Perils of marketing success

Product innovation in isolation is not adequate in this marketing era. Amazon, Netflix and Apple are brands that have used technology-based customer experience to sustain their marketing success

Binny (textile fabric), (copiers), HMT (watches), Iodex (pain balm), (footwear), Intel (laptops)...

These brands had held dominant positions as they were pioneers, in the respective category. Over time the environment had changed, and several other brands had come into these categories to challenge established brands.

Intel, ranked as a top brand for years, had forfeited billions of dollars because of its lack of focus on smartphones and had allowed competitors to gain manufacturing expertise to make chips at high volume and exacting specifications (April 7, 2021, Bloomberg).

Blackberry, the brand that had innovated the push e-mail and internet on the mobile, sold 50 million devices a year and was known as “Crackberry”. The brand kept innovating on its features like better security and faster e-mail without recognising the fact that mobiles had to be adapted to the changing trends of entertainment and greater personal productivity (Harvard publication on digital innovation and transformation, Feb 2018).

Nirma, the detergent brand had successfully challenged the established Surf from Hindustan Unilever brand during the eighties. It had taken a few years for the Wheel brand to be introduced by Unilever as a challenger to Nirma.

Robin Blue was a powder that was added to white clothes to impart a blueish tinge (a cultural practice). Ujala recognising the convenience of consumers in a changing lifestyle, came out with a liquid version to take care of the same consumer need and became a leading brand in the category.

As radical changes sweep through the environment (with digital marketing and analytics making rapid strides), marketing inertia, a concept pioneered by Thomas Bonomo during the early eighties, reminds marketers that past marketing success may not guarantee eternal success. Marketing inertia is very much applicable even to brands that have been sustaining their success over time.

What is marketing inertia?

Marketing inertia is the inability of an organisation (and hence its brands) to adapt itself to the changing environment. The changes in the environment can vary from one product/ service category to the other. The mobile category is more prone to be affected by environmental trends than the apparel industry. Even within a category, the changes due to the factors in the environment may contribute to the degree of change experienced by the product variant. Liquid detergents are growing with the penetration of washing machines, and such growth will impact powdered detergents.

The following are the basic factors associated with marketing inertia :

- Government regulations
- Competitive forces
- Consumer behaviour.

The linkages across the three factors are instrumental in the decisions on managing a brand; the social media dimensions that were not present in the environment at the time when the initial article on the topic appeared are associated with both competitive forces and consumer behaviour. It is important to note that marketing inertia ultimately affects the decisions of brands.

Implications of marketing inertia on categories and brands

The firm's strategy even on the decisions to enter a new product category when its established category is under threat, is also a result of awareness of the firm towards anticipated marketing inertia. The off-shoot brand strategies of sub-branding, product line extension, brand extension and creating new brands are also the implications of avoiding marketing inertia.

ITC and Titan are good examples to illustrate how these companies avoided marketing inertia by managing product categories and brands in the respective categories. Government regulations and awareness of the dangers of smoking had affected the cigarette industry, and ITC had, over time, implemented a planned strategy that served its categories and brands successfully. Wrist watches were becoming more of a personality statement and technology was setting a new trend in the category with the fusion of fashion, health and fitness. Titan had not only strengthened its product line and brand in the watch category but had also used its brand and created new brands and the respective value proposition in other product categories.

Avoiding marketing inertia

Holistic marketing, which was popularised by Kotler through his textbook may appear to be yet another academic concept; the implications of the concept are too important to be ignored. The concepts of CRM, selection of consumer segments, managing retailing, applying technology, and managing even AI to provide consumer-centric offerings and adapting a brand to the changing lifestyles of consumers are not just concerned with the marketing or branding function in isolation. Nike is no longer a brand associated with shoes that are in vogue; it is a brand that stands for real-time fitness. All the functional areas need to be in synchronisation with the objectives of marketing and branding.

Organisational resources play an important role in how fast an organisation adapts itself to changes in the environment. Zara, the fast fashion brand that is also relatively affordable in the segment, is unlikely to face competition from any brand of fashion apparel in the organised sector. The variety, price ranges, stock-keeping units, and discounts/ promotional offers from Reliance Mart cannot be matched by most departmental stores.

Technological disruption can affect even well-established/ booming categories. Debit cards were catching up due to several advantages before the category was disrupted by the UPI payment system (with statistics provided by India Digital Payments Report by Worldline 2023). The credit card transactions, however, had grown due to disruption. Such shifts and changes may require faster adaptability with respect to organisations to rethink their priorities taking into consideration the first two factors mentioned. Transistors (portable radios), personal computers, Walkman (portable music), iPods and online streaming are technological disruptions that have had their impact on product categories that preceded these disruptions.

Marketing inertia on a conceptual plane is a timeless classic.

(The author was a professor of marketing at IIM Bangalore from 1995 to 2022.)