Rethinking strategic marketing: achieving breakthrough results

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Competence in strategy is the sine qua non of the marketing manager. Yet even among well-schooled and experienced marketers, strategy failure rates remain uncomfortably high. There is little room for error in “getting it right” strategically in today’s fast-moving marketplace with increasingly sophisticated competition and the performance of marketing under scrutiny as never before. Get marketing strategy wrong and second chances will be hard to find. Although marketing strategy is critical to business success, the current model of strategy making taught to and expected of the average marketer is largely incomplete.

In the business press and academic literature, marketing strategy is all-too-frequently stereotyped as the outcome of mechanical application of traditional analytic frameworks and techniques (SWOT, Ansoff diagram, portfolio models, etc.) to highly standardized situations (growth markets, mature markets, etc.). Problems arise when the data so easily generated by these formulaic efforts are misinterpreted as simple answers to complex questions. Traditional approaches to marketing strategy making do get answers, but too often at the expense of a true understanding of the questions. Recent strategic thought points ever more clearly towards the conclusion that the critical strategic question is not “What?,” but “Why?” Mintzberg’s (1994) distinction between strategic planning (defined as systematic programming of pre-identified strategies) and strategic thinking (an integrated perspective on the organization) supports that conclusion. The concept of systems thinking pioneered by Peter Senge (1990) also emphasizes the importance of a holistic perspective. The pathfinding model of managerial psychologist Harold Leavitt (1985) is predicated on getting the right question rather than the right answer.

All this exploration of strategy from new directions is now coming together in the concept of what is being called strategic thinking. Thinking strategically about marketing is generally comprised of four dimensions, shown in Figure 1. The first dimension, thinking strategies, involves using critical thinking techniques to improve creative problem-solving skills. Typically, this dimension applies both vertical and lateral thinking approaches as appropriate to the strategic marketing process. The second dimension to thinking strategically about marketing identifies strategic decision-making principles and techniques to ensure production and implementation of the best quality strategy possible. Strategic competencies, the third dimension, address the macro skills that make up strategic thinking. The fourth and final dimension involves communicating strategy and consists of techniques that are used to reveal and share the substance rather than the process of marketing strategy, with the goal of ensuring successful implementation.

Thinking strategies

One of the greatest challenges facing marketing managers and their organizations today is the development of the critical thinking and problem-solving skills needed to adapt quickly and effectively to change. Pervasive doubts about whether people can actually learn to think...
“better,” however, cloud more constructive discussions about how managers can learn to think more critically and creatively. A widely held (and seldom questioned) model of thinking is that it is basically an assortment of cognitive processes that is either “hard wired” into an individual from the start or acquired over time. Common sense and common experience, however, suggest that there are many thinking processes that can be improved using techniques commonly applied to other forms of skill building. A marketing manager’s ability to think critically and solve problems effectively depends on the thinking strategies (networks of skills) used and when and how they are implemented. The list below shows some examples:

- **Embrace orthodoxy.** Samsung parlaying its vast knowledge of consumer electronics into a cohesive strategy for designing digital devices for the home – many of which lead their product-market category.

- **Challenge orthodoxy.** P&G emerging as a growth company after adding lateral marketing and seeking innovation from outside sources (new products, new markets and new technologies).

- **Analogize this.** Retailer TK Maxx targeting “something new every day” strategy at customers for whom “shopping is like hunting.”

- **Break assumptions.** IBM rejecting traditional market research techniques in favor of listening to customer stories to really understand their markets.

- **Cross-fertilize.** Hewlett-Packard extending beyond their traditional industry boundaries to open up new markets and to deliver new value to customers with HP PhotoSmart.

- **Attract opposites.** Lou Gerstner telling IBM’ers, “We’re going to build this company from the customer back, not from the company out.”

**Embrace orthodoxy**

Let’s be clear right up front that none of the thinking styles discussed here is necessarily superior or always to be preferred. Rather, each style has advantages and disadvantages and each will be more or less appropriate depending on the situation where it is being used.
The trick is to consciously choose the appropriate style of thinking based on the circumstances and not to mindlessly apply one or the other to all situations.

Marketers can learn to think more critically and creatively by:

- identifying their typical thinking style;
- evaluating how well their dominant thinking style performs (e.g., affects outcomes);
- learning and practicing some new approaches; and
- comparing the results of alternative approaches and acting on this information.

The preceding paragraph demonstrated the classic vertical thinking approach – the “default setting” for many managers when it comes to thinking styles. The process recommended was sequential and logical, beginning with definition and analysis, moving to development and evaluation of alternatives, and concluding with monitoring following implementation. Marketers learn and use a similar approach for strategy making. Easy to explain, understand and use, the vertical approach is a central organizing feature for most strategy textbooks. Plus, it works! In fact, it works quite well when applied in situations where the strategist is very familiar with the variables and cause-effect relationships.

Kotler and Trias de Bes (2003) observe that companies operating in their traditional markets become quite adept at “vertical marketing” – segmenting their current and potential markets and developing and implementing marketing strategies based on differentiation. Samsung, for example, has parlayed its vast knowledge of consumer electronics into a cohesive strategy for designing digital devices for the home, many of which lead their product-market category.

For too many marketers, however, vertical thinking is a hammer and every situation they encounter is seen as a nail. As a result, vertical thinking – with its convergent focus limiting options and singular goal of generating a “right” answer – is often misapplied in marketing, especially when the situation is unique or requires a solution from beyond established paradigms. For example, Nokia’s expertise in refining their traditional “candy bar” handset as the single “right answer” for its market prevented it from recognizing growing demand for the “clamshell” design of its competitors, with disastrous consequences. Similarly, others have found traditional, vertical approaches to marketing strategy ineffective or worse in today’s dynamic marketplace. Marketers need new thinking and “new eyes” to see their current situation in a fresh way, to illuminate shortcomings in their traditional business models, and to uncover innovative strategies.

**Challenge orthodoxy**

Another way to approach thinking and problem-solving is laterally. Lateral thinking, popularized by Edward de Bono (1970), refers to the ability to switch from old patterns of thinking to new patterns of thinking revealing situations in a different perspective in order to derive unique approaches. Lateral thinking does not come naturally for most people. Yet there are situations where lateral thinking is more appropriate and will lead to more creative and better solutions than vertical thinking. Fortunately, lateral thinking is a skill that can be easily developed through attention and practice.

As discussed earlier, vertical thinking focuses on limiting options and finding a single solution. Lateral thinking, in contrast, focuses on expanding options and identifying many possible alternatives. Thus, lateral thinking – with its broader perspective – is particularly useful in the initial stages of the strategy-making process, when the marketer is analyzing the situation, and generating alternatives. Vertical thinking may be more useful in the latter, analytical stages of this process, when evaluating alternatives, implementing the best solution and monitoring the results.

When the purpose of marketing strategy is to respond to new opportunities or challenges in new ways – such as restructuring markets by creating new categories – vertical marketing, with its narrow focus on current markets and products, is unlikely to be the most effective approach. In this situation Kotler and Trias de Bes recommend “lateral marketing,”
exploratory and creative approach that seeks to widen the net to capture new, unique alternatives. In the case of Procter & Gamble (P&G), for example, decades of being the standard bearer for the traditional marketing approach (vertical marketing) was not enough to keep sales volumes from flattening and profit margins from shrinking as it moved into the new millennium. In 2000, its stock price fell 43 percent. Since that time, however, P&G has emerged as a model growth company by reinvigorating its vertical marketing efforts (defining P&G’s brands more broadly) and adding to the mix lateral marketing (reaching outside for ideas). In fact, P&G intends to derive fully half of its innovation from outside sources, including new products, new markets, new technologies and – anathema to orthodox marketing dogma – collaboration with competitors.

Analogize this

Application of non-business analogies to business has a long and fertile history, rife with quips and quotes mostly about war and sports. Business educators and writers frequently use analogies as attention-grabbing backdrops to discussions of broader, more abstract concepts. Yoffie and Kwak (2002) use judo principles to explain – strategically – how the small and seemingly defenseless (Intuit) can prevail against the large and mighty (Microsoft) by movement (following through fast), balance (pushing when pulled), and leverage (as in, your opponent’s competitors).

To a marketer thinking strategically, however, analogies are more than teaching tools. They reveal opportunities and solve problems. For the retailer TK Maxx the analogy “Shopping is like hunting” (analogies generally include the words “. . . is like . . .”) unearthed the idea that, for many of their shoppers, the shopping experience itself was every bit as important and motivating as the actual purchase. TK Maxx’s slogan “Something new every day” is supported by an innovative merchandising strategy featuring almost daily product assortment updates.

Useful analogies can be obvious (packaging is like an eggshell) or forced (selling software is like spreading infection). Either type can prove fatal to encrusted mental models or stagnated strategies. Try it yourself by inserting your most frequent marketing activities (marketing research, segmentation, target marketing, launching a new product, developing a positioning strategy, etc.) into the following analogy templates:

- ________ is like making a movie.
- ________ is like alchemy.
- ________ is like telling a child a bedtime story.
- ________ is like preparing for a marathon.
- ________ is like losing your best friend.

Break assumptions

Strategic thinkers abhor the status quo and continuously challenge assumptions about “the way we’ve always done marketing around here.” Some call it revolution (Hamel and Prahalad) and others call it disruption (Andy Grove), but it is a necessity when the only constant in the marketplace is change. And it is exactly what a growing number of strategically minded marketers are doing when, for example, they eschew traditional
marketing research for unconventional approaches to understand what is really happening in their markets. IBM elicits stories from current and prospective customers to identify new opportunities for business growth. Cosmetics manufacturer Simple gave customers video cameras, asked them to film themselves in their bathrooms getting ready for the day ahead, and used what they learned to revise their advertising to emphasize product benefits rather than features.

Other strategic sacred cows are similarly endangered. Counter to traditional competitive strategy, Unisys depended heavily on collaboration with its biggest competitors – including Microsoft and IBM – to bring new solutions to market and to speed its transformation into a service company. Flouting conventional marketing communications strategy succeeded on a grand scale for both Absolut vodka (positioning itself as a fashion brand, rather than a spirits brand) and Las Vegas (repositioning itself as a family destination).

The message is clear that the marketing status quo can blind managers from marketplace dynamics and realities. However, the meaning is often lost because inertia is a powerful deterrent to change. Challenging assumptions – a powerful tool for pulling down shaky strategies and revealing things in a new light – nevertheless requires vigilance and fortitude to succeed against lazy logic and marketing myopia.

Cross-fertilize

Self-absorbed marketers who consider their industry unique and concern themselves only with the actions and reactions of their immediate competitors are strategically vulnerable on at least two fronts. First, they risk being blindsided by unanticipated competitors from an entirely different industry. Secondly, by focusing inward they miss opportunities to discover new solutions and breakthrough advantages. Marketers who think strategically actively seek cross-fertilization with other industries and use the ideas and practices they find to reassess their challenges and to create new sources of value for their current and prospective customers.

As new technology disrupts traditional markets, many old-guard firms find themselves unsettled – if not unseated – by formidable competition from firms in other industries not resembling anything with which they are familiar. Kodak (the world’s leading photographic company), for example, was surprised at how quickly advances in digital technology eroded its hard-won advantages in chemical-based film processing to rivals targeting their customers with completely different technologies: Hewlett-Packard (computers), Nokia (cell phones), Seiko Epson (printers) and Sony (consumer electronics).

Seeking cross-fertilization by looking outside one’s own industry can also be a proactive strategy for breaking away from the status quo and creating new advantage. Hewlett-Packard has an enviable record of accomplishment in displacing existing approaches used by competitors in other industries to open up new markets and to deliver new value to customers. For example, HP’s PhotoSmart combined a digital camera, scanner, printer and imaging software to provide an integrated, value-added solution to customers, even though it required extending beyond their traditional industry boundaries.

Attract opposites

Marketers need to stop and think about the strategic reasons why companies such as Cisco Systems, Samsung, Yahoo, Amazon and eBay and others are stronger and in some cases even more profitable now than before the Internet bubble burst and the bottom fell out from under the technology industries. These firms did not survive to thrive by chance. Unlike their less fortunate counterparts in the technology industry who produced a product first and then tried to find customers for it, these companies went the opposite direction. They identified and defined customer needs first, and then produced in response to those needs.

The new product failure ratio has remained constant for the past 20 years, and is evidence that technology is not the only industry that cannot reverse its “products first” thinking. In fact, the traditional new product development paradigm promotes a process that flows from product to customer despite all that has been learned and communicated about customer-focus and a
market orientation. Old ways of thinking may die hard, but a production orientation has no place in the toolbox of today’s marketers. Perhaps it would help if we all wrote out and posted prominently what Lou Gerstner told IBMers at the start of his tenure as CEO: “We are going to build this company from the customer back, not from the company out.”

**Strategic decision making**

What determines what happens in and to a company? If a competitor’s improved product quickly steals away several points of market share, for example, it is reasonable to ask why the company’s marketers did not anticipate the threat and respond strategically to retain those customers. Inevitably, even if factors outside the company contribute, lying beneath specific explanations for what happened is a fundamental constant: the decisions from which the consequences resulted. In the specific instance described, the marketers in one company apparently made better decisions than those in the other. Why? Is it simply luck or do some marketers make decisions with the aid of better resources, better tools, and better procedures?

When marketing strategy goes especially well or badly, the quality of decision making is only rarely cited as the “official” explanation. While marketing strategy results – successful or otherwise – get the headlines, the processes behind the decisions leading up to those results generally receive remarkably little scrutiny, almost as if they occurred by chance rather than by design. Consequently, efforts and resources devoted to improving marketing decision making are largely nonexistent. It is not surprising then that few marketing managers realize how important the specific decisions they make – or fail to make – are in determining how and how well their company does. In fact, better marketing decisions constitute a core asset of the company. Proven principles and techniques that marketers can use to improve their decision making are described here (see the list below for examples):

- **Remind me – why are we doing this?** KFC stepping back from its decision to position fried chicken as part of a healthy diet when the market’s collective jaw dropped at the idea.
- **What’s this going to cost – really?** Cisco investing heavily in acquisitions that failed to add value to the company.
- **What are my options?** Hyundai seeking sustainable competitive advantage in the US auto market using a value strategy coupled with innovation and customer intimacy.
- **What are the chances?** Numerous companies abandoning expensive investment in CRM when users failed to adopt it.

**Remind me – why are we doing this?**

Apply a little “out-of-the-box” thinking to the traditional strategic decision-making models and approaches. Almost without exception, they begin with an assumption that making a decision at all is the right thing to do. It would be crazy to begin a book or article on strategic decision making questioning whether or not something really needed to be done, right? After all, the trigger event for strategic decision making is recognition of a problem or opportunity that requires some sort of choice among alternatives. A recognized problem demands a strategic decision about how to address it, doesn’t it?

Question: how did it come to the attention of KFC’s leadership that the company had the problem that their ill-fated decision to position fried chicken as part of a healthy diet was intended to solve? After all, had they never recognized the problem, they would never have made – and regretted – the decision.
One of the characteristics of our species is pattern recognition. Humans have an instinctual and irrepressible drive toward assembling patterns from data, such as problems or opportunities, even when – as research has demonstrated time and again – the data is randomly generated. Problem recognition – the trigger for strategic decision making – needs a verification component to avoid, among other things, the decision to launch the next new Coke.

In order to truly understand whether or not we should be deciding anything at all, we must get in the habit of beginning every strategic decision process by asking what Peter Senge calls the “five whys.” Simply ask the question “why?” five times in order to ferret out more complete information and to expose hidden assumptions. Applying this idea to strategic decision making, we get:

- Why are we considering making this decision?
- Why do we think the identified problem (opportunity) really is a problem (opportunity)?
- Why do we think this is important to decide on now?
- Why do we think making a decision would solve the problem (exploit the opportunity)?
- Why do we think that making this decision will not make anything else worse?

**What’s this going to cost – really?**

Thinking strategically about marketing decisions requires understanding the important distinction between a decision *per se* and the decision-making process. In the parlance of project management (a discipline with much to teach marketers) making marketing decisions involves sub-processes that precede the actual outcome or decision. This includes gathering information and generating and evaluating alternative courses of action, as well as processes of implementation and monitoring that should follow once a decision is made. Improving the quality of marketing decision making from this perspective involves management of a wide range of processes – in other words: a project.

Borrowing from project management theory and practice gives marketers a robust resource allocation tool. It ensures that the question will be raised about what kinds and amounts of resources will need to be invested in the process of making this decision. The answer to this often-neglected question provides insight into the cost/benefit ratio of making the decision in the first place. In order to answer this question, it is first necessary to understand the scope of the decision.

Decision scope may be thought of as its potential impact. Decisions range from day-to-day decisions with narrow scope and minor impact (how to respond to a customer complaint, for example), to tactical decisions such as pricing, to strategic decisions that are often costly in terms of resources. Strategic decisions, such as product or market development, impact the very nature of the organization.

Understanding the scope of a decision – its relative importance – provides an indication of the resources of people, information, time, money and technology that will be required. Companies that fail to ask this question risk taking on a decision process that by design or neglect (scope creep) grows to consume resources in excess of the value of its outcome. Microsoft, for example, has had to abandon promised features in the long-delayed release of their next operating system (Longhorn) due to unanticipated costs, both financial and non-financial.

**What are my options?**

Everyone knows that the effectiveness of decision making can be increased simply by considering more options. Strategic thinkers also recognize that while quantity of options is important, it is the quality of the set of options being considered that determines whether or not breakthrough decisions will be forthcoming. Unfortunately, research has shown that many managers consider relatively few options when making decisions; and those that they do, tend to be those most easily recognized.
Consider the decision of how best to develop sustainable competitive advantage. Pursuing sustainable competitive advantage, according to Michael Porter, involves two basic options: differentiation and price. In *The Discipline of Market Leaders*, Tracey and Weirsma identified three paths: operational excellence, product leadership and customer intimacy. David Aaker (2005) lists five common routes to sustainable competitive advantage: quality, value, innovation, focus and being global. In addition to marketing and strategy scholars, examples of and options for developing sustainable competitive advantage can also be found in the best practices of those in the industry. For example, Hyundai, is seeking sustainable competitive advantage in the US automobile market with a value strategy (offering more power for less money) coupled with innovation (new engine design) and customer intimacy (years of surveying US automobile consumer tastes).

The problem with relying on academic insights or industry best practices as the sources for strategic options is that while they sometimes work, like multi-level marketing schemes they really only benefit those who got in first. When many marketers face strategic decisions, they tend to consider only well-accepted, popular options. To be more successful they need to be creative and to cast a wider net. Having a more comprehensive set of potentially viable options can help to make sure that all promising alternatives are considered.

*What are the chances?*

Begin with the end in mind, Steven Covey tells us. Rarely is that advice as apt as in the case of implementing decisions. When decision makers bring others into the process only after the decision has been made, a study at Ohio State University (Nutt, 1999) revealed that only 35 percent were fully implemented, and only about half of those continued to be sustained after two years. However, decisions made with the participation of others from the beginning of the process, were fully implemented in over 70 percent of the cases studied, and over 50 percent of those were sustained after two years.

If the failure rate for decisions made without participation makes you uncomfortable, combining it with the utilization rate will shock you. A full 75 percent of the managers studied used edict as their approach to decision making and implementation while only one of five used participation. The costs associated with such high failure rates must be staggering. Clearly, managers have important decisions to make about how they make decisions.

**Strategic thinking competencies**

In order to approach strategic thinking with the same discipline applied to other forms of marketing competence, a competence model is needed. What strategic thinking skills do marketers need to possess and how do they contribute to thinking strategically about marketing? The list below shows some key competencies of strategic thinking that are most useful for marketers:

- **Discerning alternate realities.** By reframing their thinking about customers to focus on lifestyles rather than age, experience rather than hardware and interactive entertainment rather than technology, Sony is now the market leader in digital gaming.

- **Asking the right questions at the right time.** Nokia misjudging consumer demand and failing to grasp the immediacy and impact of the disruptive forces that were undermining entry barriers to their market.

- **Determining the critical issues.** Companies failing at customer satisfaction initiatives because they misunderstand the interactions between the customer, the employee and how the company treats its employees.

- **Escaping the obvious.** Microsoft considering what might have been the result had they not redirected resources to bolster the security of their products and services.

**Discerning alternate realities**

What marketers think about their customers, products and competitors is determined by their frame-of-reference. The day-to-day thinking of marketers is largely a process of
recognizing these patterns acquired from education and experience, and responding (as programmed) to them. Although pattern matching may be instinctual and actually quite useful for a variety of daily life tasks, it is clearly not optimal for marketers seeking sustainable competitive advantage in the marketplace.

For example, Sony took a look at the computer gaming industry and saw that the market leaders thought about their customers as kids and geeks, their products as high tech hardware and their competitors as other electronics manufacturers. By reframing their thinking about the marketplace to focus on customers’ life style rather than their age, the customer experience rather than the hardware, and interactive entertainment rather than technology, Sony is now the market leader.

Reframing is a particularly important competency for strategic thinkers. By looking at opportunities and challenges from different perspectives, by asking unexpected questions and positing novel hypotheses, and by strategizing unprecedented approaches, marketers revise perceived reality and empower market transformation.

**Asking the right questions at the right time**

At one time, Nokia's dominance in the mobile phone industry was unquestioned. Its ascendancy took place during a time when making a mobile phone was so onerous that it was the sole province of large, vertically-integrated firms with the resources and expertise to control the entire process from design to manufacturing. Safe behind seemingly unassailable barriers to entry, Nokia reached a 35 percent share of the world market and appeared unstoppable as it pursued its target of 40 percent.

By the first quarter of 2004, however, Nokia had lost nearly six points of market share in a single year. And this happened at a time of unparalleled growth in the industry. Why? The standard answers are that Nokia misjudged consumer demand and failed to grasp the immediacy and impact of the disruptive forces that were undermining the entry barriers to their market.

This scenario might have played out differently if a few questions and answers about current assumptions and future trends had been asked:

- Do we truly understand the drivers of our current success or are we missing something?
- Despite our growth and share, is there anything fundamentally wrong with our business model?
- Is there a better approach than the one we are currently successfully pursuing?
- What changes – in technology, regulation, the economy, demographics, society and culture, our industry and related industries and the marketplace – might radically change our value chain and proposition?

The true purpose of environmental analysis or “scanning” is not to confirm what we already believe to be true. For a marketer thinking strategically, scanning means not taking things for granted but seeing them with new eyes as part of the big picture. It also means having an adaptable and flexible approach to searching out data and information and insights from deep within one's own customer base, including diverse and unexpected arenas.

**Determining the critical issues**

Creating and implementing marketing strategies in a dynamic and uncertain environment requires competence in systems (multivariate) thinking in order to manage complexity and to move towards or away from the edge of chaos as required. Adopting systems thinking to marketing requires a significant departure from what many of us were taught about the nature and practice of our discipline. Consider the strategic marketing process, for example. Most of us learned to conduct strategic planning by applying linear analytical techniques based on the unquestioned assumption that we can understand any marketing situation (system) by breaking it apart and evaluating the variables separately.
Strategic planning, we all learn, is a process consisting of analysis, formulation, implementation and evaluation stages – or something similar. Each stage is further broken down, quite logically. For example, the analysis stage contains both external (customer, competitor, market, environment) sub-analyses and internal (performance, profitability) sub-analyses. Efficient? Yes, but how realistic?

By contrast, systems thinking focuses on the interactions among the various elements of the process (or system) and the key outcome sought is an understanding of the unique relationships these interactions produce. For strategic thinkers, the whole is not only greater than the sum of the parts, but it is also fundamentally different from the sum of its parts.

A simplistic, but powerful demonstration of this concept is provided by first considering the parts and then the system, as shown in Figure 2.

Similarly, marketing’s traditional approach of focusing on the parts – analysis, formulation, implementation and evaluation – too often ignores the interactions among those parts and misses the “big picture.”

Systems thinking offers valuable insights into why some marketing models, strategies and tactics succeed and others fail by putting them into a context and revealing the nature of their relationships. Peter Senge, the “father” of systems thinking, describes how some companies consistently fail at customer satisfaction initiatives – despite the “best” marketing and marketing research – because they fail to understand the interactions between the customer, the person serving the customer, and how the company treats its employees.

**Escaping the obvious**

It is amazing how many arbitrary assumptions and rules marketers impose on themselves as a matter of tradition. Of course, some principles and practices handed down from one generation to another do actually work and can be reliably depended upon. However, marketers competent in thinking strategically take nothing for granted and can be counted on to ask provocative questions and to conduct “thought experiments” to escape what others might accept as the obvious.

Escaping from the obvious is a competence that can be developed by learning the principles and practices of counterfactual thinking. Counterfactuals are consciously directed thoughts of the familiar “if-then” type. Informally, we often see examples of this in marketing following initiatives and tactics that failed to produce the desired outcomes – as in “If only we had had this product ready to launch in March, as originally scheduled, we could have been first to market.” or “If we had paid more attention to what our suppliers were telling us about the competition, we wouldn’t have to be scrambling to recover lost market share now.”

These “thought experiments” are usually focused on what could have been done to achieve more favorable results. However, it is also worthwhile to deliberately imagine alternative outcomes worse than what really happened, such as “Thank goodness we decided to go...”
with the prevailing standard, rather than the cheaper alternative, otherwise we’d be locked out of the market.’ In either case, the purpose of such counterfactual thinking is to promote movement away from acceptance of the way things are and toward new or unique solutions to old problems.

Marketers who systematically explore what strategic decisions could have been made in the past and that would have resulted in a more positive state of affairs in the present may be able to improve future strategic decision making. For example, managers at Microsoft could productively seek to identify which decisions might have been made earlier in the process that would have resulted in the release of Longhorn – their new operating system – on or ahead of schedule rather than nearly two years late.

In order to sensitize themselves against making similar mistakes in the future, marketers should get in the habit of determining what might have been done that would have ad less positive results than how things actually turned out. Using Microsoft as an example, what might have been the result if they had not taken security issues seriously and redeployed assets to bolster the security of their products and services?

Visualizing strategy

Thinking strategically will be a futile effort if it fails to result in marketing strategy that is easily understood and communicated. Visualizing strategy (the fourth dimension) is all about identifying and mapping the key elements of a marketing strategy. Managers who use the described techniques find that they help to clarify and translate their vision and strategies into action. The list below provides examples:

- **Seeing the future.** Shell using scenario planning since the early 1960s.
- **Envisioning the essential.** Using a graphic display of purchasing manager perceptions of value in the mid-size router market to explore key competitive factors in the industry.
- **Mapping the territory.** GM creating a strategy map to provide a visual representation of its strategy.

Seeing the future

It is often said that those who fail to learn from the past are condemned to relive it. While that may be true enough, in marketing it is also the case that those who look only to the past for input to their planning are condemned to strategies that can never rise above the status quo. Perhaps that is why so many old guard companies have been caught off-guard by the disruption and changes taking place in their industries. Most of them employ marketers whose expertise lies in the prevailing method of strategic planning which is little more than a simple matter of extrapolating past data into the future.

As the future becomes more complex, however, the past becomes less reliable as a sole source of information to reduce the uncertainty of strategic decisions. Fortunately, there is a tool for strategic planning that is forward rather than backward facing and can free strategy from preconceived stereotypes and from relying too much on the “rearview mirror.” Scenario analysis is a predictive technique that envisions a new future or alternative futures to remove some of the uncertainty – or to be better prepared for it when it arrives.

Scenario analysis starts with the identification of a number of possible future events (variables) that are combined into possible outcomes (scenarios). For example, a mobile phone manufacturer might identify three relevant variables: whether a single wireless standard will exist or multiple standards will coexist, possible convergence of technologies, and the nature of future consumer preferences. These variables can be combined into a number of possible future scenarios. Current strategies are then evaluated against the scenarios and adjusted if needed; or the creation of entirely new strategies can be proactively considered.

Even with scenario analysis, predicting the future will always be a highly inaccurate exercise. Its true value, however, is not an accurate forecast of the future, but the deliberate and
systematic process it offers marketers to become more receptive to change and the need to challenge the status quo; in other words, to think strategically.

**Envisioning the essential**

The ability to understand and communicate strategies and its components as vivid visual images is powerful. Take the central strategic concept of value, for example. Many marketers share an obsession with getting the right value equation, yet they may have difficulty articulating just what it is to themselves or to others. A graphical representation of value makes tangible the key drivers of strategy, their interactions and implications for the future.

Two things are required to visualize value: identification of the critical variables and a graphical format. Value, to a marketer, is a function of consumer perceived costs and benefits. While these critical elements of value can be derived from a variety of sources, data direct from consumers is always preferred. The problem arises that consumers – like marketers – can find it difficult to answer direct questions about exactly what value or benefits they get from a product.

Fortunately, in this digital age, marketers have access to consumer conversations via any number of online, public discussion areas. Using one such group, which tends to feature discussions among purchasing managers in high tech B2B markets, a content analysis was conducted of online discussions held on mid-size routers. When sorted into the familiar product, service and brand benefits buckets, the key sources of mid-size router value identified by purchasing managers participating in the discussions with their peers were:

1. **Product benefits:**
   - performance;
   - durability;
   - scalability; and
   - versatility.

2. **Service benefits:**
   - availability;
   - on-time delivery;
   - responsiveness; and
   - technical support.

3. **Brand benefits:**
   - innovative;
   - customer-oriented; and
   - well-known.

Perceived benefits, as we know, are only part of the story. A comprehensive comparison of the benefits across competitors, preferably provided by consumers is also required. In a pinch, a consensus of managers as to the relative performance and importance of each benefit – relative to the competition – can also be useful.

Kim and Mauborgne (2002) recommend a graphical display of similar information in what they term a “strategy canvas” where the horizontal axis is populated with benefits or “factors of competition” and the vertical axis represents a company’s relative performance across the “key success factors” of its competitive set. Figure 3 displays the finished product.

The benefits of this or any similar approach are that it both defines and explains the nature and scope of the elements of value underlying competition within an industry – with both current and future strategy implications. It also makes it easy to communicate the “big picture” and to stimulate “if-then” conversations among managers.
Mapping the territory

Graphic representation of marketing strategy is not limited to isolated strategic elements such as value. In fact, Figure 4, a holistic visualization of marketing, is perhaps one of the most recognized icons in the discipline and perhaps in all of business.

This simple, seemingly innocent (more about this later) model is intended to represent the complex phenomena that make up the concept of marketing, and to assist us in understanding these phenomena. It clearly identifies some key variables: the target market, the marketing mix and the marketing environment. And it suggests certain relationships among variables. Of course, all models are by definition gross simplifications: but this one is no worse than most and serves useful pedagogical purposes.

Beware the seemingly innocent model! This model can appear as descriptive (this is how marketing works in the real world), prescriptive (your marketing will be more successful if you follow this model) or normative (this is the best way to “do” marketing). In other words, visual representations and models have the power to influence the way we perceive things. They can be the most powerful force behind maintaining the status quo.

Like all tools, models and visual representations have both creative and destructive potential. Graphic representations of marketing and strategy are not to be taken lightly. They can have a significant impact on the way managers think and act. Being sufficiently

Figure 4  Marketing: a widely shared vision
forewarned, we can now move into a brief description and discussion of the use of visual representation for thinking strategically about marketing.

The traditional output of the strategic planning process in marketing is a standardized report detailing strategy recommendations and supplying supporting analyses. The goal is often consistent presentation over time and across business units within an organization. To paraphrase an old chestnut, a foolish consistency is the hobgoblin of small strategists. Consistency can, it is true, sometimes be a good thing, but never at the expense of reformatting reality to fit into a required template. Standardization often results in losing more than is gained in terms of seeing the “big” picture.

So, draw a picture. Whether it is called mind mapping™, concept mapping or strategy mapping, the basic idea is two-fold: identify key variables influencing and influenced by the strategic situation; and stipulate (or speculate) on the relationships among the variables.

Operating at the corporate strategy level, Norton and Kaplan’s balanced scorecard model identified key variables: the financial and customer objectives describing the outcomes that the organization wants to achieve and the internal and learning and growth perspectives describing how the organization proposes to achieve these outcomes. Adding linkages and causal relationships to these variables creates what Norton and Kaplan call a “strategy map,” described as “a powerful communication tool that enables all employees to understand the strategy, and translate it into actions they can take to help the organization succeed” (Kaplan and Norton, 2004).

What might a balanced scorecard for marketing include and how would it benefit thinking strategically about marketing? Ideally, it would contain metrics (variables) that accurately reflected the market and business model, enabling testing, communicating and continuously improving the performance of marketing strategy. A good place to look for these variables is in the metrics Roger Best (2004) recommends for measuring the return on investment (ROI) of marketing (see Table I).

Some of the benefits of the successful implementation of a marketing balanced scorecard might include:

- the production of a strategy that is easy to understand and to communicate;
- a high level view of marketing and sales activities (the “big picture”) with drill-down capabilities to view data by target market, product, benefit segment, etc.; and
- the opportunity for marketing managers to test whether or not the theory of their strategy is valid.

Summary

Strategic thinking offers marketers and their companies the opportunity to move beyond the automatic application of traditional strategic frameworks to identify and to achieve breakthrough marketing strategies. The real power of thinking strategically about marketing lies in its potential as a source of competitive advantage equally applicable to creating superior value for customers, erecting barriers to competitors, or enabling more rapid adaptability to change.

The strategies proposed here are all designed to reduce the risks of marketing strategy failure. The raw materials of strategic thinking (creative and critical thinking, decision making

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<th>Table I Components of marketing ROI</th>
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<td><strong>Market performance</strong></td>
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and problem solving) can be transformed into a practical system for enhancing the strategic promise and performance of marketing and its practitioners. In addition, using visualization to communicate marketing strategy in a concise, articulate and compelling manner significantly increases its likelihood of success.

The marketing profession is long overdue in applying the same attention and rigor to strategic thinking that it applies to strategic planning. A robust planning framework is vital to marketing success; but it is no longer sufficient by itself, given the rapid rate of change. The need for managers who can think strategically about marketing will only increase. Understanding and applying the principles and techniques presented here can help marketers and the marketing community rise to this challenge – and opportunity.

Keywords:
Strategic management, Marketing strategy, Strategic planning

References