

## From Marketing to *Warketing*-Lessons from the Military

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### ABSTRACT

*The paper presents the current marketing scenario in India where marketing has become a never-ending war & the lessons the marketing managers can learn from the military. In fact the history of the world tells us that military has taught many a lesson to the modern warring corporates. It presents the general lessons to be learnt from the military, various attack strategies available to the Market Challenger and defense strategies available to the Market Leader. The examples of how these strategies have been used in the Indian corporate world are used to illustrate wherever possible. The experiences of famous international warriors and armies have been mentioned along with its relevance for the corporate world especially marketing department.*

Two apples up in a tree were looking down on the world. The first apple said, "Look at all those people fighting—no one seems willing to get along with his fellow men. One day we apples will be the only ones left...then we will rule the world." Replied the second apple: "Which one of us, the Reds or the Greens?"<sup>1</sup>

Human warfare is as old as, perhaps, the human race itself. From cave dwellings to the modern corporate houses nothing has really changed except for the weapons and the tactics. The prize is still the same—territory. Initially it was territory for hunting; today it is territory for marketing.

It has truly been said, 'Business is a combination of war and sport.' In both war and sport one needs a killer instinct to win and constant endeavor to convert defeat to success. With the passage of time, the marketing in business has just not remained a way to serve the customer. It has become the means to outwit the competition. In short, a global war has been declared, battle lines drawn, and more and more sophisticated marketing weaponry is being deployed. In this war, competitors are the enemy, and customers the ground to be won. Competition does not go about

its way by carefully avoiding the other but is there to get, to grab, and to destroy the other.

A glance through the history of the world would tell us that military has taught many a lesson to the modern warring corporates. Starting from the time of the ancient times, dynasties and world conquerors like Alexander and Fredrik have provided the recent warriors, ideas to shape their corporate practices and organisations. Fredrik the Great, in the quest to shape his army into a reliable and efficient instrument, initiated many reforms such as introduction of ranks, putting uniforms on the backs of his soldiers, standardization of rules and regulations, increased specialization of tasks, and last but not the least imparting a systematic training that involved army drills<sup>2</sup>. His vision of a 'mechanized' army gradually became a reality in factory and office settings as well. Likewise Alexander conquered the world with precision, discipline and management—all this was achieved in spite of his youth and inexperience.

Today the companies (especially marketing departments) are getting organized along military lines. The top managers are similar to Generals who provide the main strategies; the middle level

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executives are the Colonels and Brigadiers, while the sales people are the foot soldiers who fight the everyday wars. In the marketing warfare the competition deploys an ever-changing armoury of weapons to secure an edge. There is a need to keep our eyes and ears open always, even to survive, so to succeed, no stone can be left unturned. It is argued that in mature, low-growth markets business operates as a zero sum game. Success depends on battling competitors for market share. Marketers invade markets, try to crush the competition and fortify their winnings. During strategy sessions, the conference rooms appear like war rooms with cuffs folded and battle caps on. The battleground for marketing battles is the mind of prospective customer.

Ries and Trout dedicated their book *Marketing Warfare* to Von Clausewitz. A quote from the book's preface: 'The best book on marketing was not written by a Harvard professor. Nor by an alumnus of General Motors, General Electric, or even Procter & Gamble. We think the best book on marketing was written by a retired Prussian general, Karl von Clausewitz.' Entitled '*On War*', the 1832 book outlines the principles behind all successful wars and the dynamic and unpredictable nature of military approaches. Military strategy books like *The Art of War* by Sun Tzu, and *The Red Book* by Mao Tse Tung became instant business classics. Sun Tzu describes the tactical side of military strategy and specific tactical proscriptions. Mao Tse Tung teaches the principles of guerrilla warfare. One of the most important business tools today 'The Internet' is a gift from the American military.

The Indian market is no stranger to business warfare anymore. Colas and potato chips, detergents and clothes' brands, airlines and holiday packages, hardly any field of human consumption is untouched by 'marketing'. When the cola giants, Pepsi and Coke, entered the Indian market, they brought with them the cola wars that have become part of global folklore. The various battles fought in India by the two rivals with focus on the publicity, have always witnessed each trying to steal the other's fizz. The battles were also fought on other fronts—

conflicts with bottlers, product modifications, attempts to steal the rival's employees and other mini wars. Coke even managed to steal Pepsi's actor-promoters Aamir Khan and Aishwarya Rai. In such battles it is difficult for a third company to enter or survive, unless it can match the size of the two giants.

### *General lessons from the military*

#### Objectives and Strategy

Clausewitz wrote, "No one starts a war, or rather no one in his senses should do so without first being clear in his mind what he intends to achieve by that war and how he intends to achieve it." One must choose one's battles carefully and remember that one cannot slay the dragon every day.

An essential element of strategy is change, whenever required. Change is as inevitable as weather itself. If one wants to win, one has to constantly change, improve and innovate. Contingency approach of management should be used rather than a fixed formula or model. A classic case in war was Maginot line, the barrier constructed by French after World War I to keep out the Germans, which they considered invincible. But smart Germans came with their newly mobile army through another entry point and the assumptions of French went wrong, which were based on the wars up to that point.

Another element of strategy is trusting people in the trenches<sup>3</sup>. The field sales force or the people in the trenches are closest to war [the problem] and can often suggest the best strategies. Motorola lost the battle to Nokia when it ignored the market's demands for digital technologies and was busy in improving its analog models. Risk and courage are basic requirements of war and the old military adage still holds true "No guts, no glory". But in business and war, there is a precise time to attack and a precise time to withdraw.

Last but not the least organizing a good team is necessary. Colin Powell, Former US Secretary of State says, "You give me the right people, and I don't much care what organisation you give me. Good things will happen. Give me

the wrong people, and it doesn't matter what you do with the organisation. Bad things will happen."

### Warriors and the 'defeat of victory'

Whether it is a war for territory or market share, there will always be blood shed; and whether one competitor wins or the other, there is always someone who will lose. Every time someone is defeated, heads will roll, reputations will be at stake, and ultimately one or another company will shut shop. Even while the competitors lock horns there is a lot of dirt and grime. Personal attacks, stealing others' designs and employees, degrading the other's products, industrial espionage, slanging matches, derogatory advertising, and litigations are some of the weapons most commonly used.

Too often these warring companies with their militaristic approach win the war though not necessarily the peace—and all too often pay a high price for their achievements. Quality of the products are sometimes put on a back bench in order to provide more and more discounts and attractive offers, leading to overall failure of the brand itself. It can become a loose-loose situation for everybody. In reality there is a paucity of players in several areas (baby products and low-cost brands of clothes for example) where if the companies enter they will definitely strike success without getting into skirmishes, battles, and wars. When there is a price war or an extended battle, it is often the customer who gains, not the warriors.

There are many situations in which non-confrontational approaches are more appropriate. The '*Strategy of the Dolphin*' was developed in the mid-nineteens to give guidance as to when to use aggressive strategies and when to use passive strategies<sup>4</sup>. Today most business strategists stress, not on how to divide, but how to expand the market.

### Warware<sup>5</sup>

The ammunition being used in business warfare is getting more and more sophisticated. Computers, like in all fields of the twenty-first century, have a solution for these all-consuming wars.

Warware is strategic simulation software that allows executives to manage the complexities and operations of business, to create virtual realities on the computer screen, and to watch the results of their schemes and plans as they replay the various aspects involved with competing with their competitors. This gizmo is not new, as Pentagon has been doing it for years. Likewise, the new-age warriors have adopted this gadget and can predict with some certainty the result of all their moves. This provides a strategic edge because they will be able to simulate business scenarios free of risk and will come away less bloodied when actions are taken later in the real world.

But Warware still has a long way to go. The day when computers get smart enough to work out the complexities of human minds has still not arrived. Till such a time, business executives will be charting the course of action in their minds rather than on computers or paper.

### Alliance strategies

The use of alliances and partnerships to build strength is one of the most innocuous and best ways to establish a product in the market. In a market crowded with consumer products, alliances offer an extra edge to both the companies that tie up. Also, if a brand has a high recall value, it is important to bolster that brand image through brand affiliations. Almost all hotel chains and airline companies forge these kinds of alliances to tap new customer base. Alliances have become the norm, rather than exceptions in recent times.

A company that has taken maximum advantage of this strategy is Barista. *Barista* Coffee parlours tied up with ABN Amro Bank for opening *Bancafes*. The concept offers 'banking at leisure' which means conducting banking transactions with a cup of coffee and snacks in an informal environment.

### Learning from Napoleon<sup>6</sup>

One of the historical figures that would rank among the best strategists in current times is

Napoleon. To understand how business professionals can use military strategies, we can look at some of the innovations of Napoleon and apply them to business situations. Napoleon made four key innovations, which provide lessons for business strategists:

1. Increasing his army's marching rate- By *increasing the speed* at which the army marched and fought there was a military advantage. Business, like armies, must develop and introduce products faster, implement strategies faster, and respond to environmental changes quicker to have competitive advantage.
2. Organizing the army into self-contained units- Napoleon drew his troops in a way that all the battalions had soldiers with a variety of skills. This made them *self-dependent and self-contained* in the hour of need. In the past more than 100 years or so, business has taken Adam Smith's advice and organized by functional specialization. But modern times require cross-functional teams; with enough breadth of knowledge to see the big picture and flexibility to act quickly.
3. Live off the country- Napoleon's armies *lived off the country* instead of bringing supplies with them. This allowed them to march faster and be ready with all the commodities required at the time of the war. This is a strategy that the multinational culture uses to its best advantage. At the time of penetrating a new market all the recruitment, designing, R&D, and strategizing is done at local level keeping the natives in mind, thus creating a win-win situation for the company and the local population.
4. Attacking the opponent's lines of supply- An attack on a poorly defended supply line can render the whole enemy army unable to fight. In business today this strategy is re-created with exclusivity agreements with suppliers (if you sell *Pepsi*, you cannot sell

*Coke*). If *Pepsi* has an exclusivity agreement with *Pizza Hut*, *Coke* will be effectively eliminated from that part of the market.

#### Attack strategies for the Market Challenger

While it is an established fact that marketing warfare is here to stay, any prudent marketer will work out strategies to not only win, but also plan in advance for these wars. Any experienced general will vouch for the different kinds of mind games that need to be played before striking into the field. The market challenger can charge from the front, attack the target competitor(s) with the objectives of conquering rival territory, establishment of supremacy, and consolidation of market share.

David and Goliath story from *the Bible* is very relevant for the challengers attacking giants. Just as the David was able to defeat the colossal Goliath with the right moves and strategies, in today's times innumerable examples of young Davids, fill the case study books of management students. An example of a modern day David in Indian context is an Ahmedabad-based small company Pioma Industries, which has for many years taken big brands like *Kissan's* liquid soft drink concentrates and other related products head-on. It introduced its innovative *Rasna*, a powder soft drink concentrate, creating a whole new market offering greater economy with greater convenience. The multiple colors of its nearly 30 flavors, and children always being featured in the *Rasna* ads have become a trademark of Pioma industries. In addition they have introduced multiple flavors that titillate the palettes of elders as well, thus becoming a market leader.

*Meswak* toothpaste, another innovation with a consumer perceivable differentiation (meswak herb, which is mentioned in the ancient texts of India) and massive marketing effort made a dent into the *Colgate* monopoly. While in the dairy products' market, particularly in the frozen dessert range, *Amul* has been another name for a success story crafted in India. The company changed the rules of the game to make progress, and although

companies like *Kwality Walls* fought back later wisely, *Amul* still rules the market in rural and semi-urban India. *Kwality's* latest weapon in the battle is lowering the price of its range.

Various attack strategies have to be employed at different times in different situations. Most companies today have a marketing department working along with consultancies and research-based organisations in order to introduce a new product or give a boost to an existing product in the market. Even after the product is launched the battle continues—to promote, to succeed, to defend, or to eliminate (the competitor's brand). An interesting aspect of these market wars is that even the names given to these strategies are taken from the military jargon. Some of these strategies are enumerated below.

- **Guerilla warfare**

The guerilla warfare philosophy is attack, retreat, hide, then do it again and again, until the competitor either perishes or moves on to other markets. This is a strategy that has been employed mostly by smaller adversaries against stronger opponents. In Indian history the great Maratha warrior Shivaji most famously used this strategy against the mighty Mughals.

In the marketing scenario, it can consist of strategies such as selective price cuts, intense but implied attacks on the products of rival companies, and occasional legal actions. Guerilla warfare has the intense drama and surprise element that can make or break companies, but it is more of a preparation for war rather than war itself.

Military system of belief holds that small, intermittent attacks usually account for a more permanent and drastic impact, which result in disorganisation and confusion in the enemy camps resulting in the ultimate defeat. This is a strategy that is being more and more employed by companies in recent times to avoid unnecessary litigation and direct confrontation.

- **Flank attack**

A flank or peripheral attack can mostly be employed along two dimensions—geographical and segmental. When there are areas in the country, rural or urban, that have potential but the leading company does not utilize this potential, a flank attack can wrest control for a competing company. The other flanking strategy is to serve uncovered market needs and segments. Flank attack, like guerilla warfare, is particularly more suitable to a challenger with fewer resources than its opponent and thus cannot afford direct confrontation.

A few examples of this kind of warfare are Bharat Sanchar Nagam Limited (BSNL), which expanded its cellular services in rural and semi-urban areas and Air Deccan, an airline that connects mostly small towns and cities and that too at a low cost.

- **Encirclement attack**

Many a times it has been observed that a company is attacked on all flanks possible—through marketing, media, advertising, or even legally. This is to encircle the foe in all possible ways, in order to capture the competitor's market share. This maneuver mostly results in eliminating smaller companies and is employed by multinationals when entering new markets as it captures a wide slice of the enemy's territory through a striking attack. The challengers command superior assets and most of times a swift encirclement, which will destroy the opponent. It is similar to the *Chakravyuh* mentioned in Hindu epic *Mahabharata*.

- **Bypass attack**

Instead of attacking other organisations, if a company goes about doing its own work carving out fresh markets and gaining newer customers by generating demand through new innovations, it is known as bypass attack. The company also has other options such as diversifying into unrelated products, importing new goods, or developing new technologies to supplant existing products.

- **Carpet bombing strategy**

The opposition is overwhelmed with a blitzkrieg of an attack. For example, several outlets are opened in a particular area to wipe out competition. Starbucks, international coffee chain is famous for using this strategy.

- **Frontal attack**

A real war breaks out when there is a downright frontal attack. The organisations involved are matched in all ways possible—product line and range, advertising and marketing budgets, the prices of products, and the distribution channels. Normally, it is believed that a side with greater resources will win, but again history has many instances when smaller powers were able to defeat mightier armies with the right planning and moves. In the same way in all markets, national and international, there are quite a few stories of victories won with the right leadership and strategy planning, irrespective of size and resource base.

A recent example of this strategy was from the Indian industrial giant Reliance—*Reliance Mobile Service*. Also, a modified frontal attack such as cutting price of the product in comparison to the opponent's can work if the market leader does not retaliate and if the competitor convinces the market that its product is equal or better than that of the leader.

Another battlefield is between the two multinationals for the detergent market in India. Proctor & Gamble (P&G) started the price war and attacked Hindustan Lever Limited's (HLL) *Surf* (and its multiple variants in different price ranges). As a second-tier brand, *Tide* was launched and priced at about 30% lower than the price of *Ariel*. Then, when HLL tried to match the prices by lowering the price of some of its *Surf* variants, again P&G went one step ahead by slashing its bag prices for both *Tide* and *Ariel*.

The price war in the detergents market has moved to the shampoo segment with the leader, HLL, offering extraordinary bargains. It offered a

free bottle of shampoo with each bottle bought. Another innovative scheme was to offer shampoo sachets of its brand *Clinic Plus* in variants of 50 paise, Re.1, and Rs.2 while P&G had priced the sachets of its products *Rejoice* at a flat rate of Rs.2, and *Pantene* and *Head & Shoulders* at Rs.3 each. Such offers (buy one, get one free, and multiple price packets of one brand) were the HLL's first in 10 years.

Comparative advertising is also a tool for frontal attack. A comparative chart enumerating the advantages and benefits of a brand vis-à-vis the nearest competitors provides the customer reasons why this particular brand be chosen. Amul, the leading Indian dairy company perhaps started this trend in India with its flavored milk brand *Nutramul*. A comparison chart with competitors' names and prices and showing the customers quite clearly that *Nutramul* is better value for money. There was no direct reaction by the competitors to this assault. But the dictum of 'an eye for an eye, a tooth for a tooth' has now come into vogue, with most companies, especially in the automobile industry, adopting this advertising approach to promote their products.

### Defense Strategies For The Market Leader

Unlike the Market Challenger who is interested in attacking, the Market Leader is more interested in defense. Different defense strategies are intended to maintain company's market share, profitability, sales revenue, or some other objective.

- **Battling the brand nibblers<sup>7</sup>**

Nibblers are organisations that enter the fray either with a very similar product (in outward appearance) to that of a market leader or with a non-identical, yet imitative product incorporating improved features. These products are mostly made more attractive to the customers by either lower pricing or promotional tactics to wrest the market away from the original product. Mostly small, local companies carry out such tactics. This makes the task of identifying these lawbreakers in a

subcontinent-sized nation like India a major problem. Even when they are identified and sued, the judicial procedures are so time consuming and punishment so insignificant that it is not worth the effort to press charges.

In many cases even major players adopt these dubious means. One such instance is when many years ago a quiet change in the pack design by Britannia made its glucose biscuits appear very much like Parle's glucose biscuits' brand—*Parle G*. But Parle would not let this pass. A publicity campaign advertised to the customers that the competitor had changed his pack to look like the market leader; that the customer should beware that imitation is the highest form of flattery and that there has been an open admission that Parle is the market leader.

- **Contraction defense**

When Indian conglomerates realized after liberalization that they could no longer defend their entire territories, they started strategic withdrawal or planned contraction. Planned contraction means giving up weaker territories and reassigning resources to stronger ones. Tata group has withdrawn from many consumer product industries (like TOMCO and Lakme) to concentrate in the areas where their expertise lies.

- **Preemptive defense**

When a company realizes that its products are at risk from an approaching competitor, the think tank puts together all its strategies to not only defend its product or service line, but also do it in a way that the threat is eradicated or at least minimized. The Indian watch-making company Titan was absolutely well prepared for the entry of foreign brands with its own trendy and attractive range at affordable costs, thus remaining the market leader.

- **Flank defense**

For the market leader flank defense means erecting stations to protect weak fronts or possibly utilize these fronts as invasion bases for counter attack.

In the soaps business, *Lux* crafted a multibranding strategy to ward off the incessant threat from a new and aggressive line of competitors. At the core was the main brand, *Lux Beauty Care*, which had established a brand recall value and caught the imagination of the customers as being the 'soap of the film stars' with multiple film personalities endorsing the product. Then without loosing any time *Lux* introduced a skin care range and gave this brand a protective cushion. As a rear guard measure, the company also brought in *Jai* into the market to consolidate its overall market share. HLL used this strategy with *Lifebuoy* also by launching many variants like *Lifebuoy Active Red*, *Lifebuoy Active Orange*, *Lifebuoy International Plus* and *Lifebuoy International Gold*.

Maruti has nearly fifty models (a new model with every increase of Rs.25,000/-) in a market, which has nearly 150 models available thus combating the threat of all new multinational players.

- **Counteroffensive defense**

When the battle has been on for a while, attacks, defense, and counterattacks become the norm of the day. If a product has been attacked continuously to dislodge it from its position or to eradicate it completely, in a counteroffensive, the leader can stand to defend its brand, take an alternate stand to keep promoting the product without confrontation, or launch a pincer movement (which means an assault where the enemy is attacked from two sides at the same time). An effective counterattack is to invade the attacker's main territory so that it will have to pull back some troops to defend the territory.

Some time-tested counteroffensive moves include lowering the prices for the vulnerable product with revenue from its more profitable products (making the product seem almost indispensable to the customers) till the time that the competitor is forced to withdraw from the battlefield. The leader sometimes lobbies with the government to take political action that would

inhibit or cripple the competition (though it is a highly unethical strategy).

- **Position defense**

In case the military power (in this case the product) of a country is so powerful that it is virtually insurmountable, any enemy would think a million times before attacking. On the same lines if a company involves building superior brand power, making the brand almost unassailable, it shall rule the market till an equally strong brand is built. Coke and Sony are good examples.

- **Mobile defense**

In order to dominate the market, as a future strategy, the leader stretches its domain over new territories that can serve as potential centers for defense and offense. One reason that BSNL launched cellular services was because its basic telephony was under threat from private sector competition and millions of telephone connections were being surrendered. Market diversification into unrelated industries is another alternative.

### Conclusion

The battle cry begins... The warriors get ready for the war of supremacy. It can be a price war, a war of words, a tug of war, or a war of nerves. The competitors wear war paint and they are on the warpath. And when the war finally breaks out, every move, every strategy, every weapon is supposed to be justified because everything is fair in love and war.

And when the dust of battle settles and the calm sets in, one should not forget it is an uneasy calm because marketing warfare is here to stay...

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### Notes

- <sup>1</sup> Vieira, Walter, 1993, *Marketing Insights*, pp 22 (quoted from Readers Digest) Bombay : Marketing Advisory Services
- <sup>2</sup> Morgan, Gareth, 1997, *Images of Organization*, pp 15-16, Thousand Oaks: Sage Publications
- <sup>3</sup> Harari, Oren, 2003, *Leadership secrets of Colin Powell*, pp 181, New Delhi: Tata McGraw-Hill Publishing Company Limited (Colin Powell, Former US Secretary of State believes that the best advice comes from the soldiers at the front, which in the case of marketing is Sales Executive)
- <sup>4</sup> Mercer, David, 1998, *Marketing Strategy—The Challenge of the External Environment*, pp 312, London: Sage Publications (Both the parties in the conflict often loose and the third party is the gainer who takes advantage of the situation)
- <sup>5</sup> Hickman, Gill Robinson, 1998, *Leading Organisations—Perspectives For a New Era*, pp 48-49, Thousand Oaks: Sage Publications (Warfare is going to play an important role in the near future in the corporate world. Parallel processing and fuzzy logic are two important technologies in this regard)
- <sup>6</sup> Ries, Al & Trout, Jack, 1986 *Marketing Warfare*, McGraw Hill (It is probably the best book available on Marketing Warfare though it does not have Indian examples.)
- <sup>7</sup> Vieira, Walter, 1993, *Marketing Insights*, pp 76-79, Bombay : Marketing Advisory Services