Marketing and Strategies

Marketing insights from trip to Turkey
by Ken Bernhardt
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I have just returned from a Robinson College of Business Executive MBA Alumni trip to Istanbul, Turkey. We visited 3 very different companies and I learned something at each of the company visits.

The first company, Karakoy Gulluoglu, is a small entrepreneurial company, founded in 1949, that makes and sells Turkish Baklava. We met with the chairman of the board, Nadir Gullo, a man totally passionate about his company and its products. The company makes the highest quality baklava available anywhere in the world. The typical product has 40 layers of phyllo, each hair-thin.

The company calls the workers “Masters.” For ingredients like pistachio nuts, they pay up to 10 times the price of alternatives to ensure that only the finest ingredients are used. They make their products in a “workshop,” not in a “factory” or “kitchen.” There are only 2 stores, one small one in the building where the baklava is made, and one other large store. The company has no interest in expanding rapidly, fearing that they will not be able to produce the world’s finest baklava if they were to grow too fast.

The company vigorously points out how its products are totally different and unique compared with other products with a similar name (Gulluoglu, a company started by a relative with the same last name). They continuously monitor customer satisfaction with product quality, variety, quality of the retail employees, packaging, food safety, and value for the money.

They are totally honest with their consumers, labeling their “light baklava” suitable for diabetics “almost the same taste” as their core product. I don’t typically like baklava but these products were amazingly good. Karakoy Gulluoglu owns the high end of the market and it is easy to see why.

The second company was Migros, a large Turkish company founded in 1954 which is the pioneer of organized retailing in Turkey. They have 745 stores and 17,000 employees and have been growing very rapidly. The stores sell groceries, clothing, books, appliances, electronics and kitchen ware.

I was impressed with the company vision, “to be the retailer who remains closest to consumers and is always exceeding customer expectations” and the things they do to ensure they are executing on their vision. Their “fundamental strategy” is to keep its customers supplied with modern, reliable, economic, and high quality service.

Its primary goal is to provide its customers with continuously improving service and to distinguish itself through its absolute commitment to service quality. Migros truly believes that its most important capital is its human resources and therefore invests in its employees. Each employee must spend 11.5 training days per year at the Migros Retail Academy.
In the words of Mr. Demir Aytac, head of human resources, “We execute with love” (of both employees and customers). The company has a CEO — a chief encouragement officer.

Migros says there is no such thing as an “average customer” so they concentrate on 28 different market segments, tailoring their products and locations to each one. This means different size and format stores in different locations and a different merchandise mix for the different store formats — everything from small stores with selected grocery items up to huge hyper markets similar to super Walmarts. One of the formats focuses exclusively on the high end of the market with many gourmet products from all over the world.

The store managers do not have offices, instead managing by walking around and staying in touch with customers needs and wants. To ensure he always takes into account viewpoints which differ from his own, Mr. Aytac hired an assistant who is a member of Generation Y, assigning him the task of keeping his boss up to date on Gen Y thinking.

Migros is also a social responsibility leader, using plastic bags that dissolve in nature, and supports many environmental and social causes.

Finally, the company is a technology leader using a CRM system and a loyalty program to track consumer trends. They believe that their competitors can copy whatever they are doing within 6 months, but by using technology to stay up with the consumer, they can be 2 to 3 years ahead of the competition.

The final company visit was to Coca-Cola Eurasia where we met with Karim Yahi, finance director for 9 countries. The company has always described how important it is to “think global, act local,” and we were able to observe this in Turkey.

In Turkey, what matters most is local taste. The company has increased the number of brands sold from 10 in 2000 to 21 in 2011. The company is tailoring its offerings country by country. As an example, in Turkey consumers like locally-sourced water, so instead of selling Dasani, the company sells local brands such as Damla.

A final key to acting local is having a partner who understands the local market. Coca-Cola does this through its bottler system. Alignment with local bottlers is part of Coke’s DNA. In Turkey the company regularly exchanges employees between the 2 companies.

So here are the key insights I learned from 3 very different, successful companies in Turkey: 1) it is critical that company leaders be passionate about the quality of the company’s products and customer service; 2) staying close to the consumer yields competitive advantage and pays huge dividends; and 3) employees and business partners make a big difference in executing at the local level. This isn’t rocket science but it is important to be reminded of these things periodically and getting out of one’s every day situation can help serve as that reminder.

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