

Marketing Management Decision Making

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Abstract

Marketing management decision making is explored in a large organisation. Utilizing postmodern narrative theory, stories were analysed using theme analysis and then placed on a paradigm grid for a clear understanding of group decision making. The cognitive account of decision making is challenged as it fails to take into account the personal motivation of marketing decision makers and the political nature of many organisational decisions. The study also indicates that when decisions are made as a team, a balance of decision making skills is optimal, including political and emotional dimensions.

Introduction

The aim of the paper is to explore marketing management decision making within a large organisation. Within marketing management there has been a great deal of literature concerning decision making (Wilson and Woodside, 2001) based on different information processing models. However, these models have been criticised by Buttle (1995) due to their linearity and as such ignore recent developments in communication science.

One particular approach regarding decision making is that presented by Wierenga and van Bruggen (1997), who use a cognitive approach to explore the decision making processes of managers. They argue that there are four types of distinct activities involved in marketing decision making. The first is optimizing where the managers search for the best outcome. The second is that of reasoning, where the manager uses a mental model to understand the problem. The third activity involves the manager analogizing by searching for similar problems and outcomes in the past to make sense of the present problem. The manager may delve into their own experiences but also utilise cases that have arisen from either companies operating in the same category or other industries. The fourth activity is creating, which involves the manager developing novel and effective ideas to solve the problem. The first two activities are termed analytical and the last two activities are termed associative.

However, the four modes are not mutually exclusive in the sense that only one activity can be used to solve a problem. In other words, a marketing decision maker can use different modes to solve the one problem. However, Wierenga and van Bruggen believe that there is a dominant mode based on what the decision maker uses the most.

The above approach, based on cognitive science, has been criticised (Hackley, 1998) because it is based on a reductionist metaphor of cognition, and assumes a logical empiricist framework. Hackley, (1999) argues that to understand practical activities in an organisation, a pedagogic shift is required. Moisander and Stenfors, (2009) also argue, from a strategy-as-practice perspective, organisations have a different epistemic culture, thereby requiring a different research approach. They note that rational problem solving tools may be inadequate. Schön (1983), too, argues that the logical empiricism/positivism is inadequate in analysing and understanding organisation decision making. Ardley (2006) also notes that marketing decision making takes a prescriptive approach, based on a rational technical premise, which is inappropriate for the marketing decision maker in an environment which is ambiguous and uncertain.

Postmodern Narrative Theory

Given the above criticism, postmodern narrative theory is adopted as a method to understand marketing management decision making in an organisational context. It is an appropriate method to understand practical thinking as it is through stories that marketing managers' praxis can be understood (Boje, 2001).

Boje (2001) uses the term 'antenarrative' to describe postmodern narrative. What is important is that many voices are taken into account in a fragmented, non-linear way. Antenarrative is never ending, whereas narrative attempts to ring-fence a story, making it coherent, sequential, and complete. Therefore narrative and antenarrative can be combined so that a multi-voiced methodology is adopted. However, antenarrative is not to be confused

with anti-narrative, where the latter term is used to explain a story which is told in the present without plot or closure.

Whilst there are a number of tools within postmodern narrative theory (see Boje, 2001) theme analysis was chosen as it enables one to categorise a story regarding the manner decisions were made. There are two primary ways that this can be achieved. The first is to use a deductive approach whereby the themes are applied from the outside. Such an approach according to Boje (2001) is termed an etic taxonomy. The second way to categorise a story is using an inductive approach whereby the themes of the story emerge from the transcripts of the interviewed. The term emic is used to refer to the way the storyteller sorts their story as they tell it. However, it needs to be noted that these are not mutually exclusive methods as both approaches can be used to examine a story.

Case Study

The research was based on the ontology and epistemology of neo-pragmatism and narrative theory was used as a methodology. By using the technique of sense-making respondents from Air New Zealand were asked to reflect on the strategic marketing decision to introduce domestic Express service to their New Zealand service. Air New Zealand was chosen as it had made an important strategic decision with marketing implications. Also, several key people were involved in the decision making (however, their roles cannot be disclosed due to an agreement regarding anonymity), and secondary data was available as the decision had been reported in a number of business magazines.

A grand narrative was written using material from secondary data (Bryant, 2001; Stride, 2001; Kennedy, 2002; Stewart, 2010). In contrast, three different narratives were obtained from individuals involved in the marketing decision, and the themes from these narratives were obtained. In terms of the selection of themes an inductive approach was used. However, a deductive approach was used once the themes were analysed in terms of the categories of optimising, reasoning, analogising and creativity.

Seven themes were identified from the respondent's stories. The theme 'creating and implementing a communication pattern' primarily involved associative type reasoning. Analogising was evident in terms of adapting other television commercials for the new Air New Zealand advertisements. *'It was a Telecom ad which I watched and thought, bugger me that is brilliant, absolutely brilliant because it isn't about technology, it isn't about how great email is, it's about someone sitting in South London missing the colours of the Pohutukawa tree. And I thought, that's where we need to be. Respondent A*

Creative reasoning was also evident regarding the development of the advertisement. *'We took it absolutely right back to basics and this was the defining moment. When we drew this chart on a whiteboard we developed 'Being there is everything' within 15 minutes of drawing this chart. Somebody drew this on a board and we instantly went 'now I understand where we are heading' Respondent A*

The 'internal marketing' theme was bordering between conceptual modelling and associative type reasoning. Whilst it was essential to communicate the new product to the general public, it was also important to get staff support to the new product positioning and the advertising campaign. *'The hardest part was more internal than external. It was actually getting people*

in the company across the fact that we were about to spend money that we didn't have – we had lost \$1.8 billion...It was pretty hard and it was pretty bold to try and get that understood by engineers and pilots who want to see more aircraft in those ads. For them this was a huge conceptual mind change.' Respondent A

The 'market research' theme involved conceptual reasoning. The amount of market research was concentrated on the product where the issue was centred upon the question whether passengers would be prepared to give up a certain amount of in-flight service for a price reduction. *'We didn't do a huge amount. We did a lot on the product. We didn't do a lot on the campaignand it was only when their friends – you know the BBQ test – when friends were saying to them 'I saw your ad last night and it really struck a chord with me and it really resonated. In a small market, you don't need to do much market research'. Respondent A*

The theme that involved optimisation type activity was that of 'pricing'. The use of models and quantitative analysis of data was evident in the narrative. The pricing strategy involved a whole new rethink. This meant disbanding the old revenue management model and developing a 'bias to volume' model by making more seats available at a lower price, and consequently getting the customer to buy more often. *'A lot of price elasticity work around the different segments of the market, a lot of work to understand what the growth forecasts were going to be like and how we were going to manage that and how the revenue was going to change'. Respondent B*

Another theme was that of crusade as the respondent wanted to become involved in the project and take ownership of the problems surrounding pricing. On the one hand senior management were developing a pricing strategy without a good grasp of the cause and effect consequences, whereas on the other hand staff in revenue management were committed to the traditional way of calculating a price strategy. *'And I managed to insert myself in those projects because I was deeply worried about what people were going to assume, particularly around my area at the time – pricing – but also about the revenue management areas, the network planning areas, and effectively the kind of analysis and research about what might happen if they took certain courses of action'. Respondent B*

The sixth theme is that of political manoeuvres. Within the organisation it was evident that there were two factions, one representing a more traditional approach and the other pushing for a more radical approach based on a low cost carrier model. *'In the end it was the CEO who was able to settle the conflict and facilitate decisions. At the time, of course, there was conflicting views within the company as to what the strategy should be. And I guess you could say that there was a power struggle to a degree, in that we had Andrew Miller who was heading up part of the company, including Strategy & Marketing, and then we had Norm Thompson heading up very much the Sales side of the company. And the two of them initially had differing views on the strategy and Ralph had to be the arbitrator on many occasions on how the strategy would work. we probably had a lot of conflict in the early stages, which in some ways you could say "old airline thinking" versus "new airline thinking" Respondent C*

The final theme is that of distribution, which used conceptual type reasoning, with a hint of associative type activity to make sense of the information. Two issues were developed in this theme. The first was the decision to increase internet sales as this distribution channel required a lot of development and the second centred on the commission paid to travel agents. *'And of course there was some pretty new stuff, like distribution via the internet, where Air New Zealand had only really been scratching the surface on that, and Express required a*

huge leap to improve the internet distribution and develop off the lower fares and so on'
 Respondent C

Discussion

The above seven themes can be placed on a paradigm grid, adapted from Boje (2001), to explore marketing management decision making (see Figure 1). The x axis of the framework is split between monophonic and polyphonic. The y axis is based on Wierenga and Van Bruggen (1997) decision making activity. The conceptual dimension comprises the optimisation activity and the mental modelling activity, whereas the associative dimension encompasses the two activities of analogising and creating.

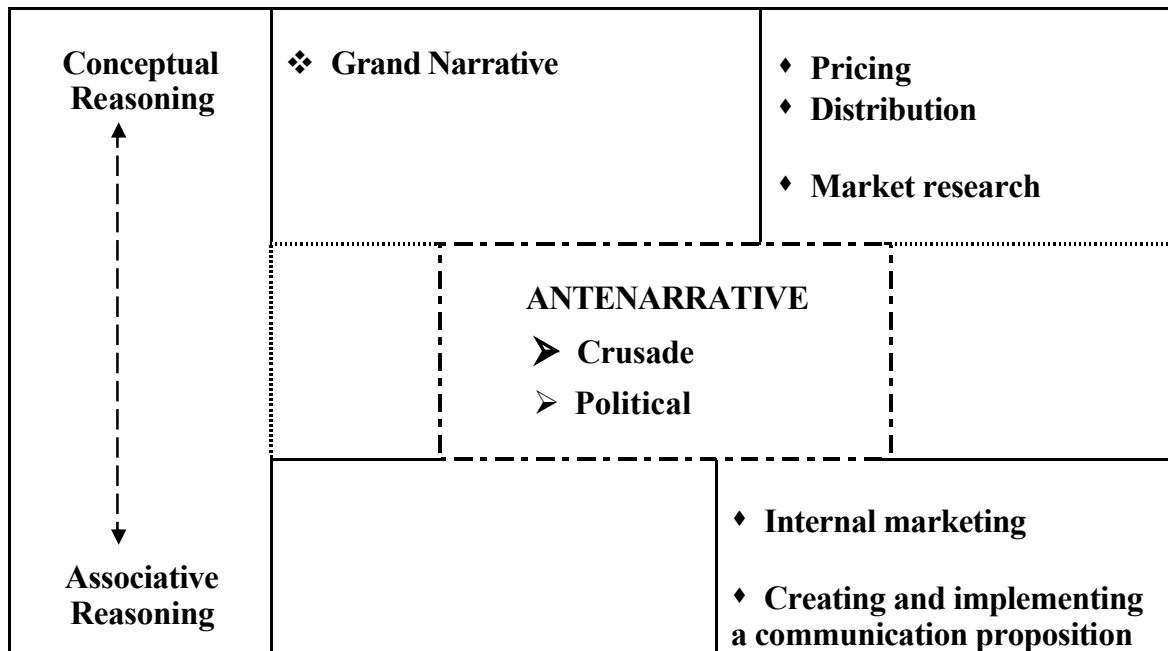
The Grand Narrative, referred to earlier in the text, is monophonic and is based on a conceptual type of activity, whereas the seven themes vary in terms of their dominant reasoning pattern. Whilst three themes, namely pricing, distribution and market research involved conceptual reasoning, two themes, internal marketing, and creating and implementing a communication proposition were based primarily on associative reasoning. This gives some credence to the cognitive classification published by Wierenga and Van Bruggen (1997), but it needs to be noted that two themes, crusade and political, were seen as being outside their classification, consequently it is argued that such themes indicate a significant handicap to their model. As has been noted, their model is based on a cognitive approach to problem-solving. The case study points to a considerable flaw in their model as it is unable to explain decisions based on emotional responses or politically motivated decisions.

Another interesting point is that decision making in the organisation was conducted as a group project, carried out over a period of time, with group members representing different facets of the organisation. Consequently, different members utilised different skill sets, whether it be conceptual and/or associative reasoning. Depending on the problem being assessed, it would seem that a balance of decision making skills is optimal.

The case study also indicates that theories-in-use (Schon, 1983) by the respondents. For example, the use of price as a barrier to entry without sacrificing revenue from significant segments of the market was utilised. Another example was the use of price elasticity to increase primary demand, that is, attract new customers who might travel by other means, such as by car, train or ferry, and also increase the rate of purchase, that is people flying more often.

Figure 1 *Narrative Themes applied to Air New Zealand*

Key • Etic ♦ Emic ❖ Both ➤ Antenarrative	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> Monophonic Narrative </div> <div style="flex-grow: 1; text-align: center;"> ←-----> </div> <div style="text-align: center;"> Polyphonic narrative </div> </div>
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Source: Adapted from Boje, 2001

The case study was an attempt to illustrate the use of postmodern narrative theory and to explore marketing management decision making. The aim was not to gain a final outcome or conclusion but to gain polyphonic voices that were counter to the grand narrative.

It could also be argued that the stories as told by the respondents were self serving, but this brings in the question of reliability. If, following Rorty (1979, 1982, 1989), the task is not to gain foundational knowledge but to gain different perspectives then the question of reliability is of mute interest. What is of concern is that the stories have internal consistency, and they make sense in light of the grand narrative and the other participants stories.

Whilst neo-pragmatism does not allow for generalisations, it is possible to draw attention to some possible managerial implications. First, when making marketing decisions where a team is involved, it is important to give credence to different participant's voices. This is important as they will bring different perspectives that may need to be considered. Secondly, it needs to be recognised that marketing decisions in a large organisation have a political dimension to them, and also an emotional aspect. These two dimensions, over and above the dimensions outlined by Wierenga and van Bruggen (1997), need to be acknowledged and managed by the team.

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