

Marketing is learning

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ANYTHING WORTH DOING IS WORTH DOING BADLY.

Product Management is learning—learning what customers need, how they respond to programs, how competitors react, how your execution can be improved. Product managers—brand new or grizzled veterans—need to make learning an integral part of the way they do their jobs.

LEARNING THROUGH MARKETING ACTIONS

Every time you introduce a new product feature, you learn. Every time you change price, or run a motivation program, you learn. In fact, every time you take any marketing action, there are incredible lessons to be learned—if you are disciplined enough and honest enough to learn them.

When the action works, you learn about your customers - what they respond to. You learn about your competitors—how they react and how fast. You learn one more way to make your target revenue and you know that if you execute a similar action it will cost you \$x and it will generate \$y of incremental revenue.

When the program does not work, you have the opportunity to learn just as much, perhaps more. You may learn that you need to improve execution. You may learn that you need to change the program. You may learn that there was a factor, some characteristic of your customer or your competitor, that you had not considered. In every case, if you are disciplined and honest about how you measure results, you will learn how to make the marketing action work the next time you try it or you will learn that you need to use a completely different kind of action.

Taking marketing actions and learning from them is the only way to become a world-class product manager. The principles of product management are sufficient to make you and your company exemplary marketers—if you put them into practice and systematically learn from your experience.

In fact, the defining characteristic of a great marketing organization is that its people are always learning. They do not obsess about success; they know that success is the consequence of learning. They subscribe to Buckminster's Fuller's aphorism: "There's no such thing as failure, only experiments with unexpected outcomes."

Managers who demand success and punish failure find that everything their organization does looks like success. They drive out the intellectual integrity it takes to learn. And when they eliminate learning, they set their organization on a path of decline, becoming the butt of the old joke: "What's the best way to make a small fortune? Start with a big one."

Too often, when something "breaks," the first thing that gets fixed is the blame. If you measure to fix the blame, pretty soon your organization will learn how to management the measurement. If you manage to learn, you've opened the way to continuous improvement.

THE PROCESS OF LEARNING

Some marketing actions are inherently difficult to cost out. A continued pattern of price promotions erode brand equity. But how much?

An ad campaign or a creative non-price promotion, for example, would be easy to cost out in terms of expenses for developing ads, placing media, costs of sweepstakes give-aways, administrative costs of the whole program, and so on. But how can you determine exactly what sales would have been without the program?

Historical data can serve as a good starting point, but if, for example, your company is running a major advertising campaign or increasing sales force activity at the same time that this promotion runs, these might account for gains that would otherwise be credited to this promo program. And if a competitor doubled their advertising budget and gave away a trip around the world, this could drive the results down artificially. And your revenues might have fallen significantly without your program.

To truly assess the effectiveness of any program, therefore, you will need a careful model of projected sales which draws on both history and “outside influences.”

You, as product manager, are the only person in your company who has the perspective to make sure that all these factors are taken into account, both in anticipating the outcome of your actions and in evaluating it after it takes place.

Here are seven questions to help you learn what worked and did not and why in your marketing actions:

1. Was this action a good investment? Did it pay off in terms of profits relative to costs?
2. Was the action easy to understand and to participate in or take advantage of for customers?
3. Was the action based on something customers truly value? Did the action match the customer segment?
4. Which barrier to purchase did the program focus on?
5. What was the objective of the action (e.g., launch new product, encourage usage, etc.) and did the action meet this particular objective?
6. To what degree did this action build the product or service's value and brand equity?
7. How would you improve the action?

Remember, great marketing organizations don't obsess on success and failure. They know that if they focus on learning, success will follow. Thus, the truth of the epigram: Anything worth doing is worth doing badly.