Meaningful Marketing: 100 Data-Proven Truths and 402 Practical Ideas for Selling More With Less Effort

Brain Brew Books: Ohio

Douglas Hall & Jeffrey Stamp (2003)

It is very rare that I read a pop marketing book worth mentioning to others. But "Meaningful Marketing" by Douglas Hall and Jeffrey Stamp is different. It has the usual hyperbole about transforming your business, and the usual repackaging of traditional ideas, but that shouldn't obscure the main agenda of the book. And that is to take academic research findings and turn them into marketing principles. It is something academic textbooks say they do, but often don't. Not that this book does a great job either, but at least it tries.

Meaningful Marketing is a list of principles based on findings from 179 academic articles and from a couple of analyses of brand purchasing (scanner) data completed by the authors' consulting company. Each principle is described on one page, with an additional page listing several related "practical ideas". It is a nice presentation formula that others could do well to follow. But the important thing is the distillation of research-based principles or, as they put it, "data-proven truths". Scott Armstrong at Wharton has done something similar on his web sites for forecasting principles (http://www.forecastingprinciples.com) and advertising principles (http://www.advertisingprinciples.com). Each "data-proven truth" is an attempt to state an empirical generalisation (or marketing law), something marketing managers need desperately.

There are 100 such principles (plus 402 related "practical ideas" which personally I found added little practical value). All in all it is too many, there is repetition and it is obvious that the authors were struggling to hit the magic 100 number. For example, data-proven truth number 56 says "An Australian research study found that companies that had greater sales growth, profitability, customer satisfaction, and new product/service success rates also had significantly stronger product development abilities". While data-proven truth number 59 is nearly identical, saying "An Australian research study found that companies that had greater sales growth, profitability, customer satisfaction, and new product/service success rates also had significantly stronger brand management abilities".

The technical appendix lists the academic articles that form the basis of each "truth". The full references are a commendable feature, one missing from most pop marketing books (and even some textbooks). Unfortunately the level of scholarship is not always particularly high. For the near identical truths 56 and 59 "the Australian research study" in question is Vorhies et al. (1999) on "The capabilities and performance advantages of market-driven firms" published in the European Journal of Marketing. One other article is cited, but it had nothing to do with brand management or company performance. The EJM article showed that Australian firms that say they have better capabilities on everything that was measured had better profitability and growth in the preceding years. So it is quite possible that managers in companies that have been reporting good financials tend to rate their company's capabilities a bit higher ("we must be good, we are doing well"). And companies that haven't been doing so well tend to rate their capabilities (whatever the capability) a bit lower ("we can't be that great since we aren't doing so well"). The causal inferences taken by "Meaningful Marketing" are naïve.

This book's main selling point is that it is based on "hard data", but, as any philosopher of science will tell you, what we see is theory dependent. And the authors have a particular view on how marketing works which comes through in their selection and interpretation of the academic findings. It is a very traditional "differentiate or die" view of the world, based on the Kotler-ian idea that marketing success is about creating products with substantial functional advantages, selling these at a price premium, and advertising the product's distinct advantages because advertising only works by changing peoples' minds. As such, their principles might only apply to a small portion of the marketing world. Something to which the authors are totally oblivious; they err in massively over-generalising. Each "data-proven truth", even if it is based on one small survey (e.g., of students), one product category, and in one place/time, if Hall and Stamp "found it convincing" then they present it as a proven principle without any boundary conditions. They make the classic mistake of confusing statistical significance with generalisability. They write, "with statistics, we can quantify the likelihood that what we're observing is a reproducible and reliable truth versus a coincidental one-time random event" (p. 20). This is a common misunderstanding of statistical significance tests which estimate the chance that a result is due to sampling error but tell us absolutely nothing about whether the result is one-off or would generalise to different conditions (e.g., a different place, time, product category, research team, data collection method, etc.).

So many of the "data-proven truths" may not be reproducible and it is most unlikely that they apply to all product categories and markets.

That said, I was delighted to read of some principles that I know have been reported elsewhere across a wide range of conditions. For example, "to sell a lot you need a lot of customers" (p. 52); this is based on their analysis of almost 10,000 brands in the USA where they found that big brands had 978% more customers who purchased on average 331% more per year. This is the Double Jeopardy pattern observed over time, countries and many categories and made famous by Andrew Ehrenberg and colleagues (Ehrenberg et al., 1990). For many years Andrew has pointed out that competing brands tend to vary little in loyalty compared to the substantial differences in the size of their customer bases. And he has pointed out the managerial implication that loyalty is not a path to substantial growth, or as Hall and Stamp put it "clearly both are important … however if your resources are limited the data indicate that the first priority should be on increasing your total number of customers".

Again, we might quibble with their scholarship, as they have drawn implications about how brands grow from cross-sectional analysis. But fortunately for them recent analyses of growing and declining brands have shown that market share growth is largely a function of growth in the size of the customer base (McDonald and Ehrenberg, 2003).

Some of the other interesting principles also come from their own analyses of scanner data; for example, "volume per purchase is 3.4 times more important than frequency of purchase in explaining the total amount that a customer purchases each year" (p. 54), the implication being that there is little hope in increasing how often you are bought, but potential to get customers to buy more each time. This would be an interesting generalisation to test across different conditions.

As I have said, not all the principles are so interesting, many are of questionable reliability, and their generalisability to your product or market is unknown. But as a first effort this book is a good start. There are at least a dozen or so principles worth reading and thinking about. As an added bonus the book comes with an audio CD which focuses on a few of the more important principles and, at one hour, takes less time to listen to than to read the book.

References

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