

On marketing planning: How VUCA has faded into oblivion to re-emerged as a new normal

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The acronym of VUCA stands for Volatility, Uncertainty, Complexity and Ambiguity. It has been proposed as early as 1987 by Warren Bennis and Burt Nanus alerting leaders to the need for highly flexible, vibrant, agile and adaptive style of acting and thinking. Such a notion was a little premature at that time, where the only disappearing anchor of the world order was the dissipating bipolar world divided between two world superpowers. The business world, however, was up for a big shift towards globalization and rapid economic development in Asia and Eastern Europe. Then, VUCA has been forgotten or even neglected in the business literature.

Colloquially, marketing planning refers to an (annual) operational process, in which companies gather relevant market data and define marketing strategies and tactics for the next period. A marketing plan may include target segments, comparative positioning, promotion tools, product and service offerings, pricing policies and distribution channels. All projected strategies, tactics and actions make up a budgeted marketing plan. However, last 2007-2008 global crisis taught us two lessons: 1) to treat plans more like sketches and not definitive roadmaps carved in stone, and 2) to make sure that every dime is spent responsibly, hence efficiency metrics became more ubiquitous yet confusing.

VUCA resurfaced in about 2010, complementing discussions about the New Industrial Revolution, digital transformation and unpredictable dynamics of technological advancements. Some long-standing business models were challenged and new industries emerged. Disruptive innovations highly affected and redefined media, publishers, entertainment, photography, finance, retail, telecommunication and postal services to name a few. Since, it has been widely accepted even by conservative business sectors such as banking or automotive that future becomes harder to predict, strategic scenarios allow and consider a greater variety of options, and companies shall intentionally look for ideas beyond the usual boundaries. Disruptive businesses do not hesitate to take the low-end of an established market first to ignite market growth. Disruptive ideas combine, integrate and converge the unusual.

Economies around the world experienced a decade-long unprecedented growth with occasional signs of possible slowdown. As we are progressing through 2020, projections for the deepest economic downturn since the Great Depression have turned into reality. VUCA has suddenly become the new normal. It is certain, that our world is uncertain. Volatility is the new constant and its amplitude stretches beyond imagination. Simplistic acknowledgment of complexity is an excuse for insufficient understanding and inability to act in a straightforward way. Attempting for clarity of thoughts and ideas in the dynamically changing world is ambiguous by definition. No more we need to understand what VUCA means and assumes, no more a greater need for analytics, the time has come for bold (not necessarily right or righteous) decision-making. Strategic blue oceans will be superseded by new galaxies.

For marketing planning, it means that the entire largely operational process is going to be soon re-defined. Marketing plans will be adaptive, able to quickly refocus to different target segments, accommodate sudden changes to budgetary constraints, streamline analytics to simplistic messages. Three types of near future customers shall be expected. Traditionalists and blind conservatives always existed, but revolutionaries will be new. Traditionalists will look desperately for anchors and

elegiacally worship the world we used to know it before 2020. They will be aware of changes around them but will rely on known quantities such as brands or distributors. Traditionalist know the world has changed but it is not for them. Blind conservatives will try to pretend nothing has changed and will exercise as normal consumer behavior as possible. They will actively neglect new offerings or new ways of delivery. Revolutionaries will deliberately pursue new patterns of consumer spending – either because of their fluctuating personal income or because of a wish to find new personal equilibrium which makes them ready for the unexpected. Revolutionaries will lead the New Consumer Revolution.

Résumé

O marketingovém plánování: Jak byl zapomenut a znovu objeven akronym VUCA, aby se stal novou normou

Akronym VUCA se vynořil v roce 1987, kdy se rozpadalo bipolární pojetí světa, aby byl znovu objeven v časech po ekonomické krizi let 2007 a 2008 a následně se stal samou podstatou podnikání v roce 2020. VUCA poukazuje na proměnlivost (volatility), nejistotu (uncertainty), složitost (complexity) a víceznačnost (ambiguity) dnešního světa. Disruptivní inovace, dynamický vznik a zánik zákaznických segmentů a celková nepředpověditelnost budoucnosti přinesou důsledky i pro marketingové plánování.

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[Before, during, and after: Marketing amid coronavirus crisis](#)

Before, during, and after: Marketing amid coronavirus crisis

In the aftermath of shock from the rapid spread of coronavirus, its detrimental effects on human lives and wellbeing, there is time to stop for a moment and think consequences. Certainly, the way we used think and project future from past events will be further challenged. Not globalization, digitalization, global warming, migration issues or the rise of nationalism, but a tiny creature no larger than 0.12 microns has dismantled the life we used to know it. Marketers need to return to the roots of marketing literature and review response patterns from events such 1930s crisis, WWII, natural disasters and catastrophes. However, no parallel will quite fit the magnitude and global impact of covidonomics.

Before any crisis occurs, marketers draw response plans, form crisis teams and prepare model bits

and pieces for rapid media response. Never we can be fully prepared for the unexpected. Many businesses were left with not knowing what to do when affected by governmental shutdowns, not knowing what to do with a crisis, which is not internally driven. Even more companies forgot to realize a crisis was there. Most companies did not even activate their crisis teams during coronavirus. We need to devise measures and ways to get quicker on identifying externally driven critical events and responding to them.

Lot of companies continued for too long with their media campaigns pretending business has been and will be as usual. Most companies forgot to watch for effectiveness and efficiency of their media communication, simply thinking that supporting general public, front line workers and reinforcing governmental measures promoting social distancing is the right thing to do. As much as contributing to charitable and social causes is worth an appreciation during those difficult times, we shall not forget that the purpose of companies is to profitably create and respond to customer needs and wants. Firing most restaurants workers on one day and providing free coffee to healthcare workers on the next one is a response by restaurant operators, which should have received a public disgust rather than a thank you. Pretending business will be as usual while destroying the core competences of one's company is a road to hell. Looking for means to capitalize on core competences profitably under unparalleled circumstances should have been the example of appropriate response to new reality. For instance, finding novel ways of product and service delivery, identifying special applications of company's offerings to fight the risks, developing and quickly introducing products and services, which will meet the needs of consumers locked down in their apartments.

Every crisis ignites emergence of new customer segments. We need to look behind the corner and get ready for what comes next. The situation will surely further polarize distribution of wealth and income. Income affected consumers will restructure their spending and will start to look for alternatives. Some expenses will be delayed, others abandoned altogether. Brand loyalty will be challenged. Purporting non-monetary switching cost will be on a losing wicket. Travel, leisure and household services are likely to be hit the hardest and will not rebound quickly. We might well be heading into an economic crisis, after which 1930's great depression will be presented like a fairytale.

There is no better time than now to go by the classic business rulebook: act now to live well later. Mass-market oriented businesses shall reassess and streamline their brand and product portfolios and improve its affordability. Challenge your cost side. Do not have hopes for governmental savior programs or public reciprocity. Think your business is a start-up, in spite of having a decades-long tradition. Start-ups fail early and fail often. Don't let your business to become a patient on air ventilation, it is not a living creature. Escalation of the crisis in companies might well be the only way to safeguard their future.

Résumé

Včera, dnes a zítra: Marketing v době koronavirové

Každá krize je příležitostí k lepšímu poznání sebe sama i druhých, v podnikání je pak impulzem k přerušení inkrementálních inovačních procesů a probuzení dramatické organizační flexibility. Zdravotní koronavirová krize přišla možná znenadání, přestože několik měsíců zjevně číhala na průnik do západního světa. Mnohé podniky ji však jako krizi nevnímají. Nepochopily, že by měly aktivizovat krizové plány jako při požáru nebo havárii. Nejednají podle pravidel krizové marketingové komunikace. Nepochopily, že by od samého počátku měly jednat, jako by byly na pokraji přežití. Inspirujme se proto u pravidel marketingu v době hospodářské recese, nasadme některá opatření nyní, plánujme pro dobu, kdy dojde k uvolnění společenské distance. Využijme tuto krizi k tomu, abychom byli příště lépe připraveni. I tato krize bezesporu zrodí nové globálně úspěšné byznys modely.

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Why marketing does not understand sociology

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We know well that customers are spoiled and their expectations have rightly been on the increase, as ever greater number of product attributes become a must. It has always been a real challenge to satisfy customers throughout the marketing mix and throughout the product lifecycle. For years, marketers have used mainly psychology to interpret consumer behavior. Psychology attempts to understand individuals, while sociology attempts to learn about groups of people. Sociology is a discipline which concerns human society, social relationships and interactions, communities, revolutions, social movements and changes. Sociology can provide a lot of insightful ideas for marketers, for instance whom to target and how customer preferences change over time.

My previous column discussed political correctness in marketing and why it fails. Similarly, marketing must remain focused on homogenous target groups with clearly distinct (demographic, psychographic, geographic, behavioral and/or lifestyle) characteristics. Where sociology makes a compelling point for equal opportunity, non-discrimination, a fair and level-playing field, marketers by definition capitalize on differences and reflect on differing customer desires. Where sociology sits on the side of objectivized universal human rights and needs, marketers rather address a plethora of distinct customer wants. Customer wants may or may not be in line what they need. Some customers just know what they want, some need to be prompted to become aware of what is available and how they can benefit from a particular product or a service.

Sociology by definition seeks to create unity among people and provide non-discriminatory environment for all human beings. In contrast, marketing comfortably uses for instance the wording of price discrimination and seeks to divide the market and rule its various parts separately.

Sociology asks too much why things are happening. Traditional marketing does that as well. By asking customers that „why” question, marketers are likely to end up with a long list of semi-rational self-defensive arguments. Many affluent consumers feel guilty for consuming products and services and try to identify excuses for their excessive spending. Something, sociology would perhaps view as an important desirable societal movement. The primary role for marketers, however, is to proactively change human behaviors, learn about deep-rooted non-rational decision-making processes and build a chain of arguments for their brands, products and services to win over competitors.

Some say concisely: business and marketing is by definition more right-wing, whereas sociology stands left on the political spectrum. In a recent public statement, the Hungarian low-cost airline

Wizz Air's CEO Jozsef Varadi advocated it was about time for air carriers to eradicate business class seats, as business class travelers caused almost twice the carbon footprint. As correct as it sounds on the surface, not much can be worse when a business person resumes a position of (political) sociologist. Surely, there have been many other far more environmentally friendly options to travel, especially for short and medium distances. Why not to ban all airlines and allow for trains only? Why shall people be allowed to travel at all? What kind of needs and wants was the CEO trying to stimulate?

Although marketers may benefit from being versed in sociology, we shall not start thinking like sociologists and give up on business acumen. Socially responsible marketing is making a point for consumers who want to spend money to make an assumed positive difference. Resorting to messages which attempt to stop or substantially curb purchasing behaviors would truly bring the domain of marketing above and beyond (sociological) revolution.

Résumé

Proč si marketing nerozumí se sociologií

Marketing je tradičně ze společenských věd spojován spíše s psychologií, která má za cíl porozumět chování jednotlivců. Sociologie jako disciplína se však snaží pochopit chování společnosti či jejích jednotlivých skupin. I v situaci rostoucí personalizace a personifikace se zejména na masových trzích obrací marketing právě na takové dostatečně specifické skupiny kupujících - na zákaznické segmenty. Může být tedy užitečné pochopit základy sociologického přemýšlení a uplatnit z nich některé v marketingovém uvažování. Pozor však na některé základní rozpory mezi sociologickým a marketingovým viděním světa...

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Why political correctness and affirmative action do not work in marketing

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We live in a hypercorrect world. Many regulatory bodies safeguarding correctness, fairness and social justice in marketing communications have been getting the wrong end of the stick. Careful segmentation has been in the DNA of marketing, which makes social and societal differences and ability to differentiate offerings for various audiences its primary concern.

Political correctness is used to describe policies, procedures, actions or just language, which do not

offend anybody or cause disadvantage to particular groups. To support members of disadvantages or underrepresented groups and to combat discrimination in such areas as education or employment, or access to (public) services, organizations and governments initiate voluntary programs, procedures and policies which are termed as affirmative action.

In the beginning of 2019, Gillette, the world's most acclaimed razor producer and part of Procter & Gamble's family of brands, has launched a new marketing campaign under the promise „The Best Men Can Be.” The ad has soon gone viral, contesting masculine stereotypes and shamelessly capitalizing on the aftermath of Mee-Too movement against sexual harassment. The campaign shows wrong „manly” behaviors in the beginning and men caring and loving at the end. However, rather than empowering women (which is perhaps communicated more often when the equality topic is being shown) or making promises to men, the message came across as weakening men and blaming them all for toxic masculinity. The campaign continued later with topics such as „fat acceptance” (showing plus size female model as desired object of male dreams) or an ad picturing a father teaching his female-to-male transgender child how to shave.

Get woke, go broke. Unusual social justice narrative wasn't left without financial consequences - the only declining product category in 2019 first quarter sales for P&G was the male grooming products. For the 2019 second quarter, the entire P&G reported a net loss of more than 5 billion USD due to an 8 billion USD writedown on Gillette.

Activism and correctness in marketing works only if very specific, well-defined and narrow market segments will become a target. For mass market, it is likely that stereotypes or at least common depictions of usual life will continue to speak to the hearts of most consumers. Promoting products and brands is about selling aspirations for better future for each individual consumer, not selling aspirations for the entire society as a whole. Campaigns of NGOs or governments may be doing the job. Marketers shall be aligned to their target audience, not to their - presumably more liberal, metropolitan and pro-affirmative - peers.

Look at recent winners in the political battle around the world, where parties and politicians in a number of countries purport stereotypical arguments and relate deliberately to views and values of their audiences. (Therefore, media reports about several world leaders, who have been accused repeatedly of political incorrectness, intolerance or even indecency.) Politicians on the winning side do the same as popular mass-market brands and products, they use slightly coarse language and relate to topics relevant for an average consumer.

Political correctness, affirmative action or other desirable activism could become a powerful weapon for brands or products, which appeal to specific types of consumers. Narrowly focused or contentious topics shall be used only if they have already been widely accepted. Burning yet non-controversial issues are the answer!

Résumé

Proč politická korektnost a pozitivní diskriminace v marketingu nefungují

Aktivismus, politická korektnost nebo dokonce i pozitivní diskriminace skupin konzumentů, které se mohou jevit jako znevýhodněné nebo málo početně zastoupené, se pro marketing masově orientovaných produktů a značek nehodí. Zejména jsou-li propojené s tím, že sdělují masově vymezeným cílovým skupinám to, v čem masoví spotřebitelé selhávají. Aktuálním příkladem je vývoj marketingové komunikace u značky Gillette v posledním roce, jemuž nasadila korunu reklamní kampaň s otcem, který učí své transgender potomka, jak se má oholit. Marketingová komunikace pro masové značky může reagovat na horká společenská témata, která však nesmí způsobovat kontroverze.

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