

Marketing and IT- common problems shared solutions

Marketing and IT face many of the same business problems. Fortunately they have the skills and experience to help each other succeed. They should start talking.

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Which part of the company's organisation does this list of sentiments refer?

- Operating within an environment of static or reducing budgets
- Feel remote from the people and mechanisms where the company's key decisions are made
- Believe that their department's and their own corporate status has declined
- Sense they are perceived as a cost to be minimised rather than as a resource to maximise revenue
- Think their decision making is increasingly driven by tactical rather than strategic issues
- Feel they are under intense pressure to get more 'bang for their buck' of expenditure
- Believe that the sole rationale for decision making is to maximise return on investment (ROI) and that all ideas about maximising shareholder value are now a dim and distant memory

Most marketers will recognise this list and identify with most of the sentiments. However, these views will generate an equal resonance within the IT community. Both groups are feeling misunderstood and reduced in value as members of the corporate family.

Professor Hugh Davidson (*Cranfield Business School*) recently recounted how thirty years ago he forecast that marketing would evolve to become the central driver of business. He lamented that this has not happened and that marketing still retains a tactical rather than strategic focus. Its continuing lack of influence is illustrated by the fact that today only 20% of the FTSE 100 companies have a board level marketing director.

The IT function has not fared much better. Whilst its status was elevated during the dot com period it is still suffering from the negative backlash that followed. Recent research showed that only 60% of MDs believe any of their IT director's advice. Many companies have decided that IT is no longer a core discipline and can be outsourced to the lowest cost provider.

It is easy to dismiss these attitudes as resulting from the pressures of today's troubled business environment. The same feelings of unease are also experienced by those working in other business disciplines, particularly Finance, HR and Sales. Perhaps the reason why IT and marketing feel so aggrieved is their expectation of becoming the main catalysts for corporate change and the strategic drivers of the business. It seems long time ago that the new technologies were going to re-write the rules of business and marketing was the main determinant of increasing shareholder value.

Whatever the reason for this state of affairs, these two groups feel their contribution is being undervalued and their ability to shape the future diminished.

When the marketing and IT Directors next meet, rather than commiserating with each other they could do something positive and use their respective skills for mutual advantage. Historically marketing and IT have not been natural allies but this could be about to change.

What can Marketing do for IT?

The Gartner Group (*A leading IT industry analysts*) recently advised its clients to use the concepts of marketing to improve the status and effectiveness of their IT operations. They believed that IT was failing to communicate its value to those who use its services and the decision makers who determined its future.

The concept of creating a marketing plan for the IT function is not a new idea. Historically the results of such ventures have at best been disappointing and often unmitigated disasters. Rather than creating a comprehensive marketing plan, all that has emerged has been a series of one-off marketing communications or re-branding projects. Such activities have normally been short-lived and produced little more than basic communications materials (*ie newsletters and content for the company's Intranet*). The reaction of the 'market' (*ie the company's employees*) to such activities has been a cynical belief that this is no more than the IT department attempting to justify its existence.

What are the marketing ideas that IT should start to employ? The following is a list of the most important concepts:

- **Market segmentation.** There are multiple categories of consumers for IT's services. Like any market these segments will have their own distinct characteristics. In addition, there are IT's 'customers' (*ie senior management who make the IT budgetary and priority decisions*) whose requirements will be very different from those of consumers. Like any marketing plan, the starting point is having a clear understanding of the market's characteristics and how it can be segmented.
- **Product definition.** It is unlikely that IT thinks of itself as managing a portfolio of products. At any one time there will be IT services in the definition, creation, growth and mature phase as well as those that are being withdrawn. The techniques that are used to manage the traditional product portfolio are equally relevant to the services provided by IT.
- **Understanding consumer behaviour.** This is perhaps IT's greatest weakness and dare I say an area where most marketing departments could seek to improve. IT must understand how the users of its services behave when adopting a new application and what can be done to increase their satisfaction. Measuring the success of new IT systems should give at least equal weighting to the reactions from its users as to the systems technical performance. If marketing could help engender this customer-centric mindset it would lead to incalculable benefits.
- **Pricing.** Defining the 'price' of an IT service is a concept that is rarely employed. This refers to much more than the simplistic 'cross-charge' that a business department pays for its IT services. We all know that when we use a new IT application it has an emotional and time 'cost'. This is not measured in monetary terms but in the additional time we have to commit in mastering the application and our feeling of discomfort as we are forced to move out of our comfort zone. This is the 'price' the individual has to pay. If this concept was imbedded in IT's thinking then it would improve the way they packaged and sold the product's features and benefits.
- **Post sale customer service.** Excelling in the provision of post sales support is fast becoming recognised as a key factor to improving customer loyalty. The IT department's analogy to post sales support is the help desk – these are not renowned for the excellence of their service. Too often the sole factor for judging their success is their cost per transaction rather than any measure of customer satisfaction. Marketing should help IT understand the value of satisfying its customers throughout the whole of the product life cycle.

This marketing orientated approach is based on a fundamentally different philosophy from that found in most IT departments. Rather than treating their users as being passive recipients who have no option but to use their services they should be treated as discriminating customers.

What can IT do for Marketing?

I think it is fair to say that marketing has not been very successful in the way it has used IT. We all know of examples of projects using CRM, digital technologies, knowledge management and loyalty programmes failing to deliver their expected benefits. There are complex reasons why so many of these ventures have been unsuccessful, many of which are outside marketing's control. However, some of the blame is associated with marketing, in particular the slowness of its staff to acquire the new skills these applications demand. Marketing's own use of IT is, to put it kindly, primitive. Microsoft Office is the only tool used to run most marketing operations, maybe supplemented with some project management and web editor software.

So what are IT's experiences and skills that would be beneficial to marketing? The following lists some of the factors:

- Reskilling. Because of the fast changing nature of the technology, IT is forever having to re-skill its staff. This is necessary to both improve their effectiveness and to retain their loyalty. Marketing skills need to be perceived in the same way, as a resource that must be continually renewed and extended.
- Changing scope of responsibilities. The success of the IT department depends on both its technical skills and its grasp of the business applications to which it is being applied. IT appreciates that the boundaries between itself and the business functions are continually changing and with it the demands on the knowledge it must acquire. For instance, I suspect you will find more IT staff that has an understanding of marketing than vice versa. Marketing must adopt a similar attitude and be prepared to embrace issues that it would have historically thought of as outside its remit (e.g. legal, regulatory, sales and IT issues). It is unclear whether this is always understood.
- Project management. IT appreciates that project management is a distinct skill that needs to be learnt and applied. As marketing projects increase in size and complexity they demand a more professional style of management. Very few marketers see project management as a valued skill.
- Managing service suppliers. Much of IT's work is outsourced, making it very dependent on the how well it manages its third party relationships. This is reflected in the way that 'relationship management' is now perceived as being an important IT skill. Marketing has historically used outsourcing for the provision of PR and advertising and there is evidence that this will expand into other areas (e.g. E-marketing). Marketing could learn from IT how, and how not, to achieve the best results from coordinating and managing these resources.
- Living with change. The way IT is organised and managed is continually changing. Most IT departments of today look very different from how they were structured 5 years ago. Living with change is an accepted part of the IT job and for many the reason they work in this area. The way marketing has been structured has been far less volatile, but this is likely to change. IT has learnt how to make continuous change an integral and exciting part of the working environment.

The future success of the IT and marketing functions is closely correlated. For this reason alone they should be seeking ways of working closer together. Hopefully, this article demonstrates there are skills and knowledge they could learn from each other that would be to their mutual advantage.

How far this cooperation could extend is impossible to say. Who knows, one day we might even see a merger of the two departments and the birth of a single group called MarkITing. Maybe that is one step too far!!