WHY IS MARKETING ANALYSIS PERFORMED SO POORLY AND WHAT CAN BE DONE TO IMPROVE IT?

By Babette Bensoussan

For every marketer that focuses on the internal data their computers generate, change is passing them by. "Managers have come to rely heavily on the computer's information and you can not put into the computer data that you don't have. Because of the plethora of inside information that the computer spits out, day in and day out, a very large number of executives spend all the time with these internal figures. The information you need the most and not just in business – is about the outside world." (Drucker, 1997).

With this prevalent internal focus, no matter how many CRM, KM, BI systems an organisation implements and pays for, marketers are not going to dramatically improve the strategic effectiveness or competitiveness of organisations in their chosen markets.

Don't get me wrong. Customer learning is clearly important, but equally important is good marketing strategies, which come from making effective choices in light of your **external** environment.

It is only through the careful collection, examination and evaluation of the facts, concerning your external environment, that appropriate strategic alternatives can be weighed in light of existing organizational resources and requirements.

Every good manager recognises the need for systematic analysis of their marketplace, the competition and the external environment. Yet analysis is one of the more difficult roles a marketing specialist is called upon to perform.

Surprisingly, most people do some form of analysis on a regular basis throughout their lives – when they buy a house, a car or go on a holiday. Every business also does some form of analysis whether it is looking at customers, product improvements, benchmarking, or cost savings. However, in light of constantly changing market dynamics, marketers need to do it better….

So what is analysis? Analysis involves a variety of scientific and non-scientific techniques to create insights or inferences from data or information. It is the multifaceted combination of processes by which collected information is systematically interpreted to create strategic findings and recommendations for actions. Analysis answers that critical "so what?" question about the information gathered, and brings insight to bear directly on the marketer's needs.

WHY IS ANALYSIS DONE SO POORLY?

Unfortunately even with the overload of information today, marketing managers still lack intelligent information. The cause more often than not is poor analysis of the information. Some of the more prevalent reasons (Fleisher and Bensoussan, 2000) that suggest why analysis is not managed properly in organisations today include:

1. *Tool rut* – There is no one right analytical tool for every situation…. Like the man that has a hammer and thinks everything he begins to see looks like a nail, people

keep using the same tools over and over again eg SWOT Analysis. This tendency to overuse the same tools can be described as being in a "tool rut."

2. *B-school recipe* - Many individuals charged with doing analysis often come out of MBA programs where they have been offered tried-and-true recipes from instructors with financial and management accounting backgrounds. Marketing and competitive analysis are as far different from accounting analysis as strategy is from accounting.

3. *Ratio blinders* - Most business people do analysis based on historical data and market share ratios. This can at best only provide comparison and tell the analyst the size of the gap (the *"what")* between two organizations on a particular data point or data set. It does not help the marketing analyst explain the reasons for *why* the gap exists or *how* to close it.

4. *Convenience shopping* - Individuals frequently do analysis on the basis of the data they happen to have as opposed to the data they should have.

However to really understand the lack of effective marketing analysis, we need to go a little deeper to clearly understand what I would suggest are four key areas that impact the quality of analysis. These are the analyst themselves, the analysis task, the internal organisational environment and the external environment.

The Analyst

Based on experience and observations, there are six factors most commonly associated with ineffective analytical outcomes:

1. People are born with different abilities to perform analysis.
2. People rely on a limited set of mental models, have preconceptions on issues, and exhibit a wide range of cognitive bias when reviewing information.
3. Good analytical capability requires training, development and experience – practice helps.
4. People often don't like to do it – it is hard work.
5. Analysts are not always the "front-line" visible members – they work at their desks, behind their computer screens yet they need to interact and network with people to understand some of the subtle nuances that may occur in the collected information or in the required output.
6. Everybody thinks they can do analysis, but few actually can.

The Task

The task is concerned with the basic work process of converting data or information into analytical outputs of value. The following four factors are those most commonly associated with ineffective analytical outcomes:

1. Analysis is hard to separate from the larger process of planning, collection, and decision-making. Where does analysis start and finish?
2. Analysis is not repetitive – what worked last time often does not work the next time, as the environment changes.
3. Good analysts rely upon the solid data collection of both secondary information and primary information. Unless analysis encompasses both secondary and primary information, outdated garbage will come out.

4. The task of analysis requires a delicate balance of art (creativity, insightfulness, resourcefulness) and science (methods, techniques, processes) that few can effectively manage.

The Internal (organizational) Context
All tasks or processes are performed within a larger context – the first being the internal organisational environment. Here the following six factors most commonly associated with ineffective analytical outcomes are:

1. Decision makers do not appreciate analysis – how can they when they think they can make good decisions without it?
2. Decision makers often cannot clearly specify the critical issues that need to be addressed within the analytical process.
3. Analysis is always under-resourced either in time, technology applications or people.
4. There is little time for analysis but there always seems to be enough time for quick or poor decision-making. Thinking time is not rewarded in organizations and as a result, analysis comes out as the poor second cousin to the data collection.
5. Analysts must deliver the insights objectively; unfortunately, the analyst is often interpreted to be the deliverer of "bad" news.
6. Good relationships are based on trust and this trust factor is an internal prerequisite for an effective framework for delivery and acceptance of the objective analytical insight.

The External (Environmental) Context
Analysis also occurs in the larger context of the external environment. The following factors most commonly associated with ineffective analytical outcomes are:

1. With the ever-growing range of external competitive factors such as new technology, global competitors, new market entrants, new market opportunities, the scope of analytical effort has been enlarged and become more complicated.
2. Water, water everywhere but not a drop to drink! Increasing information overload and data communications, the analytical process can become overwhelmed with the mass of information available.
3. Globalization creates new complexities.
4. Information technology systems for data collectors are everywhere and organisations rush to the doors of software vendors to improve their technology systems. Yet there is a vacuum of systems developed for the analytical task.
5. Education today is focussed on skill building when a key requirement for analysis is thinking.

WHAT CAN BE DONE TO IMPROVE ANALYSIS?

As mentioned earlier, four key areas impact the quality of analysis – the analyst themselves, the analysis task, the internal organisational environment and the external environment. To improve the quality and task of analysis these four areas need to be addressed and some suggestions are as follows:

1. Both analysts and executives need to promote the reality and truth that analysis is critical to an organization's competitive market success. Analysts and their "customers" need to realize, get comfortable with and publicize to others that analysis

is a discipline of its own, with analysts being professionals who have unique knowledge, skills, training and abilities.

2. Managers must come to understand the value of analysis and the empowerment it gives them in decision-making. They need to realize that effective analysis cannot be gotten through "quick fixes" or by the simple addition of new software or hardware applications.

3. Develop dedicated courses and programs on analysis and its role in marketing and marketing strategies. Some courses should be designed to reinforce existing knowledge about the analysis process, while others should be designed to impart new knowledge of tools and techniques as it develops.

4. Measure people's analytic proclivities – the capability of an analyst can be measured, and what can be measured can be both managed and improved.

5. Put analysts in organizational positions where they can make a difference and are secure – they need to be involved in the networks of information collectors but also be given the needed time to properly do their work.

6. As even the most effective analysts can provide inaccurate insight at times, analysts need to be given the opportunities to fail by their decision-making customers, and to demonstrate that they have learned from these experiences.

7. Provide analysts with the proper tools (analytic applications, proper data inputs, access to sources, etc.).

8. The goal of the analyst must be to create insight, not just imparting data or facts. These insights must be presented in ways that are so compelling and convenient that their "customers" cannot help but to make use of it. The analyst's job must not be to intimidate their customers with information, but entice them with it.

9. Don't over-rate or over emphasize the analysis of organizations, industries and markets that is provided by financial analysts. They are most/more concerned with short-term financial gains, not necessarily long-term competitiveness.

Ultimately we need to realize that we have exciting new ways to protect margins, to fight the competition, to grow our markets and to achieve breakthroughs. We need to realize the positives will far outweigh the negatives – but only if we change and provide room for good marketing analysis.

References

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