



HIGH-DEFINITION NEWS

The Ghosts of Marketers Past

By Clark Crowdus

The late linguist and former President of San Francisco State University, S.I. Hayakawa once characterized the great innovations of history as "free gifts from the dead."

According to Hayakawa, we are the direct beneficiaries of all the accumulated knowledge of the human race to this point. Were the late philosopher Ayn Rand to engage Hayakawa in dialogue, she'd likely agree with him that "we the living" have done nothing to earn these benefits and are duty-bound to use them to our collective and individual advantage.

The same goes for marketing, particularly if yours is a company aiming at an emerging market or trying to participate in the global system of enterprise that continues to grow and coalesce.

If you go back say, 50 years in marketing history, you get glimpses of what might or might not work today in a lesser-developed region--as well as the naiveté of our marketing profession at the time.

Often, what caused international initiatives to fail was decision makers not striking the right balance between product manufacturing/service delivery and consumer segmentation. Many times they leaned too much on theory and didn't recognize that many consumer segments were less evolved and required far less product variety. In other words, consumer wants and needs were less sophisticated than marketers' ability to ply their own trade.

On the other hand, technological advances sometimes enable the 'leapfrogging' of barriers that have caused marketers to have to "wait" for a region's development curve to advance. The mobile phone, the microchip, and other innovations have extended the reach and capabilities of marketers in many lesser developed regions. In addition, technology may create new media which can instantaneously deliver highly segmented audiences that are ready-made for marketers. Mobile phones are an excellent example of this.

The point is that if you are watching the landscape carefully and understanding what technologies are being implemented in so-called lesser developed regions, you might be able to reach the ideal target for your product--without having to wait

you might be able to reach the ideal target for your product--without having to wait for the infrastructure to catch up.

Marketers with responsibility for approaching emerging markets should learn from lessons of the past. Following are a few suggestions--free gifts from the dead, if you will:

Understand needs - Know your customer from a product development standpoint. Use the 'bottom up' approach for emerging markets or lesser developed countries, including such techniques as anthropological use studies and observational 'ride-alongs' to get at what consumers *really need and can use*. For example, to expand its business in rural areas of Asia, Procter and Gamble created an enzyme-based detergent suitable for the hand washing of clothes in cold water--the way clothes are normally washed in these areas.

Be opportunistic - Scan the horizon and the current environment for events or issues that present opportunities to open up new markets. The granddaddy of them all is the 2008 Olympics in Beijing, China, where sponsors will not only gain the usual international audience, but also apply intense focus in the world's largest and fastest growing market.

Consider barriers to entry - Culture, language, laws, political conditions, and the basic infrastructure of any market are barriers that must be hurdled to effectively market a product or service. Understand the degree of cost and difficulty involved for each barrier to be overcome and weigh that against the upside potential. Recently Google encountered difficulty in China, running headlong into political barriers that have, for the moment, limited the company's ability to offer full search capability to Chinese Web surfers. But this is merely a small bump in the road to Google. The company is astute strategically, getting a firm foothold in a nation that will evolve and which has tremendous critical mass and economic potential that Google can eventually tap to full benefit. Google also figures it can play a role in opening up communications in a traditionally closed society.

Assess competition - Take a look at the number and quality of players already in your space or geographic market, including typically long established local products and services. Anheuser-Busch, the brewer of Budweiser beer--sold in more than 80 nations--is very experienced at penetrating emerging international markets. The company often buys breweries already licensed and established in other nations. It then leverages the existing local brands, putting more resources behind them to gain a corporate foothold in the market.

Analyze segmentation - As product categories develop, new market segments become more defined, more diverse, and present more potential. Identify and define new segments and build products or product variations for those segments *in the context of the country and culture you are entering*. For instance, over time Coca Cola learned to market its products very differently and more sensitively internationally. In a developing country, Coke today might simply market some of its products as a *guaranteed source of potable liquid*. This is in juxtaposition to the

company's sophisticated segmentation scheme in uber-developed countries, where the plethora of individual tastes are addressed by products fitting neatly into four basic segments--refreshment, rejuvenation, health/nutrition, and replenishment, and where Coke measures success by increasing its share of consumers' *overall fluid liquid intake*.

Commitment - If you make the commitment to an international market, don't go half-way. Put the requisite marketing brainpower and financial resources behind your initiative.

Make sure your initiative pencils out - Understand the economic potential of the market you are entering and match it with scalable products. Understand the maturity of the market and try to time your launch or initiative to coincide with favorable economic conditions.

Get assistance - In addition to your in-house knowledge and that of local experts, take advantage of expertise offered by those with knowledge of marketing internationally who can transfer their learning to your advantage.

Armed with this and much more "free knowledge from the dead," you can create a strategy for entry into an international market.

Your feedback is welcomed and should be directed to Clark Crowtus, Principal, High-Definition Consulting Group at clark@high-def.biz.

Resources:

The following resources are recommended by High-Definition Consulting Group:

Book: "Language in Thought and Action" by S.I. Hayakawa
<http://www.amazon.com/gp/product/0156482401/102-2883505-8454533?v=glance&n=283155>

Web site: "Marketing Resources": Academic Info
<http://www.academicinfo.net/busmarketing.html>

Article: Marketing Strategy in Emerging Markets: The Case in China - Amercian Marketing Association
<http://www.marketingpower.com/content18128.php>

Association Web site: Japan Society for the Study of Marketing History
http://www.eco.saitama-u.ac.jp/~usui/history_e.html

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TO CONTACT HIGH-DEFINITION CONSULTING GROUP, please do not reply to this message, but use the following contact information:

E-mail: clark@high-def.biz

Phone: 1-415-876-4300

Fax: 1-415-876-4333

33 Lupine Avenue, Ste. 300, San Francisco, CA 94118 USA

www.high-def.biz

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