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Inside this issue:

Analysis of the competitive pressures of a global brand in a developing country— A Case Study of Caterpillar in Ghana

By Robert Hinson, MCInst.M, MCIM and Adelaide Nartey

Robert Hinson

Competition within the global heavy equipment industry is intense with competitors such as Volvo, Daewoo, Fiat Hitachi, JCB, Bell, John Deer, Bomag, Dynapac, Case, O & K Lieberr and Caterpillar—all targeting the same road construction customer base.

In Ghana, Caterpillar is the dominant product brand in the heavy equipment category. This product is marketed by Tractor & Equipment Ghana which also provides after sales support for all Caterpillar equipment operating within Ghana. Tractor & Equipment Ghana competes with its competitors for the 540 registered Road Contractors in Ghana.

The ability of a firm to survive depends on how the firm takes advantage of the opportunities in the market place to satisfy its customers. T & E has demonstrated its capability of being been sensitive to its customers by trying to understand their needs, understanding them, and planning long-range marketing programs to meet those needs.

T & E also institutes measures to understand their competitors' activities to take advantage of their weaknesses while continuing to consolidate its own strengths. Through continuous innovation and investments in customer service, T & E has maintained its lead place of 60% market share in the road construction industry, despite intense competition from four of the seven expanded marketing mix of services—price, place, promotion and processes.

The main strategy used by the competitors in this industry is a frontal price attack. Caterpillar is consistently about 20% higher on price than its competitors.

The reasons that account for the premium pricing of Caterpillar include a heavy investment in research and people development, infrastructure improvements, and innovation that goes into producing and maintaining brand quality. The Caterpillar equipment is always manufactured with the customer in mind. This heavy equipment is mostly used in the developing

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nations under harsh working conditions. Equipment needs to be built to withstand adverse environmental conditions and ensure that the operator works in absolute comfort and ease. Much engineering innovation goes into the design aspect. Caterpillar equipment is therefore premium priced worldwide.

The competition takes advantage of the premium charged by T & E to convince potential customers and customers of T & E to accept their products at a much lower price. Sometimes as low as 40% below T & E's list price. This becomes extremely tempting to some customers especially the road contractors in developing nations.

Price differential is a strong competitive force within this industry. Most road projects are submitted with a recommended list of equipment. Thus, all new projects come with a new list each time they are called to bid. The contractor is very tempted to accept the competitor's brand although the quality may not be as robust as Caterpillar quality, and no proper after sales support may be offered. Down time is high in most cases with these low quality brands.

Some competitors also offer very attractive credit terms to customers. Payment is scheduled in an extremely flexible manner with heavy discounts when a contractor purchases all their equipment from one competitor, becoming fleet customers.

These are issues T & E most often cannot compete with. T & E has invested heavily on its people, infrastructure, facilities and processes, to ensure that there is minimum down time by keeping in stock 80% of fast moving parts, and bringing in whatever is required within 48 hours of order. Due to competition, T & E has had to build a new facility at the doorstep of the customers in Tarkwa (a city in the western region of Ghana). The branch is fully staffed by engineers from the university. All facilities countrywide have been upgraded to Caterpillar standards.

Competition is often housed in containers on customer sites with no real investment in structures, offering the same field service at lower man-hour cost, and offering attractive payment schedules that T & E cannot match in any way.

In an economy such as the developing nations, one has to be very prudent in offering very liberal credit-terms, as the default rate could be very high. Thus T & E finds it very difficult to compete on terms, discounts and price flexibility, which is of prime concern to customers within this industry.

Another strategy used by competition is the use of government influence to win big governmental tenders and business. This is an ethical issue. T & E, as a company and a dealer for Caterpillar, cannot participate due to Caterpillar's corporate identity worldwide.

The main objective of the major competitors such as Komatsu, Volvo, Dynapac, JCB, Case, and Hitachi is to gain market share at the expense of Caterpillar, and this will help them build enough capacity to justify a bigger investment in product support where T & E has excelled. In spite of the increased number of competitors with their various strategies in the market, T & E has managed to stay as the market leader for the past 60 years.

Competition affects the development of international marketing plans. In developing international marketing plans, the firm needs to have a clear international competitive focus, and develop effective relationship strategies with customers, employees and suppliers ensuring that strategies are in place to manage the organization well with a culture of learning.

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With this in mind, the marketing plan for T&E includes strategies to increase and maintain after-sales service capabilities, customer service, warranties and guarantees, advertising and special promotions, and dealer networks. At T & E, for example, staff organizes a yearly trip for selected customers and government officials within the road construction sector to visit the impressive Caterpillar demonstration ground in Malaga, Spain. This facility is also an operator-training center for Caterpillar worldwide, where all equipment is tested before going onto the global market.

These strategies are included in the international marketing plan to exploit or respond to opportunities in the market. T & E is now developing its marketing plans both internally and externally with direct marketing programs and special sales promotions targeted at certain sectors such as forestry. Its plans include participating in trade shows—especially the West African Mining and Electrical Exhibition held every two years, and sponsorship of tournaments also targeted at the mining sector. In addition, its marketing plans include customer days, or open days at the various branches country wide, for customers to see for themselves the impressive investments in place just for the Caterpillar equipment that they own. These activities are to build trust and commitment in the brand.

Some major customers of the heavy equipment industry are international customers with headquarters in South Africa, Britain, Egypt or U.S.A.

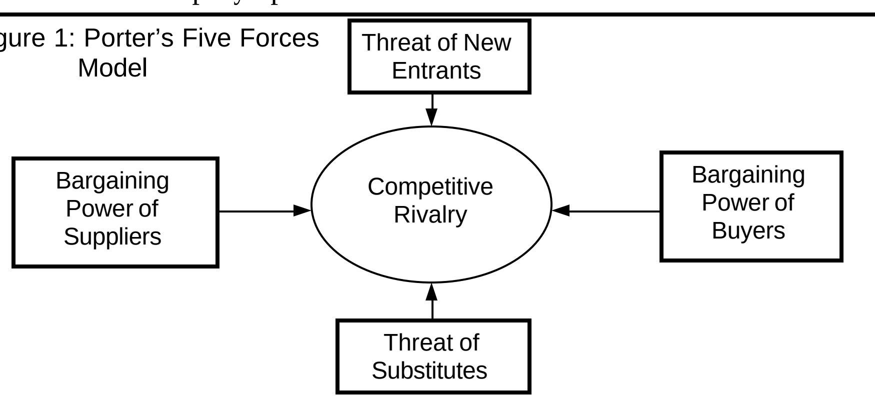
The marketing department of T & E is centered in Egypt from where such marketing plans for all territories are compiled with the total contribution of the marketing co-coordinator in each country in West and East Africa. The marketing plans are implemented and controlled by the marketing co-coordinator. The overall marketing strategy is "One Voice," hence wherever a customer is; it would see similar billboards, adverts point of sale promotions, sales force dressed similarly, and exhibitions stands similar in all territories.

Due to competition, a huge portion of the marketing communication budget is used in relationship marketing efforts to ensure customer loyalty, commitment, and retention. The sales force plays a very active role here with investment in delivery vans branded with company logo, infrastructure, and a marketing database link to all territories to ensure effective database management. This is key to Caterpillar operations worldwide.

Within the heavy equipment industry, there are five different competitive forces illustrated in Figure 1. These are known as Porter's five forces.

1. The rise of new entry by potential competitors.
2. The degree of rivalry amongst established companies within the industry.
3. The bargaining power of buyer.
4. The bargaining power of suppliers.
5. The closeness of substitutes to the company's product.

Figure 1: Porter's Five Forces Model



The threat of new entrants is real within this industry, since Ghana is an open market with no significant barriers to entry. Thus, the industry has eleven competitors of which six are considered primary. Since most competitors are multinational organizations, they are capable of investing in technology. The requirement for capital is extremely high and they have access to distribution channels through franchising or mergers with companies in various nations.

Competition within the industry is intense on price, dealer expertise, product innovation, and customer service. Here T & E has immense competence and capability with respect to product innovation, customer service and dealer network. T & E is currently the market leader followed by its main competitors—Volvo and Komatsu with 20% and 10% of market share respectively.

The buyers of these products are mostly mining and construction customers. These customers would incur a huge cost if they were to switch, since they would have to retrain their in-house mechanics, and stock fast moving parts in house since their fleet would consist of different equipment brands. Although they do have flexibility to purchase from several sellers in the industry, they tend to stay loyal to those with whom they have established stable relationships.

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There are no real threats of substitutes in this industry since all players are well known, but to cash in on price, most competitors do not produce their products to the quality of Caterpillar worldwide. Almost all heavy equipment is referred to as Caterpillar, since competitor products break down easily and are not often seen on the field working. This is not an uncommon phenomenon in Ghana. For a very long time every brand of toothpaste could be referred to as Pepsodent, and every detergent called Omo. Brand dominance in a category could almost lead inevitably to all products in that category being referenced by that brand name. Omo and Pepsodent are both Unilever brands, and it is little wonder that they are probably the most successful FMCG company in Ghana.

Finally, the bargaining power of suppliers within this industry is significant. It is costly for dealerships to switch because of investment costs in each territory. Suppliers or manufacturers of the products have tremendous power to cancel a contract if a dealer is not performing to manufacturers standards. Caterpillar PLC ensures that the necessary investments and business infrastructure are in place.

At T&E the Engine Specialization Centre has been developed to be the best in the West African Territory. Therefore, competitors in the West African Territory see this as a major threat as engine components are no longer sent to Caterpillar at a huge cost to the dealership, but across borders on a low bed to Ghana to be rectified—thereby cutting down on cost and time.

Caterpillar therefore stands poised to repulse competitive marketing pressures at the dawn of 2004.

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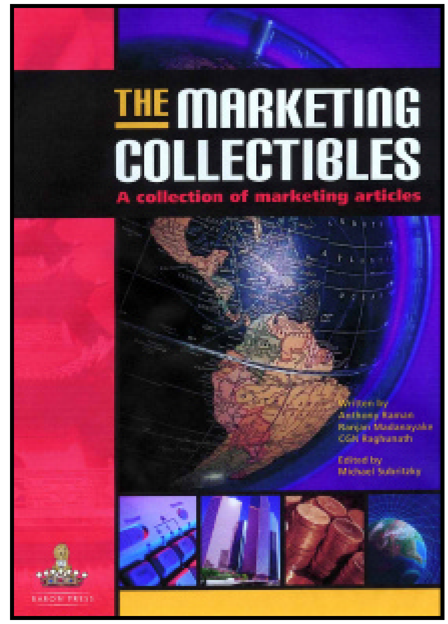
The Marketing Collectibles

(A Collection of Marketing Articles) by Raman, Madanayake, and Raghunath

This breezy book hosts a compendium of articles that had been published in countries such as New Zealand, Malaysia, Sri Lanka and Canada.

The entire contents are essentially a potpourri that touches several areas as well as issues that are of concern to professional marketers. The articles seek to expose readers to relevant issues that confront the day-to-day life of marketing professionals and in addition, offer quick-fix solutions on specific strategic areas.

The authors who teamed up to offer this compilation have brought their experience as well as exposure to bear upon the contents.



The publishing of this book required co-ordination that spanned across New Zealand, Malaysia and Sri Lanka. The book was published in New Zealand in December 2003 and the second print was done in Malaysia.

The book was officially launched during a ceremony in the presence of guests from New Zealand, Singapore, Taiwan, China, Malaysia and Indonesia in the capital city of Malaysia, Kuala Lumpur by His Royal Highness Tengku Azlan Ibni Sultan Abu Bakar, The Deputy Minister in the Prime Minister's Department of Malaysia.

It signifies the beginning of a series of marketing related books to be published in the near future.

Authors of the book are Anthony Raman (New Zealand-based), Ranjan Madanayake (Sri Lanka-based) and CGN Raghunath (Malaysia-based).

Both Anthony and Ranjan are members of the Canadian Institute of Marketing.

Complimentary copies of the book are available for members of the Canadian Institute of Marketing by contacting Anthony Raman at anthony.raman@twoa.ac.nz.

Key elements of world class marketing

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

Prasanna Perera

The ability to satisfy and retain customers remains the most crucial activity of a business organization. This depends, however, largely on the skills possessed by an organization in the exciting but challenging discipline of marketing.

World class marketing, requires certain special elements which companies such as Proctor & Gamble and Marks & Spencer have demonstrated. These are elements which are fundamental but often forgotten and neglected.

What are these elements which contribute to marketing excellence on a global scale?

1.) Profound understanding of the market place

The market place is the driving force of all marketing practice. To be world class, a thorough understanding of the dynamics of the market place is required on a continuous basis.

Organizations would therefore be required to develop first-rate marketing information systems that are capable of delivering accurate, pertinent and timely information from the market. These information systems should encompass at least marketing intelligence/sensing and marketing research.

2.) Creative segmentation and targeting

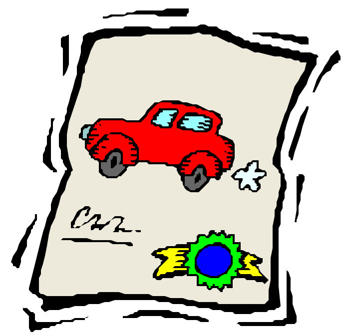
Segmentation is the task of grouping customers into homogeneous sub-sets (i.e. groups of customers with similar needs are identified and targeted with a specific product/service offering). It has to be based on customer needs/benefits sought, if this strategic marketing management activity is to be carried out effectively.

To be world class in marketing, "creative" segmentation is a must. Traditional segmentation bases, such as geographic and demographic, will not suffice. The more customer focussed the segmentation, behaviour and psychographics have to be creatively used to segment markets. For example, in the automobile industry segmentation is based on behavioural and psychographic bases (life style, personality, user status). Automobile brands, such as BMW and Mercedes have been segmenting markets for years on behaviour and . psychographics.

3.) Powerful differentiation, positioning and branding

Branding is indeed a very powerful tool for effective marketing. It provides a distinct identity for a product or service, which helps the target consumer differentiate and distinguish the offerings of one marketer from another. Consider Coca Cola, Nike, Rolex, Heinz, Nescafe, Mercedes, and Kodak. These brands are truly global giants which have facilitated the practice of world class marketing.

Positioning is the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customer's minds. Meaningful and sustainable positioning strategies provide a very significant contribution to world class marketing. The following are two examples to highlight the power of clever positioning. Avis is No. 2 in the rent-a-car business to the market leader Hertz, and uses the following positioning statement: "We are No 2. We try harder." To the Avis customers, this is a clear message that they are guaranteed with a superior offering. To the Hertz customers, a simple message, "why don't you try us out?" The second example is Heinz. Heinz is positioned simply by "Heinz meanz beanz." Therefore, the target consumer is given a simple and clear message. "when you think beanz, think Heinz always."



Finally, differentiation is the corner stone through which positioning and branding can be developed. Differentiation simply means the act of designing a set of meaningful differences to distinguish the company's offer from those offered by competitors. Positioning and branding are no doubt the two most powerful and meaningful differences.

4.) Effective marketing planning processes

The need for effective marketing plans has been highlighted by numerous authors to achieve world class marketing. The key processes of marketing planning, namely flow of information, analysis, objective setting, and developing

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strategies must be integrated and co-ordinated so that winning marketing plans can be developed. These in turn facilitate world class marketing.

The ability to develop marketing plans for the long term (10 years), as well as the short term (1-3 yrs), are both very important. Finally, winning marketing plans are developed with the target consumer being the undivided focus of attention.

5.) Long-term integrated marketing strategies.
Marketing strategies are simply courses of action designed and formulated to achieve the long and short-term marketing objectives or goals, of an organization.

Winning marketing strategies, exhibit the following traits:

- They must provide results in both the short and long-term.
- They must be sustainable in the longer term.
- They must be integrated to achieve above average levels of success.

For example, short-term marketing strategies must facilitate and be integrated with long-term marketing strategies. New product development (NDP) is an important product related strategy. For best results, NPD activities must be integrated between the short and the long term.

6.) Institutionalised creativity and innovation
Creativity and innovation are undoubtedly the hallmarks of world class marketing. Institutionalised creativity and innovation means that an organization has embraced and internalised these two elements. Organisational culture and managerial leadership are the two most powerful dimensions that can facilitate creativity and innovation.

For example, Sony employs the following company statements: "Dreaming is the most important work at Sony." "Other companies have market research institutes. Sony has dreamers. Their dreams turn into designs which then turn into products".

"We believe that the products our employees really want to create are the products that people will want to own. And so far, we've been right. The Walkman, the Discman, the Handycam—and many more."

That's why when Sony designers say, "We want our new product to be the first, the most compact, the best," the answer is "Do whatever it takes to achieve it—follow your dream."

These statements from a truly global leader says it all. There is no doubt that Sony is a benchmark for institutionalised creativity and innovation.

7.) Market-driven organizational structures.
Organizational structures must be developed based on the market place in which the organization operates. "Structure must follow strategy, and not the other way about."

In a dynamic and complex market place, which is often global, organizations have to keep their structures under constant review. An organizational structure which is clearly aligned to and facilities the needs of the market will provide the spring board to achieve world class marketing success.

There are different types of organizational structures including functional, product based, market-based, and matrices. Any type of structure is acceptable, provided it facilitates serving the needs of the market place/consumers.

8.) Careful recruitment, training and career management
Marketing is an "art" which has to be delivered through internal people to external, market place-based people. To interface with consumers and to meet their needs, an organization needs individuals who are comfortable and committed to other people.

Careful recruitment is the most important step in achieving world class marketing. Talented and motivated employees are no doubt a key competitive advantage to an organization. Careful recruitment alone will not suffice. People must be trained and developed to deliver results constantly and also to retain them.

The success stories of organizations too numerous to mention, clearly demonstrate that it is the people who have a passion for what they are doing that lead to success.

Conclusion
To be world class in marketing is a very significant achievement for an organization which in turn provides opportunities on a global scale. To be world class is one thing: to sustain and consolidate the enterprise is another.

Only organizations that can achieve the later can be acknowledged as truly great and world class in marketing.

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Among the greatest are Proctor & Gamble, Sony Corporation of Japan, General Electric Corp of U.S.A, Walt Disney Corp of U.S.A and others too numerous to mention. All these world class companies have two things in common; a profound understanding of their markets and the ability to deliver superior value to their customers on a consistent basis.

Philip Kotler, the world renowned marketing guru states the following memorable phrases in the millennium edition of Marketing Management; "The future isn't ahead of us. It has already happened". (Marketing in the 21st Century). "It is no longer enough to satisfy customers. You must delight them." (Building customer satisfaction, value and retention). "Today you have to run faster, to stay in the same place." (Scanning the Marketing Environment). "Your company does not belong in markets, where it can't be the best." (Designing Global Market offerings).

These statements are timeless beacons for organizations that want to be known for world class marketing. These and the eight key elements will take any organization a long way on the world stage of business.

Prasanna Perera is a marketing and Management Consultant and Senior Lecturer in Marketing Mnagement. He is a chartered Marketer with the CIM (UK), and recently elevated to Fellow of the CIM (UK). He can be contacted at : prasannaperera@mail.ewisl.net

Marketing challenges in Africa

By Anura Kaluarachchii, DipM,MCIM, MCInst.M, Chartered Marketer

Anura Kaluarachchii

Today, the world is treated as one global village. Markets are more complex and competitive than ever. The post WWII industrial boom has driven through multiple stages such as production, sales, marketing and customer orientation. Marketers are busy in developing their strategies on incremental innovation in this highly competitive market place. But all of these strategies are grounded on the *customer*.

Africa is a continent with 53 countries and over 730 million people. It is worth to analyze what's happening in this market. What are the opportunities for marketers. Where is the customer located? Are the so-called traditional marketing terms applicable in Africa?

During my early days in West Africa, I realized there is something missing from what I remember of days past. One day, I went to a grocery shop to buy some items. I saw the shop keeper's legs on the cash counter listening to the radio on his shoulder. He didn't bother to acknowledge me and ask what it was I needed. He continued to ignore me as he listened to his radio. I thought he may be suffering from an attention deficit! As I became accustomed to this new environment, I realized that this apathy is prevalent. It carries throughout organizations from top to bottom—from small shop keepers to blue chip companies, the "*don't care about the customer*" attitude is commonplace.

The customer appears to be nowhere in this market. The customer is not treated a king or queen as in other market places. The attitude seems to be that it is the customers who serves the company by patronizing the product—not the company serving the customer. Customers do not demand the service that should be afforded them as they have never experienced good service. Surprisingly, most companies do have marketing departments, and posses the required marketing tools. Sadly, customer orientation is absent.

Marketers do have a major role to play in these highly bureaucratic market places. The marketing revolution should take place from FMCG to service industry, from private sector to the government sector. It was a great challenge for me to introduce the proper marketing system to the organization where I was employed. Fellow employees were same as the vender in the grocery market with no clear understanding who the customer is, and the meaning of customer service. It took years to instill the fundamentals of marketing and customer orientation in their daily interactions

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with customers. Employees were backed by several programs on marketing orientation, mind storming sessions, mock and actual sales presentations, and customer service training.

The new marketing strategies worked out very well. They were rewarded with very encouraging sales growth, market capitalization, higher profitability, and moreover the establishment of a very sharp competitive edge.

It's time marketers shifted the existing paradigm and optimized the advantages in this market place. There are great opportunities to be had. The developments in marketing segmentation, customer focus, creating and satisfying customer needs, customer loyalty and getting closer to customers are critical for African marketers.

The sum of all these changes is a challenging environment for marketers in Africa. One that can be described as transformational. I am very positive if marketers work hard to change the current "*attitude*" that there will be change in the markets, a production boom in the industrial sector, and economic growth in their countries. It can be done. What is needed is the proper leadership, guidance, and the dedication of principal marketers and their staffs.

Note:
This reportage is based on my few years experience in West and Central Africa as a professional marketer. This situation is common in many African markets, but there are some exceptional market places as well which do not resemble the apathy that I first experienced.

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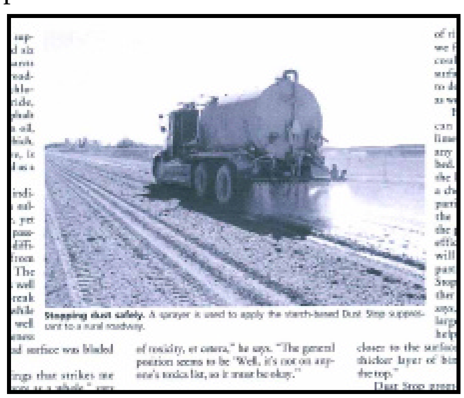
Marketers making their mark!

Featuring: Cypher International - Norm Burns, FCInst.M

The Marketing Challenge has reported previously on the award-winning business—Cypher International—established by Norm Burns, F.C.Inst.M. Norm continues to move his business and products into new territories, all the while carrying the banner of the Canadian Institute of Marketing.

Norm Burns, FCInst.M

Our last report on Norm's activities announced Cypher as the official supplier of environmental enhancement technologies for the Galapagos Islands. His environmental products are now being applied as an unpaved roads dust suppressant.



The December 2003 Issue of Environmental Health Perspectives reports that there are more than 3.9 million miles of roadway in the Unites States, and that as much as 70% of the road mileage is unpaved. These roads are responsible for more than 10 million tons of particulate matter emissions each year. The California Institute of Technology identified at least 20 different human allergens, including molds and pollen in dust stirred up from paved roads. Cypher's products may prove both healthier and more effective than traditional suppressants.

The need for a new type of dust suppressant was explored by Cypher resulting in the discovery that starch derivatives as a tackifier for hydroseeding operations—mixing mulch, seed, fertilizer, and water into a slurry that is sprayed over the top of a surface could stay there for a designed period. Burns' premise was, if the starch could bond to the soil, it should be able to do so on a road surface as well.

The product developed by Cypher is called Dust Stop. Promotional materials say the product has been designed for high, moderate, and low-temperature applications, and that it is available in a citronella scent, which the company claims repels rodents, small animals, and insects, significantly lowering roadkill incidents and deterring disease-carrying insects around untreated roads.

Dust Stop has been tested on unpaved roadways in many countries, and is currently being tested outside of Prescott Arizona. Time will tell if Dust Stop is indeed a viable alternative to traditional dust suppressants.

Cypher International Ltd. is dedicated to the development of global environmental solutions.

See www.cypherltd.com/duststop.php or Contact Norm Burns at:
aquarian@mb.sympatico.ca

Tinkering

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

Ranjan Madanayake

In his book The New Positioning (McGraw Hill, 1996) Jack Trout writes, "The road to chaos is paved with improvements. In all my years in the business, I've never seen a marketing person come into a new assignment, look around, and say, things look pretty good lets not touch a thing. To the contrary. All red-blooded marketing people want to get in there and start improving things. They want to make their mark. Just sitting there wouldn't feel different".

He calls this the **tinkering** factor. This article outlines an international case and a couple of my own experiences so that these cases will give sufficient evidence why marketers, as well as entrepreneurs, should avoid such pitfalls which will eventually lead to the detriment of their organizations. Fools learn by their mistakes and the wise from others (Anonymous).

The Story Of Coca-Cola

The Coca-Cola Company was founded in 1886 and celebrated 100 years in 1986. In 1980 Roberto C. Goizeuta a former Cuban was named Chairman and CEO of Coca-Cola (John B. Clark, Marketing Today, Prentice-Hall, Inc., 1987). He is acclaimed as a bold agent of change responsible for a large number of new products, diversifications and divestitures. In 1980, Coke's revenue was $ 5.9 million and net income $ 447 million while in 1985 its revenue was $ 7.9 million and net income of $ 678 million, a growth of almost 34% in revenue and 52% in net income (Standard & Poor's NYSE Stock reports, 11 March 1986), but they had a problem.

Coca-Cola's and its arch rival Pepsi-Cola's brand share in the US market (in the soft drink category in 1971), was Coca-Cola 25% and Pepsi-Cola 15% while in 1984 it was Coca-Cola 22% and Pepsi-Cola 19% (Fortune, 1 June 1981). Coca-Cola recognised the red lights.

Pepsi found in their blind taste tests that Americans preferred its sweetness to the crisp taste of Coca-Cola, and decided to target them with a new campaign 'Pepsi Challenge'. Despite more marketing and more spending, Coke found it difficult to rebuff the 'Pepsi Challenge'.

In 1982 Coca-Cola marketed Diet Coke, targeting those who preferred products without sugar and while this was being done, they also developed a sweeter formula. They embarked on the most extensive market research programme in history where over 200,000 people were influenced to participate at a cost of some 2 billion dollars. Blind tests carried out indicated that 55% of the respondents preferred the new formula while 45% the traditional. When both drinks were identified, 53% preferred the new and 47% the old. Based on this data the management decided to market the new formula as 'New Coke' and terminate the Old, despite the research showing a following of 47% for the Old.

In April 1985, the new formula was launched with a big bang. However, in the months of May, June and July the Coca-Cola Company was inundated with phone calls and letters rebelling against the change, and dropping the traditional Coke. Consumerism was unprecedented. It is reported that in Seattle, loyalists formed an association named the "Old Coke Drinkers of America". They even threatened to sue the company if they didn't bring back Old Coke. Coca-Cola's 500 bottlers in the US faced the brunt of customers' wrath. As customer-rebellion was snowballing Coca-Cola Company discovered, through ongoing research, that 70% preferred the Old. Resultantly, on 11 July 1985, after three months, Coca-Cola brought back Old Coke as Coke Classic.

Lessons Learned...

It was later revealed that a major flaw was in the research where customers weren't told that choosing the New Coke meant saying good-bye to their traditional Coke. We also saw the research figures of the blind test, 55% for New Coke and 45% for the traditional, and when revealed 53% for New Coke and 47% for the traditional. After launch we saw it further deteriorating, and in fact reversing to 70% for the traditional and 30% for new.

When nearly 50% of customers prefer a particular product it shows that there is a substantial market being satisfied by that product and that it has a definite set of customers whose needs and wants must be satisfied, which is the core principle of marketing. Denying that opportunity and attempting to force down a different product isn't a clever option to choose, and contrary to basic marketing principles. Market driving is not always successful when it comes to issues such as this, which is not an Akio Morita or 3M type.

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Consequently, what Coca-Cola Company did was tinker with the existing product to meet the new perception of some, the shift from a crisp version to a sweeter version. This cannot be seen as the solution to prevent migration of Coke customers to the sweeter enemy territory.

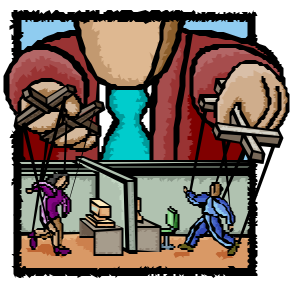
In fact, what I would have proposed would have been to segment the market according to need, and just like introducing Diet Coke for the 'no sugar' segment, launch Sweet Coke with the graphics inclined towards a Pepsi look. This way it would have sustained those wanting to shift to the sweeter version and even win back those who shifted to consuming Pepsi. Thus, they would have developed three different product options in the form of three different sub-categories to three specific market segments, those who don't like Sugar (Diet), those who don't mind Sugar (Coke) and those who like Sugar (Sweet Coke). This strategy could have given the option to the Coca-Cola Company (perhaps later on), to terminate its Sweet Coke brand and sub-category, and pull down the similar product Pepsi with such hara-kiri.

Another lesson we need to learn from this case is the genius of Pepsi for having knowingly, or unknowingly, creating a new sub-category without being a 'me too' in the same category. This is differentiating the product offer form that of the leader and creating for itself a new sub-category and leadership in that sub-category. Thus Pepsi is the leader of the Sweet Cola sub-category. Those who like their Cola to be sweet have an option.

Rani Sandalwood Soap
Rani was 50 years old and had a steady following of customers. Its woody fragrance of Sandalwood in particular ethnic segments of the toilet soap market in Sri Lanka. Some erroneously believed that it had sandalwood oil.

Givadan Roure supplied the Sandalwood perfume, the heart of the product and known to linger on for quite a while. The target market also accepted its lathering properties. Rani was positioned as beauty soap with Sandalwood, a sub-category in the market for toilet soap category. Its line was "Soap of beauty queens, queen of beauty soaps". The pack graphics was very traditional; it had a portrait of a beauty queen with the crown and the soap was in a carton, which was vertical. It enjoyed steady monthly revenue.

A new marketing manager who joined the company believed that if Rani was re-launched with appropriate sophistication it could gain a share from Lux, the supreme leader of the toilet soap category at that time. Lux associates itself with film stars; their famous line was "nine out of ten film stars use Lux".



He proposed to re-launch Rani and take Lux head-on. Thus the marketing strategy was changed to pursue a new segment while hoping to retain the existing segment by changing its positioning as a new and sophisticated product. The tactics used were drastic; they changed the product by changing the perfume (the heart of the product). They changed the pack graphics which portrayed a beauty queen with a crown used for 50 years and replaced them with a sophisticated girl without a crown in an attempt to emulate Lux. The pack was made horizontal from vertical, and further, instead of its traditional orange colour it adorned for 50 years, changed to a woody and veneered look. The price was also increased. The only things the new pack had were the brand name Rani and the name of the manufacturer.

When sales personnel went on their subsequent journey cycles, after relaunch they observed that the off take was disastrously low. Some customers refused to buy the new version and many others who did, never returned—so did the marketing manager who initiated the change. I joined the company at this stage and the first thing the managing director requested me to do was to regain Rani. Shop-to-shop and house-to-house I went with my national sales manager with an open mind on a qualitative research to ascertain the reasons for this dreadful decline, and when we returned we had documented the reasons. In a nutshell – the new version alienated the existing user and never attracted the Lux user. Naturally, the solution was to bring back the original and regain the lost custom. This was skilfully done.

The original segment was retargeted; product was repositioned to the former positioning. Original fragrance was brought back and pack graphics – with beauty queen and vertical orange pack were restored. New Rani was rebranded as **Super Rani**. The result paradise regained.

Lessons Learned...
Professor Michael Porter offers three alternatives; focus, cost leadership and differentiate (Malcolm McDonald, Marketing Plans, Butterworth-Heinemann Ltd., 1989).

Rani was a focus product and the leader of the Sandalwood category in the beauty soap sub-category hence it

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cannot be tinkered to fulfil the needs of users using other categories and brands. If the objective was to gain a share of the Lux user they should have segmented and targeted Lux users and developed a new product with a new brand to provide superior value and position it appropriately to that targeted segment and thus win a share from the users of that category. Customer retention is most important and changes can alienate existing users and necessarily need not attract new users.

Brand Extension: — Enough is not enough; after restoring Rani I moved out to pursue another opportunity elsewhere and soon after that they once again tried tinkering. This time they spent a lot of money on foreign models, TV commercials etc., and went for a brand extension – Rani Jasmine and Rani Rose. The validity of that decision can be judged by the fact that they don't exist anymore. A brand is a perception of value in the mind of a customer or consumer. Rani has been associated with Sandalwood for years, and it has no room in the mind to accommodate another and another, because minds are supposed to be limited (Jack Trout, New Positioning, McGraw Hill, 1996). Therefore brand extension is suicidal. Instead of all this, they could have launched two new brands to different market segments and position them appropriately.

The New Flip — I noticed that Rani is the main sponsoring brand of the Sarasaviya film festival, which was previously done by Lux. Out, went Lux and in rushed Rani. Has Rani forgotten the beauty queens they associated for 50 years? Likewise has Lux kicked the stars out? I hope they don't, because if they do, and loose identity and focus, they will certainly soon see stars.

Munchee Hawaiian Cookies
Market-leader Munchee had a similar experience some years ago. They had a coconut-based brand of biscuit which came in a strong yellow pack and supported by a very appropriate TV commercial. It enjoyed a substantial market share in the biscuits category. For an unknown reason they changed the pack graphics and made it white and replaced the old TV commercial with a new one. Sales declined dramatically.

It was at this time that I joined Munchee and in my research established the pack change as the reason for the drop. The correction was done at a great cost of artwork, plates and packing material, and TV commercials. Once again paradise regained.

Lessons Learned...
Colours used in pack graphics are associated with product perceptions; yellow meant Munchee Hawaiian Cookies for many years for many users, and white was alien. Changing colours is critical. One must use colours to one's competitive advantage like B & H with Gold – smokers know this. So does Carlsberg with Green. The smoker and the beer drinker get a gentle reminder when these colours appear. Today there is a TV commercial that shows lions in their natural habitat. To an extent, this commercial is subliminal, but today, beer drinkers when they see the lion know the brand. Well-done Lion.

DHL – Danzas
Last year the owners of Danzas, the number one integrated logistics supplier in the world, bought the remaining shares of DHL the express company, or the world-renowned courier. What did they do first? The usual, – tinkering!

They changed Danzas, or re-branded as DHL-Danzas, why? Express is one product category and freight forwarding another. Danzas has a well-segmented market for its freight – the exporters and importers. Even though they may use courier, most of the time the markets in which they operate are different. So where is the synergy, except to consolidate marketing and cut costs? Why can't they sell two brands, DHL and Danzas. What we have seen from many international and local examples are that this type of tinkering can dilute the brand Danzas and lead to lack of focus.
A brand must have a personality of its own, a character of its own. Like fellow mortals respect human beings with a good personality and character, customers will respect and value the brands that have a good personality and character. Ultimately identifying, gaining, sustaining and growing markets depend on the portfolio of brands of the company and their personality, and character in the minds of their target markets.

Tinkering must not be done, but this does not mean that kaizen should be avoided. Small improvements are important to a product, and the best example is Munchee Lemon Puff. They improved the quality most significantly without visibly changing the product altogether. To comment, please email ranjanm@sltnet.lk.

Ranjan Madanayake is author of .
Strategic Marketing Plan – The 12 'P' Model, Sri Lanka and
Co-author of The Marketing Collectibles, New Zealand and Malaysia. He is a member of the International Academic Board, Phoenix International University.

Creating and delivering memorable toasts

By Suzen Fromstein, M.C.Inst.M., and Michael Nemiroff

Adam and Eve made the first toast. They each raised a handful of grapes and said, "to fig leaves!" Since then, Toasting has come a long way. It's a part of almost of every special occasion you will be going to (even if you weren't invited).

Whether it's a wedding, a promotion or just getting that first McJob, you may be asked to make a toast. You may not know how to make a toast, even if you drink a lot. But, you will want to appear witty and sophisticated because you are in the company of others who may be in a position to offer you friendship, employment and insider trading information. This means that all speechwriting rules apply. Here are some additional tips to help you create an intelligent toast.

The Rule of Three

The rules for toasting come in threes, like Musketeers (not the chocolate bar.) If you can count to three, you can write a great toast. If you can't, you probably burn your toast every time you make it.

People rarely retain any more than three pieces of new information. There are three structural elements in every toast (Open, Body, Close), three delivery mechanisms (Mind, Body & Voice), and three prerequisites for success (Research, Preparation & Practice).

Know how long to talk (three minutes for a professional toast is adequate).

Open, Body, Close

The opening statement tells the audience what you want them to think about. For example, if you are asked to make a toast to the Groom, you could open with a statement about how long you have known him.

"I have known Bob about as long as I've known my father and I like Bob (the Groom) better!"

This naturally leads to a simple compliment or two, or to a continuation of the humorous comparison between your friend, Bob (the Groom), and your father in the body of your toast. The body of the toast logically builds upon the themes introduced in your opening statement.

"Don't get me wrong, although my father understands dollar cost averaging better than anyone I know, Bob can leverage him under the table. And, even if my dad can swallow smaller corporations in a single gulp, put Bob at a bar with a few competitors and it's an immediate hostile takeover. Yet, when I look at (name of Bob's fiancé) and (name of Dad's wife), I realize that they both have one quality in common: an eye for beauty!"

Notice that you are ending with a compliment to Bob, the Bride, your father and your mother, a perfect 'win win, win, win' approach!

Regardless of who you are toasting, your closing statement is the same. Simply raise your glass and say *"please raise your glass and join me in a toast to..."* and then say the one word that sums up your message (e.g. new partnerships, the Groom, soybean futures etc.)

Keep in mind that you need to project your voice for a large gathering and remember that body language will either add interest or dismay to your delivery. Research your material, W-R-I-T-E I-T O-U-T, don't ad-lib on the spot (you're not that clever), and practice, practice, practice! Finally, three minutes is long enough to toast anybody, unless your divorce just came through, in which case no amount of time is enough.

The Taste Test

Ask yourself if you would be proud to have your remarks quoted on the front page of your local newspaper, or if your mother would wash your mouth out with soap if she was sitting in the audience. Rewrite all material that doesn't meet the "Taste Test."

Turning to a slightly different subject of taste, let's talk about what beverages to serve for a toast. Champagne or wine are traditional for proposing toasts and add a special note to the occasion. Fruit punch (alcoholic or non-alcoholic), ginger ale, or white grape juice are acceptable substitutes. Never mistake Scope or Listerine for a fine wine. Tea, coffee or water should never be used for toasting.

Size (or in this case Length) matters! The length of time you should be speaking depends on whether you are delivering a business/professional toast, or a personal toast. A three-minute professional toast is perfectly acceptable; people will be uncomfortable standing for any longer than that. Before you begin speaking, ask audience members to "please rise." Wait quietly until everyone is standing, then deliver your toast.

For a personal toast, your remarks can be longer (not more than 7 minutes please). Remember not to ask the audience to rise too soon. Just before

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you finish your toast, ask the audience to rise. Hope they are still awake. Wait quietly while they get to their feet. Say your closing statement. Then, ask the audience to raise their glass for the one word that sums up your toast (the new partnership, the Bride, a lengthy prison term for the soybean futures salesperson).

Holy Speechcraft, Batman!
Strictly Christian references are no longer politically correct, and should be avoided (unless you are confident everyone in the audience is Christian, it is not appropriate to make a reference to Jesus Christ). Use more oblique references to avoid offending any audience members. For example, *"that nice Jewish boy from Nazareth"* will work well with B'nai Brith audiences.

Literary Stuff
Quotations, poetry and lyrics can be used for impact providing they relate to your message. It is not recommended that you read out a full quotation or poem. A lengthy reading bores the audience. Reading silently to them is even worse.

The Big Laughs
Humor is appropriate in a personal toast, for example, a toast to the Bride or to the Groom. But remember, it's a wedding, not a funeral or the Tonight Show with Jay Leno. If you feel the impulse to try out your office humor, here's a word of caution: *"Don't."* Anecdotes about college panty raids or feats of sexual agility or epic toilet tales are not funny, even when making a personal toast — and are totally inappropriate in a professional setting.

Other Helpful Hints
Your toast should be unique, original and tailor-made for the occasion.

When mentioning names of people or places make sure they are correct and pronounced properly (Don't bush around the beat on these).

Do not eat or drink too much before it is time to give your toast. Even if your overindulgence is not apparent, it will make you feel uncomfortable and will ultimately affect your delivery.

Conclusion
Statistics show that most people would rather die than speak publicly. Yet, there is no other skill that will elevate your effectiveness as a communicator and develop leadership skills as much as being able to present yourself and your ideas with confidence, clarity and credibility, not to mention wittily.

Join a Toastmasters club in your area, sign up for a public speaking course, or hire a professional to help you write your material if your confidence is a little shaky. Then, the next time someone asks you to give a toast, a eulogy or a speech, you will be able to do justice to the occasion and yourself.

Remember Adam and Eve's toast and how great things turned out after that!

About the Authors:
Suzen Fromstein is a published humourist and President of The Write Connections, Inc., a corporate communications firm. Michael Nemiroff began life as a Professor of English Literature in Montréal. Soon realizing that humour , irony, and sarcasm went entirely over the heads of students and faculty alike, Michael left teaching to become a stand-up comic. He has written material for several Canadian stand-up comics and has contributed comedy material to The Tonight Show with Jay Leno. Together, first cousins Suzen and Michael created "Relatively Speaking" to bring humour, wit and entertainment value to corporate speeches and sales presentations. Click on the humour icon on the www.writeconnections.to home page to find out more information or call 1-877-842-6663.

Plan to attend the 2004 Annual General Meeting in Toronto

The 2004 Annual General Meeting of the Canadian Institute of Marketing is set for Saturday, June 26 at the Old Mill Conference Centre in Toronto.

This is an opportunity to meet with colleagues and get involved in the workings of the Institute to effect change and develop initiatives.

For a small Canadian-based organization of professional marketers, driven by its members with programs and functions carried out by volunteers, there is much to do.

The Institute is building its credibility with universities and colleges, and collegial organizations around the world. Our relationship with the Chartered Institute of Marketing in the UK has never been stronger, as we receive their support in our education and professional development efforts.

We have standing committees and task forces to get things done. Members are getting more involved.

Major initiatives are focused on industry and government recognition of credentials held by members; development of the Institute as a self-governing body for professional marketers; development of its communications capabilities for web-based interaction with all members; financial health to be able to start and finish projects, and its leadership role in Canada. Plan now to attend!

Smart riders pick their rewards in Asian markets

By Anthony Raman, M.C.Inst.M.

Anthony Raman

Management education providers must realize that now is the time to act. The September 11 tragedy in the US has had a huge impact on education, projecting certain countries such as New Zealand as a safe and cost effective student destination. This opportunity should not be left to chance but pursued aggressively! Many international education providers, such as Malaysia, are projected as being fairer with regards to treatment of people from diverse cultures, religions, and countries.

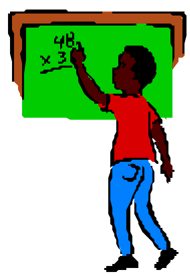
Exploiting the South East Asian education and training market is lucrative for education providers, even as China attracts global attention. However, we must realize that an effective marketing campaign along with combined efforts is imperative for success.

Some institutions from countries, such as New Zealand are working hard to make inroads into South East Asian nations, but success can only be assured by aggressive marketing. Such aggressiveness should enable those concerned to feel the market pulse without affecting academic standards or quality of education.

Some institutions have tried to break into these markets and encountered varying degrees of success and failure. However, paying careful attention to the intricacies presented by certain factors, and working alongside such facilitators, will contribute much to the varying degrees of success for these institutions.

Education provider markets are very competitive, with providers from countries such as United Kingdom, USA, Canada, and Australia. These countries have been successful in view of their long-standing association.

Certainly, from the marketing perspective, paying careful consideration to the activities of your competition and working towards undertaking your own activities, will ensure that an institution is not unfairly 'outclassed' by competitors.



It is not wise to be uninformed about what works for the competition; undertaking activities from a point of self perception, or by taking an insular approach to marketing.

Being a top institution in the home country is no guarantee of success, and may be immaterial without appropriate marketing.

It is common to find some, who are top-notch institutions in their home countries, failing to make any reasonable 'dent' in a target foreign market, while some who are not considered so 'top-notch', making a bigger dent in the same market.

Obviously, there could be a range of factors such as marketing tactics, pricing, and flexibility in adapting to market needs at play.

Never go into a foreign market with the pre-conceived idea that since you have made it in your home country, now the other markets are just right for your picking!

There is no success if your offering does not provide satisfaction in a particular target market, or if you expect the market to pick up only what you have to offer.

It is vital to have access to networks and the right local partner, if desired results are to be delivered. In most cases, a single person is the best bet!

Market research in practice is never the total answer, or even the avenue for obtaining total information for decision making related to a particular market. Nothing can be better than having access to someone who has their finger on the pulse of the market. In other words, a person who has been undertaking similar activities that you are intending in your target market(s). This will cut costs, time and efforts on your part, while providing the immediate connections to elements in that market.

I have seen institutions bungling their marketing activities, due to their seemingly high level of confidence with their own internal marketing capabilities that are insular in the first place. At times, tensions can exist between your networks and your own staff due to the problem of not seeing things from the same perspective.

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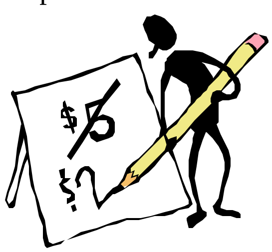
Most market segments are price sensitive. Every market has a different price threshold. If you can't match the price that the market is willing to pay, then it is best to go elsewhere.

The market wants a total package of value at the right price. It provides a wide range of alternatives, with the objective to making your offering one of the top choices.



At times, being the best does not mean that success will follow. The market seeks the most viable alternative, given the circumstances. For example, the United Kingdom providers enjoy the position of being top choices in most Commonwealth countries, although this is not the case in the Philippines where the United States providers have a distinct edge.

It is a matter of knowing the alternatives, making your institution one of them, and then ensuring you become the better or top choice.

It is wise to provide tailor-made offerings to your target market, so as to represent total value. Otherwise, don't bother going in!

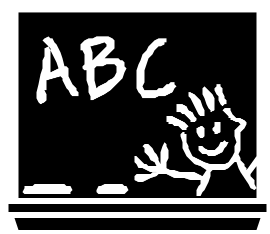
Take time to know the competition because the chances are they know everything about you!

Market intelligence is vital for every step of decision making with regards to a foreign market. Knowing the strengths and weaknesses of your competition is vital for your success and survival.

Never underestimate those involved in local education and training. Some have more contacts worldwide than anyone else! In fact, many students know more about the market than the institutions themselves.

Being a foreign institution in a foreign market does not come with the privilege to discount local knowledge. Local institutions have covered the same ground long before you, and may be able to provide a lesson or two that can prove to be invaluable.

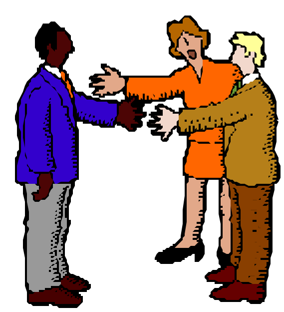
The following are some of the mistakes that overseas education providers tend to make in South East Asia, especially in Malaysia and Singapore:



- Emphasizing home success as a unique selling point.
- Being 'big' is not enough; in fact in most cases, small is beautiful.
- Undertaking marketing activities that are academic rather than market oriented.
- Not being flexible enough to take market conditions into consideration in their marketing and academic activities.
- Insufficient market research.
- Teaming with the wrong partners.
- Not practicing market entry in stages.
- Belief that students are ignorant of market conditions.
- Lack of tailor-made programs.
- Complacency, once success has been tasted.
- Hard-selling that their programs are the best rather than focusing on what they can provide best to certain market segments.
- Lack of brand building.
- Lack of personal relationships with locals.
- Low incentives to local partners.
- Focusing on the whole market rather than specific segments.
- Using 'paper-based' strategies.
- Looking only at short term gains.

Knocking competitors is not a wise strategy. No market belongs to any one institution, and no one is stealing market share.

Management education providers must perceive countries such as Malaysia as a market, and as a launching pad to reach across to the rest of Asia without necessarily establishing a physical presence elsewhere, like in China, Indonesia, India, Pakistan, and the Middle East. They must come up with a pragmatic marketing campaign, with sustained efforts in relationship to implementation of the marketing campaign in partnership with other education providers.



Currently, institutions such as Monash University (Australia), Nottingham University (United Kingdom) and Swinburne University of Technology (Australia) have established off-shore campuses in Malaysia to tap the international students market.

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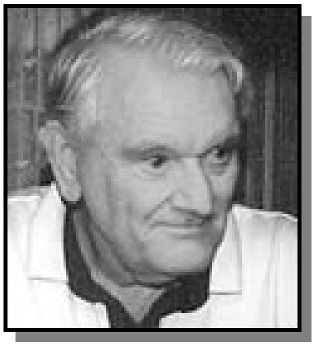
To increase customer loyalty, focus on the causes of dissatisfaction

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



James A. Schauer

The traditional departmental or fragmented approach to solving customer complaints has been to address past or current problems, and the quicker the better. "Satisfaction or your money back, no questions asked," goes the popular cry in most major department stores. This thinking may be adequate for having customers 'satisfied' with their purchases in the short term. But we also know that, on average, two satisfied customers in three are not also 'loyal customers'. The most successful organizations already understand that their best customers are also their most valuable assets in the long-term, and that customer loyalty requires a very different, dedicated, active approach to dealing with customer dissatisfaction - long before these become visible problems.

Most mid- and large-sized businesses are now engaged in systematic customer satisfaction measurement programs, regarded as "quite simply the most important type of marketing research" a firm can conduct. Paradoxically, 80% of all such programs are superficial, because issues are too narrowly defined, and thus virtually worthless for developing the businesses' share of loyal customers. To be really valuable, especially in an environment of growing competition and shrinking markets, customer satisfaction programs must be improved to flow from and be embedded in the whole organization's culture if its long-term viability is to benefit holistically from its very best and loyal customers.

The unsatisfactory outcome from not effectively managing past customer relationships is likely to deteriorate further when outdated practices are employed to meet future challenges from more demanding customers, whose expectations reflect a changing competitive business environment where traditional mass markets are giving way to a need for more personalized services. In the long-term more is required to develop better and lasting relationships with customers in a world where their individual value expectations are already beginning to dominate.

An illustration can be found in the travel industry, where it is commonplace to provide dissatisfied travellers with credit notes for a future trip "as a sign of good will," often without resolving the complaint to the customer's satisfaction or taking action to prevent its recurrence. Offering credit notes for future travel services (at minimum cost to the operator) is unlikely to pacify most customers whose faith in the organizations' future services is shattered when their past problems have not been adequately resolved. Customer loyalty cannot be "bought"– it has to be earned; but how?

The true value of an effective complaint handling system that also focuses on eliminating the earliest indicators of customer dissatisfaction has yet to be understood by many of even the most progressive business organizations. These organizations have learned that customers do not expect everything to be perfect all the time. Air travellers today are more aware of times when delays are inevitable, suitcases do go astray and hotels do overbook. None of these service failures need become serious problems if the situation is resolved quickly, and with genuine concern for the customer: In practice they actually strengthen the businesses' market image. While occasional service failure may be thus unavoidable, the big test is what you do when things do go wrong. But more important, the earliest indications of causes of customer dissatisfaction can provide a wealth of information to prevent most problems happening to begin with.

In practice, complaints don't 'just happen. A 'complaint' is the ultimate outcome of customer or end-user dissatisfaction. Like a car or flying accident, a complaint usually escalates from very small beginnings. Experience has shown that complaints develop their own momentum, with dissatisfaction levels - and the costs to resolve them - increasing almost exponentially from one stage to the next, with their own growing 'life cycle' often culminating in litigation. Conversely, visionary organisations appreciate that, 'when a member of the public has plucked up the courage to complain, he or she is unlikely to want to argue about the semantics or definitions.'

Equally astute, these visionary businesses, also know that – akin to the Iceberg syndrome – barely 5% of all complaints ever surface formally and that access to the remaining 95% of less-than-satisfied customers

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represents valuable information – which costs virtually nothing! In this way it is possible to prevent - rather than resolve - most complaints to begin with, and build healthy customer relationships, with a growing positive impact on increasing the share of loyal customers, as a major cost-effective benefit to the business overall performance.

The competitive business environment is constantly changing, as it has for centuries; but the pace of these changes is now also increasing at a faster rate. That is no secret; but it's less well known that organizational learning to deal with the resulting impact of these changes actually begins with understanding your customers, their problems, needs, value perceptions, and expectations. Their expectations are the first to adapt to any marketplace changes, based on comparison shopping, an awareness of actions by your competitors, and economic or political forces. The need for understanding your customers' changing expectations and value perceptions must thus be reflected in your own daily actions as critical success factors. Constructive management of the relationship with your customers will then alert you to the fact that not all customers are good for your business. Conversely, an optimum loyal customer base requires a relationship with customers where the benefits also satisfy mutual needs.

No business can exist without customers. This means that the successful organization will learn to become customer-centered – where the customers are actively valued as a central part of the business – as distinct from being merely 'customer-focused.' Customer-centered companies quickly learn to appreciate the real benefits of information feedback involving their customers and end-users, becoming less content with merely measuring satisfaction levels. Feedback and questions focusing on customer loyalty are largely perceptual and motivational, and thus quite different from accepted 'satisfaction' measures.'

High customer satisfaction levels are relatively easy to attain; yet most satisfied customers are not also loyal. True loyalty begins with a loyal staff and overcoming resistance to change among employees, suppliers and their respective supervisors. Most customer satisfaction programs are essentially passive undertakings, focusing on limited aspects of feedback without probing the likely causes of their dissatisfaction, which requires a different level of questioning from that used to determine satisfaction levels. In progressive organizations a major benefit from involving customers, as well as employees, suppliers and management in the loyalty-oriented feedback process is that employees are far more likely to react positively to proposed changes than to internally generated initiatives.

This comprehensive approach also benefits from identifying and harmonizing the different individual perspectives and perceptions of so-called "superior" service, as a cause of internal stress which limits optimum organization-wide performance and customer loyalty levels. Only through harmonizing their different perceptions as part of an organization-wide effort will the ultimate outcome become optimum gratifying, just as the players in a ball game can only win by playing together. Any visionary business will inevitably discover the practical strategic benefits from concentrating on increasing its share of loyal customers, the positive impact on internal operations – and revenues.

If we wish to retain an optimum share of our present best customers and consider this level as potentially 100% loyal support, then traditional customer satisfaction measures effectively focus somewhere below that point, with an emphasis on what's good for the business, rather than the customer. It is also akin to playing cards with only half a deck. The effect of thus limiting yourself to *merely satisfying* customers is to limit yourself to less than half your real market potential. Conversely, understanding this full potential allows you to target the approximately 30% of known truly loyal customers and their almost exponential impact on growing business revenues with time. This growth is further influenced by loyal customers' positive word-of-mouth influence on their friends, relatives and workplace, to effectively generate new business – without additional advertising expenditure.

The well-known axiom tells us that "it costs five times more to acquire a new customer than to retain an existing one." Unfortunately this 'wisdom' turns out to be overly simplistic, somewhat negative and therefore, by implication, counter-productive. It reflects outdated thinking of focusing on customer satisfaction, which essentially is the pursuit of mediocre results and outputs, rather than higher possible outcomes and effectiveness. Analysis of customer or end user-derived feedback into the likely causes of dissatisfaction can lead to far better understanding of your customers' expectations and value perceptions. Beyond increasing customer loyalty, the financial benefits can be considerable.

In my own experience in the international travel and hospitality industry, 30% to 35% of our annual repeat business came from existing customers, who in turn influenced another 10% of new customers to purchase. The strategic effect of this growth is a corresponding increase in market share, and reduction in advertising, promotion

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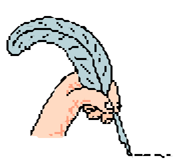
and operating costs, to increase corporate profits overall. Contrary to the popular axiom, this outcome points to 'loyal customers being four to five times as valuable as a one-time satisfied customer."

In conclusion, management can benefit considerably from unique, customer-derived information feedback system. In turn this information allows for better integration of service processes and continuing service quality improvements, compatible with customer expectations. Better understanding of these expectations then provides a more meaningful basis for the development of corporate vision, future goals, targets and business strategies. Most of all, a customer-centered marketing organization has a better understanding of the true value of its customers, to strengthen its own future viability as a growing enterprise with positive outcomes of increased customer loyalty, as well as growing optimum profitability.

James A. Schauer, a Fellow and Director of the Canadian Institute of Marketing, is president of Easton Marketing Services Ltd., providing project management, business performance analysis, service quality improvement and strategic planning services.



New Member Profiles

Olatunde S. Oloko, ACInst.M

Having studied and graduated with an honours degree from the Department of Agricultural Extension and Rural Sociology at the Obafemi Awolowo University, Ile—Ife, Osun State, Nigeria in 1999, I furthered my educational career to obtain a Post Graduate Diploma in Management from the University of Calabar, Calabar , Cross River State, Nigeria in year 2001.

I wrote all my qualifying exams with the then The Chartered Institute of Marketing of Nigeria and qualified in year 2001, as an Associate Member. The Institute has now amalgamated and is called the National Institute of Marketing of Nigeria (ANIM).

I am also an Associate Member of the Nigeria Institute of Management since 2003.

I applied to the Canadian Institute of Marketing in accordance with the requirement of the Institute in 2003 and was finally admitted as an Associate Member in January 2004.

I started my professional career with Dunsco Nigeria Limited, a private company, as Asstant Manager, Sales & Marketing in June 2001, where I was in charge of marketing the products and services of the company.

I later joined TNT International Express , one of the leading courier companies worldwide in one of its associate countries (Nigeria), as Client Service Supervisor. Within a year, I was promoted to Client Service Executive through dedication and hard work.

Football, travelling, indoor games, and meeting people are my passions.

Rasika Dinesh Wickramatunga, MCInst.M

Rasika D. Wickramatunga of Sri Lanka obtained his membership from the Canadian Institute of Marketing in October 2003. Rasika is a Chartered Marketer and a member of CIM (UK). He volunteers in the CIM Sri Lanka Branch and currently function as the Membership Development Officer. He handled PR for the branch since 1999 – 2003. By profession he is the Head of Sales & Marketing at Bogawantalawa Plantations Ltd., Sri Lanka's (Ceylon) premier tea plantation company, and is responsible for the domestic and regional markets.

Rasika obtained his MBA from the PIM, University of Sri Jayewardenepura, Sri Lanka. He obtained the Postgraduate Diploma in Marketing from CIM (UK) and is a Certified Professional Marketer of APMF. He obtained a merit pass in the National Diploma in Personnel Management and holds memberships at Sri Lanka Institute of Marketing, Institute of Personnel Management and the Institute of Management of Sri Lanka. Rasika is a visiting faculty for CIM (UK) examination coaching, conducted in Sri Lanka.

Rasika started his career in the travel trade and moved to brand management at Hemas Marketing, a leading FMCG Marketer in Sri Lanka and handled the key sectors such as Baby Care & Hair Care. He then moved on to Richard Pieris & Co., another blue-chip conglomerate as Product Manager for Consumer Durables, before taking up the current position at Bogawantalawa Plantations. He counts over 10 years of experience in marketing of services, consumer durables and FMCG brands.

Rasika won the award for best performance by a Sri Lankan in CIM's part 1 examinations and also had an illustrious career at college where he won the award for the Most Outstanding Student, was the College Head Prefect and also the Hockey Captain—and won Colours for Hockey.

New members and membership upgrades* *(to March, 2004)*

Full Member	No. 702	Chula Wijesundara	Toronto ON
Full Member	No. 706	Aimee Iglolioirte	Ottawa ON
Full Member	No. 707	Jason Houle	Lively ON
Full Member*	No. 679	Freddy Chetty	Baharain
Associate Member	No. 704	Olatunde Saheed Oloko	Nigeria
Associate Member	No. 708	Charles Adegboyega	St. Catharines ON
Student	No. 703	Kevin Smith	Barrie ON
Student	No. 705	Kelly Harle	Regina SK

Membership Requirements

Full Member:
A) Has held an acceptable marketing position for 5 years, the last 2 at senior management.
B) Hold 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 C.Inst.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 C.Inst.M.

Graduate Member:
A candidate must meet the following requirements:
A) Have successfully completed an approved Marketing Certificate or Diploma programme from a recognized learning institution, or posses a business-related Bachelor degree.
B) Be elected by the Institute.

Student Member:
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 C.Inst.M.

Canadian Institute of Marketing Directors & Officers

Bruce Hoggard	Chair	Hoggard International
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Oswald Emmanuel	Treasurer	Trillium Health Care
Susan Hughes		The Palace Casino
Ralib Fakim		Grade Expectations Learning Centres,
Suzen Fromstein		The Write Connections Inc.
Caroline Grimont		Paradata
Ron Halliday		Marketing Dynamics
George Jacob		Kingston College
Prasanna Perera		Tetra Pak Asian Emerging Markets
James Schauer		Easton Marketing Services Ltd.
Leonard Weeks		Manager, Knowledge Industry Development, Business New Brunswick

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To improve Canada's professional marketers' skills to the highest international standards by providing training, opportunities and services to business enterprises, government, learning institutions, students and members of the Institute

Code of Ethics

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.