

Senior Executives' Forum hears from marketing specialist

As part of their May meeting earlier this year, the NZWWA Senior Executives Forum benefited from a session with Dr Phil Harris, Professor of Marketing at the School of Business, University of Otago, who was invited to share some of his experiences and thinking around how our sector might approach issues of marketing and public policy strategy development.



Professor Phil Harris

Having started on a now distinguished academic career in 1987, Professor Harris currently teaches across the marketing spectrum, but has a particular research focus on Political and Social Marketing especially Branding, Corporate Reputation, Corporate Responsibility and Strategic Public Affairs Management.

He has given advice to a number of utilities in the United Kingdom, including North West Water and United Utilities, and is particularly aware of the unique issues such companies face when it comes to service delivery.

A key area of expertise for Phil has been in advising public organisations in how to become more customer oriented and therefore better at meeting customer needs, through the development of targeted marketing strategies.

Professor Harris took the Senior Executives' Forum through his thinking on how organisations, including publicly funded monopolies, should get into marketing and the links of social responsibility to such activity.

In his inaugural professional lecture to The University of Otago in 2006 "Machivelli, Marketing and Management: Ends and Means in Public Affairs", Professor Harris defined the relative importance of public affairs in today's organisations:

"Shaping the external environment by influencing government through lobbying activities or corporate campaigning which is commonly referred to as public affairs is now typical of strategic marketing management practice, whether it be for business, public or not-for-profit sectors. The relevance of such activities stems of course from the fact that there is hardly an item of legislation passed through modern parliamentary and representative government systems which does not in some way encroach upon business interests or impinge on corporate organisational goals. Changing the wording of a proposal or the insertion of a special exemption in regulations can be worth substantial sums to commercial organisations and be crucial to the survival of non-profit organisations' activities."

The Forum was grateful for Professor Harris' input to the group's thinking and discussion in this area, and we are pleased to be able to bring forward readers an overview of what was presented.

So what might the strategic directions be for the NZ water industry when it comes to public affairs management and issues of community profile and brand?

In his New Zealand Water Industry Strategy Reflections 2007 presentation, Professor Harris discussed the emergence of political and societal marketing and the growth of lobby groups both globally and nationally.

The challenge for our sector, he suggests, is the successful positioning of water resources and infrastructure as a key economic and societal issue. We need to be thinking ahead and managing the future through the development of appropriate strategies. And the role of lobbying in the political and policy development process.

will be highly relevant in meeting that challenge. But why should monopolies get into marketing when they are the sole operator in the marketplace?

"As a marketer, the first thing you must learn about is the customers, and what their needs are," Professor Harris says.

He points out that a key difficulty is that monopolies tend to treat customers as users, rather than consumers.

He says that, as in many other countries, this has led to a lot of under-investment in infrastructure in New Zealand.

"For us to maintain our green clean image we need to bring things up to scratch and set the standards we want," he says.

"We know that infrastructure investment of over \$10 billion in water is necessary to maintain a quality supply."

All this is happening in the context of a global trend for water to become one of the key resources for the future. The issues faced currently by Australia, over the Murray Basin's water resources, is a prime example.

Phil sees it as a global tendency to under invest.

He describes the UK's North West as having had one of the most polluted supplies in the world, and being critically under funded.

Until the municipal supply industry did some serious work on these funding issues, and started getting into mixed sector investment, things didn't start moving forward.

A cohesive strategy

Phil thinks that in New Zealand we can learn from this experience, and the development of a strategy across the whole country, involving all the interests coming together to resolve and set targets, is of key importance.

That can be a challenge he says, because those in monopoly supply positions can be defensive – but it is the sharing of knowledge and coming together to resolve issues that will deliver a viable business to provide the best service.

In terms of who organisations should be working with and marketing to, Phil says it is the whole spectrum of stakeholders – from Government through to consumers, through to users, through to law.

"There needs to be mapping of a cohesive strategy across the needs of the consumer," he says.

"If we are serious about modern sustainability we need to think about it as being not just about supply, and engage the consumer/ elector in a two way dialogue."

It is that two way dialogue that is of significant interest to Phil.

In his inaugural lecture he talks a lot about the role that lobbying plays today in successful policy development and competitiveness; "The growth of corporate lobbying and campaigning is a response to the complexities of modern business society caused by more pervasive government and an increased need for competitiveness in a global market by companies."

A flexible product

Professor Harris believes that as a product, water is most flexible than how it may have been traditionally thought of – and around the question of how water might be valued is an important place for the two-way conversation to happen.

He suggests that meeting, the way we do a commodity like petrol, gives a big value in people's mind to the water resource. And that 'valuing' is not about taking the resource away but being able to invest in it appropriately in response to need and demand.

As an example of how product attitude can shift significantly, he cites the advent of bottled water and its growth into the standard supermarket or convenience store item it now is.

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But how best to make the strategy happen?

"The way the industry co-ordinates and sets quality objectives and targets is so important," Phil says.

And he points to the important coordination function of the NZ Water and Wastes Association.

"It is good to see people talking about their issues," he says.

"Sharing information is one of the ways forward, to be able to develop with the plans that will identify how investment can be appropriately directed."

Focusing on core business

He sees some good activity happening here already.

Historically water has often been underinvested in by local bodies and profits transferred to other areas of need rather than being reinvested in this critical resource sector. But some organisations are beginning to be independently-owned companies – or owned by government. Because they are tasked specifically with addressing these issues, they are becoming more focused, better suppliers, Phil says.

Rather than viewing these developments as companies being 'broken up' he says it is about achieving that focus on the business that will ultimately see benefits for consumers.

He says the more effective councils have been able to streamline what they are offering by these structural changes, and are able to focus on water and waste service maintenance, rather than it being bundled up with other services.

"If you're focused by understanding your customers you can avoid sidetracking," he says.

In summary Professor Phillips describes water as a major business that is being talked about daily and going higher up consumers' and others' agendas. So it is important for the industry to get underway with its strategy now.

"We know the state is under pressure on health and education and the environment – and if consumer need is not built in it gets stripped out of the policy decision-making."

"You've got to have reliable, good quality water sources – and the need is going to go up, not just in the farming community, but across the wider population."

How to find out more:

Professor Phil Harris, Department of Marketing, School of Business, University of Otago, personal website: www.phil-harris.com

Kirsteen Collins, Journal Writer/Editor ■



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DEVELOPING THE STRATEGY – QUESTIONS TO BE ANSWERED

- Who are our stakeholders?
- How do we communicate with stakeholders?
- What are priority messages?

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