is genuinely moral, rather than one which is just promoting an ethical stance.

Having a moral code does not mean that you cannot use your moral activity to differentiate your business. The Co-operative Bank has a set of morals as ground rules. The differentiator from other banks – that it does not invest in countries it deems to have poor human rights records – is used to encourage customers to bank with them rather than one of their rivals.

A commonly agreed, properly regulated morality to guide marketers' future actions could stop customers being disillusioned by the current state of business ethics, restore the concept to its true meaning and increase the integrity and reputation of marketing as a whole. We would like to see an environment in which marketers have sound morals as a basis for all their activities, and only then use marketing strategies to influence and persuade consumers.

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Shout it from the treetops, or hide in your cave...

The Body Shop has become synonymous with ethical trading. But the company suffered a critical setback when it emerged that most cosmetics it sold had 'almost certainly' been tested on animals – because according to regulations in the US, the EU and Japan, nothing could be sold unless it had been certified as safe. To get such certification, it would have had to be animal-tested.

As a consequence, new methods to gain safe certification had to be found and The Body Shop now carries a disclaimer on animal testing – it has added 'since 1991' to its publicity.

The issue is not whether The Body Shop intentionally or innocently misled. The problem is that the negative publicity is all the stronger, because of the differentiating ethical stance the company promoted.

So, the problem for companies concerned is: whether to take a prominent moral stand – because in doing so they may be setting themselves up for a fall. Would it not be better to blend into the corporate background? Why should companies stick their necks out and risk public disapproval?

A solution is provided by Hennes & Mauritz (H&M). This is a company that has very clearly delineated moral principles, with strict rules in place to ensure that no sweat-shop workers are used in the overseas manufacturing process.

But H&M does not publicize its moral code; it does not publish CSR reports and it does not advertise itself as an 'ethical' company. This is true moral

behaviour by a company. When it is asked, it reveals what codes it has in place. But H&M does not want customers to think that it is jumping on the ethics bandwagon.

Self-regulate, or be legislated against

For those skeptics who cannot be convinced by appealing to their good nature, let them be convinced by the legal need to behave morally. If marketers do not self-regulate, they will be legislated against.

Advertising, for example, is a much more heavily regulated industry than it was a decade ago. This focus on tighter regulation will only increase over the coming years, especially in the areas of marketing to children, healthy living and data protection. It's in our interest to be moral (which is not the same as saying that we are only being moral because otherwise we will be legislated against).

Faced with a pincer attack from legislation on one side and consumer demands for more responsible companies on the other, how can marketers embrace morality while still ensuring healthy profits for their companies and shareholders?

Firstly, marketers must clearly separate 'morality' from marketing strategies that employ ethical arguments. In doing so, they will prove their moral commitment.

Supermarkets in particular are in a position of enormous power. In the UK, Tesco posted a pre-tax group profit of £1,600 million in 2003 on a 53-week basis. It is the first company in the UK to break through the £2 billion annual profit barrier. With that power, comes increased responsibility. And if companies are not prepared to take that responsibility seriously, they are not acting morally. With fair trading, super-

markets could put their money where their mouth is and absorb the fair trade premium themselves – rather than making the customer pay.

They could do this and still ensure handsome profits for shareholders. Such a move could overturn the public's disillusionment with ethical policies and demonstrate that enlightened conglomerates can be truly moral – and if the supermarkets lead us in a moral direction, other companies will follow.

From ethical to moral

- Decide what your moral principles are and use them as the foundation from which all other activities are based. The company must be genuinely committed, rather than publicizing hollow values.
- Improve PR to communicate this fact.
- Avoid using an ethical stance as part of your marketing strategy. If you must use it, ensure any claims meet watertight security.
- Recognize that there is no conflict between being moral, and making an appropriate profit for employees and shareholders.
- With fair trade, consider allowing the company to absorb the cost of the premium – rather than the customer. Ensure the suppliers are dealt with morally – not just 'fairly'.
- Avoid 'ethical' policies that cheapen a company's moral status and are identified as thinly disguised marketing initiatives.
- Any CSR activities undertaken by the company should be relevant to the business.
- Ensure that 'moral' does not become hijacked by the unscrupulous – in the way that 'ethical' has.

We are not proposing that marketers take the moral high ground on every issue. But when marketers are

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considered as about as trustworthy as used-car salesmen, it would be a major step for marketers to lead the revolt against immoral practices and the cynical misuse of ethical policies. This way, the standing of the profession as a whole can be increased and we can work towards a fairer, more decent society – while still ensuring that the economy thrives.



This is an edited version of a paper that can be read in full by visiting www.shapetheagenda.com.

Notes and sources:

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Marketing services

by Dr. James Tong, Ph.D. (Nottingham), D.B.A. (HKPolyU), M.C.I.M.



Dr. James Tong

The services industry sector is becoming a very significant business for both the federal and provincial economy in terms of employment opportunities and spending power by the visitors and other consumers. A distinction between goods and services has to be clearly identified while the specific characteristics and problems, hence strategies, of services marketing should be properly addressed.

In the study of marketing, very often we focus our attention on marketing of goods or products. However, with the increasing importance of the services sector, more attention is being paid to the strategies of services marketing. According to The Services Industries, and Trade in Services, Statistics Canada, 2003, services account for about 75% of employment and close to 70% of Gross Domestic Product (GDP). This situation is particularly true in the run up to 2010 in the province of British Columbia (BC) where the Winter Olympic Games will be hosted. In addition to the large number of athletes taking part in the Games, it is expected that a huge influx of tourists will take the opportunity to visit BC. It follows that the services industries in BC are expected to boom and will reach its peak during the time of the Games, thus bringing tremendous opportunities for both employment and improvement to the overall economy of the province.

Differences between goods and services

Before proceeding to discuss about the marketing strategies of services, it is necessary to distinguish between goods and services. A service in the economic sense is considered as a type of goods that can be bought and sold. The problems and strategies associated with marketing of goods can also be applied to services. However, services have a number of essentially different features and characteristics that are quite distinct from physical goods. In reality, the marketers of services are literally trying to sell experiences that are performed for the consumers who bring with them very definite and exacting expectations when they buy an experience from the service provider.

On the other hand, a service in the strict marketing sense is a product without any physical features which are characterized by a bundle of performance and symbolic attributes designed to produce consumer want satisfaction. Thus, it can further be explained that those people engaged in goods businesses intend to sell things whereas those engaged in services businesses are there to sell performance. In short, goods are produced but services are performed.

Special features and characteristics of services and the associated marketing strategies

In the marketing of services, there are primarily four special features of services which are characterized by: intangibility, inseparability, heterogeneity, and perishability. Each one of these four special features are further discussed in the ensuing sections.

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Services are not tangible

Services are intangible because they have no physical substance. Services cannot be touched or smelled, and as such, the special characteristics of services will certainly create a number of problems in marketing. Included in these problems are:

- Unlike goods, services cannot be stored as an inventory;
- Services cannot enjoy the benefit and protection of patent rights; and,
- Services cannot be readily displayed or communicated.

To overcome such problems, marketers have to adopt one or more of the following strategies:

To generate word-of-mouth communications.

It is expected that the satisfied purchasers of quality services would normally like to speak to their friends, relatives, peers, and other business associates of the wonderful and satisfying experiences encountered by them. Thus they would be tempted to patronize and enjoy the services that are so highly praised.

To maintain post-purchase communications.

The service providers should make it a point to write to every satisfied client to thank him/her for using the service and at the same time to remind him/her for the wise choice made.

To create a strong image of the company. In the services industry, potential purchasers would normally be attracted to buy from a well-known and prestigious firm which has an established image and with sound track records.

Services are not separable

Unlike goods which are first produced, then sold, then consumed, services are first sold, then produced and consumed at the same time. This system of producing services and consumption will generally result in the following marketing problems:

Consumers are involved in production of the services. The performance of the service provider is totally dependent upon the quality of input from the customer, as well as on the relationship between the customer and the service provider.

Other consumers are involved in the production process. Many services are offered in a setting with other people, i.e. customers, being present. For instance, the service provided by a restaurant server is performed not just for one customer but for many customers at the same time. The presence of other customers demanding immediate attention and services will inevitably create a tremendous amount of pressure on the server who is obliged to provide prompt service at the expense of quality.

Centralized mass production of services is not easy to achieve. Cost efficiencies in the form of economy of scale and standardization are difficult to achieve because there are many service providers involved in the production process.

To counteract the problems of inseparability, the marketing strategies adopted by marketers are as follows:

Selection and training of the frontline personnel: This approach will not only expect the providers to perform the services well, but at the same time they must be able to interact more positively and effectively with the customers.

Multi-site locations: This approach is intended to offset the fact that services

cannot be delivered from the warehouse to the retail outlets. For the convenience of the customers, it is best to operate where the consumers will normally shop. A classic example is the operation of banks, travel agents, insurance agencies, and other services which open up smaller outlets in areas where their target customers find it convenient to use such services.

Managing customer flows: This approach is to provide orderly and efficient facilities to ease and manage the flow of customers. For example, banks provide specially designed laid-out queues to channel the flow of customers to the tellers. Similarly, restaurants provide chairs to customers waiting for an available table.

Services are not homogeneous

As services are performed to meet specific needs of the individuals, they are highly variable or heterogeneous with each service performance being different from the other service performances. Service providers can vary in skills and training, and individual performances can also vary from day to day. The main marketing problem arising from heterogeneity is that standardization and quality control are difficult to achieve. To counteract the problems of heterogeneity, the marketing strategies adopted by marketers are as follows :

To industrialize a service. This approach is to provide organized and preplanned systems for individual service operations. For example, a travel agent may offer prepackaged vacation tours to potential travellers aiming at removing the need and also hassle to facilitate the selling and tailoring involved in the process of customizing individual travel plans.

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To customize a service: This approach is the opposite of industrialization. It offers a possible solution with each service being specifically produced or performed for individual customers.

Services are perishable

As services cannot be stored for future use, they are said to be perishable. No services can be produced before required and then stocked up to meet future demand. The major marketing problem arising from services being perishable is that services cannot be treated like an inventory and stored up in a warehouse.

To counteract the problems of perishability, the marketing strategies adopted by marketers are as follows:

To ease the fluctuating demand for services: This approach is to shift some demand from high to low periods. For example, some restaurants, airlines, and other services businesses often give special discounts or promotional gimmicks to those who use the services in periods of low demand.

To make simultaneous adjustments in demand and capacity to achieve a closer match between the two. This approach is to increase capacity to meet unexpectedly high demand for services; or to provide temporary additional staff, facilities, or equipment to meet such upsurge of demand for services.



Conclusion

This short paper attempts to highlight the differences between marketing of goods and services, as well as the problems of services marketing which are characterized by the four main features of services and the associated marketing strategies adopted by the marketers. The discussions presented in this paper will be of interest to those studying marketing particularly in the area of services marketing. With the passage of time, there may be better ways to market services in a more efficient and cost-effective manner.

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Dr. Tong can be reached at
jtong@exchange.kingston.edu.



Member Mentions

Stefanie Schram, GCIInst.M. **Own Brand Specialist** **Staples Business Depot**

Within five months of working as the Marketing Assistant for Staples Business Depot, Stefanie has had the opportunity to join the Own Brand Group as the Own Brand Specialist. This is a unique position that encompasses both new product management as well as brand management. Reporting to the Brand Manager for Staples brand products, Stefanie will be working with the Canadian merchants to transition to Staples brand products through category strategies. Stefanie will assist and be involved in the coordination of product testing, packaging proofing, and develop product briefs. She will also be involved with internal associate communication and working with other departments to assist in bringing Staples brand products to market.
 Stephanie is at s.schram@rogers.com

Ranil Herath, MCIInst.M **Director, Canadian Business College**

Ranil has applied his skills in a number of industries such as education, e-learning, training, telecommunications, information technology and pharmaceuticals. Ranil has held senior executive positions with Confluence International, John Keells Holdings, Lanka Bell (Pvt) Ltd., Wyeth Ayerst Inc. (USA) and SmithKline Beecham (UK). With the Canadian Business College he has overall responsibility of International Business Development and the Management its campuses across the GTA. He is an experienced volunteer with the not-for-profit sector. He serves committees of the Rotary Club of Toronto and co-founded Rotary Club of Colombo Regency. He is a mentor with the Mentoring Partnership, an initiative of the Toronto Region Immigrant Employment Council (TRIEC). Ranil is a Board Member with the Canadian Institute of Management (Toronto Chapter), and Canadian Institute of Marketing.
 Ranil is at: ranil33@yahoo.com.

Strategically focused design

A professional marketer's responsibility

by Ron (Doc) Halliday, MBA, M.CInst.M., FCInst.M., CMC



Doc Halliday, M.CInst.M., FCInst.M

Fact: The Internet and cell phone are growing *communication medias!* Any individual can self publish, create a Website or brochure and show their work to potentially millions of people. Anyone, who has a computer and has access the Internet can say they are Web Designers or, Graphic Designers. **But, amateur or professional, they are not professional marketers, as well!**

Strategic design is not just making a Web site page or brochure look pretty. It's about understanding issues relating to all the other mediums. It is about how a page will render on browsers and platforms, or whether to use HTML or Flash. It deals with whether a page has to comply to the blind browsing the net, and what graphics, words, and photos will create a personal connection with the desired audience. It involves choices in font, colour, texture, sound, motion, language, knowledge of how search engines prioritize and rank web pages and much more.

A marketer's role is fundamental to establishing a company's overall marketing objectives within the context of a marketing plan.

A Web site is *only one* intrinsic component of an overall marketing strategy. It

is rapidly becoming the center piece of all communications planning. **But, too often the role of the marketer is undervalued.** Businesses without a professionally accredited Canadian Institute of Marketing (CIM) marketer on staff, or externally engaged, may dismiss their importance, and engage a web and/or graphic designer to do a stand alone Web design or graphic design projects, without looking at the big picture. This is usually based on cost savings or worse—time considerations.

A sound alternative for serious consideration is to hire a CIM—certified marketing consultant. Another consideration is hiring a company that can provide full services under the guidance of a CIM marketing consultant with online and off marketing knowledge, copywriting and strategic design savvy. Whatever option is chosen, option chosen, having the value add of 'professional marketing expertise,' is the most cost effective way of achieving measurable results and reducing the odds of failing. *Post construction performance measurement* of a Web site's performance, and its relationship to other applied media's support must become a standard practice.

Get it first but first get it right!

Marketer's worth is a matter of strategic credibility. I ask myself why is it that so many potential clients feel the need to *tell* whomever, how their Web site / brochure should look like, and what it should say? This practice really works well for most graphic designers and Web developers, as they usually do what the client asks, deliver it, get paid, and say NEXT.

The alternative is to share what the communications objectives are with an accredited CIM marketing professional and let them prove their worth by creating a

fully integrated communications plan that can provide realistic and measurable results. Think about it. If you hired an electrician, you are not going to tell them how you should go about fixing or designing your house wiring plan.

The same can be said for creating brand image/awareness, collateral standards/promotional materials, or a Web site and/or increasing traffic or online purchase. *Look and functionality are just part of the mix.* Performance results must be based on its *communications power* and 'the fit' with other media's employed to leverage the delivery of a consistent message to a defined audience, over time.

CIM marketers can: Deliver the right message at the right time through the right media to the right audience over time.

Graphic / Web designers do not have the professional skills to do what marketers do. *They are, however, valued, appreciated, and considered gifted in what they contribute to the final communications solution by marketers.* They are vital to the communications process. Marketers do not do what they do, or claim to do it.

To all those who have taken shortcuts and have not involved a professional CIM marketer, let me ask: "So now you have a Web site, so what? Is your total communications strategy strategically integrated and producing results worthy of the investment you have made?"

To my fellow marketers, it's time to tell it like it is and strongly promote who we are, and what we do!

What has money got to do with strategic design anyway?

The truth is that money has nothing to do with design as an art form. Design is a means of expressing as is music and writing. Design is an art form. The greatest of the great were never concerned with commerce.

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They did what they did because it was in them to do.

Many did not care if their work was ever shared with others. Design is a pure art form, and in non commerce applications, should not be confined by any outside influences, including TIME. In non commerce, good design can mean different things to different people and there are as many opinions as to it being good, as there are to it being considered bad. Both are true.

Design, when used in commerce, is an integral component of effectively selling to make a profit. A fundamental of commerce is the art of selling. A fundamental of selling is the art of communicating persuasively. Strategic design is one of the cornerstones of the art of communicating.

Profit is the consequence of doing commerce well. It cannot occur unless somebody sells something to someone else. Without it, world economies would collapse. In the world of commerce, time must be quantifiable. Time is viewed as a definable investment towards making a profit. Profit is not a dirty word. It is based on the principle that: A value for services rendered is viewed as a fair cost for the purchaser to pay and the cost provides a fair return for those who provide it. Creating and communicating value is the role of the marketer.

Sending the right messages through the right media to the right prospects at the right time and in the most appealing way for the majority is the challenge of a marketing professional.

Forever the challenge

Both commerce and designers view time as an enemy. But, for different reasons!

Commerce views time as a cost. If not properly managed, it erodes or eliminates profit. Designers within the world of commerce, look at time as a limiting

restraint. It really makes no difference what particular media is involved. Designers who chose to design within the world of commerce are constantly frustrated by the request to do their best, but do it within the restraints of time, as seen by commerce. Commerce needs strategic design also, but within a quantifiable amount of time. Accurate strategic graphic design time requirements are critical to determine before the work begins for budgeting and client proposal purposes.

A solution of compromise....Not absolutes.

My view is that designers who choose work within the world of commerce must accept it for what it is. Strategic design embraces the overall principles of marketing as being compatible with their own. Designers, to better communicate to commerce, need to consider using the language of commerce.

Strategic design in the end will produce greater profits than *good* design because it achieves specific objectives. This is language that marketer's and commerce need to hear. This can only be achieved when the focus of finding new business is aimed at clients who understand and accept that strategic design is not the same as good design—and it takes time and is worth the investment. While this is truly a compromise leaning towards marketing and business, the alternative is to avoid being a designer within the world of strategic marketing design and commerce.

Online and off, a strategically designed overall graphic image is the crucial first step in focused creative thinking that will create a powerful first impression. It can only happen once. This 'branding' needs the strategic thinking it deserves. A marketing professional needs to be involved to assist in this process and ask many other questions that need to be answered before being used in any media application.

Most designers ask the client for answers the client can't answer and they do not have the knowledge and training to ask all the questions that are required to provide a solid fact based strategic marketing creative briefing.

CIM marketers strategically think through every aspect of a comprehensive and complex amount of pertinent information, before even considering what the design aspects of the solution might require. Even the most recognized Brand leaders consider *changing* their graphic image and message when it is determined that their primary customer **has changed**. Businesses themselves change over time and what was right in the past may no longer fit with the perception they need to communicate.

After the message has been clearly defined, then a strategic graphic standards system can be designed to ensure that a brand is delivering a consistent message. Consistency, online and off, is fundamental to properly express an identity that will be distinctive and differentiated. It will steadily build brand equity over time. An icon when used in concert with a defining positioning statement, are the basis for creating a dynamic logo with a specific objective and meaning. Together, they will deliver and differentiate a business while conveying a captivating an image that is easy to remember.

In writing this article my intent was to *coin* a new terminology for marketers to begin using – 'Strategic Design' and at the same time encourage my fellow marketing colleges to join me in promoting the difference we make when confronted by others who are claiming to do what we so proudly do as professionals. Let me hear your feedback.

Doc Halliday is the Strategic Imagineer with Marketing Dynamics. Contact Doc at doc@marketingdynamics.ca.

First impressions and poor reporting can damage marketing and markets

by A. Grant Lee, BA., MA., MCIP., RPP, MCInst.M., FCInst.M



Grant Lee, MCInst.M., FCInst.M and Mabini Ibay Lee, BSc.

It is easy to be cruel when opining on what is obvious in countries that western societies call developing or third world. Cultural and social values, attitudes and behaviour are naturally rooted in the environments in which we are born, and live our lives. For most Canadians we form opinions about other places through the words, sounds and images of people who hold personal or researched knowledge through travel, work, or through various media. Businesses, as well as people in North America and Europe are receiving unfair messages and images of the Philippines and Filipinos often generated by western media and many voluntary sector organizations. Stigmas and misunderstandings, as well as misinformation damages short and long-term market potential for Filipinos as well as offshore potential investors.

It is true that poverty is widespread and a tragedy in the Philippines with no easy solution to the problem. Sources of this tragedy are deeply rooted in religion and religious zealots, global and internal warfare, national and local governmental policy, leadership (from the President's office to the

barangay), greed and hoarding of wealth, climate and weather, international money lending policies of the nations of the northern hemisphere and world banks, and the survival instincts of each Filipino.

The country is blessed with a climate that complements fertile agricultural lands capable of producing food year-round. Holding claim to an archipelago of more than 7,000 islands, the ocean is a major source of protein and employment for Filipinos.

The Philippines is a Southeast Asian democratic republic. Its citizens working overseas, and those who have settled in other countries and taken citizenship in those countries, are ambassadors for the nation around the world. However, Filipinos struggle in the context of global economics, political turmoil and multi national alliances to control its debt and deficit while trying to find leaders capable of setting and implementing policy that benefits all Filipinos. The nation's middle class is growing, as is its influence on the economy, land reform, and elected representatives. As conflict continues between the Philippine government and numerous armed bandits, terrorists and separatist organizations, Filipinos strive to hold the nation together and tackle its internal tragedies that the media of western nations tend to focus and highlight. Its elite troops and police forces serve at home and abroad.

Since regaining its independence from the U.S.A. following WWII the nation has been battling civil unrest that has roots that goes back 600 years to Spanish occupation and the establishment of

the Catholic Church in an ancient land with a strong Muslim society in its southern main island.

Philippine press reports that in early 2005, the nation held a \$US 80.4 billion gross domestic product. Although its 81 million+ people held \$US 992 GDP/ capita, it operates with a deficit of about \$US 197.8 billion. The challenges are formidable for Filipinos. Collecting taxes and implementing policy is all but impossible. The Bureau of Internal Revenue was shy of its P 77 billion target for its budget in 2005. Why? The Bureau stressed that only two million of 81-84 million Filipinos are registered with the Bureau of Internal Revenue. Only 800,000 had filed an income tax return in 2004. With exchange rates of P 55+ to one \$US or P44+ to one Canadian dollar, it is clear that imports and travel outside of the country place a major burden on industry and its middle class. The minimum wage of P 250 was recently increased to P375/day (\$CAD 8.35 / day). These personal economics lay at the very heart of the lives of the middle class and people in poverty in the Philippines. Combine this with a birth rate that is tearing at the health, safety and social safety net of the national government – along with economic disparity throughout the islands, then westerners begin to make comparisons and judgments that aren't fair to Filipinos and their nation.

The national government cannot accurately determine the unemployment rate as data collection is difficult to carry out and the results often considered unacceptable.

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New members and membership upgrades (to September, 2005)*

Full Member	No. 748	Kayode Abidemi Adaralegbe	Nigeria
Full Member	No. 749	Inna U. Husband	England
Full Member	No. 750	Timothy E. Husband	England
Full Member	No. 751	Elisa Way	Aylmer, ON
Full Member	No. 755	Sinho Chiu	Vancouver, B.C.
Associate Member	No. 746	Felix Maseko	England
Associate Member	No. 747	Peter Geadah	London, ON
Associate Member	No. 752	France Chinembiri	Toronto, ON
Associate Member	No. 753	Tunde O. Adebunsi	Nigeria
Associate Member	No. 754	Chamberlain E. Ayo	Nigeria

Impressions and reporting

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Under new definitions presented by the President in early 2005, the national rate is somewhere around 8%, down from 11% when mothers who stay at home and pensioners 60 years and older are taken out of the calculation. The country's labour force is now pegged at approximately 34 million.

Population growth rate is now being addressed by the national government. It has set targets to reduce the growth rate from 2.3 to 1.9 per annum over the medium term through an aggressive education program on family planning and responsible parenthood. The government and Catholic Church remain adverse to artificial birth control methods. The Church continues to have an overwhelming influence on the affairs of the Philippine government, as the predominantly Catholic nation remains the largest concentration of Catholics in Southeast Asia.

The sampaguita is a beautiful small white flower with a scent resembling jasmine. It is sold on the street by the urban poor, as necklaces for purchase by tourists and Filipinos alike. It is the nation's national flower. Sampaguita bouquets and necklaces represent a nation rich in history, culture, natural

and human resources, industry, agriculture, commerce and intellect. Its scent overshadows the nation's unpleasant odours of endemic poverty, armed insurrections, constant political uncertainty, and a myriad of other problems that only Filipinos can solve.

For too long, westerners have reported on the ugly side of the nation. This is unfortunate as it builds higher walls between solutions and problems that are hard to tear down once set in place. The Philippines is growing stronger as a nation despite its internal strife. Its cities are vibrant and radiate humanity in its ultimate beauty and to a much lesser degree, its basest forms of disgrace. Metro Manila has changed over the past three decades. After being devastated by American and Japanese forces during WWII, the city has recovered significantly. Today, there are huge retail malls filled with affordable western and Asian goods, complete with MacDonal'd's, Kentucky Fried Chicken franchises, and Jollibee fast food chains. There is rapid transit, and environmental regulations to try to reduce air pollution and traffic congestion. Attempts are always being made to address the plight of the urban poor and the squalor of vast tracts of tin-roofed shanties in major urban centres.

At night, many tourists and Filipinos flock to downtown Manila to frequent restaurants and bars. The city has completely rehabilitated its waterfront turning kilometers of shoreline into an evening delight with painted lanterns, musicians and other artisans entertaining throngs of passers by.

Progress is taking place. Agriculture flourishes in many areas of the main islands despite natural disasters, exploitation of natural resources, and military action against insurgents and terrorists. Economic free zones have been set up to help launch innovation in manufacturing. In addition, tourists have returned to enjoy the beauty of resorts, and cultural events in the cities and countryside despite the attempts of insurgents to drive tourists and foreign investors away.

The allure of the sampaguita reminds me to look beyond the obvious for meaningful discovery. As Canadian marketers, we dare not cast judgment on others that restrict opportunity for personal growth and business relationships. The Philippines and its people are far too complex and exciting to be painted in one colour by any visitor or medium.

Grant Lee can be contacted at glee@aglmarketing.com

Membership Requirements

Full Member:

- A) Has held an acceptable marketing position for 5 years, the last 2 at senior management.
- B) Holds a recognized qualification in any of the following, or mature entry instead.
 - A diploma of an Institute of Marketing;
 - BA, MA, or Doctorate degree with marketing specialization;
 - Diploma or University Post-graduate Diploma in Management Studies, or Business Administration with marketing specialization;
 - Other educational or professional qualification of equivalent or higher standard with marketing input – approved by the Canadian Institute of Marketing or one of its affiliated marketing institutes.

Associate Member:

A candidate must meet the following requirements:

- A) Has held an approved marketing position for 3 years, the last in marketing management at a lower level

than for full membership.

B) With one of the following academic qualifications:

- A Certificate of an Institute of marketing or, subject to its marketing component being approved by the CInst.M., a BA or MA in a business-related subject;
- Diploma or University Post graduate Diploma in business Administration or in Management Studies;
- Other educational or professional qualifications of equivalent or higher standard approved by CInst.M.

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A candidate must meet the following requirements:

- A) Have successfully completed an approved Marketing Certificate or Diploma programme from a recognized learning institution, or possess a business-related Bachelor degree.
- B) Be elected by the Institute.



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A candidate must meet the following requirements:

- A) Be registered in a Marketing Certificate or Diploma programme;
- B) Be registered in the final year of a degree programme with Marketing specialization. The Marketing component must be approved by, and the learning institution accredited with, the CInst.M.

Fellow:

- Ten years of membership in good standing (exception rule in place)
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205 Miller Drive
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The professional marketing person has responsibilities to their employer, to customers — both ultimate and intermediate — to their colleagues and to the public. The Institute requires its members, as a condition of membership, to recognize these responsibilities in the conduct of their business, and to adhere to the Code of Ethics. All members shall be answerable to the National Council of the Institute for any conduct which in the opinion of the Council is in breach of this Code and the Council may take disciplinary action against any member found to be in breach thereof.



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65 Overlea Boulevard, Suite 112
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205 Miller Drive
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