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The Power of Six Sigma and Marketing: Increased Marketing Effectiveness

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The Power of Six Sigma and Marketing: Increased Marketing Effectiveness



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Six Sigma has been adopted very successfully in manufacturing. This has inevitably led to the application of Six Sigma to transactional areas. If Six Sigma can decrease errors and rework on a manufacturing line, then companies will naturally look to it to decrease problems in others areas, for instance, eliminating erroneous invoices, or de-bugging software. Different techniques within Six Sigma's toolkit apply to different types of business processes, but, broadly speaking, it can be used successfully in a wide variety of departments.

One of the last areas to be touched by Six Sigma is marketing. Good marketers have always used tools to help them create effective marketing. Market research in the form of segmentation, audience profiling, branding studies, and creative pre-testing allows the marketer's job to be based on data and measurement rather than pure guesswork or instinct. Marketers also use other tools, such as sales response modeling and ad tracking, to evaluate the success of marketing campaigns post-launch and ideally apply the lessons of successes and failures to future campaigns.

So, if Six Sigma is about data-based decision making to decrease erroneous and ineffective outputs, then, at the most basic level, are marketers already doing Six Sigma? No. Six Sigma is *one specific* process and approach to data-based decision making. And it is one that often inspires either confusion or fear—or both—when mentioned in the context of marketing. Some marketers may feel Six Sigma poses a threat to what they do. Others may struggle to see how it can apply at all.

Six Sigma Disconnect

Six Sigma differs from other processes in that it demands high-level executive sponsorship of projects, extensive training of Black Belts (who are trained in all the tools for complex projects)

and Green Belts (who receive more basic training for simpler projects), disciplined data collection for statistically-based decision making, and broad-scale participation in Six Sigma projects by cross-functional teams. It also requires documenting the reduction in "defects" and quantifying the clear, measurable financial benefits achieved by improving the process. And, perhaps most of all, Six Sigma is about consistency: creating defect-free products again and again, regardless of the individual employees working to create the final product. This is not how marketers typically operate.

Sometimes non-marketers denigrate the measures that marketers use as "soft" or non-existent. The reality is typically very different than this perception. Marketers have a myriad of information—both quantitative and qualitative—that they use to guide their decision making. It is not lack of data, but rather conflicting or ambiguous data or the lack of the *right kind* of data that marketers more regularly encounter. Nevertheless, the kinds of data with which marketers work—leads generated, unaided awareness, brand image, and customer loyalty—differ from Six Sigma data focused on product "defects" per million. And marketers often cannot link metrics that they track directly to the ones that matter to executives: quarterly sales, day-to-day share price, quarterly profits.

The very notion of "defects" is a stumbling block for marketers in adopting Six Sigma. Marketers generally think of marketing campaigns on a continuum from not effective to extremely effective and everything in between, but they never think of even the most ineffective campaign as a "defect." In manufacturing, there are clear measures for when a product is defective, but with marketing, a judgment like that feels presumptive. Sure, goals for marketing campaigns are set upfront, and in a sense any campaign falling short of those goals

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could be considered defective. However, marketers know 1) how arbitrary many campaign goals often are when they are set and 2) how many other factors impact a campaign's effectiveness.

Six Sigma is about rigorous control to reveal and eliminate unknown variables that can impact a product. However, most marketers know that there is no way that they can personally control the many variables that impact their campaigns. Sound research will typically contain some margin of error, but budget and timing constraints often require marketers to scale back research drastically or eliminate it entirely. Thus marketers often must make decisions with research that carries an even higher margin of error than they would like or, at worst, no research at all. In addition, product flaws, lack of customer service, and low budgets with inadequate media weight can all inhibit campaign success, much to the frustration of marketers told to focus strictly on campaigns and forfeit any real control over these other critical factors.

Therefore, many marketers have helplessly watched as their campaigns failed, perhaps sighing an "I told you we should have..." to themselves. Jaded marketers then do not want their campaigns measured for fear they will lose their jobs, though they may have sounded the alarm early on that some elements necessary for campaign success were absent. If campaigns will not be adequately funded, if product or service flaws are not addressed, if research needed to understand the market is scaled back or eliminated, who wants to be held accountable for the results? Certainly not marketers.

Six Sigma's world of "defects" and "control" is not the one that marketers inhabit. This creates one of the reasons that marketing has been slower to adopt Six Sigma than other organizational departments. Marketers simply speak a different language than Six Sigma and are accustomed to using a different set of tools. Six Sigma requires specialized study and knowledge of its own tools, many of which were developed in environments that feel very foreign to marketers.

Furthermore, the success of marketing is typically viewed in terms of revenue *growth*, not cost containment. While production lines or internal departments strive to increase efficiency to reduce costs, marketers measure their success in terms of topline growth. Therefore, Six Sigma's mandate to demonstrate cost reduction by eliminating defects does not fit marketing's mission. What marketer ever boasted about cutting his/her marketing budget?

So, given these barriers, it is not surprising that marketing has not adopted Six Sigma wholeheartedly. But should they? Does Six Sigma offer something that marketers can use to solve their problems? Yes. Six Sigma can provide a framework to address some of the fundamental disconnects between marketing and other divisions within the organization.

The Benefits of Using Six Sigma for Marketers

When companies adopt Six Sigma, executives do so with the understanding that it will provide a framework for consistent improvement that will ultimately impact their bottom line. Oftentimes they do not think of marketing as the first area to apply Six Sigma. But when they see it successfully applied to manufacturing, accounts payable, accounts receivable, human resources, project management, etc., they become "true believers." And they may not know *how* it can be applied to marketing, but they certainly hope that it can.

If marketers adopt Six Sigma in this context, they can create broad alignment within the organization about their goals and what it will take to achieve them. Unfortunately, marketers too often work in a silo within the organization—forced to chase completely arbitrary goals and divorced from other departments (product development, customer service, quality assurance, business strategy) that impact their success.

Six Sigma provides a framework and tools that can bring together cross-functional teams, with the backing of executive management, to determine what it will take to make a marketing campaign successful.

“ Six Sigma provides a framework for experimental testing to make sure that proposed improvements will achieve the desired results. ”

Define Phase—Research

Six Sigma underlines the importance of collecting data rather than going with your “gut.” And Six Sigma demands that every project starts with the voice of the customer or those issues that are “Critical to Quality” (CTQs). Six Sigma tends to be behind traditional market research when it comes to techniques and tools for capturing the voice of the customer—this is an area where Six Sigma practitioners can learn from traditional market researchers. Marketers also know that before you can define CTQs, you must define your customer, also a function of sound research. Six Sigma can give greater visibility and legitimacy to marketing research that is too often overlooked by other divisions and executives.

And Six Sigma can help wean some marketers and executives off their addiction to focus groups as the primary method of gathering customer data. While focus groups are invaluable for understanding and exploring customers’ thoughts and needs in a cost-effective way, they should not be used as a substitute for randomly sampled, statistically projectable studies when quantification is needed. Six Sigma requires the use of rigorous statistical methods, elevating the need for quality research data.

Measure Phase—Realistic Goals and Appropriate Metrics

Six Sigma requires that goals be examined—what is realistic? The days of arbitrary goals set in a board room with no roadmap for achieving them should be over. And once realistic goals are set, what are all the factors that need to be in place to achieve them? Six Sigma provides tools in the Measure phase, such as process maps, to determine what inputs contribute to the desired outcome. If the goal is sales, but sales are impacted by inputs outside of marketing’s control, then all of those inputs must be addressed—not just the marketing campaign.

Furthermore, Six Sigma examines the systems in place to measure success. What metrics are available? Are they reliable? This process should

open up the company’s databases to measure critical factors that marketers themselves cannot access and to validate whether the information is correct.

Most of all, Six Sigma will ensure that everyone is in agreement on the key metric of success. Marketing cannot measure success in terms of increases in awareness while finance monitors immediate sales increases.

Analyze Phase—Critical Diagnostics

While a campaign is running, the Six Sigma team can come to an agreement about what is going right and what is going wrong. Is the campaign generating leads that are then squandered by the sales force? Are marketers creating foot traffic in stores while high prices send customers to the competitor? Is product being sold and then returned because of poor quality? Through Six Sigma tools in the Analyze phase, such as cause and effects analysis, marketers can identify the factors that are causing performance problems and avoid the finger-pointing of the past.

Improve Phase—Testing and Optimization

Corrective steps can be taken to eliminate the factors that are causing the poor performance in the Improve phase. In a silo-ed organization, marketing looks only at “their” measurements, the ones they collect and control. Marketing looks at customer focus groups, pre- and post-ad surveys, and branding measures; finance looks at revenue, cash flow, profit and stock price. But in cross-functional Six Sigma teams, everyone works together to identify the sources of variance from the expected results. The techniques used and the key measures are agreed upon by the whole team and are tied to executive-level goals. Therefore, everyone speaks the same language and improvements are made wherever they are needed.

Six Sigma provides a framework for experimental testing to make sure that proposed improvements will achieve the desired results. Even without Six Sigma, marketers often test offers, promotions, and

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messages. However, Six Sigma can provide some tools for experimental designs that can be used very well in test marketing. (Likewise, marketers familiar with trade-off and conjoint analyses are already doing experimental designs in surveys that might be of great interest to Six Sigma practitioners.)

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Control Phase—Consistency

In the Control phase, agreed-upon measures are tracked to ensure that improvements are kept in place. Unfortunately, without Six Sigma, lessons learned from one campaign to the next often do not get “passed on” within an organization. Turnover can erode an organization’s ability to build on past successes and avoid mistakes. Finger-pointing can cause inertia as one division blames another for the failure of a product or campaign while no changes are implemented to correct the problem. Six Sigma requires a discipline to identify and improve problems and document that the improvements are carried forward in the future. This is a great benefit to any marketer who has ever faced the task of marketing a product with no history of what has worked or not worked in the past.

Adapting Six Sigma to Marketing

While Six Sigma provides a common language across the organization, it is not to say that traditional marketing measures—for example, awareness and branding measures—are irrelevant. Indeed, if Six Sigma is looking for specific financial benefits to the organization, it

will inevitably have to understand the connection between marketing measures, such as strong awareness and branding, and bottom-line results. Historically, companies that are successful at building strong brands have better long-term performance. However, marketers know that while strong brands make enormous contributions to the bottom-line, branding campaigns cannot be quantified in simple terms like quarterly sales increases.

Six Sigma, through its quest to understand, improve and control the factors that affect performance, should quantify and enhance, rather than challenge, marketing’s contributions to the overall financial strength of the company. Non-marketers in the organization must better understand the key marketing measures that are critical to success. The organization must embrace marketing and integrate it into other divisions.

Six Sigma will also need to be adapted to marketing to account for increases in topline revenue — sales increases, customer acquisition, customer loyalty—rather than being so singularly focused on cost-cutting. Its value should be measured not only by how much it can *save* a company, but also in how much it can *earn* a company. And existing marketing research and analytical tools should be more fully incorporated into its arsenal of skills.

The bottom line is that Six Sigma and marketing, while not a “love at first sight” match, are a good fit for a long-term, productive relationship. While they have different backgrounds and languages, they bring about tangible benefits to companies when adapted to work together in a powerful partnership.

Tocquigny is the union of agency and measurement consultancy. Through brand stewardship, results marketing, insights, analytics and ideation, Tocquigny provides global enterprises with integrated solutions that are fully measurable and improve business performance. Headquartered in Austin, Texas, Tocquigny is one of the nation's top 50 B2B agencies (*B-to-B Magazine*) and top 20 interactive agencies (*ADWEEK*).

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