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The 'Herding Cats' theory of marketing

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The Wiktionary defines herding cats as "a frustrating attempt to control or organise a class of entities which are uncontrollable or chaotic." Today, multi-dimensional changes – myriad technologies, innovative business models, non-traditional players and digital lifestyle buyer behaviour – are disrupting multiple industry sectors ranging from Banking, Financial Services, Retail and IT, making marketing somewhat akin to cat herding.

Also consider the fact that far more products fail than succeed and most companies lose far more orders than they win. This means Marketing gets it wrong more often than right. Why this happens is the basis of the Herding Cats theory.

Yes, yes, I can hear the indignant screams already: How can you blame it all on Marketing? What about Sales or R&D or Manufacturing? This seems to be a good time to bung in a qualifier: by 'marketing' I am not referring to the function or role, but the process of*understanding and responding to the target market.*

Let me own up to my prejudice: **I believe Marketing is the key enabler of market success**. The corollary belief is that Marketing has to shoulder the prime burden for failures. I don't tend to engage in pointless arguments about the reverse since 'success has many fathers and failure is always an orphan.'

I'm not sure how many of you – if any – remember the days when data was just a quantification of the past; when technology life-cycles were eligible for old-age pensions; when mobility meant transportation and digital referred to your fingers. In those heady times Marketing was arty and mysterious and Marketing Heads walked around in deep thought and spoke in runic alphabets, which elegantly obfuscated the simplest of activities and extracted vague successes out of clear failures.

So what happened?

Well, as you know it all started with the Internet. After that, of course, it all went to hell in a handbasket. Digital Convergence. Social Media. Smartphones. Tablets. Phablets. Wi-Fi. Bluetooth. Cloud. Big Data. NFC. IoT….all cats of different stripes, hues and temperaments, running rampant.

But – from a traditional marketing perspective – worse was yet to come.

The information base expanded in real time. Today the total data volumes of just 4 players – Google, Facebook, Microsoft and Amazon – exceed 1 Exabyte (1 Million Terabytes). That's almost***20,000 times*****the information contained in all books ever written.**But what is truly frightening is that all this information is readily available and accessible.

So consumers have become knowledgeable and empowered and no longer believe in the standard holy marketing spiel of bigger, better, cheaper.*For instance, in case of financial services****only 14% trust what they see or read in adverts while the vast majority (78%) rely on friends and family (Source: Social Media Rev 2)***

Consumer empowerment also had other consequences. It created a powerful parallel marketing channel and – lord have mercy – it gave every individual a voice.

This individual voice is what I call**The Power of 1.**

A few years ago musician Dave Carroll was flying an international airline to Chicago. The airline refused to let his guitar be taken on-board as a carry-on so he had to check it in. And the guitar broke in transit. After months of frustrating follow ups and getting the standard 'It's covered by the waiver' response, Carroll decided to make a short music video of his travails. It rapidly went viral with over 15 million hits to date and generated massive peripheral publicity.

It is not known what impact the video and associated publicity had on brand or business, but it would be safe to assume that it cost the airline somewhat more than the price of an acoustic guitar!**That's The Power of 1**.

This new-found power, multiplied by technology enablement and intensifying competition, has also made consumers more demanding. To explain how businesses need to address this new mindset, Forrester Research coined the acronym **S.U.P.E.R**–**S**imple (The business interaction process)/**U**biquitous (Any time…anywhere…any device) /**P**ersonal (Knowledge of the customer integrated into the interaction) /**E**mpowering (Making the customer feel like a king) /**R**eassuring (Earning the customer's trust).

Obviously S.U.P.E.R is a total business approach (and not just Marketing) for managing customer experience and building customer advocacy. But as any NPS (Net Promoter Score) driven organisation will tell you, Customer Advocacy is marketing on steroids. NPS leaders across industries have significantly higher growth (2x CAGR compared to industry average); lower costs of customer service and new client acquisition.

Let me now add a further layer of murk to the gathering marketing gloom!

Industry boundaries are being rapidly diffused or even dismantled by non-traditional players (usually digital) who drive-in disruptive business models powered by technology and superior data-driven customer insight and experience management capabilities.

Take banking for example. And let me start in a surprising location – Kenya.

The M-Pesa mobile-enabled money transfer platform was launched in Kenya in 2007. Prior to its introduction, less than 30% of all money transfers in Kenya were serviced through formal means (post office, banks and money transfer companies). The market was dominated by informal transfer channels and networks operated by large bus companies.Within two years, over 50% of those sending money, and 65% of those receiving funds were M-Pesa users. The emergence of this platform not only all but eliminated the use of post office and bus company channels, it also sounded the death-knell for the already disfavoured formal channels. Banks and money transfer companiestoday carry just around 0.4% and 3.5% respectively of all money transfers in Kenya.

Let me introduce you to another surprising banking disrupter –***Starbucks***. In 2011 the company raked in $2.2 Billion (Rs. 143,000 Cr) of***interest-free***deposits on its Starbucks Card. Companies like Google and Apple globally and Paytm and others in India are rapidly eating more and more into the traditional banking pie. And Retail as we knew it, is barely familiar now.

In the IT sector, Amazon went from being an online bookseller to an IaaS (Infrastructure as a Service) provider with Cloud services – a transition that our very own Flipkart aims to emulate in the near future. With 'Productization' of services (Platform as a Service – PaaS) and 'Servicization 'of Products (Infrastructure as a Service – IaaS) nothing stays still long enough for you to get a handle on – just like trying to herd cats?

Yes, I know Banking, Retail, IT – these sectors are all vulnerable to technology disruption and are highly impacted by the digital lifestyle and buying behaviour of the millennial generation.

Consider agriculture – a sector that's apparently least semi-immune to radical change. Modern planting and harvesting are often deemed nothing more than faster, smarter and cheaper versions of older processes.

However, in 2014 disruption caught up with agriculture – 'agtech'! Venture investments increased to an unprecedented $2.36 billion, surpassing high-growth sectors such as Fintech ($2.1 billion) and Cleantech ($2 billion). FarmLogs, a freemium big data provider is taking on global giants such as Monsanto, offering prescriptive planting support for instance. These examples illustrate how digital technology effectively allows for disruptions in even the most convention-entrenched sectors.

While technology plays a catalytic role in disruption, without the core business idea and imagination there would be nothing to catalyse. But here again there will be more failures than success. Ideas have to be validated by data-driven insights; aspirational vision has to be balanced with clarity of direction and marketing strategies have to enable measurable outcomes.

Circling back to the Wiktionary definition, I do hope that by now words like 'frustrating' or 'uncontrollable' or 'chaotic' resonate with my fellow marketing peers – whether you are trench-fighting in the threatened legacy industries or enthusiastically steering through the barely charted, shark-infested waters of a start-up.

About Sumit Bhattacharya

Bhattacharya is the executive president strategic businesses and marketing at HCL Infosystems. Views expressed are personal.

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