
FUTURISTICS: SOME LESSONS FOR MARKETING MANAGERS

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With responsibility for strategic planning often assigned to corporate strategic planning departments [13], marketing managers may inadvertently become too short term oriented in the planning process. To help avoid an exclusive focus on short run product-oriented planning, marketing departments should be encouraged to participate in longer range futures planning.

Philip Kotler has maintained that marketing managers should use environmental strategies to influence conditions previously considered uncontrollable. According to Kotler, the essence of creative strategic thinking is that the environment must be managed as well as the marketing mix. Kotler has added two additional P's — political power and public opinion formation to the traditional marketing mix of product, place, promotion, and price to emphasize the organization's need to proactively influence these environmental forces [5]. It has been stated that an environmental management perspective encourages marketers to confront environmental issues with an increased level of pragmatism and to assume a more integral role in corporate strategy [14]. The ability of the firm to shape its environment with new products, technologies, and administrative techniques is fundamental for successful strategic planning [7].

This integration of the marketer in strategy formulation appears to be lacking. In a study published in 1989, nearly half (48 percent) of the companies reported that the development of strategic plans was primarily the responsibility of the CEO and senior management [13]. In 40 percent of the firms this task was assigned to corporate strategic planning departments rather than to corporate marketing departments. The marketing departments were primarily responsible for new product development, market research, and tracking the activities of competitors.

The above findings suggest that futurist activities are unlikely to emerge as specialized staff activities in most firms. Rather, the contributions of futurist research will only be realized if operating and divisional line managers internalize its lessons in their planning activities. This article examines three lessons from futures research that should be useful in the planning activities of marketing managers and discusses how these three lessons can help improve the market planning process.

The Three Lessons

Much of the literature on future research has focused on techniques of scanning and monitoring the external environment. Too little attention has been given to understanding fundamental underlying issues that frequently shape the effectiveness of future planning activities.

1. Asking the Right Questions

Developing sophisticated projections that do not answer relevant questions can mislead the marketing manager into formulating questions that fit the available answers [14]. The appropriateness of resulting marketing strategies will depend on happenstance rather than insight.

The right questions to ask for futures planning typically relate to market needs, changes, and value-added benefits. For example, when full-sized automobile sales began to slow in the mid-1960s, the domestic automobile manufacturers should have asked—and attempted to answer—questions about (1) the potential impact of competition from imports, (2) the long term supply and sources of petroleum, (3) the impact of automobile engine emissions on the environment, (4) the need for safety equipment such as air bags and anti-lock brakes on automobiles, and (5) the feasibility of quality and reliability improvements to adapt to an increasingly competitive environment. BMW, for example, has recently re-directed its close association in the 1980s with the now fading Yuppie lifestyle [12], to the technological capabilities of its vehicles [8].

Futures planning questions should avoid narrow, product-specific questions directed to small incremental changes. Examples of the latter in the automobile industry would include: (1) What type of sound system should the car have? (2) Should clear coat metallic paint be added to the option list? (3) On what models should a digital dash readout be made available? If nearly all research effort is directed to short term product-related issues, then the critical long term futures issues are likely to be neglected with potentially harmful consequences.

The right questions to ask for futures planning differ from the problem-specific questions asked in the market research process. The Coca-Cola Company in the 1980s, for example, conducted market research on consumer taste preferences before introducing New Coke in response to the market research question of what taste consumers preferred. Market intelligence gathering often centers around product-specific information such as the monitoring of market share information. The right questions for futures planning are more far-reaching and longer term in nature and can help the organization to develop alternative product-market scenarios for the future.

A variety of qualitative and quantitative techniques have been adapted to scan the environment and forecast the future ([1],[4],[9]). Qualitative techniques include: Delphi Technique, Cross-impact Analysis, Barometric Forecasts, Multiple Scenarios. Quantitative Techniques are trend analysis and Econometric Models. The successful application of these tools encourages the user to “formalize” the questioning process and, thus, can help steer management toward asking and answering the right questions.

While the qualitative and quantitative techniques can be helpful in predicting future issues, to a large extent, the major contributions of these techniques is that of raising questions regarding the future. This ability to ask good questions about the future is the key to the effective definition of marketing problems and opportunities. Asking good questions enables the marketing manager to play "what if" with various scenarios. This ability to anticipate alternate scenarios and to identify appropriate responses can help the marketing manager to avoid Type III Errors (discussed in the next section) as well as helping the marketing manager to be less frightened by the unknowns.

Asking the right questions, when carried to a logical conclusion, becomes an interactive process between perceptions of the future, questions about the future, questions about future strategies, and increased awareness of which questions are answerable and which questions are unanswerable. Figure 1 illustrates the components of this interactive process.

Asking the right questions does not guarantee that the marketing manager will have all of the answers regarding the future and future strategies. But, asking the right questions does increase the chances that marketing managers will have a balanced understanding of their grasp of the relevant questions and the extent to which they can be answered. In addition, "What one knows always becomes clearer by knowing what one does not know" [3].

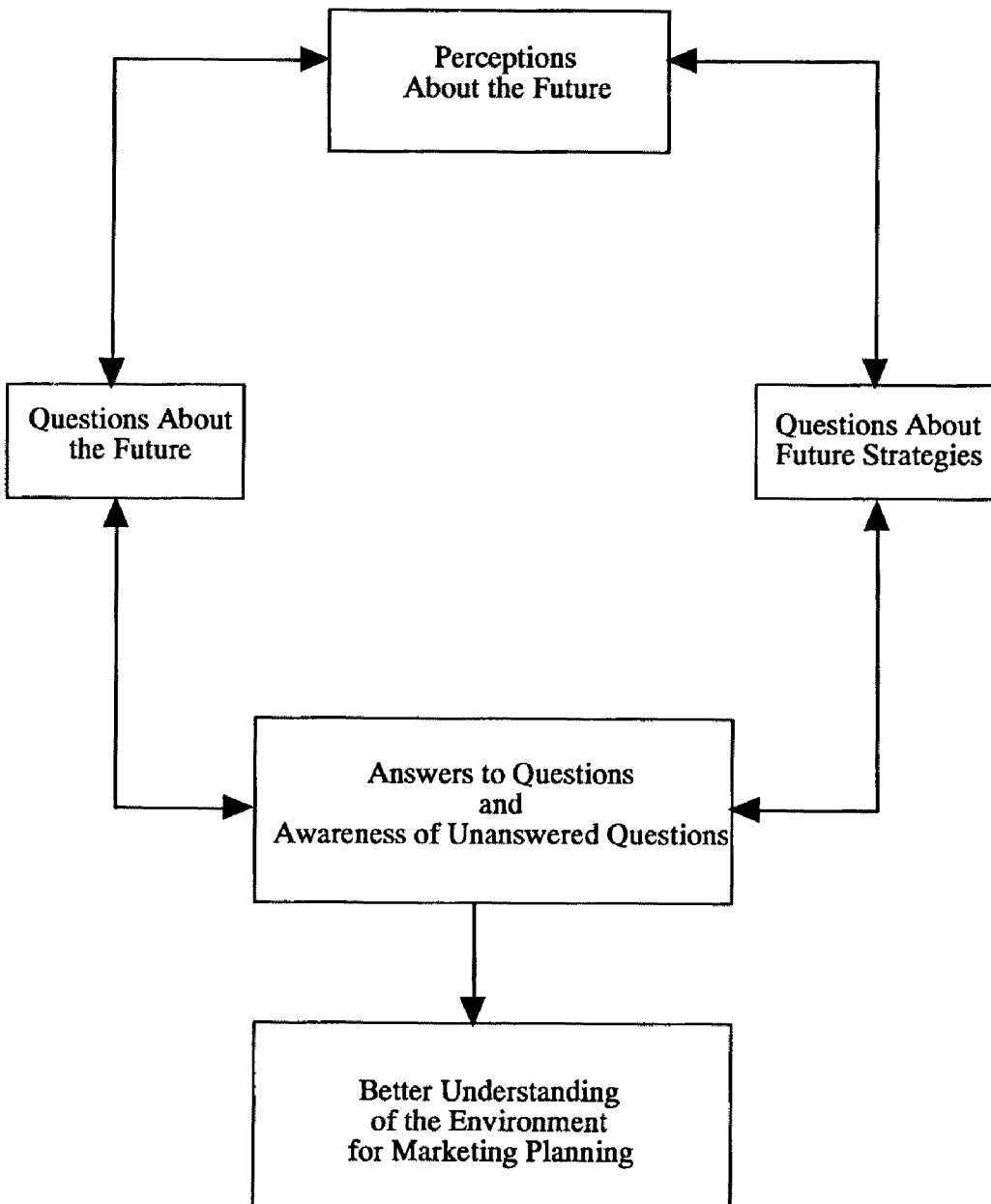
2. Avoiding Type III Errors

Developing good question-asking skills leads to the second lesson discussed in this article. While most readers are familiar with Type I Errors (marketing a product that should not have been marketed) and Type II Errors (not marketing a product that should have been marketed), the Type III Errors is more insidious and more likely to be committed by those whose future market planning is weak. Basically the Type III Error is the probability of solving the "wrong" problem when you should have solved the "right" problem [10].

Type III Errors frequently result from a rush to "find an answer" rather than to accept reality [10]. In some instances questions concerning the future may: a) not have answers and/or b) not be fathomable. The tendency to prematurely impose answers on questions often leads to misstatement of the problem and to development of an answer to the misstated problem.

A key to avoiding Type III Errors lies in learning to ask the right questions. The extent that the marketing manager knows what questions to ask, understands which questions are answerable, and which questions are unanswerable (at least for now), to a larger extent determines the chance that the marketing manager will make Type III Errors.

Type III Errors also can originate from answering market research questions that are too narrow in focus. Coca Cola Company focused on the results of taste tests for New Coke vs. Pepsi Cola. However, the question of what consumer reaction would be if "old" coke was removed from the market was not adequately investigated. Hence, in a market research sense, the company got the right answer to the wrong question.

Figure 1. Future Perceptions and the Market Planning Environment.

3. Becoming More Aware of the Unknowns

To many, the idea of future planning by marketing managers implies a high level of understanding of the future. As far as we can determine, no one is clairvoyant. Rather, estimates about the future are based on the combined experience, insights, and intuition of individuals. Many future events cannot be deduced from what is presently known. The recently published book, *Megatrends 2000*, for example, predicted that there would

be no oil crisis in the 1990s [11]. Marketing managers, then, must be aware of the unknowns that cannot be predicted from what is already known [6]. For example, in 1980 the common wisdom was that by 1986 gasoline would cost only \$2.50 per gallon if we were lucky. The reality was that gasoline had fallen to under \$1.00 per gallon in 1986, but by 1990 had exceeded \$1.35 per gallon. In a similar manner, market forecasters predicted in 1982 that home computers would be present in nearly every household by the mid-1980s. Instead, the video cassette recorder emerged as the dominant consumer electronics product of the period.

This uncertainty about future events requires marketing managers to be constantly aware that unknowns lurk in the future. Asking and answering the right questions can help reduce future uncertainty by planning for at least some contingencies not all of which will materialize. Several years ago the wristwatch industry, for example, might have asked "What if new technology permitted our product to offer the same or higher performance at a much lower price?" [2] Seiko and Timex used new technology to develop accurate quartz watches and used mass marketing techniques in advertising, pricing, and distribution to reach a large market. Rolex, however, continued to make pin-lever type watches and used a concentrated marketing strategy of high prices and more limited distribution to upscale consumers on the basis of status and quality.

Certainly everything is not predictable but "what if" analysis can provide managers with some degree of comfort in unstable environments. Rather than trying to anticipate the vast array of highly unlikely events that could occur, the marketing manager that accepts these unknowns as part of the natural order will be better prepared to respond. Those marketing managers who think that their assessment of the future has considered all possible contingencies are far more likely to be immobilized by the unknowns because these events are, in fact, unknowns from an intellectual standpoint. However, the presence of unknowns does not mean that planning should be aborted.

Implications for Marketing Planning

The three lessons from futuristics suggest at least four implications for the process of marketing planning. Rather than refuting conventional wisdom about the importance of environmental scanning, market research, analysis of competitors, forecasting, and budgeting, these implications complement these currently accepted information gathering and planning techniques.

The first implication for marketing planning is that formulating the right questions about the future is an important first step in finding the answers. When questions are well formulated, the answers and unresolved or partially unresolved questions will more accurately reflect the issues on which future planning is based. When the emphasis is primarily on finding easy answers, attention is directed from attempting to answer the more difficult—but crucial—questions.

The second implication is that the probability of committing Type III Errors can be reduced by emphasizing the process of formulating questions. Emphasis on finding answers when questions are not well developed increases the probability of making Type III Errors.

Third, recognizing the existence of unknown dimensions in the future prepares the marketing manager to face surprises. Conversely, ignoring the existence of the unknown misleads the marketing manager into assuming that the marketing plan is the future rather than merely an estimate of the future.

The final implication is that uncertainty is an inherent part of market planning. Even with thorough and careful assessment of the future, future events are in fact unknown until the future becomes the present.

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