

Parker pen company the manufacturer of writing instruments marketing essay

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Parker Pen Company, the manufacturer of writing instruments based in Janesville, Wisconsin, is one of the world's best known companies in its field. It sold its products in 154 countries and considered itself number one in "quality writing instruments," a market that consists of pens selling for \$ 3 or more.

In early 1984, the company launched a global marketing campaign in which everything was to have "one look, one voice," and with all planning to take place at headquarters. Everything connected with the selling effort was to be standardized. This was a grand experiment of widely debated concept. A number of international companies were eager to learn from Parker's experiences.

Results became evident quickly. In February 1985, the globalization experiment was ended, and most of the masterminds of the strategy either left the company or were fired. In January 1986, the writing division of Parker Pen was sold for \$ 100 million to a group of Parker's international managers and a London venture-capital company. The U. S. division was given a year to fix its operation or close.

GLOBALISATION

Globalization is a business initiative based on the conviction that the world is becoming more homogeneous and that distinctions between national markets are not only fading but, for some products, they will eventually disappear. Some products, such as Coca-Cola and Levi's, have already proven the existence of universal appeal. Coke's "one sight, one sound, one sell" approach is a legend in the world of global marketers. Other companies

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have some products that can be “ world products,” and some that cannot and should not be. For example, if cultural and competitive differences are less important than their similarities, a single advertising approach can exploit these similarities to stimulate sales everywhere, and at far lower cost than if campaigns were developed for each individual market.

Compared to the multidomestic approach, globalization differs in these three basic ways:

1. The global approach looks for similarities between markets. The multidomestic approach ignores similarities.
2. The global approach actively seeks homogeneity in products, image, marketing, and advertising message. The multidomestic approach produces unnecessary differences from market to market.
3. The global approach asks, “ Should this product or process be for world consumption?” The multidomestic approach, relying solely on local autonomy, never asks the question.

Globalization requires many internal modifications as well. Changes in philosophy concerning local autonomy, concern for local operating results rather than corporate performance, local strategies designed for local-rather than global-competitors, are all delicate issues to be solved. By design, globalization calls for centralized decision making; therefore, the “ not invented here” syndrome becomes a problem. This can be solved by involving those having to implement the globalization strategy at every possible stage as well as keeping lines of communication open.

GLOBALIZATION AT PARKER PEN COMPANY

In January 1982, James R. Peterson became the president and CEO of Parker Pen. At that time, the company was struggling, and global marketing was one of the key measures to be used to revive the company. While at R. J. Reynolds, Peterson had been impressed with the industry's success with globalization. He wanted for Parker Pen nothing-less than the writing-instrument equivalent of the Marlboro man.

For most of the 1960s and 1970s, a weak dollar had lulled Parker Pen into a false sense of security. About 80 percent of the company's sales were abroad, which meant that when local-currency profits were translated into dollars, big profits were recorded.

The market was changing, however. The Japanese had started marketing inexpensive disposable pens with considerable success through mass marketers. Brands such as Paper Mate, Bic, Pilot, and Pentel each had greater sales, causing Parker's overall market share to plummet to 6 percent. Parker Pen, meanwhile, stayed with its previous strategy and continued marketing its top-of-the-line pens through department stores and stationery stores. Even in this segment Parker Pen's market share was eroding because of the efforts of A. T. Cross Company and Montblanc of West Germany.

Subsidiaries enjoyed a high degree of autonomy in marketing operations, which resulted in broad and diverse product lines and 40 different advertising agencies handling the Parker Pen account worldwide.

When the dollar's value skyrocketed in the 1980s, Parker's profits plunged and the loss of market share became painfully evident.

Peterson moved quickly upon his arrival. He trimmed the payroll, chopped the product line to 100 (from 500), consolidated manufacturing operations, and ordered an overhaul of the Indian plant to make it a state-of-the-art facility. Ogilvy & Mather was hired to take sole control of Parker Pen advertising worldwide. (Among the many agencies terminated was Lowe Howard-Spink in London, which had produced some of the best advertising for Parker Pen's most profitable subsidiary.)

A decision was also made to go aggressively after the low end of the market. The company would sell an upscale line called Premier, mainly as a positioning device. The biggest profits were to come from a roller ball pen called Vector, selling for \$ 2. 98. Plans were drawn to sell an even cheaper pen called Itala - a disposable pen never thought possible at Parker.

Three new managers, to be known as Group Marketing, were brought in. All three had extensive marketing experience, most of it in international markets. Richard Swart, who became marketing vice president for writing instruments, had handled 3 M's image advertising worldwide and taught company managers the ins and outs of marketing planning. Jack Marks became head of writing instruments advertising. At Gillette he had orchestrated the worldwide marketing of Silkence hair-care products. Carlos Del Nero, brought in to be Parker's manager of global-marketing planning, had broad international experience at Fisher-Price. The concept of marketing by centralized direction was approved.

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The idea of selling pens the same way everywhere did not sit well with many Parker subsidiaries and distributors. Pens were indeed the same, but markets, they believed, were different: Franco and Italy fancied expensive fountain pens; Scandinavia was a ballpoint market. In some markets, Parker could assume an above-the-fray stance; in others it had to get into the trenches and compete on price. Nonetheless, headquarters communicated to them all:

Advertising for Parker Pens (no matter model or mode) will be based on a common creative strategy and positioning. The worldwide advertising – theme, “ Make Your Mark With Parker,” has been adopted. It will utilize similar graphic layout and photography. It will utilize an agreed-upon type-face. It will utilize the approved Parker logo/design. It will be adapted from centrally supplied materials.

Swart insisted that the directives were to be used only as “ starting points.” and that they allowed for ample local flexibility. The subsidiaries perceived them differently. The U. K. subsidiary, especially, fought the scheme all the way. Ogilvy & Mather London strongly opposed the “ one world, one brand, one advertisement” dictum. Conflict arose, with Swart allegedly shouting at one of the meetings: “ Yours is not to reason why; yours is to implement.” Local flexibility in advertising was out of the question (see Figure 1).

The London-created “ Make Your Mark” campaign was launched in October 1984. Except for language; it was essentially the same: long copy, horizontal layout, illustrations in precisely the same place, the Parker logo at the bottom, and the tag line or local equivalent in the lower right-hand corner.

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Swart once went to the extreme of suggesting that Parker ads avoid long copy and use just one big picture. Problems arose on the manufacturing side. The new \$ 15 million plant broke down repeatedly. Costs soared and the factory turned out defective products in unacceptable numbers. In addition, the new marketing approach started causing problems as well. Although Parker never abandoned its high-end position in foreign markets, its concentration on low-price, mass-distribution products in the United States caused dilution of its image and ultimately losses of \$ 22 million in 1985. Conflict was evident internally and the board of directors began to turn against the concept of globalization.

In January 1985, Peterson resigned. Del Nero left the company in April. Swart was fired in May. Marks in June.

Questions

- a. Should the merits of global marketing be judged by what happened at Parker Pen Company?
- b. What marketing miscalculations were made by the advocates of the globalization effort at Parker Pen?