Topic Overview

In this age of relentless innovation and change, successful companies stay ahead of the competition by making marketing everyone's job. To do your part, learn how you can turn marketing opportunities into blockbuster products or services.

In this topic, you'll learn how to develop a marketing orientation, analyze market opportunities, and turn marketing plans into new offerings that make a difference for your customers—and your company.

Core Concepts

Click here for a definition of marketing; ways to analyze market opportunities, plan a marketing program, launch new products or services, and put your marketing program into action; and the nature of direct marketing and relationship marketing.

Steps

Click here to discover the steps for conducting market research.

Tips

Click here for tips on building a marketing orientation in your group or firm, selecting the right marketing-communications mix, creating effective advertising, designing powerful sales promotions, launching a potent online marketing effort, and evaluating your group's or firm's sales representatives.

Tools

Click here for forms and worksheets that help you calculate the lifetime value of a customer, perform a SWOT or breakeven analysis, fill out a product profile, and create a marketing plan.

Test Yourself

Click here to see how far you've come in learning about marketing and ways to improve it in your work group or firm.

To Learn More

If you'd like to dig more deeply into this topic, click here for an annotated list of helpful resources.

Summary
This topic helps you

- grasp the basic elements of a marketing strategy and plan
- create a marketing orientation in your group or firm
- understand and navigate the steps in the marketing process
- plan effective marketing programs, advertising campaigns, and sales promotions

Topic Outline

Core Concepts

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Key Terms

Advertising. Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Brand. A company or product name, term, sign, symbol, design—or combination of these—that identifies the offerings of one company and differentiates them from those of competitors.

Brand image. A customer's perceptions of what a brand stands for. All companies strive to build a strong, favorable brand image.

Competition. All of the actual and potential rival offerings and substitutes that a buyer might consider.

Competitor. Any company that satisfies the same customer needs that another firm satisfies.

Demand. A want for a specific product that is backed by a customer's ability to pay. For example, you might *want* a specific model car, but your want becomes a *demand* only if you're willing and able to pay for it.

Differentiation. The act of designing a set of meaningful differences to distinguish a company's offering from competitors' offerings.

End users. Final customers who buy a product.

Exchange. The core of marketing, exchange entails obtaining something from someone else by offering something in return.

Industry. A group of firms that offer a product or class of products that are close substitutes for each other.

Marketer. Someone who is seeking a response—attention, a purchase, a vote, a donation—from another party.

Marketing. The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.

Marketing channels. Intermediary companies between producers and final consumers that make products or services available to consumers. Also called *trade channels* or *distribution channels*.

Marketing concept. The belief that a company can achieve its goals primarily by being more effective than its competitors at creating, delivering, and communicating value to its target markets. The marketing concept rests on four pillars: (1) identifying a *target market*, (2) focusing on *customer needs*, (3) coordinating all marketing functions from the *customer's point of view*, and (4) achieving *profitability*.

Marketing mix. The set of tools—product, price, place, and promotion—that a company uses to pursue its marketing objectives in the target market.

Marketing network. A web of connections among a company and its supporting stakeholders—customers, employees, suppliers, distributors, and others—with whom it has built profitable business relationships. Today, companies that have the best marketing networks also have a major competitive edge.

Market-oriented strategic planning. The managerial process of developing and maintaining a viable fit among a company's objectives, skills, and resources and its changing market opportunities.

Need. A basic human requirement, such as food, air, water, clothing, and shelter, as well as recreation, education, and entertainment.

Positioning. The central benefit of a market offering in the minds of target buyers; for example, a car manufacturer that targets buyers for whom safety is a major concern would position its cars as the safest that customers can buy.

Procurement. The process by which a business buys materials or services from another business, with which it then creates products or services for its own customers.

Product concept. The belief that consumers favor products that offer the most quality, performance, or innovative features.

Product. Any offering that can satisfy a customer's need or want. Products come in 10 forms: goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

Production concept. The belief that customers prefer products that are widely available and inexpensive.

Profitable customer. An individual, household, or company that, over time, generates revenue for a marketer that exceeds, by an acceptable amount, the marketer's costs in attracting, selling to, and servicing that customer.

Prospect. A party from whom a marketer is seeking a response—whether it's attention, a purchase, a vote, and so forth.

Relationship marketing. Building long-term, mutually satisfying relations with key parties—such as customers, suppliers, and distributors—to earn and retain their long-term business.

Sales promotion. A collection of incentive tools, usually short term, designed to stimulate consumers to try a product or service, to buy it quickly, or to purchase more of it.

Satisfaction. A customer's feelings of pleasure or disappointment resulting from comparing a product's perceived performance with the customer's expectations of that performance.

Selling concept. The belief that companies must sell and promote their offerings aggressively because consumers will not buy enough of the offerings on their own.

Societal marketing concept. The belief that a company's task is to identify the needs, wants, and interests of target markets and to deliver the desired satisfactions better than competitors do—but in a way that preserves or enhances consumers' and society's well-being.

Supply chain. The long series of activities that result in the creation of raw materials, then components, and then final products that are carried to final buyers. A supply chain includes the marketing channels that bring products to customers.

Value. The ratio between what a customer gets and what he or she gives in return.

Want. A desire that occurs when a need is directed to specific objects that might satisfy that need; for example, a hamburger is a *want* that might satisfy the *need* for food.

What Would YOU Do?

Making a statement

As the head of accounting, Dan took pride in the efficiency of his department. Just recently, he and his team had significantly reduced the time between billing and receiving. The resulting improvement in cash flow resulted in a team award from management. So he was a bit annoyed when Janet, his old friend in marketing, told him about her latest market research. "Customers find their statements confusing," she said. "They seem to be paying the bills," Dan countered, "and we manage to keep track of the money, what more do we have to do?" She kept pushing. Couldn't they come up with clearer statements? Something that would make *customers'* accounting easier? He was puzzled. It wasn't his job to help make *their* accounting easier! He should do his job; customers should do theirs. When Janet told him that these sorts of issues were all part of marketing, part of their company's brand, Dan was baffled. The marketing people and product development people handled that stuff. What did a support department have to do with marketing?

What would YOU do?

A new language

Taniqua was excited when she was hired to design accessories for a small but extremely popular handbag company. Now she sat at her work area uninspired—when she should have been energized. She'd just presented her sketches and prototypes for a whole new line of wallets, and was thrilled when the top designer asked for one and started using it! But the moment passed quickly. The marketing people started talking about brands. Of course she knew what a brand was—but then they droned on about something called differentiation and positioning, and she was lost. She didn't know what she was supposed to do. Taniqua had always had an instinct for fashion and trends—and a talent for being ahead of the curve. Now she began to realize that those instincts and skills weren't going to be enough. She didn't want to go to business school, but she had to be able to talk to these people…soon!

What would YOU do?

Building the business

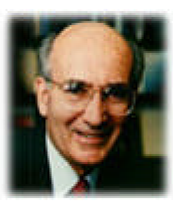
Well-Built Furniture had a banner year selling attractive home-office furniture to customers in a large metropolitan area. At a monthly executive meeting, sales rep Harry presented his idea to develop a new service: For an additional cost, customers could have a Well-Built service representative assemble the unit in their home. Harry had talked to enough customers to know the service would be a huge success. Every customer he talked to loved the idea. Harry started planning right away. He was projecting the costs of training the reps when a guy from marketing strolled up to his desk and started asking about what the competition was doing. Then he asked if Harry could come up with numbers to show how the added service would increase revenue…and, more importantly, raise profits. Harry was tempted to ask, "Isn't that *your* job?" but he'd been around long enough to know you don't talk to other managers that way. Besides, the questions made him a little nervous. What if the idea *wasn't* as profitable as he'd thought? Maybe he was rushing into it. Maybe he should come up with some numbers, but how? He didn't even know where to begin.

What would YOU do?

Marketing—your job depends on it. Everyone in a company, from product development to service representatives to support staff, need to understand the basics of marketing so they can contribute to the effort of bringing value to customers. In this topic, you'll learn the fundamentals of marketing so that you can recognize marketing opportunities, work with people in marketing to develop plans, and understand the big picture. Your future and the future of your organization depend on it.

About the Mentors

Philip Kotler



Philip Kotler is a world renowned expert on strategic marketing. As a Distinguished Professor of International Marketing at Northwestern University's Kellogg Graduate School of Management, Philip's research spans a broad number of areas including consumer marketing, business marketing, services marketing, and e-marketing. He is the author of numerous publications including the best-selling book *Marketing Management* (Prentice Hall, 2000), *A Framework for Marketing Management* (Prentice Hall, 2001), *Principles of Marketing* (Prentice Hall, 2001), and *Marketing Moves* (Harvard Business School Press, 2002). In addition to teaching, he has been a consultant to IBM, Bank of America, Merck, General Electric, Honeywell, and many other companies.

Bruce Wrenn

Bruce Wrenn, Ph.D., is an educator and consultant with more than 25 years experience in marketing planning and research. He is currently a professor of marketing at Indiana University South Bend and has authored five books on marketing. Bruce has consulted with a variety of companies in the high-tech, food, pharmaceutical, health care, and automotive industries, as well as helped of not-for-profit organizations develop marketing programs.

> "Marketing isn't somebody's responsibility–
> [it's] everyone's responsibility."
>
> -Jack Welch

What Is Marketing?

Quick: What's the first thing you think of when you hear the word *marketing*? Do you imagine salespeople talking up their company's products with potential customers? Flashy billboard ads lining a highway? Finance managers calculating the possible profits that a new product may bring in?

If you envisioned any or all of these things, you're on the right track—selling, advertising, and profitability calculations are all important parts of marketing. But marketing consists of so much more. The American Marketing Association has developed a comprehensive definition:

Marketing *is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals' and companies' goals.*

Marketing starts with the organization's mission:

- How does it define itself?
- What are its goals?
- Who are its customers?
- How does it intend to fulfill its mission?

An organization's mission is the process of fulfilling its goals through the exchange of goods, services, and ideas, and these activities define the process of marketing.

Marketing Orientation Encompasses All Aspects of the Organization

Defining a Marketing Orientation

Exactly what is a marketing orientation? It occurs when *everyone* in the organization is constantly aware of

- who the company's customers are
- what the company's customers want or need
- how the firm can satisfy those customer needs better than its rivals
- how the firm can satisfy customer needs in a way that generates the kind of profits that the company wants to achieve

Marketing orientation begins at the top level of planning. A marketing orientation is a customer orientation that is embodied in a company's

- **mission**—its very reason for existing; for example, "Our mission is to provide low-pollution cars at a price that customers consider affordable and that lets our employees and shareholders achieve their personal objectives."
- **strategy**—the concrete actions the company must take to achieve its mission; for instance, "We must master the latest vehicle-emissions technology."

Effective marketing is a company-wide enterprise that hinges on a philosophy shared by everyone within the organization. And a marketing orientation is vital because it helps your company achieve its mission.

Marketing orientation touches everyone. Knowledge of basic marketing principles can benefit anyone who's involved in the exchange of ideas, products, or services, whether you're

- a product manager or marketing professional in a large corporation
- a production manager who directs the creation of the product
- someone who's starting up a new business
- an employee of a not-for-profit or educational institution
- part of a small, growing company

Whatever your work situation, familiarity with marketing basics can help you contribute to your company's success.

The process starts with understanding customers.

Pay attention to your customers

Marketing is a way of understanding and satisfying the customer.

> "Marketing is the whole business seen from the customer's point of view."
> -Peter Drucker

Understand what the customer wants. Once marketers understand these basic drives, they set about satisfying the customers' (or target market's) needs, wants, and demands.

- **Needs** are fundamental requirements, such as food, air, water, clothing, and shelter. Beyond the purely physical level, people also need recreation, education, entertainment, and a place within a community or social status.
- **Wants** are needs that are directed at specific objects that might satisfy those needs. For instance, you might *need* food, but for a special occasion you may *want* to have a meal at a restaurant rather than preparing your food at home.
- **Demands** arise when people both want a specific product *and* are willing and able to pay for it.

These needs are essential for life or quality of life, and marketing per se cannot affect the needs themselves. But marketing can influence how those needs are fulfilled.

For example, a person might need food, but a restaurant's marketing message could influence that person to want and demand a hamburger rather than fish and chips. Or, an automobile manufacturer might promote the idea that its high-end model will satisfy a person's need for social status.

Marketing focuses primarily on customer needs. These customer needs are the underlying force for making purchasing decisions and they can be categorized as follows:

- **stated** needs—what customers *say* they want; for example, "I need a sealant for my window panes for the winter"
- **real** needs—what customers *actually* require; for example, a house that is better insulated and therefore warmer during the winter
- **unstated** needs—requirements that customers don't happen to mention; for example, an easy solution to insulating the house
- **delight** needs—the desire for luxuries, as compared to real needs
- **secret** needs—needs that customers feel reluctant to admit; for example, some people may have a strong need for social status but feel uncomfortable about admitting that status is important to them

Having a marketing orientation helps the marketer determine what type of need is driving a customer's demand.

For instance, if a salesperson in a hardware store responds only to a customer's *stated* need ("I need a sealant for my window panes") and does not attempt to discover the customer's *real* need "My house needs to be better insulated for the winter"), the salesperson might miss a great opportunity to tell the customer about her store's high-tech insulation services and begin to develop a customer relationship.

Match company offerings to customer needs

Customers' needs can be fulfilled in various ways—successful companies adapt their offerings to match their customers' needs. Companies can offer the following:

- **goods**—physical offerings such as food, commodities, clothing, housing, appliances, and so forth
- **services**—such as airline travel, hotels, maintenance and repair, and professionals (accountants, lawyers, engineers, doctors, and so on)
- **experiences**—for example, a visit to a theme park or dinner at the most popular restaurant
- **events**—for instance, the Olympics, trade shows, sports, and artistic performances
- **persons**—such as artists, musicians, rock bands, celebrity CEOs, and other high-profile individuals
- **places**—cities, states, regions, and nations that attract tourists, businesses, and new residents
- **properties**—including real estate and financial property in the form of stocks and bonds
- **organizations**—entire companies (including not-for-profit institutions) that have strong, favorable images in the mind of the public
- **information**—produced, packaged, and distributed by schools, publishers, Web-site creators, and other marketers
- **ideas**—concepts such as "Donate blood" or "Buy saving bonds" that reflect a deeply held value or social need

Any organization that engages in developing and offering one or more of these "products" to customers is engaged in marketing.

See also Tips for Building a Marketing Orientation.

Developing a Marketing Orientation

Your company can achieve its mission by satisfying those customers' needs, wants, and demands through the products it offers. But how exactly does your organization accomplish this task? By developing the marketing orientation from top to bottom.

Define the company focus and marketing orientation

Different companies may emphasize different conceptual approaches to marketing.

Marketing Orientation	The Belief Behind It	Company Focus
Production	Consumers prefer products that are widely available and inexpensive.	High production efficiency, low costs, and mass distribution of products
Product	Consumers favor products that offer the most quality, performance, or innovative features.	The design and constant improvement of superior products, with little input from customers
Selling	We have to sell our products aggressively, because consumers won't buy enough of them on their own.	Using a battery of selling and promotional tools to coax consumers into buying, especially

		unsought goods (such as insurance or funeral plots)
Marketing	The key to achieving our goals is our ability to be more effective than our rivals in creating, delivering, and communicating value to our target customers.	Target markets, customer needs, coordination of all company functions from the target customer's point of view
Societal marketing	Our task is to determine our target customers' needs, wants, and interests—and to satisfy them better than our rivals do, but in ways that preserve or enhance customers' and society's well-being.	Building social and ethical considerations into marketing practices; balancing profits, consumer satisfaction, and public interest

All five of these marketing orientations have merit. Indeed, each one shown in the above table builds on the one preceding it—but emphasizes something different. For example, if your company emphasizes societal marketing, that doesn't mean it ignores the importance of efficient production, high-quality products, selling, or obtaining knowledge of customers. It means that it adds a new dimension—social and ethical concerns—to its marketing approach.

Some companies may even change from one orientation to another in order to stay competitive.

For example, many companies—including popular health-and-beauty-product manufacturers and ice cream makers—have achieved impressive profits by emphasizing societal marketing. That's because more and more consumers are demanding products that are kind to human communities and the environment. As a result, other firms have followed suit and adopted a societal marketing orientation.

Manage demand

Marketers recognize customer demand—transferring needs and wants into purchasing decisions—and then try to *manage* it. However, because customer demand is exhibited in many ways, marketers need to recognize the forms of demand and adapt marketing strategies to them.

The shifting shapes of customer demand. Demand itself comes in a variety of forms, *and* it is rarely stable.

- **latent** demand—when customers have a strong need that can't be satisfied by existing offerings
- **increasing** demand—when customers become aware of a product, begin to like it, and start asking for it
- **irregular** demand—when demand varies by season, day, or hour
- **full** demand—when customers want everything a company has to offer
- **overfull** demand—when customers' demands exceed the company's ability to satisfy those demands
- **declining** demand—when demand diminishes
- **unwholesome** demand—when customers want unhealthy or dangerous products
- **negative** demand—when customers avoid a product
- **no** demand—when customers have no awareness of, or interest in a product

To meet its objectives, your company may have to influence the level, timing, and mix of these various kinds of demand.

For example, if demand for a product is seasonal, such as tomato seedlings in the spring, then a garden center would plan accordingly to stock the seedlings at the right time of year. If demand exceeds supply—you didn't stock enough seedlings—your company would have to consider whether the demand will continue to rise during the next season, making it worth the cost of adding inventory, or if the excessive demand was just a one-time event and unlikely to occur again.

Plan the marketing process

Within an organization, the marketing process begins at the strategic planning level and then moves to the planning and implementation stages in each area of the company.

Planning the Marketing Process

Analyze market opportunities.	Identify target customers, understand their needs, and know your competition.
Develop a marketing strategy.	Brainstorm new product ideas; define their competitive edge (that is, the main reasons customers should buy your products instead of your competitors'), and test-market your ideas.
Create a marketing plan.	Decide how you'll position, price, and promote a product; which distribution channels you'll use, and so forth.
Put your marketing strategy into action.	Prepare for surprises and disappointments and incorporate feedback and controls into the implementation process.
Evaluate the effectiveness of your marketing strategy.	Adjust it accordingly.

Whatever your position is in your organization, your awareness of the marketing process and participation in it will help your company achieve its marketing and strategic objectives.

Analyze Market Opportunities—Consumers

The marketing process begins by identifying the market opportunities that will best help your company achieve its mission, given the products and services that the company has to offer. To determine these opportunities, the marketer answers two questions:

- *Who* are our target customers?
- *Why* should they buy *our* product and not our competitors'?

Who are your target customers?

Your firm probably has many different potential customers who may be interested in your company's offerings. But, they likely fall into one of two main categories: (1) individual consumers or (2) businesses or organizations.

Whether your firm sells mainly to individual consumers or businesses depends on its mission.

For example, if your company makes electronic gadgets for the home, you probably sell primarily to individual consumers; however, if your firm makes high-speed photocopy machines or offers management-consulting or corporate financial services, you probably sell to businesses or organizations.

On the other hand, your company's primary market may shift over time if such a change would have strategic value. For instance, an automobile manufacturer that sells mainly to individuals might see some advantages in developing and marketing certain kinds of vehicles—such as limousines—for business customers.

Understand individual consumers

Understanding consumer behavior helps marketers identify the most appropriate offering to fulfill consumer demands.

People decide to buy products for many different reasons. The table below shows just a few examples of the forces—cultural, social, personal, and psychological—that most influence individuals' purchasing decisions.

Forces Affecting Consumer Buying

Cultural Forces	*National values*, such as an emphasis on material comfort, youthfulness, or patriotism	*Ethnic or religious messages or priorities*	Identification with a particular *socioeconomic class*
Social Forces	*Friends, neighbors, coworkers*, and other groups with whom people interact frequently and informally	*Family members, friends*—parents, spouses, partners, children, siblings	*Individuals' own status* within their families, clubs, or other organizations
Personal Forces	*Age*—including stage in the life cycle; for example, adolescence or retirement	*Occupation, economic circumstances, and lifestyle* (or activities, interests, and opinions)	*Personality and self-image*—including how people view themselves and how they think others view them
Psychological Forces	*Motives*—conscious and subconscious needs that are pressing enough to drive a person to take action; for example, the need for safety or self-esteem	*Perceptions* (interpretations of a situation), *beliefs*, and *attitudes* (a person's enduring evaluation of a thing or idea)	*Learning*—changes in someone's behavior because of experience or study

Understand consumers' buying process

Consumers use a fairly *predictable* series of steps when they decide whether to buy something. You've probably followed the steps shown below many times yourself:

1. Recognize a need—for example, your computer has become outdated, and you need a new one.

2. Search for more information—such as surfing the Internet for details on the various features offered by computer companies.
3. Weigh the alternatives—"That computer seems to have more memory than this other one."
4. Decide to buy—including determining that the price is right, concluding that you've done enough "shopping around," and buying the product.
5. Evaluate and act on the purchase—you may feel satisfied, disappointed, or even delighted with your purchase; you may return the product or decide to buy it again; you may use and dispose of the product in ways that are important for marketers to know.

Learning about consumers

How do your gather and use information about your target market? By researching and evaluating. Here are a few ways to proceed:

- Review your company's internal sales and order information—which reveal existing customers' buying patterns and characteristics.
- Gather marketing intelligence—which you collect through reading newspapers, and trade publications; talking with customers, suppliers, and distributors; checking Internet sources; and meeting with company managers.
- Perform market research—which is conducted either by an internal research department or an outside firm through devices such as market surveys, product-preference tests, focus groups, and so forth.
- Use secondary data sources—such as government publications, business information, and commercial data.

By studying the forces that influence consumers' decisions—as well as the process that consumers go through in deciding whether to buy—you can figure out how best to reach *and* serve these customers.

See also Steps for Market Research.

Analyze Market Opportunities—Organizations

When organizations, rather than individual consumers, buy from your company, the whole marketing picture changes.

Why? Organizations differ from individual consumers in important ways. For one thing, they buy goods and services in order to produce their *own* offerings—which they then sell, rent, or supply in some other way to other customers. Thus, they're usually looking for the best possible deal for their company as a whole.

Kinds of organizations

Organizations fall into three main categories—each of which has different characteristics:

Category	Examples	Characteristics
For-profit	Major industries such as manufacturing, construction,	• Demand for your company's products may change radically in response to

	communications, banking, services, distribution, and so forth	just small changes in your business customer's consumer demand. • You'll be working with a smaller number of more professional buyers. • Buyers tend to be concentrated geographically.
Institutions	Schools, hospitals, prisons, nursing homes, and other organizations that provide goods and services to people in their care	• Many institutions have low budgets and "captive clientele." • Your firm might have to package its offerings differently—for example, lower prices, less elaborate packaging—to attract and keep institutional business.
Government	Federal, state, and municipal level agencies	• Government organizations typically require suppliers to submit bids. • Public agencies often have complex, time-consuming purchasing procedures.

Types of buying patterns

Organizations also differ from consumers in their buying patterns.

- **The straight rebuy**: The organization regularly reorders office supplies, bulk chemicals, or other materials. If the company buys from your firm, you'll probably feel pressure to maintain the quality of your product.
- **The modified rebuy**: The organization wants to change purchasing terms, such as product specifications, prices, or delivery requirements. If the company buys from your firm, you may feel some pressure to protect the account to keep rivals from encroaching on your business.
- **The new task**: The organization buys a product for the first time—which may require a lengthy and complex decision process between your firm and the company.

Influences on purchasing decisions

And finally, organizations are influenced by a different mix of forces than individuals are in their buying decisions. The table below shows a few examples:

Environmental Forces	Interest rates, materials shortages, technological and political developments
Organizational Forces	Purchasing policies and procedures, company structures and systems (for example, long-term contracts)
Interpersonal Forces	Purchasing staff members' differing interests, authority levels, ways of interacting with one another
Individual Forces	An individual buyer's age, income, education, job position, attitudes toward risk
Cultural Forces	Attitudes and practices influencing the way people like to do business; for example, Asians tend to emphasize the collective, not individual, benefits of doing business

Clearly, marketing to businesses requires very different strategies than marketing to individuals does.

Organizations' buying process

On the other hand, businesses use a *similar* process to that of individual consumers when making purchasing (that is, procurement) decisions:

1. Recognize a need or problem—for example, "Our computer system is outdated."
2. Determine the needed item's general characteristics and required quantity—"We need links to all our offices."
3. Determine the needed item's technical specifications.
4. Search for potential suppliers.
5. Solicit bids or proposals from suppliers.
6. Choose a supplier.
7. Negotiate the final order—including specifying delivery and installation schedule, final quantity, payment terms, and other details.
8. Assess the chosen supplier's performance—and decide whether to maintain the business relationship.

By understanding how the procurement process works, you can design a more effective strategy for reaching and serving business customers.

Understand the Competition

Your organization will not be the only one looking at the marketing opportunities—competitors will be in the picture as well.

Why should customers buy from you?

Consumers and businesses typically have choices when making buying decisions. Your company wants your offering to be chosen over your competitors' offerings—not always an easy task because competition is becoming more intense every year.

How can the marketer make sure that customers keep buying from *your* firm and not your competitors? Your company has to make it clear to customers what the benefits of your products are. That is, you must find, and sustain a competitive advantage that has meaning for your *customers*.

Perform a competitive analysis

A competitive analysis can be performed at several levels of an organization. If you are responsible for only one product of many, you still need to perform this analysis.

Determine your competitive threats. The first part of any competitive analysis involves determining who your competition is. Beware: competitive threats can come from many different directions:

- other players offering similar products to yours
- entirely new players in your industry
- companies that make substitutes for your products

- customers' power to comparison shop, set competitors against one another, and easily switch suppliers
- your own suppliers' power to raise their prices or reduce the quantity of their offerings

Most companies have both existing *and* potential competitors. But companies are more likely to be hurt by their potential and emerging competitors than by existing rivals.

Existing rivals are openly and visibly competing in the same arena. Emerging rivals haven't yet declared themselves as players in your industry.

So how do you identify your firm's main potential and existing competitors? Here's an easy rule of thumb: *Competitors are companies that satisfy—or that intend to satisfy—the same customer needs that your firm satisfies.*

For example, a customer buys word-processing software that your company makes. Her *real* need isn't for the software—it's for the ability to write. That need can be satisfied by pencils, pens, typewriters, and any other writing tool that an innovative and wily company can dream up. Thus your company actually has more competitors than you might think.

Not only does your company have more competitors than you might expect, it may also have numerous *kinds* of competitors.

For example, if your company makes photocopy machines, it satisfies customers' need to duplicate documents. But a firm that offers document-duplicating *services*, not a document-duplicating *product*, can satisfy that need just as well. Thus that service company will be just as much your competitor as another company that also makes photocopy machines.

Analyze the competition. Once you've identified your potential and existing competitors, analyze their following characteristics:

- **Strategies:** For example, does a particular competitor offer a narrow line of high-priced products with high-level, customized service?

- **Objectives:** What is the competitor seeking in the marketplace? (To maximize profits? Market share? Be a technological leader in the industry?)

- **Strengths and weaknesses:**

  — What "share of market" does the competitor possess? That is, how much of your target market does the company sell to?
  — What "share of mind" does it possess; that is, what percentage of customers name that competitor as the first one to come to mind?
  — What "share of heart" does the company possess; that is, what percentage of customers say they'd prefer to buy from that firm before any other?

  Source: Philip Kotler, *A Framework for Marketing Management* (Upper Saddle River, NJ: Prentice Hall, 2001).

  Note: Rivals that claim significant shares of mind and heart will most likely gain market share and profitability.

- **Ways of doing business:** Most competitors fall into one of these categories in terms of how they respond to changes in the marketplace:

  — **slow-moving:** The rival company doesn't react quickly or strongly to other players' moves, perhaps because they feel confident that their customers are loyal, or they just haven't noticed that the game has changed, or they simply lack the resources to make a move.
  — **selective:** The company responds to certain kinds of attacks—such as price cuts or advertising campaigns.
  — **a "tiger":** The firm reacts swiftly and strongly to any assault.
  — **unpredictable:** The firm shows no predictable reactions to marketplace changes.

By understanding *all* these characteristics of your competitors, you can design marketing strategies that will increase your chances of coming out on top.

Develop a Marketing Strategy

When you've selected your most promising new (or freshly adapted) offering the next step is to create a **marketing strategy**. But remember: the marketing strategy will be an essential part of the organization's overall strategy.

At its heart, a marketing strategy answers the question: Why should our customers buy *our* product (or service) and not our competitors'? The strategy will later form the heart of your marketing plan for that offering.

Setting marketing strategy goals

Strategy happens on several different levels within an organization. In big companies, people create strategy at

- the corporate level
- the SBU (strategic business unit) level
- the product level

In many smaller companies, strategy creation may take place on all three levels simultaneously. In fact, a product manager developing a market strategy at a small firm might not only ask, *"How should we market this product?"* but also *"Should we be offering this product at all?"*

In creating a marketing strategy for a product, your main goals are

1. to answer the question: *"What's our product's competitive advantage?"* Or, from the customer's perspective, *"What need would this product or service fulfill more effectively than any other similar offering?"*
2. to shape your marketing strategy to ensure that the product does fulfill the customer's expectations, needs, and desire.

To achieve these goals, you should have the following information:

- your target market's size and typical behavior (its demographic characteristics)

- the primary benefit of the proposed product *in the consumers' minds*

In addition, you will need to

- estimate the sales, market share, and profits that the product could generate in its first few years on the market
- establish the planned price, distribution strategy (how you'll get the product to customers), and marketing budget for the first year
- project the product's long-run sales and profits

Differentiating, positioning, and branding

One familiar way to think about marketing a product is through the four Ps of marketing. Another approach is by considering how you might **differentiate** and **position** your promising product and how you might create a **brand** for it.

The four Ps of marketing. The familiar mantra of marketing is the "marketing mix"—a strategic mix of the four Ps—product, price, place, and promotion.

- Product decisions include quality, design, features, brand name, and so on.
- Price decisions include price point, list price, discounts, payment period, and so on.
- Place decisions include channels of distribution, geographic coverage, and so on.
- Promotion decisions include advertising, direct marketing, public relations, and so on.

The marketer's decision on a marketing mix needs to be coherent so that, for example, a commodity product won't suffer from a high list price.

Product differentiation. **Differentiation** is the act of distinguishing your company's offering from competitors' offerings in ways that are meaningful to consumers. You can differentiate products *physically* or through the *services* your company provides in support of the product.

Products' *physical* distinctions include:

- **form**—size, shape, physical structure; for example, aspirin coating and dosage
- **features**—such as a word processing software's new text-editing tool
- **performance quality**—the level at which the product's primary characteristics function
- **conformance quality**—the degree to which all the units of the product perform equally
- **durability**—the product's expected operating life under natural or stressful conditions
- **reliability**—the probability that the product won't malfunction or fail
- **repairability**—the ease with which the product can be fixed if it malfunctions
- **style**—the product's look and feel
- **design**—the way all the above qualities work together; (it's easy to use, looks nice, and lasts a long time)

Products' *service* distinctions include:

- **ordering ease**—how easy it is for customers to buy the product

- **delivery**—how quickly and accurately the product is delivered
- **installation**—how well the work is done to make the product useable in its intended location
- **customer training**—whether your company offers to train customers in using the product
- **customer consulting**—whether your company offers advising or research services to buyers of the product
- **maintenance and repair**—how well your company helps customers keep the product in good working order

Product position. **Positioning** means determining and communicating the *central* benefit of the product in the minds of target buyers. For example, a car manufacturer might target buyers for whom safety is a major concern. The company "positions" its cars as the safest vehicles that customers can buy.

Product brand. A product **brand** is a name, term, sign, symbol, or design—or any combination of these—that identifies the offering and differentiates it from those of competitors.

A well-executed brand creates a strong **brand image**—the consumer perception of what the product or company stands for.

In customers' minds, brands can have meanings that take many different forms. For example, brands can evoke:

- **attributes**—"This car is durable."
- **benefits**—"With such a durable car, I won't have to buy another car for years."
- **values**—"This company certainly emphasizes high performance."
- **culture**—"I like these cars because they reflect an organized, efficient, high-quality culture."
- **personality**—"This car really shows off my stylish side."
- **user**—"That looks like the kind of car that a senior executive would buy."

All companies strive to build a clear, favorable brand image for themselves and their products.

A note on product life cycles

Like human beings, products have life cycles. That is, they're born, and then—over time—their sales grow, mature, and finally decline. The strategies with which you market a product need to change with each of these life-cycle phases. The table below shows a few examples of how this might work:

	Characteristics	Marketing Objectives	Market Strategies
Product Introduction	Low sales, high cost per customer, no profits, few competitors	Create product awareness and trial	Offer a basic product Use heavy promotions to entice trial
Product	Rising sales and profits, more and more competitors	Maximize market share	Offer product extensions

Growth			Reduce promotions due to heavy demand
Product Maturity	Peaking sales and profits, stable or declining number of competitors	Maximize profit while defending market share	Diversify brands Intensify promotion to encourage switching to new brands
Product Decline	Declining sales, profits, and number of competitors	Reduce expenditure and "milk" the brand	Phase out weak products Cut price; reduce promotion

Source: Philip Kotler, *A Framework for Marketing Management* (Upper Saddle River, NJ: Prentice Hall, 2001), p. 172.

Designing marketing strategies for services

Designing marketing strategies for services can involve different challenges because services and products have different characteristics. Services are

- **intangible**—Customers can't see, touch, smell, or handle services before deciding whether to buy.
- **inseparable**—Services are usually delivered and consumed simultaneously, so both the provider and the buyer influence the outcome of the service delivery.
- **variable**—Services vary depending on who provides them and when and where they're provided; thus, controlling their quality is difficult.
- **transient**—Services are used up upon delivery, not stored for future sale.

All these characteristics can make it difficult for customers to judge the quality of a service they've purchased.

So how do you design market strategies that address these unique characteristics of services? Here are some ways to focus your market strategies:

- **Select unique processes** to deliver your service—for example, self-service versus table service.
- **Train and motivate employees** to service customers well. (This supports the marketing-orientation philosophy that "everyone's a marketer"!)
- **Develop an attractive physical (or virtual) environment** in which to deliver the service—for instance, an easy-to-use and engaging Web site encourages people to learn about your company and buy your service.
- **Differentiate the image** associated with your service. An insurance company, for example, might use an image of a rock as its corporate symbol to signify strength and stability.

By using your imagination and some creative thinking, you can design powerful market strategies even for services.

Marketing Communications

Marketing communications simply means that the marketer communicates to the target market about the availability, benefits, and price of the company's products.

Marketing communications covers the whole range of what most people think of the term "marketing"—advertising, direct sales, sales promotions, public relations, direct marketing, and so on.

Effective marketing communications occurs when the marketing plan is created by the marketing team in conjunction with the overall company strategic objectives *and* input from others in the company who are involved in the process of selling that product—whether as a salesperson or by producing, shipping, servicing, or accounting for the product.

Any marketing communication plan will involve these steps:

1. The marketing objectives must be clearly stated.
2. The message needs to match the target markets' needs or demands.
3. Implementation should be carefully planned.
4. The results have to be evaluated.

Types of "pull" marketing

Advertising is one of the most powerful forms of "pull" marketing—persuading the customer to try a product and continue to use the product. It is a paid form of impersonal promotion that can appear in many venues:

- print brochures or flyers
- billboards
- point-of-purchase ads
- television and radio ads
- Website banners

See also Tips for Creating an Effective Print Ad.

The strength of advertising lies in its ability to

- **inform** (give information to the consumer). Marketers use this form of advertising when trying to create awareness of a new product.
- **persuade** (influence the consumer to buy). They use persuasive ads to focus on competitive advantages of a product.
- **remind** (maintain consumer awareness). Marketers use reminder ads to keep an aging brand in the consumers' minds.

Sales promotions are another form of "pull" marketing. In this case, marketers may send out coupons for product savings, contests, free trials, or cash refunds.

A marketer may choose to use a sales promotion to introduce a new product, build brand loyalty, or gain entry into a new distribution or retail channel.

See also Tips for Designing a Powerful Sales Promotion.

Types of "push" marketing

"Push" marketing occurs when the product is "pushed" from the seller to the consumer. The most common type of push marketing is when a company uses a direct sales force to call on prospective companies or consumers. It is the salesperson's task to persuade the consumer to purchase the product.

Salespeople are most effective for the following marketing (or selling) tasks:

- prospecting for new leads
- communicating face-to-face—customer questions and concerns can be directly responded to
- selling—knocking on doors, presenting the product, and selling it
- servicing—providing services for customer such as repairing or replacing parts for a product
- performing market research

See also Tips for Evaluating Sales Representatives.

All marketing communications comes back to knowing and understanding your customer and fulfilling that customer's needs, wants, and demands.

See also Tips for Selecting the Right Marketing Communications Mix.

Develop New Products

Your company has probably developed a number of long-standing products or services—offerings that have been in the marketplace for a while. But most likely, it also develops *new* offerings on a regular basis. In fact, for many companies, success hinges on the ability to *continually* create innovative products and services.

Why new products or services?

As you know from your own day-to-day personal and business life, companies are always offering new products and services—whether it's a new camping backpack with handy features, an easier way to pay your bills electronically, or an innovative database-management tool.

Consumers like to have new choices, and successful companies constantly research and create new products to satisfy these desires and to build sales. But continually coming up with new offerings is important for other reasons as well:

- Consumers are often fickle creatures—their attitudes toward existing products can change quickly and unexpectedly.
- Most products have a natural life cycle and eventually become outdated.
- Your competitors are also looking for ways to offer bigger and better deals to customers.

In most businesses, companies are under pressure to constantly come up with either entirely fresh offerings or improvements on existing products.

Yet new offerings, in particular, fail at an astounding rate. In fact, 80% of recently launched products are no longer around! Products fail for many reasons; for example, product-development costs may prove higher than a company expected, or competitors fight back more fiercely—or numerous other surprises pop up to foil the plan.

What's the best way to make *your* new or improved product or service as successful as possible? Generate and test good ideas, then develop effective marketing programs for the most promising-sounding ones.

Generating new product ideas

Start generating new product ideas by asking customers what they need and want, or what they're unhappy about.

For example, a kitchen supplies company discovered that customers using the company's scrubbing pads didn't like the fact that the pads scratched their expensive cookware. The company acted on this new knowledge—and developed a no-scratch soap pad.

Note: Good ideas don't necessarily *always* come from customers. Consumers may not be aware of the available product or service possibilities, or they may not know how to articulate their needs or concerns. Still, any product idea will succeed only if it ultimately solves a consumer problem, fulfills consumers' needs, or meets their approval.

Other sources of new ideas include:

- your competitors
- your company's own employees
- industry consultants and publications
- market-research firms

Consider using all these resources, in addition to customer feedback, to brainstorm as many ideas as possible.

Testing your ideas

Once you've generated ideas for new offerings, determine whether the ideas are compatible with your company's overall strategies and resources. Screen out any ideas that don't fit these criteria.

For example, if your firm specializes in expensive office furniture, ask how strongly an idea for a new desk chair might support this strategy. And decide whether the company can afford to develop and launch such a product.

If your new product ideas fit with your company's strategic plan, then test the product idea by presenting the concept to target consumers—perhaps in a focus group or through a mail-in questionnaire—and get their reactions and ideas. Depending on the product, you can create a physical model, or prototype, to show consumers. Or, you can use computer-aided design and manufacturing software to demonstrate the idea.

Test-marketing the new product

Once you've decided on a new product, the next step is to test it in the market.

Test-marketing lets you gauge whether the product is technically and commercially sound and how enthusiastically target customers may embrace the product. You test-market both consumer *and* business goods.

Test-marketing consumer products. To test *consumer goods*, you can use one or more of the methods below. They range from least to most costly, and your firm can hire companies that specialize in conducting and evaluating any or all of these tests.

First, develop samples of the actual product. You'll dress these samples up with a brand name and packaging and then test them in authentic settings, with flesh-and-blood customers.

- The **sales wave**: Let some consumers try the product at no cost. Then reoffer the product, or a competitor's product, at slightly reduced prices. See how many customers choose your product again, and gauge their satisfaction with it.

- **Simulated test marketing**: Ask a number of qualified buyers to answer questions about their product preferences. Then invite them to look at a series of commercials or print ads that include one for your new product. Finally, give them some money and set them loose in a store. See how many of them buy your product.

- **Controlled test marketing**: Place your product in a number of stores and geographic locations that you're interested in testing. Test different shelf positions, displays, and pricing. Measure sales through electronic inventory control systems.

- **Test-market**: This is test-marketing on a grand scale. Select a few representative cities, get your sales force to give the product thorough exposure in those cities, and unleash a full advertising and promotion campaign. See how well the product sells.

Test-marketing business products. To test *business goods*, use these methods:

- **Alpha testing**: Build a few units of the new product. Then carefully select a couple of your most important and *friendliest* customers to try the product for free and comment on its functionality, features, and problems. You might make sure that a representative from your firm accompanies the unit to the alpha-testing customer and "walks" them through the testing process. Your goal at this point is to collect loads of advice for making the product the best it can be.

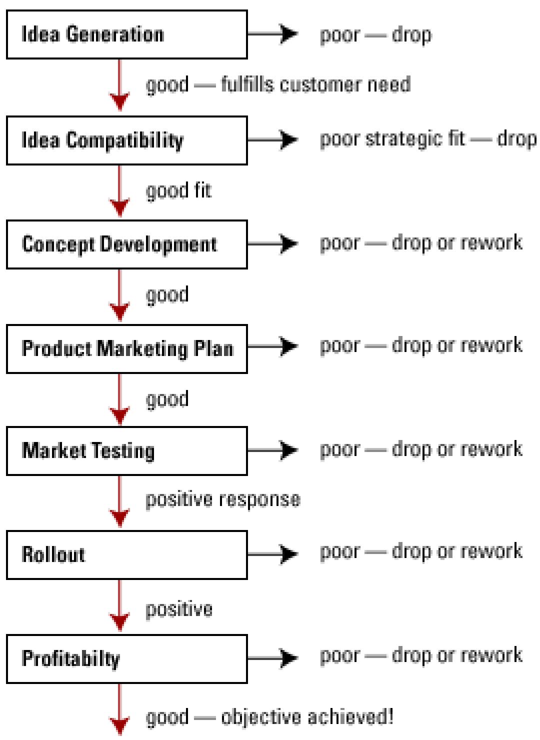
- **Beta testing**: This resembles alpha testing, except that it's done a bit later in the product-development process—when the product is somewhat closer to its final form. With beta testing, send more units out to more customers for their feedback than you did with alpha testing. You might have a more specific list of concerns or issues that you want testers to think about as they use and experiment with the product. And, you might actually offer to sell testers the product at a big discount.

- **Trade show exhibits**: Observe how much interest participants show in the product, how they react to various features, how many express clear intention of buying the product or placing an order for it. Note, though, that your competitors will also get a look at your product at trade shows. Therefore, it's best to launch the product soon after the show.

If your test-market results are positive—that is, it looks as if there's real interest in your product—you can feel more confident about actually commercializing the product—proceeding to manufacture and distribute it—all within your marketing plan.

The figure below shows the decision process that most firms use to develop and test new products.

New Product Development Decision Process



Source: Philip Kotler, *A Framework for Marketing Management* (Upper Saddle River, NJ: Prentice Hall, 2001).

From Marketing Plan to Market

The marketing plan lays out a campaign that will transform the product concept into a successful offering that meets target customers' needs.

You can help put the marketing plan into action first by understanding how your company manages its marketing efforts. Then you can determine how you might best work with supervisors, peers, and direct reports to contribute to the marketing plan's implementation.

A management process entails

- organizing the firm's marketing resources to implement and control the marketing plan
- putting feedback and control structures in place to ensure the plan's success and respond to any surprises or disappointments

By understanding how your firm organizes its marketing efforts, you can more effectively figure out where *you* stand within that structure.

Today's marketing environment

Organizations today operate in a rapidly shifting environment, and change comes in many forms, such as:

- globalization
- deregulation
- technological advances
- market fragmentation

How can *your* firm respond to these changes quickly enough to remain competitive?

Integration is the key. Your firm needs to integrate all the processes that intersect with customers. If it does this well, no matter how many changes are occurring within and without of the company, customers will see a single face and hear a single voice whenever they interact with your firm.

This integration process starts with a cohesive structuring of the marketing department itself.

Your firm's marketing department

Marketing departments may be organized on the basis of one of several different emphases. Here are some examples:

- **function**: Many marketing departments consist of functional specialists—for example, a sales manager and market-research manager who report to a marketing VP. This structure simplifies administration of marketing, but loses effectiveness if products and markets proliferate. Specifically, products that no one favors may get neglected, and functional groups may compete for budget and status.

- **geography**: A firm's national sales manager supervises several regional sales managers, who supervise zone managers, who in turn oversee district sales managers, who finally manage salespeople. Some companies subdivide regional markets further into ethnic and demographic segments and design different ad campaigns for each.

- **product or brand**: A product or brand manager supervises product-category managers, who supervise specific product and brand managers. This structure works well if the company creates markedly different kinds—or huge numbers—of products. It lets product managers develop a cost-effective marketing mix for each product, respond quickly to marketplace changes, and monitor smaller brands. However, it can result in conflict if product managers don't have enough authority to fulfill their responsibilities.

- **customer markets**: Companies that sell their products to a diverse set of markets—for instance, offering fax machines to individual consumers, businesses, and government agencies—have a marketing manager who supervises market specialists (sometimes also called industry specialists).

- **global perspective**: Companies that market internationally may have an export department with a sales manager and a few assistants, or an entire international division with functional specialists and operating units structured geographically, according to product. Or such firms may be truly global organizations—where top management direct worldwide operations, marketing policies, financial flows, and logistical systems. In these companies, global operating units report directly to top management, not to an international division head.

The skills behind successful implementation

Regardless of how your firm's marketing activities are organized, the company still needs to clarify who, where, when, and how different individuals are going to implement a marketing plan.

Successful implementation of any marketing plan hinges on these four skill sets:

1. **diagnosis**: anticipating what might go wrong and preparing for it
2. **identification of a problem source**: looking for the source of a problem in the marketing function, the plan itself, the company's policies or culture, or in other areas
3. **implementation**: budgeting resources wisely, organizing work effectively, motivating others
4. **evaluation**: assessing the results of marketing programs

Companies staffed by people who have these skills stand an excellent chance of seeing their marketing programs transformed into actual market successes.

See also Project Management

Controlling the marketing process

Even when prepared with a cohesive plan, the resources needed, and all the right skills, your company will still encounter surprises while implementing its marketing programs. That's because business—like life—rarely goes exactly according to plan.

Here are just a few examples of the many different marketing surprises your firm may experience:

- Customer demand for a product proves lower than your market research led you to believe.
- Consumers use your product in a way you never intended.
- A previously invisible competitor blind-sides you with a dazzling new offering.
- The cost of an ad campaign is higher than you estimated.

Constant monitoring and control of the firm's marketing activities can help your company respond effectively to these kinds of unexpected events.

The table below shows four types of marketing controls and explains who's responsible, why a company might select this form of control, and how the firm might implement these control measures:

Type of	Who's

Control	Responsible?	Why This Control Type?	How To Control?
Annual plan	Top and middle managers	To assess whether planned results have been achieved	Analyze sales, market share, marketing expense-to-sales ratio
Profitability	Marketing controllers	To see where the company is making and losing money	Measure profitability by product, territory, customer, segment, channel, order size; measure ROI
Efficiency	Line and staff managers; marketing controllers	To improve the spending and impact of marketing dollars	Measure efficiency of sales force, advertisements, sales promotions, distribution
Strategy	Top managers, marketing auditors	To ask whether the company is pursuing the best market, product, and channel opportunities	Review marketing effectiveness and company's social and ethical responsibilities

Depending on your role, and your company's choice of control type, you may find yourself responsible for one or more of these activities. Or, others in your company may need your help gathering the required information to conduct these assessments.

Whichever part of the control process you're involved in, you can feel proud about contributing to a key stage in your firm's marketing process.

A Closer Look at Direct Marketing

Will you order this year's holiday gifts from catalogs instead of heading for the shopping malls? Have you sent money in response to a mailed-in request for donations to a charitable cause? Has your company been purchasing raw materials over a Web site rather than placing orders with your suppliers' sales force?

If you answered "Yes" to any of these questions, then you've participated in or seen direct marketing in action.

Companies engage in **direct marketing** when they sell their products and services directly to customers *without* the use of intermediaries such as wholesalers, retailers, and so forth. To do so, they can use traditional media, such as:

- printed, mailed marketing pieces
- radio
- TV
- telemarketing
- faxes

They can also use newer media, such as:

- e-mail
- Web sites
- online services

As you may have guessed from the printed marketing materials you receive in your mailbox, or the e-mails you receive at your business or your home, direct marketing is showing remarkable growth. Here are just a few statistics:

- Direct-mail sales in the United States alone are growing 7% annually—a significant improvement over U.S. retail sales' annual increase of 3%.
- Annual catalog and direct-mail sales in the United States have exceeded $318 billion.

Why direct marketing?

Direct marketing has been growing so fast because it provides increased benefits in today's business world of intensifying competition. It enables companies to

- buy mailing lists containing the names and contact information of almost any group of target customers; for example, left-handed people, millionaires, new consulting companies
- personalize and customize the messages they deliver to target customers
- time the delivery of messages so that they reach prospects at the right moment
- achieve higher readership of printed materials
- test messages and media to find the most cost-effective approach
- conceal their offerings and strategy from competitors
- measure customer responses to identify the most profitable campaigns
- integrate direct-marketing strategies with other strategies, such as paid advertisements
- reach customers less expensively than through a sales force

Direct marketing's most important benefit for companies is that it lets firms engage in **relationship marketing**, or **one-to-one marketing**. Through this special kind of marketing, companies build stronger, more profitable bonds with target customers.

Customers—whether individual consumers or businesses—also appreciate direct marketing for many different reasons. They can

- shop more easily and quickly from home or the office
- choose from a larger selection of merchandise
- compare products, services, and prices easily
- order goods 24 hours a day
- learn about available products or services without tying up time meeting with salespeople
- receive their purchases quickly through next-day delivery services

In addition, new technology has made it easier than ever for companies to compile **customer databases**: organized collections of updated, accessible information about individual customers or prospects. Your company's customer database lets it

- **identify prospects**: The company may generate sales leads by advertising its product and then build a database from the responses that come in. It can sort through the database to identify the best prospects and then contact them by mail, phone, or other means in an attempt to convert them into customers.
- **decide which customers should receive a particular offer**: The firm defines the ideal target customer for an offer, then searches the database for those most closely resembling the ideal.
- **deepen customer loyalty**: The company can pique customers' interest and

enthusiasm by remembering their preferences and sending gifts, coupons, and special information.
- **"reactivate" customer purchases**: Your firm can use automatic mailing programs to send customers birthday or anniversary cards, holiday shopping reminders, or other timely offers.

The dark side of direct marketing

Direct marketing clearly offers crucial benefits to both sellers and buyers. But it can also have its dark side—characteristics that might serve to turn customers away from your product:

- **customer irritation**: Many consumers view direct-marketing solicitations as annoying.
- **unfairness**: Some unscrupulous direct marketers take advantage of impulsive buyers; for example, by using inflated claims to capture customers with low sales resistance.
- **outright deception and fraud**: These include false claims about products and performance and questionable gimmicks such as envelopes that resemble government documents—which make recipients feel compelled to open and read the contents.
- **invasion of privacy**: Critics worry that marketers know too much about customers' lives and may use this knowledge to take advantage. For online marketers, consumers are particularly worried about the security of their credit-card numbers and other personal information.
- **chaos and clutter**: For online marketers, especially, the Internet makes a staggering amount of information possible. Navigating the Web can be frustrating for consumers, thus many companies' sites go unnoticed.

These problems, if left untended, will ultimately turn customers away from direct marketing. Companies that realize this and work to address these issues—providing honest and well-designed marketing offers only to those consumers who appreciate being contacted—will ultimately be more successful.

Major direct-marketing channels

Direct marketers have a number of channels available to them.

- **face-to-face selling—**including individuals who sell products for direct-sales organizations
- **direct mail—**including printed offers, announcements, reminders, or other messages sent directly to a person or business at a particular address; nonprinted items mailed to consumers, such as free video or audiotapes, CDs, and computer diskettes; faxes, e-mail, and voice-mail messages
- **catalogs—**pamphlets or books describing the company's merchandise and containing order forms or toll-free ordering numbers
- **telemarketing**—phone calls designed to attract new customers, contact existing ones, or take orders
- **direct-response TV**—such as home-shopping channels and TV ads that invite viewers to call a toll-free number to get more information or place orders
- **kiosks—**machines placed in stores, airports, and other locations that let allow customers to place orders

With so many available channels, companies need a systematic approach to deciding which to use in their direct-marketing campaigns.

A closer look at online marketing

Electronic communications of all sorts have shown explosive growth, with Internet traffic doubling every 100 days and millions of Web sites already open for business—and more coming online every day.

This new technology has taken several forms:

- **the Internet, or World Wide Web**—the international web of computer networks that makes global communication instantaneous and decentralized
- **electronic markets**—individual companies' Web sites that (1) describe a firm's offerings, (2) let buyers search for information and place orders using a credit card, (3) arrange for delivery of the product physically (to the customer's home or office) or electronically (as in the case of software and music downloaded to the customer's computer)
- **electronic commerce**—business transactions enacted over a wide variety of platforms, such as use of fax or e-mail, automated teller machines (ATMs), and "smart cards" that facilitate payment (such as for long-distance telephone service)
- **commercial online services**—companies that offer online information and services such as news, entertainment, shopping advice, chat rooms, and e-mail capabilities to paid subscribers

In addition to understanding the various forms of online marketing, companies must understand the differentiating characteristics of online consumers:

- They tend to be younger, more affluent, and better educated than the general population.
- They comprise an almost equal number of men and women.
- They tend to place great value on information.
- Many of them respond negatively to messages aimed only at selling.
- They like to control the information they receive about products, and the conditions under which they receive that information.
- They—not the marketers—give permission to be contacted and control the resulting interactions.
- They're better informed and more discerning shoppers.

Online consumers are very much in control, forcing many companies to rethink time-honored approaches to marketing.

In light of these characteristics, how can your company best conduct its online marketing efforts? Here are some options to choose from:

- **Establish an electronic presence**. Buy space on a commercial online service, sell products or services through another company's Web site, or open your own corporate Web site or "microsite" (a small, specialized site for specific occasions or products).

- **Advertise online**. Advertise in special sections offered by commercial online services; in Internet newsgroups set up for commercial purposes; or through banner ads, pop-up windows, and "roadblocks" (full-screen ads that users must click through to get to other screens) on other companies' Web sites.

- **Participate in or sponsor Internet interest groups**. These groups encourage the spread of "word of Web" about your products, and help you to learn how customers perceive your company and its offerings. Groups come in various forms:

  — **Forums** are discussion groups located on commercial online services. These groups may operate a chat room (for real-time message exchanges), a classified-ad directory, and other resources.
  — **Newsgroups** are the Internet version of forums, limited to people who post and read messages on a specific topic.
  — **Bulletin boards** are specialized online services that center on a specific topic or group.
  — **Web communities** are commercially sponsored Web sites where member companies congregate online and exchange views of common interest.

- **Send e-mails**. Send electronic newsletters, special product offers, reminders of upcoming promotions, and announcements for special events. Invite people to e-mail your firm with questions, suggestions, and complaints. **Caution**: To avoid being labeled as a "spammer" (a company that sends unsolicited e-mail), consider asking for customers' permission before sending e-mail offers.

Direct marketing through both traditional and new media poses both new opportunities and new challenges for companies.

However, one thing is certain: As technology continues to evolve and consumers become ever more technology-savvy, marketers from all sorts of industries will need to constantly examine their strategies and programs in a new light. Those who can adapt to changing conditions with fresh and creative thinking will dominate.

See also Tips for Online Marketing.

A Closer Look at Relationship Marketing

The combination of traditional direct-marketing media, such as mailings, radio spots, kiosks, and so forth; new media, including the Internet and e-mail; and recent database technologies has created a whole new approach to marketing. That approach is called **relationship marketing**, or **one-to-one marketing**.

Through relationship marketing, firms learn more and more about their target customers—often by compiling powerful databases that keep track of buyers'

- purchasing behavior and history
- product preferences
- concerns or complaints about the company's products or services
- lifestyles
- other personal characteristics, such as age, marital status, income level, race, and so forth that could affect buying decisions

Using that information, companies can tailor their marketing communications to attract and maintain those customers. They can also customize their offerings to constantly meet target customers' changing needs.

The power of relationship marketing

Relationship marketing lets companies build strong, profitable bonds with their target customers. Organizations benefit from these bonds because loyal customers generate greater and greater profits every year they do business with a particular company. How?

- These customers buy more and more often from the company, and they tend to spend increasing amounts of money over time.
- At the same time, the costs associated with serving such customers—including entering them in the company's database, getting to know their preferences, and processing information about them—gets spread out over time. Thus that cost decreases with every purchase from a particular customer.

Consumers also benefit from relationship marketing:

- By building bonds and accumulating a purchasing history with trusted companies, customers can avoid the time-consuming—and often stressful—process of shopping around for the best deal.
- Because these trusted companies know them, customers may hear about attractive products, services, or special offers that they would not have found out about from less familiar companies. Sometimes, companies may even suggest a product that a customer would not have thought of as attractive on his or her own. In other words, a company may sense a customer's need and identify ways to satisfy it even before the customer is aware of that need.

The problem with relationship marketing

Though relationship marketing has enormous potential, it carries a serious risk as well: the danger of irritating consumers with overly frequent contact or requests for personal information.

Consumers may resist marketers' efforts to build one-on-one relationships for several reasons:

- They simply don't want to invest time and effort in maintaining relationships with companies. Perhaps they would rather cultivate other kinds of relationships or invest time and energy in other areas of their lives. Or, they may be uncertain about what kinds of products, services, or attention they want from marketers.
- They feel that companies are not "pulling their weight" in these arrangements. That is, some people value such one-to-one relationships but feel that firms are repeatedly asking them for personal information without providing any attractive, personalized services in return.

Left unaddressed, these problems can stall even the most carefully thought out relationship-marketing campaign—and waste a company's marketing dollars.

New solutions to relationship-marketing problems?

What's the best way for *your* company to avoid driving consumers away with overly attentive or misguided marketing efforts? Some specialists urge companies to

- learn to see marketing through consumers' eyes
- regain consumers' trust
- build trust with customers

Seeing through consumers' eyes. To understand how consumers perceive and respond to relationship-marketing efforts, consider the table below.

Beware: These truths may be hard to absorb, given all the buzz about relationship marketing's huge potential. However, seeing marketing through consumers' eyes can also inspire you to think about your one-to-one marketing strategies in fresh and effective ways.

Consumer Perception	Example	Result
"Too many companies want personal relationships with me!"	One consumer receives five mailings in a single day requesting personal information about him or her and promises of valuable offers if he or she responds.	Marketing advances seem trivial, useless, or annoying. Consumers' interest in relationship building evaporates.
"Companies want my friendship, loyalty, and respect—but they're not giving me those same things in return!"	A hotel requests personal information from guests—their address, the purpose of their travels, the number of times they travel each year—but doesn't provide anything in return.	Consumers see marketing as a "one-way street" that benefits companies only.
"Companies treat their best customers like kings and queens—and ignore the rest of their customers!"	A rental-car company drops off "club" members at their cars but makes non-club—but loyal—customers walk.	Loyal customers feel devalued.
"Companies offer too many options—I can't keep them straight in my mind!"	A health-and-beauty-products manufacturer offers a single toothpaste brand in 55 different product and packaging variations.	Customers feel overwhelmed and paralyzed.

By understanding how consumers experience relationship-marketing advances, you can take steps to regain the trust of those who have decided to avoid one-on-one relationships with companies.

Regaining customers' trust. To rebuild consumers' trust in marketers, companies can prove—through their actions—that a one-to-one relationship can be valuable and stress-free for customers. To do this, firms can rethink these aspects of marketing:

- **Product design**: Ask whether your new products fulfill customer needs—or just cause confusion or annoyance. Evaluate consumers' likely reactions, then eliminate features or functions that threaten to prove overwhelming or irritating for buyers. For example, one health-and-beauty-products manufacturer has standardized its products' packaging and pruned marginal brands that attracted mediocre consumer attention.

- **Consumer control**: Offer customers tools or methods for controlling the degree of frustration they may encounter in using your products or services. For instance, one Internet service provider's software lets customers block unsolicited e-mails.

- **Handling of personal information**: If your firm is not using the personal information they're gathering from customers, stop collecting it "just in case." Be honest with consumers, too, about why you request personal information: *You* want to win *their* business and loyalty. Then, make sure they understand why *your* deal is the best.

By rebuilding consumers' trust in your company's intentions, you can then move on to strengthening your relationships with individual customers.

Attaining honest relationships. All successful relationships work because both partners have built honest relationshps. That is,

- the parties know one another—their motives, quirks, communication styles, and so forth
- each partner is willing and able to do what may be necessary to sustain the relationship

To ensure the success of those bonds, companies must actively get to know their customers. Here are some ideas:

- Get as many people as possible—your company's product managers, engineers, package designers, and so on—visiting and talking face-to-face with actual consumers in *their* world. Don't assume that conducting market research within the confines of your office or inviting customers to come talk with you on your company's turf is enough to get to know your customers.

- Find out how people actually use—and feel about—your company's offerings. You can get an "up-close-and-personal" view of "a day in the life of a customer" through videotape sessions and through photographing customers as they're using your products—all with your customers' permission, of course. You can also invite customers to participate in product-discussion groups on your company's Web site—though if you do so, consider offering them something in return.

By getting to know your customers—and using that knowledge to *genuinely* keep their best interests in mind—you can do your part to achieve a marriage (or at least a relationship) made in heaven.

Frequently Asked Questions

Why must my company constantly push itself to generate new products and services? Shouldn't our established offerings be enough if they're high quality and successful?

Unfortunately, no. Though your existing products and services may currently meet customers' needs and generate the financial returns your company is looking for, all that could change more quickly than you might realize. For example, consumer attitudes toward existing products can shift rapidly and unexpectedly. In addition, most products have a natural life cycle and eventually become outdated. Finally, your competitors are always looking for ways to offer more attractive options to customers. Thus to sustain its success, your firm must continually identify and leverage opportunities either to generate entirely new offerings or to create attractive improvements to existing ones.

What are the *biggest* changes in business that my firm should be aware of in designing its marketing efforts?

The business world is always changing, and different developments have more importance at different times. However, at the dawn of the new century, the toughest market challenges include the following: More global competitors are making high-quality products at lower costs, intense price cutting and discounting in all industries are prompting buyers to "shop" for the lowest prices, technological advances (such as the Internet) are making it easier for consumers to price shop and play companies against each other, more and more distributors are dictating terms to manufacturers, the mass market is splintering into many micromarkets requiring tailored marketing efforts, and market costs are rising owing to the declining effectiveness of mass media and the steep costs of personal selling. Despite these challenges, your company needs to find new opportunities.

Marketing seems to be a huge subject. What's the best way for me to master it quickly?

Marketing *is* a huge subject. Although you can certainly grasp the basics by going through this Harvard ManageMentor **Marketing Essentials** topic, taking some courses in it, reading books on your own, and talking with marketing specialists in your firm, marketing actually takes time and experience to master. That's because marketing problems don't exhibit the neat, measurable properties that problems in the production, accounting, and finance areas can demonstrate. Psychological forces play a large role in marketing problems, and marketing expenditures affect demand and costs simultaneously. Also, every marketing plan both shapes and is shaped by other business-function plans—confusing matters even further. Thus, marketing decisions often need to be made in the face of insufficient information about processes that are ever shifting, interactive, and unusually complex. All this points to the need for not only patience, but also better strategic theory and sharper analytical tools and a great deal of common sense!

I work for a not-for-profit organization. Am I correct in assuming that our firm doesn't need to engage in marketing with quite the same energy that a for-profit corporation does?

Actually, all organizations—if they hope to achieve their missions and sustain their success—need to adopt a strong marketing orientation. Even though not-for-profit organizations may not be setting out to improve shareholder returns, they still provide some sort of exchange with or service for people. They face the same *kinds* of marketing problems that for-profit corporations must grapple with. For example, colleges compete for students, museums try to attract visitors, performing-arts organizations work to develop audiences, churches and other spiritual centers seek members—and all of them need funding. Moreover, individuals market themselves: Politicians seek votes, doctors seek patients, and artists seek celebrity.

What's common to all of these cases? A desire to attract a *response* or *resource* from someone else—whether it's that person's attention, interest, desire, purchase, or positive word-of-mouth. But to elicit those responses, one must offer something that someone else views as valuable. Thus *exchange* is the core concept underlying all marketing.

What's the latest in marketing theory and practice?

Here's one that comes to mind: With the intensifying interest in relationship marketing, some scholars today are questioning whether the core concept underlying marketing should be *exchange* or *relationship* or *network*. As the forces of technology and globalization continue to grow apace, insights into this question will come into sharper focus. One thing is certain, however: Computers and the Internet will continue to catalyze enormous changes in buying and selling behavior.

What big marketing lessons learned by other companies should I be paying attention to?

Perhaps the biggest lesson has to do with globalization. No longer does one country, industry, or company have an exclusive lead on quality, creativity, or capital. More and more formerly complacent companies have learned that they can no longer afford to ignore foreign competitors, foreign markets, and foreign sources of supply. Moreover, companies can't allow their wage and material costs to get far out of line with the rest of the world. Nor can they ignore emerging technologies, materials, equipment, and ways of organizing.

Equally important, all too many companies have learned the hard way that they must focus first on customer satisfaction, and second on profits; that is, they need to rely first on marketing, and second on selling. To be sure, these shifts in perspective require major attitude changes. However, companies must make these changes if they hope to both survive and thrive in the ever-changing world of business.

Steps for Market Research

1. Define the marketing opportunity you will focus on.
2. Establish your research objectives in exploring the opportunity you identified.
3. Develop your market-research plan.
4. Implement your market-research plan.
5. Analyze the information.
6. Present your findings.

See also Managing Difficult Interactions: Core Concepts.

1. Define the marketing opportunity you will focus on.

Create a specific question about a marketing opportunity that you want to explore.

For example, suppose you work for an automobile maker, and your supervisor wants to explore the potential benefits of providing global positioning system (GPS) navigation devices in its cars. A specific question you might ask: "Will offering such a device create enough incremental preference and profit for our company to justify its cost against other possible investments?"

2. **Establish your research objectives in exploring the opportunity you identified.**

Decide what kinds of information you'll need to gather to evaluate the market opportunity. Again, asking the right questions can lead you to a clearer understanding of your research objectives.

For example, a series of questions will help you prepare your market-research plan. In this case, you might ask:

- "In what way would GPS add value for our customers?
- "What kinds of customers would be most likely to use such a device?"
- "How large might the target market be?"
- "What are our competitors offering?"
- "What share of the target market could we expect to gain?"
- "How might different price points affect the sales of cars with the device?"
- "How will offering this device affect our brand image?"
- "How important is a GPS device relative to offering other kinds of improvements to our product, such as safety features?"

3. **Develop your market-research plan.**

Make decisions on the following market-research aspects:

Data sources. You can gather *primary* data (gathered for a specific purpose or project) or *secondary* data (collected for another purpose and already existing somewhere, such as a prospect database).

Research categories and techniques. You can choose among various research tools, but be careful to choose the most effective technique to fulfill your objectives.

- qualitative research—such as focus groups (bringing potential customers together to talk about the concept)
- quantitative research—such as surveys (mail, telephone, online, and so on) intended to count or measure
- causal research—such as test marketing the GPS at different price levels

Research instruments. Select from questionnaires or mechanical devices; for example, an infrared eye-tracking system can reveal how consumers view GPS screens (where their glance lands first, how long it lingers, and so on).

Sampling plan. Decide whom you'll contact as research respondents, how many, and how you'll choose them.

Customer-contact methods. Choices include mail, telephone, personal contact, or online interviews. Each method has its advantages and disadvantages. For instance, mailed questionnaires usually generate low or slow response rates but may help you reach people who normally would not feel comfortable giving personal interviews.

4. **Implement your market-research plan.**

Collecting the information can be both rewarding and frustrating. Prepare to run into some of these problems:

- Respondents who aren't home must be recontacted or replaced.
- Some respondents won't cooperate as you had hoped.
- Some respondents may give biased or dishonest answers because they feel pressure to provide opinions or viewpoints that they think you want to receive.
- Some interviewers may be biased or dishonest in the way they deliver the questions to respondents, because they themselves are hoping to receive particular opinions or viewpoints from potential customers.

By being aware of these problems and being willing to analyze data with a critical eye, you can help reduce the likelihood or potential bias of these problems.

5. **Analyze the information.**

Tabulate the data you gathered and then apply various statistical techniques and decision models to analyze the results. Marketing-decision-support systems—coordinated collections of data, systems, tools, techniques, and software—can help. These resources may include statistical tools such as multiple regression and conjoint analysis, game theory, and heuristics.

6. **Present your findings.**

Present the major findings that are relevant to making the key marketing decisions facing you or your company.

For example, your report may be as brief and cogent as the following statements:

- "Drivers mainly envision using in-car GPS devices during emergencies; specifically, if they get lost."
- "In the United States, about 30 drivers in 100 would buy a GPS device as an in-car option if the device cost $300. About 15 in 100 would buy one if the device cost $400. Thus pricing the device at $300 would yield more revenue ($9,000) than pricing it at $400 ($6,000)."
- "An international market in areas where maps are not as readily available as in the United States presents our greatest opportunity for GPS."

Tips for Building a Marketing Orientation

- Persuade all employees of the need to be customer-focused. Show employees that the best thing they can do for the company and themselves is to constantly think of new ways to satisfy the firm's most profitable customers.

- Design the right rewards. Ensure that your group's performance-measurement and reward systems encourage behavior that builds long-term customer satisfaction.

- Hire strong marketing talent. Hire and retain people with substantial marketing experience and skills.

- Suggest—or develop—in-house marketing-training programs. Such programs will highlight the importance of a marketing orientation to your firm.

- Support efforts to restructure the company as a market-centered organization. The end result—a truly companywide marketing orientation—will position your firm for vital new achievements.

Tips for Creating an Effective Print Ad

- Clarify the purpose of the ad. An ad's purpose drives its format and content.

- Get consumers' attention. Remember: the average consumer scans an ad in just four seconds. Make your ad as eye-catching as possible.

- State the product's or service's benefit for consumers. Your ad should clearly answer the consumer's basic question: "What's in it for me."

- Give consumers a reason to act now. Use language such as "Sale ends Saturday" to create a sense of urgency.

- Use ad copy to your advantage. The best copy has a conversational tone; appeals to consumers' interests or concerns; and is short, positive, clear, and complete.

- Use design to your advantage. The best designs are fresh, appealing, uncomplicated, uncluttered, and practical. The ad's look and feel should support and enhance the brand image and message.

- Follow useful type-treatment guidelines. Avoid using too many different type sizes and styles.

Tips for Designing a Powerful Sales Promotion

- Use sales promotions *with* advertising. For example, combine a price promotion with an ad emphasizing the product's features or with a point-of-purchase display. Or if you're marketing to businesses through trade shows or conventions, combine poster ads with sales-rep selling contests to get the most impact.

- Be clear about your objectives. Your goals for sales promotions will vary with your target market. If you're targeting retailers, persuade them to carry your company's new offerings, to stock more inventory, to encourage off-season buying, or to offset competitive promotions.

- Choose the appropriate promotion tools. Depending on your objectives, select the right tools. For salespeople, launch sales contests—with prizes to the winners. If you're marketing to businesses through trade shows or conventions, use publications, videos, and other audiovisual materials to generate new sales leads, meet new customers face to face, sell more to existing customers, and educate customers.

- Use sales promotions in markets of high brand *dissimilarity*. Sales promotions tend to attract brand switchers who look primarily for low price, good value, or premiums. You'll get more—and longer-lasting—market share if you use such incentives in markets of high brand dissimilarity.

- Distinguish between *price promotions* and *added-value promotions*. Sales promotions, with their incessant prices off, coupons, deals, and premiums, can devalue the product offering in consumers' minds. Make sure your promotions enhance your brand image.

- Pretest your sales promotion program. Use pretests (small trial runs) to determine whether the promotional tools you've chosen are appropriate, the incentive size will produce enough sales response without costing the company too much, and the presentation is efficient.

Tips for Evaluating Sales Representatives

- Analyze salespeople's annual territory marketing plans. This report puts sales reps into the role of marketing managers and profit centers. Managers can study these plans, make suggestions, and use the plans to develop sales quotas.

- Review other reporting documents from sales reps. Reports such as sales calls, expenses, new business, and lost business, can be used as raw data, from which you can extract key indicators of sales performance.

- Compare sales reps' current performance with their past performance and company averages.

- Assess performance along more subjective dimensions. For example, take stock of a sales rep's knowledge of the firm, products, customers, competitors, territory, and responsibilities.

- Gauge sales reps' professionalism. Determine whether a sales rep has a customer-oriented approach. Does he or she maintain a professional connection with the customer even after a sale?

- Assess negotiation skills. Effective salespeople need to work with customers to reach agreement on price and other terms of sales without making concessions that will hurt your company's profitability.

- Assess ability to build long-term relationships with customers. Effective sales reps demonstrate that their company has the desire and ability to serve a customers' needs in a superior way over the long run.

Tips for Online Marketing

- Follow standards for online ads. If you decide to post an ad on the Internet, request ad requirements from the company that's selling the ad space *before* designing your ad.
- Use the Web as a direct-response tool. When designing a direct-response ad for the Web, make it easy for the respondent to reach you—through a click-on button, e-mail, phone, fax, and so on.
- Look for ad-space bargains. Consider hiring an ad agency or media-buying shop that can help you in your search.
- Don't forget to *try* to make a sale through a Web ad. Give consumers this option!
- Make your own Web site irresistible and easy to use.
- Don't forget basic spelling, punctuation, grammar, and editorial standards.

Tips for Selecting the Right Marketing Communications Mix

- Gauge consumer readiness—and adapt your communications tools accordingly. Depending on how ready consumers are to respond to your marketing communications, select the right communication tools for each readiness stage.
- Tie your choice of communications tools to your product's life-cycle stage. Advertising and publicity, for example, will get you the biggest payoff in the introduction stage of a product.
- Tie your choice of tools to your company rank in the market. Market leaders derive more benefit from advertising than they do from sales promotion. Conversely, smaller competitors gain more by using sales promotion.
- Adapt your communications mix to the product market you're targeting. For example, personal selling can persuade retailers or dealers to buy more stock and display more product, and it boosts dealers' enthusiasm for the product and your company.
- Distinguish between "push" versus "pull" strategies. For example, push strategies can be effective when customers have low brand loyalty, whereas pull strategies are effective when customers have high brand loyalty.

Marketing Essentials Tools

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Customer Value Equation Worksheet

Use this worksheet to think through what your customers value, which you can think of as an equation. The service value as determined by the customer is equal to the results received times how the service is delivered, in relation to the price of the service times any costs for acquiring the service. The values in the equation are relative, since different customers often want different things, or the same customer may want different things at different times. For example, you may value convenience and the opportunity to save time more in one situation, or price in another. Think through how you can leverage the factors in this equation to add value to the customer, and enhance your business.

What Customers Value *Fill in this equation with descriptions of what your customers value. You do not have to use a specific dollar amount in the price category, but could use descriptive terms such as high, low, competitive pricing, every day low-price (EDLP), premium, discounted, and so forth.*

RESULTS		DELIVERY/PROCESS QUALITY
What results do your customers want?		*How do they want the results delivered?*
	X	

Look at the above in relationship to the factors below.

PRICE		ACCESS COSTS
What price are they willing to pay for the product or service?		*What costs are they willing to incur to get the product or service?*
	X	

Value Summary

What are the key customer value equations most prevalent in your business?

What factors or situations could affect these equations? What ones can you alter or control?

How can you leverage these factors to increase the value of your service (or product) to the customer?
For example, increase convenience while keeping price the same.

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Breakeven Analysis

Use this tool to determine a break-even volume, the point at which total contributions equals fixed costs for your initiative. This will be calculated automatically as you enter your fixed costs, variable costs, and pricing information below.

Period:

Product:

Note: Italic items are samples that should be replaced. Shaded cells contain formulas and should not be overwritten.

Fixed Costs / Investment		Variable Costs per Unit	
Item 1		*Item 1*	
Item 2		*Item 2*	
Item 3		*Item 3*	
Item 4		*Item 4*	
Item 5		*Item 5*	
Item 6		*Item 6*	
Item 7		*Item 7*	
Item 8		*Item 8*	
Total Fixed Costs / Investment:	$0.00	**Total Variable Costs per Unit:**	$0.00

Notes:

Unit Revenue:	
Unit Contribution:	$0.00
Breakeven Volume / Incremental Volume Required:	

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The Lifetime Value of a Customer

Use this worksheet to calculate the Lifetime Value of one of your customers.

Customer name:

Basic Formula

Estimate # of customer transactions in lifetime		Number of purchases per visit		Average price per purchase ($)		Cost to acquire a customer ($)		Lifetime Value of a Customer ($)
	X		X		–		=	

Projected Formula, 5 Year Period

	Revenue (Include gross revenue generated)		Cost (Calculate cost to service this customer, including marketing, and cost of making and delivering product or service)		Referrals (Add net value of referred accounts)		Profit ($)
Year 1		–		+		=	
Year 2		–		+		=	
Year 3		–		+		=	
Year 4		–		+		=	
Year 5		–		+		=	
						TOTAL:	

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Marketing Plan Template

This tool is an abbreviated version of a marketing plan that you can add to or adapt to fit your needs.

Product Name:

Date of Plan: Fiscal Year:

Marketing Manager(s): Contact Information:

Contributors to the Plan: Contact Information:

Approved by: Approval Date:

Market Review

List Key Market Factors
(Describe the market in terms of size, growth, segments, geographic factors, and so forth.)

Describe the Industry Climate/Significant New Trends
(For example, what is the current economic condition of this industry? What new trends are emerging?)

Competitive Environment

	Key Competitors	Market Share	Offering/Price
1.			
2.			
3.			
4.			

The Product

Prior Year Revenue, Actual vs. Forecast

This Year Revenue Forecast *(by distribution channel, if indicated)*

Product Status

☐ New Product? ☐ Enhanced Product? Launch Date:

	Features	Benefits
1.		
2.		
3.		
4.		
5.		

Product Positioning *(Note if prior positioning was effective or needs to be reconsidered.)*

Product Differentiator, Unique Selling Point, or Competitive Advantage

The Customer

Relevant Customer or User Demographics
(What is the typical user profile(s)? Where are they located and how do you reach them?)

Buyer Behavior *(Why do people buy your product? What needs does it meet? Is it a planned or impulse purchase? How does price figure into their purchase?)*

Distribution Channels

Market Research Plan or Usability Testing

	What	When	Result
Prior			
Planned			

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Product Profile

Use this form to capture essential planning and control information on a product. You can adapt categories to fit a service or program offering.

Product Name: ______ Date of Launch: ______
Product Number: ______ Current Version: ______
Product Manager: ______ Product Line: ______

Phase in Product Life Cycle: *(check the one that applies most closely)*

☐ New Product ☐ Growth Phase ☐ Mature Phase ☐ Decline Phase

Manufacturing, Assembly, or Development Site

Product Positioning

Target Market(s) or Segments

Key Product Features	Key Product Benefits
1.	1.
2.	2.
3.	3.

Unique Selling Point

Pricing Strategy *(Consider cost, competition, customers' demand, and perceived value)*

☐ Penetration ☐ Premium ☐ Going Rate in Marketplace ☐ Other
☐ Cost Plus ☐ Target-Return ☐ Promotional
☐ Perceived Value ☐ Value ☐ Markup

Cost per Unit: ______ Average Selling Price per Unit: ______
Breakeven Point: Target Margin:

Key Competitors	Average Selling Price	Marketing Strategy
1.		
2.		
3.		
4.		
5.		

Market Demand for Product

Distribution Channel	Projected Annual Dollar Revenue	% of Total Revenue	Year to Date Revenue	% Change

Current Market Share: Last Year: % Increase or Decrease:

Marketing Objective

Promotional Strategy

Media Plan:

Ad Agency name: ______ Contact Information:
Account Executive:

Publicity Strategy:

Publicity Manager: ______ Contact Information:

Up sell/Cross sell Opportunities:

Special Offers:

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SWOT Analysis

Use a SWOT analysis to identify the strengths, weaknesses, opportunities, or threats relative to a product, product line, marketing program, or even a whole company. The SWOT analysis lets you focus on specific areas and discover actions that can help build on strengths, minimize or eliminate weaknesses, maximize opportunities, and deal with or overcome threats.

Date of analysis: ________________

Name of item to be analyzed: ______________________________________
For example, the Fall Back-to-School Marketing Program.

Internal Analysis
List items inherent to the item to be analyzed, such as positive results of a marketing program.

Strengths	**Ideas for building upon these strengths**
Weaknesses	**Ideas for minimizing or strengthening these weaknesses**

External Analysis
List items or factors outside of the item to be analyzed, such as external marketplace factors.

Opportunities	**Ideas for investigating or taking advantage of these opportunities**
Threats	**Ideas for minimizing or overcoming these threats**

Test Yourself

1. Q Marketing is:

A The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals' and a company's goals. All marketing efforts need to include decisions about products (which include ideas, goods, and services), price, promotion, and place (distribution). Moreover, successful marketing efforts take into account both consumers' and the company's goals. Finally, marketing consists of both planning *and* implementation.

See also Marketing Essentials: Core Concepts, **What Is Marketing?**.

2. **Q** Which of the following best defines a marketing orientation?

A Everyone in the organization is constantly thinking about what the company's customers want and how the firm can satisfy those desires better than its rivals can, in ways that generate the company's desired financial returns. A true marketing orientation means that all employees in an organization consider marketing part of their job. Whether they're working at the executive, front-line, or administrative level, in the accounting department, on the shop floor, or in human resources, all employees can learn how their daily actions affect the firm's ability to meet customers' needs effectively. Armed with this knowledge, they can continually identify and leverage opportunities to help the company better meet those needs.

See also Marketing Essentials: Core Concepts, **Defining a Marketing Orientation**.

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3. **Q** To analyze market opportunities, which two questions must your firm ask?

A Who are our target customers? And why should they buy our product instead of our competitors'? By identifying your target customers (the individual consumers or organizations that would most benefit from your firm's products or services) and your offerings' advantages over your competitors', you can design more focused, effective marketing programs. These programs will enable you to communicate your products' key benefits specifically to those people or organizations most likely to be interested in them.

See also Marketing Essentials: Core Concepts, **Analyze Market Opportunities—Consumers**.

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4. **Q** As communications advances connect sellers and buyers as never before, consumers are finding it easier than ever to compare prices. That makes setting prices even more complicated for marketers. Which of the following constitute effective pricing strategies?

A Revise price often enough to capitalize on market changes, and peg price to your firm's desired revenues rather than costs. Of all four marketing-mix elements (product, price, place, and promotion), price is the easiest to change. Experts recommend revising price often to capitalize on market changes, as well as pegging price to your firm's desired revenues rather than costs. In addition, they advise marketers to integrate their pricing strategy with the other three P's and to vary price enough to accommodate different products, market segments, and purchase situations.

See also Marketing Essentials: Core Concepts, **Develop a Marketing Strategy**.

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5. **Q** Why should your firm continually generate new products and services or improvements to existing offerings?

Consumer attitudes toward existing products can change quickly and unexpectedly, most products eventually become outdated, and your competitors are always looking for ways to offer more attractive deals to customers. The need to constantly generate new offerings stems from three sources: changing consumer attitudes, the nature of product life cycles, and the actions of your competitors.

See also Marketing Essentials: Core Concepts, **Develop New Products**.

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6. Q Which of the following are not potential elements of a brand?

A A list of product ingredients. Brands may consist of a name, term, sign, symbol, design— or any combination of these—that identifies your firm's offering and differentiates it from those of competitors. Thus a list of product ingredients does *not* constitute a potential element of a brand. A well-executed brand creates a strong *brand image*, or consumer perception of what your product or company stands for. In customers' minds, a brand's meaning can take many different forms; for example, attributes ("This car is durable"), benefits ("With such a durable car, I wont have to buy another car for years"), values ("This company certainly emphasizes high performance"), and personality ("This car really shows off my stylish side").

See also Marketing Essentials: Core Concepts, **Develop a Marketing Strategy**.

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7. Q Direct marketing means:

A Selling your products or services to customers without the use of intermediaries such as wholesalers, retailers, or agents. You can engage in direct marketing through traditional means—such as printed, mailed marketing pieces; radio or TV broadcasts; telemarketing; and faxes—or through newer media—such as e-mail, the Internet, and online marketing services. But regardless of which media you use, direct marketing means selling to customers without the use of intermediaries.

See also Marketing Essentials: Core Concepts, **A Closer Look at Direct Marketing**.

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8. Q Relationship marketing means:

A Learning about customers' purchasing behavior and histories, preferences, concerns and complaints, lifestyles, and demographic characteristics, and then customizing your offerings to meet these customers' changing needs. At its heart, relationship marketing entails getting to know the individual consumers who make up narrower and narrower market segments, and then shaping your products and services to meet those customers' specific and changing needs.

See also Marketing Essentials: Core Concepts, **A Closer Look at Relationship Marketing**.

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9. **Q** Which of the following is *not* an illustration of the benefits of relationship marketing?

A Owing to the customer loyalty that relationship marketing lets you build, customers generate greater profits every year because they buy more and more and they tend to spend increasing amounts of money over time. The ability to predict precisely when a customer will defect to a competitor is actually not something you gain through relationship marketing. Rather, relationship marketing lets you build close, loyal bonds with target customers. Loyal customers then become more profitable because they buy more and more from you, spending increasing amounts each time. At the same time, the costs of serving them (entering them in your database, learning their preferences, processing information about them) get spread out over time, thereby decreasing with every purchase a customer makes. The key benefit to relationship marketing is thus customer longevity.

See also Marketing Essentials: Core Concepts, **A Closer Look at Relationship Marketing**.

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10. **Q** Which of the following best describes a product's life cycle?

A Product introduction, rising sales and profits, peaking sales and profits, and decline of sales and profits. These four phases of the product life cycle are also known as product introduction, growth, maturity, and decline. During the introduction phase, the product generates low sales and profits, thus attracting few competitors. During the growth phase, sales and profits rise, attracting more and more competitors. During the maturity phase, sales and profits peak, and the number of competitors remains stable or declines. And during decline, sales and profits decrease, along with the number of competitors.

See also Marketing Essentials: Core Concepts, **Develop a Marketing Strategy**.

Harvard Business Review

Harvard Business Review, October 2001

Preventing the Premature Death of Relationship Marketing

by Susan Fournier, Susan Dobscha, and David Glen Mick

The Idea in Brief

Business is abuzz with **relationship marketing**. "Learn more about your customers! Build meaningful, one-on-one relationships! Personalize! Customize! Please every palate with infinite offerings!"

Customers' response? An irate "Buzz *off*!"

Why? In our rush to reap the potential benefits of relationship marketing—reduced costs through customer retention and increased revenues through customer loyalty—we've overlooked two basic truths. First, relationship building requires willing participation from *both* parties. Second, it takes *reciprocity*—a balance of giving and getting. If customers are only *giving* vital information, but not *getting* benefits in return, relationship marketing deteriorates into unwelcome manipulation.

To recover, we need to:

- see marketing through consumers' eyes,
- regain their trust, and
- build *true* intimacy.

The Idea at Work

See Through Consumers' Eyes

Blinded by relationship marketing's potential, we don't understand how *customers* see marketing. The hard truth:

- **Companies flood consumers with too many requests for one-on-one relationships.** Yes, long-term, committed partnerships are valuable. But people maintain just a few close relationships in their personal lives. How can we demand more from their *consumer* lives?

  Result: Marketing advances seem trivial, useless. Consumer interest in relationship building evaporates.

- **Companies ask customers for friendship, loyalty, and respect—without giving the same in return**—e.g., hotels request personal information from guests but don't give personalized service in return.

  Result: Consumers see marketing as a "one-way street" benefiting companies only.

- **Companies cater to their "best" customers**—such as dropping off rental-car "club" members at their cars while making loyal non-club members walk.

  Result: Customers feel spurned.

- **Companies offer too many options**—e.g., a toothpaste brand in 55 product and packaging variations.

  Result: Customers feel overwhelmed, paralyzed.

Regain Customers' Trust

How to rebuild damaged consumer trust? Prove *through your actions* that a relationship with your company can be useful and stress free. Rethink two aspects of marketing:

- **Product design**. Do your new products and extensions create need—or noise? Evaluate consumers' likely reactions, then eliminate frustrating or overwhelming features and functions. Procter & Gamble has standardized product packaging and pruned marginal brands. Offer frustration-control tools—e.g., America Online's software lets customers block unsolicited e-mails.

- **Personal-information handling**. If you're not using sensitive information about customers, stop gathering it "just in case." Be honest, too: You want consumers' money. Tell them that, and explain why *your* deal's the best.

Attain True Intimacy

Successful relationships hinge on true intimacy, both parties fully knowing one another. To hold up *your* end, get everyone—senior and midlevel managers, engineers—out in the field, "living with the natives." Read your target consumers' magazines, watch their favorite TV shows, learn what issues command their attention. Find out how people actually use—and feel about—your offerings. Get an up-close-and-personal view of "a day in the life of the customer" through:

- videotapes and photographs of customers using products,
- customer-service hot lines,
- Web-based product discussion groups.

Make consumer specialists the foundation of your entire marketing discipline, and you just might achieve a marriage—or at least a relationship—made in heaven.

Preventing the Premature Death of Relationship Marketing

To save relationship marketing, managers will need to separate rhetoric from reality.

Relationship marketing is in vogue. Managers talk it up. Companies profess to do it in new and better ways every day. Academics extol its merits. And why not? The new, increasingly efficient ways that companies have of understanding and responding to customers' needs and preferences seemingly allow them to build more meaningful connections with consumers than ever before. These connections promise to benefit the bottom line by reducing costs and increasing revenues.

Unfortunately, a close look suggests that relationships between companies and consumers are troubled at best. When we talk to people about their lives as consumers, we do not hear praise for their so-called corporate partners. Instead, we hear about the confusing, stressful, insensitive, and manipulative marketplace in which they feel trapped and victimized. Companies may delight in learning more about their customers than ever before and in providing features and services to please every possible palate. But customers delight in neither. Customers cope. They tolerate sales clerks who hound them with questions every time they buy a battery. They muddle through the plethora of products that line grocery store shelves. They deal with the glut of new features in their computers and cameras. They juggle the flood of invitations to participate in frequent-buyer rewards programs. Customer satisfaction rates in the United States are at an all-time low, while complaints, boycotts, and other expressions of consumer discontent rise. This mounting wave of unhappiness has yet to reach the bottom line. Sooner or later, however, corporate performance will suffer unless relationship marketing becomes what it is supposed to be: the epitome of customer orientation.

Ironically, the very things that marketers are doing to build relationships with customers are often the things that are destroying those relationships. Why? Perhaps we are skimming over the fundamentals of relationship building in our rush to cash in on the potential rewards of creating close connections with our customers. Perhaps we do not understand what creating a relationship really means; that is, how customers' trust and intimacy factor into the connections we are trying to forge. Relationship marketing is powerful in theory but troubled in practice. To prevent its premature death, we need to take the time to figure out how and why we are undermining our own best efforts, as well as how we can get things back on track.

Seeing Through the Eyes of the Consumer

Caught up in our enthusiasm for our information-gathering capabilities and for the potential opportunities that long-term engagements with customers hold, is it possible that we have forgotten that relationships take two? Is it possible that we haven't looked close enough to see that the consumer is not necessarily a willing participant in our relationship mission? Consider relationship marketing from the consumer's point of view.

The number of one-on-one relationships that companies ask consumers to maintain is untenable. As a result, many marketing initiatives seem trivial and useless instead of unique and valuable. Every company wants the rewards of long-term, committed partnerships. But people maintain literally hundreds of one-on-one relationships in their personal lives—with spouses, coworkers, casual acquaintances. And clearly, only a handful of them are of a close and committed nature. How can we expect people to do anymore in their lives as consumers?

"It's overkill," said one woman we interviewed, referring to the number of advances she fields from companies wanting to initiate or improve their relationship with her. "One is more meaningless than the next. I must get ten mailings every day. When I go away for vacation, the accumulation is remarkable. I never look inside the mailings anymore. I just throw them all away."

"The flood of advances from companies undermines any one overture so that it doesn't matter which company you end up doing business with," said another disillusioned customer. "I started with phone company A, then switched to company B. I got some reward from the second company for switching—I don't remember what. Then company A paid me to come back. It was like I was hunted prey—$50 here, $50 there, $100 to leave company A a second time. I was a college student at the time, and the money was great. But it was crazy. The salespeople on both sides kept telling me how important a customer I was to them, but who pays you to be their customer? I wasn't developing a relationship with either company. I was just taking the money."

There's a balance between giving and getting in a good relationship. But when companies ask their customers for friendship, loyalty, and respect, too often they don't give those customers friendship, loyalty, and respect in return. How do we follow through on the assertion that we value one-on-one relationships with our customers? One woman told us of her frustration at being asked to disclose personal information each time she patronizes a certain hotel chain. "I volunteer vital statistics every time," she explained. "Name, address, method of payment, travel for business or pleasure, number of hotel visits per year. The use to which this information is put remains a mystery to me. Do the clerks know who uses the information and how? No. Are product offerings improved? Not to my knowledge. Do I get a special discount? Certainly not. Am I greeted in some special way each time I return? No. And for that matter, suppose I was? If a company did 'remember' what drink I ordered from room service the last time I stayed in the hotel, who's to say that I'd want it again? I don't always order a diet soft drink."

The disconnect between the "give" and the "get" was particularly revealing in one consumer's story of his interactions with a catalog company. "The company has what seems to be a good idea," he recounted. "Each year around the holidays, it sends out a reminder to its customers, telling them what they ordered the year before and for whom. The problem is, several years ago I ordered presents for the physicians who took care of my mother when she was hospitalized for an emergency medical condition. And each year now, the company reminds me of that awful time. I even called the company and explained that I don't generally buy presents for the people on that list. I told them why, and I asked for those names to be deleted. The operator was nice enough on the phone and said that the names would be taken off my list. But this fall, there they were again."

The net effect, according to another consumer we talked to, is relationship marketing that is all "one way": "Sure, they can call me at dinner, but I can't reach them on the phone. They can send me 100 pieces of mail per year, but I can't register one meaningful response with them. You really want to be my friend? Sure you do. Well, then, what are you going to do for me? Or more to the point, how much is it going to cost me? Companies claim that they're interested in the customer. But the focus is not on the customer—it's on the company."

Companies' claims that customer relationships are valued don't hold water. Sometimes people feel put at a disadvantage by their loyalty. And sometimes a company's preoccupation with its so-called best customers leaves other revenue-generating customers feeling left out and underappreciated. New customers at certain credit-card companies get special introductory interest rates while fees for long-standing customers skyrocket. Loyal customers are inundated with inappropriate or seemingly insignificant corporate mailings—mailings that sometimes treat them as brand-new marketing targets, ignoring their long-standing tenure. One savvy consumer summed up the phenomenon: "Are these the rewards or the punishments of relationship marketing?"

And what of those loyal customers who don't happen to spend enough money to get into a company's inner circle? "I rent cars from one particular company," said one man. "You could call me a loyal customer. I never rent from any other company. But as I learned on my last trip, I am apparently not one of the company's valued customers. We were taking the van from the airport to the rental lot, and the driver asks, 'Who here is a club member?' Three people raise their hands and, one by one, get dropped off at their cars. They get all this special treatment, and the rest of us are just sitting there looking around at one another, feeling uncomfortable. Finally, one guy looks at me and says, 'What makes them so special?' I started to explain that those are the company's big-ticket customers, that they spend a lot of money with the company. But as I was talking, I was thinking, Hell, I spend a lot of money here, too. I should be a valued customer. But instead, the company is making me feel like chopped liver. It made me really mad."

In their role as relationship partners, companies need people to think of them as allies and friends; but more often than not, they come across as enemies. Companies claim to offer solutions to consumers' problems; but in fact, they are creating more problems than they solve. Supermarket SKUs have risen to 32,000, with more than 2,500 new products on the shelf vying for attention. Coke is available in more than 50 product and packaging variations, Crest in 55. Snapple at one time logged more than 70 flavor varieties on grocers' shelves—despite the fact that 6 flavors commanded the majority of the company's sales. Some cable television systems on the market today offer more than 700 different channels, though research has shown that the average user is happy to handle 10.

Companies are trying to satisfy—and log a sale on—customers' every desire or fleeting whim. But customers view the scene differently. They see a bewildering array of seemingly undifferentiated product offerings. Companies tend to center their efforts on the potential advantages of being first to market with new, technologically superior products. They view negative feedback from consumers as merely temporary resistance to change. An alternative explanation begs notice, however: optimal levels of choice exist, and current product policies consistently exceed those marks.

"I nearly cried the last time I went to buy something for my headache," one woman said. "Did I have a tension, sinus, or recurring headache? Did I want aspirin, ibuprofen, acetaminophen? Store brand or major brand? I don't know all the answers, but I do know that my headache got worse thinking about them. I just stood there looking at the shelf. I was paralyzed."

"I tried to do something about the chaos," another disgruntled customer recounted. "I was being deluged by catalogs—three, four, five a day. I was saturated with options. I had to put a stop to it. So I called one company that I actually like. I asked where the company had gotten my name. After a few calls, I finally got someone who could tell me. It was another company. So I called that company. And so on, and so on. With every call, I registered my deep disappointment that the company would sell my name and my purchase preferences without my permission. No one seemed to care. The best any of them could do was to agree to take my name off their list—a change that most said wouldn't take effect for about six months. Finally, I gave up. New catalogs kept coming in. I was defeated."

Loss of control, vulnerability, stress, victimization: these are the themes that emerge when we listen to people talk about the products they use, the companies that supply them, and the marketplace as a whole. In fact, we are more likely to hear consumers vent their frustrations about newly acquired products than we are to hear them extol their virtues. Control is experienced simultaneously as loss of control. Gains in efficiency are offset by the creation of more work. Freedom of choice is interpreted as a bind of commitments. These frustrations run deep, threatening the very quality of consumers' lives.

As one consumer said, "The answering machine is great. I catch all these calls that I would have missed otherwise. I don't have to be home to receive calls. But at the same time, I become a slave to that technology. The machine makes me come home and check it every day. The first things I do when I get home: check the mailbox, check the answering machine. And then you are responsible for returning all those calls. If you had no machine, who would be the wiser? It's like a plant. You have to water it to keep it alive."

"We got a weed eater, and what I have found in having that thing is that you tend not to be quite as conscious about what you are going to trim," said another consumer. "My wife planted little flower beds here and there, and around trees, and it was like, 'No, problem. We have the weed eater!' The problem here isn't that you bought a product and it didn't do its job. The problem is that because the product made something easier, you ended up working more than you would have before. The weed eater led to more weeding! Most technological products do their jobs, and do them well, but they end up generating more work."

The net effect is a consumer who is more likely to view companies as enemies, not allies. Our research suggests that consumers develop coping strategies designed to eliminate, minimize, or otherwise control the deleterious effects the marketplace has on the quality of their lives. Consumers develop "purchase and consumption rules" to get them through the day. They may refuse to set the clock on their VCRs, for example, or they may put off purchasing an item to avoid the challenges of owning it. They also may constrain the use of certain products to limit the negative effects those products have on their lives, say, by leaving their portable phones behind when they work in the garden. They may even hire a professional organizer to help them sift through the chaos and downsize their choices to manageable levels. Consumers don't welcome our advances. They arm themselves to fight back.

Regaining Trust

In 1985, psychologists Michael Argyle and Monica Henderson, professors at Oxford University, defined several basic universal rules of friendship. Among them: provide emotional support, respect privacy and preserve confidences, and be tolerant of other friendships. We've violated each of these rules. In so doing, we've forfeited our customers' trust and, with it, the chance to build the intimacy that results in truly rewarding partnerships. How can we regain that trust? We must start to behave in ways that will show consumers that companies can be valued partners. We have to prove through our actions that marketing relationships need not be empty, meaningless, or stressful at best.

Judging from consumers' tales, the best place to start is with our new product-development policies and projects. Time-to-market imperatives, for instance, should be reconsidered from the consumer's point of view. According to marketing researcher Jonlee Andrews, the key reason companies launch extensions that customers perceive as meaningless is that, from inside a rigid brand-management organizational structure, managers simply can't tell what will resonate with consumers and what won't. We need to break out of that mold, recognize that endless introductions create noise not need, and be more rigorous about evaluating consumers' likely reactions to our new products and extensions.

For example, in the area of product design, we might do well to engage social scientists. Their expertise would help engineers eliminate the kinds of features and functions that frustrate or overwhelm consumers. Sony regularly engages cultural anthropologists for this task, whereas Sharp prefers sociologists. Both practices make salient the "human" side of design—where concerns about product performance are augmented by aesthetics and a genuine effort to improve the quality of people's daily lives. Similarly, we could try harder to ensure that our existing product lines adhere to a quality-of-life-based mission. Some companies seem to be addressing that issue. Procter & Gamble has standardized its products' formulas and packages, reduced its deluge of promotions and coupons, pruned marginal brands from its lines, and cut back on its dizzying array of new-product launches. Computer manufacturers are offering more user-friendly features and enhanced service support. Auto manufacturers have trimmed product lines on many models and brands by offering platform-based value packages. Some thoughtful initiatives offer customers tangible tools to control the frustrations that overwhelm them. America Online has designed software enhancements that allow customers to block unsolicited E-mail messages; many major department stores now offer "purchase pals" to help customers sort through the dizzying array of products; and a Microsoft-led initiative, called the Simply Interactive PC, promises to make it easier for users to upgrade their machines, quelling the fears of premature obsolescence that plague leading-edge buyers.

But we must ask ourselves, Are these initiatives, and others like them, undertaken with a genuine concern for consumers' emotional well-being? In positioning for simplicity, are we solving the problem or taking advantage of it? When consumers have to pay a fee for telephone-software-support service after only 90 days of owning their computers, has the fundamental problem been solved? When consumers pay extra each month for the privilege of overriding their caller-identification feature, have we addressed the basic issue? Are SKUs being cut for the consumer's sake, or is an empathetic stance just a good way to spin cost cutting?

Once we have our product policies in line, we must rethink the way we solicit and handle our customers' personal information. The information that companies need to build lasting long-term relationships is extremely private and valuable, so we must treat it with care. We need to remember a forgotten rule: that intimacy and vulnerability are entwined. For example, if a company routinely asks its customers for sensitive information but doesn't put that information to use, it should stop asking those questions. We must force ourselves out of that safe place where information may someday prove useful for an as-yet-to-be-articulated question and recognize the cumulative price of eroded consumer confidence along the way. We pay for those invasions, so let's make sure the cost is worth it.

Finally, we must begin to confront our own relationship goals honestly. We can't expect to develop intense, devoted relationships with every consumer of every product or brand we offer. Why pretend that we can? Let's put our relationship motives on the table: no fluff, no faked sincerity, no obtuse language, no promises we don't keep—just honesty about commercial intent. We want consumers' money—let's tell them that, and let's tell them why the deal's a good one. Nielsen Media Research has recently converted its panelists into "members" who have the "privilege of volunteering to be Nielsen households." Do those families feel any different now than they did before? Are the company's panelists allied to the company in a more meaningful way than they were in the past? Or has the language fallen flat because there’s nothing to support it?

Attaining Intimacy

Even if we approach all of the above directives with the same zeal with which we have embraced the call of relationship marketing, we still face a tough hurdle. True customer intimacy—the backbone of a successful, rewarding relationship—requires a deep understanding of the context in which our products and services are used in the course of our customers’ day-to-day lives. Put simply, it requires a comprehensive view of consumer behavior. And the foundations of our marketing work—our Western analytic research methods—are simply not capable of providing that view. They have set us up to fail, time and again.

Consider for a moment how we measure the capstone of relationship marketing: customer satisfaction. Is it simply a question of expectations versus actual performance on a given attribute of a product or service? Is it a static, context-free rating on a five-point scale? The stories of consumers on the edge suggest that they aren’t simply pleased or displeased with their computers, their answering machines, their trips to the grocery store. They are satisfied or dissatisfied with the quality of their lives in today’s world. For contemporary consumers, *product* satisfaction is linked inextricably with *life* satisfaction, and companies must attend to both these dimensions if they expect to win.

Let’s face it: problem-focused research studies and runaway numbers crunching are misleading. They are not designed to reveal the kind of consumer discontent we’re describing; and in fact, they may get in the way of such insights. Isolated ratings of the sugar content in cereal or the readability of digital displays tell us nothing about despairing consumers and the role that marketing policies play in exacerbating their discontent. To get inside people’s heads, marketers need to turn to the tools of ethnography and phenomenology: qualitative social-science methods dedicated to richly describing and interpreting people’s lives. Videotapes and photography also are good reporting tools. They can reveal what a "day in the life of the customer" is all about. Finally, long-term studies work better than ad hoc surveys in painting an accurate picture of how consumers react to and use products.

We also can tap into underutilized data scattered within organizations to develop a more complete and intimate picture of consumers. Customer-service hot lines, for example, are a source of great insight, but few companies use them for that purpose. Ironically, many have outsourced their 800-number services and customer-response hot lines in the wake of cost cutbacks. Another underutilized resource is the World Wide Web. Because marketers do not directly maintain or intervene in product discussion groups, the conversations that develop there are especially revealing. Managers at Intel learned quickly—but not quickly enough—about the role played by discussion groups in fueling marketplace crises such as the one the company experienced with the Pentium processor. Soap opera writers regularly monitor viewers’ reactions to evolving story lines, changing characters and plots in response to the voiced concerns of viewers. Middleburg Interactive Communications in New York has launched a new service called M-3 to serve this very need. M-3 scans the Internet daily for consumer discourse about companies and their brands and then offers its clients advice on how to respond.

There also are many readily available sources of relevant information outside companies. For example, more formal use could be made of trend analyses, such as those offered by the Yankelovich Monitor, Roper Reports, and the Public Pulse. These services provide cutting-edge indicators of shifts in the consumer psyche. Ad agencies also are likely purveyors of trend information. And there's the recently formed International Society for Quality-of-Life Studies, which sponsors annual conferences and publications. Secondary data are another overlooked source of valuable information about consumers. We should be reading our target groups' magazines, watching their television shows, learning what issues dominate their fields of vision, and tracking how those concerns evolve and change over time.

Understanding the consumer will above all require us to get out into the field. And that doesn't just mean the researchers. It means senior managers, middle-level managers, engineers. If the target customer that a Kraft Foods manager is pursuing is the so-called middle-American mom, that manager should rent a van, drive her team to DeSoto, Missouri, and "live with the natives." She should go to church with them, hang out at the local VFW, attend the parent-teacher conference on Thursday night. One of the authors of this article did just that when working for Young and Rubican Advertising. Ten years later, video reports from that field-based research on the "new traditional woman" still inform creatives' opinions about the real consumers of Jell-O and other classic mainstream brands. Perhaps it's time we take the philosophy of "customer visits" embraced in business-to-business marketing into the customer domain.

To be truly effective, however, these methods require grounding in a strong disciplinary base of theory. Simple mastery of methods—long the kingpin of power in a data-intensive world—will no longer suffice. Understanding consumers' experience means embracing theories of philosophy, communications, counseling, psychology, and religious studies. Even such disciplines as medicine, law, and literature have a lot to offer. Each can give us a new, broad perspective on the emotional lives of our consumers and help us get past the narrow views that training has inured us to.

We can't do all this without redressing the role of marketing research. If researchers were truly the consumer specialists we intend them to be, primarily responsible for understanding their customer—mainstream Americans, technophobes, or whatever segmentation is deemed relevant—we would no longer think of them as tacticians, reporters, data crunchers, or facilitators of focus groups on a company's latest ad campaigns. Instead, they would be *strategic specialists* with a mandate to develop and communicate throughout the company an empathetic understanding of target consumers. The researcher would serve as kingpin of the entire relationship- marketing function, ensuring that the consumer was represented accurately and responsibly in the company's value creation and delivery processes.

In the 1980s, advertising-agency account planners and qualitative research consultants performed the task of consumer specialists. Clients didn't have time for such basic research, what with all the scanner data there were to process and all the new-product concepts there were to screen. With downsizing, cutbacks, and identity crises within the discipline, there was no one left inside the company to assume these responsibilities anyway. But is this a function we want farmed out? If ever there was a capacity that must be served within the organization, this is it. This is where the consumer intermediary function is performed. This is, in effect, the foundation of the entire marketing discipline.

Marketers serve as the boundary between the consumer and the company. And in that capacity, they are both representatives of the company and advocates for the customer's point of view. Both roles are critical; and yet in recent years, the balance has become selfishly skewed. Relationship marketing as it is currently practiced has not brought us closer to our customers. Instead, it has sent us further afield. Our misguided actions have sparked a consumer backlash that endangers the reputation of relationship marketing, calling into question the viability of the entire marketing discipline going forward.

Relationship marketing can work if it delivers on the principles on which it was founded. It's startling how wrong we've been about what it takes to cultivate intimate relationships with customers. And it is alarming how quickly and thoughtlessly relationships can be destroyed through the muddled actions we often engage in. We've taken advantage of the words for long enough. It's time to think about—and act on—what being a partner in a relationship really means.

Exploring Further

Articles

"Is Your Company Ready for One-to-One Marketing?" by Don Peppers, Martha Rogers, and Bob Dorf (*Harvard Business Review*, January-February 1999, Product no. 99107)

This article is ideal for managers who have decided to give relationship marketing another—and better—try. The authors agree with Fournier et al. that the theory behind relationship (or "one-to-one") marketing is simple, but the implementation complex. Too many companies, they say, have jumped on the relationship-marketing bandwagon without the right preparation, mistakenly understanding it as an excuse to badger customers with telemarketing and direct-mail campaigns.

In this tool kit, the authors reveal how to establish the proper relationship with customers. They describe four steps: 1) identifying your customers, 2) differentiating among them, 3) interacting with them, and 4) customizing your offerings to meet consumers' needs. The tool kit also contains activities and exercises that you can administer to employees and customers and that will assess your firm's readiness to launch a relationship- marketing initiative. Finally, you'll learn how to determine what kind of program your company can implement now, how to position your firm for a large-scale program, and how to establish priorities.

"Smart Customers, Dumb Companies" by Christopher Locke (*Harvard Business Review*, November-December 2000, Product no. R00610)

In this review of Steven M. Cristol and Peter Sealey's book *Simplicity Marketing: Relieving Customer Stress in the Digital Age* (2000, The Free Press), Locke takes another look at the supposed pitfalls of relationship marketing. In particular, he questions the book's image of customers' being bombarded with an overwhelming array of choices.

Locke doesn't share Cristol and Sealey's— or Fournier, Dobscha, and Mick's—view that companies should consolidate product and service functions and limit new brands and product extensions. That's an outmoded, dictatorial view of markets. Far from being stymied by choices, Locke believes, customers are rapidly becoming smarter than the companies that pretend to serve them. In this networked economy, people are talking among *themselves*—not with marketers. That changes everything. In Locke's view, we'll see a growing number of well-defined **micromarkets** emerge: groups of customers converging in real time around entertaining and informative voices, such as National Public Radio's *Car Talk* and the Motley Fool investment site. Indeed, Web sites will replace traditional advertising because they'll provide credible user-supplied news about products and services.

Simplicity may sound like a good idea— but it's the open exchange of information that's really going to solve the so-called problem of choice.

Notes and Articles

Richard Bierck. "Are You Reaching Your Customers?" *Harvard Management Communication Letter*, December 2000.

> To retain customers, you need to understand what makes them tick. What better way to do that than by studying actual consumer behavior? Paco Underhill is a market-research consultant whose firm studies the actions of retail shoppers, and Gerald Zaltman is a Harvard Business School marketing professor who studies the psychological reasons behind consumers' behavior. Taken together, the insights from these two experts offer solid tips for getting your message to your customers.

Rohit Deshpande. "Creating Value." Harvard Business School Case Note. Boston: Harvard Business School Publishing, October 2000.

> Creating value involves understanding consumers and bringing this knowledge into the organization. The author contrasts market-driven and market-driving strategies in the context of new product development.

Harvard Business School Publishing. "A Crash Course in Customer Relationship Management." *Harvard Management Update*, March 2000.

> It's the marketer's newest set of tools—but not every company needs it. Customer relationship management (CRM) is markedly different from past marketing strategies. CRM allows a company to identify customers, differentiate them in terms of their needs and value, interact with them, and customize some aspect of its products or services to meet those customers' needs. This article covers the basics of CRM and includes sidebars on CRM metrics, the technology behind CRM, and a discussion of what kinds of companies should be using CRM.

Thomas O. Jones, W. Earl Sasser. "Why Satisfied Customers Defect." *Harvard Business Review* OnPoint Enhanced Edition. Boston: Harvard Business School Publishing, June 2001.

> Most managers rejoice if the majority of customers who respond to customer-satisfaction surveys say they are satisfied. But some of those managers may have a

big problem. When most customers say they're satisfied but not *completely* satisfied, they're saying that they're unhappy with some aspect of the product or service. If they have the opportunity, they will defect. Companies that excel in satisfying customers excel both in listening to customers and in interpreting what customers with different levels of satisfaction are telling them.

Kevin L. Keller. "The Brand Report Card." *Harvard Business Review*, January 2000.

Most managers recognize the value in building and properly managing a brand. But few can objectively assess their brand's particular strengths and weaknesses. Keller lays out the 10 characteristics that the strongest brands share. For example, the strongest brands excel at delivering the benefits customers truly desire, stay relevant to customers over time, are properly positioned, and stay consistent. Keller also describes a full range of marketing tools to build brand equity, including giving the brand proper support over the long term and consistently measures sources of brand equity. By grading a brand according to how well it addresses each dimension, marketers can come up with a comprehensive brand report card. By doing the same for competitors' brands, they can gain a fuller understanding of the relative strengths of their own brands in the marketplace.

Leyland F. Pitt, Pierre Berthon, Richard T. Watson, and Michael Ewing. "Pricing Strategy and the Net." *Business Horizons*, March 2001.

The Internet is overturning established assumptions about price. For one thing, it facilitates customers' ability to make rather than take a price, as customers and firms engage in one-on-one negotiation and products become commodities. At the same time, the Internet enables firms to differentiate pricing in an instant, create customer switching barriers, "de-menu" pricing, and reduce transactions costs. The authors propose a way to assess Internet-based pricing dynamics and market forms according to the relative strengths of buyer and seller. Pricing, they argue, may prove the last frontier for marketing creativity.

Frederick F. Reichheld and Phil Schefter. "E-Loyalty: Your Secret Weapon on the Web." *Harvard Business Review* OnPoint Enhanced Edition. Boston: Harvard Business School Publishing, October 2000.

In the rush to build a presence on the Internet, many marketers mistakenly concentrate all their attention on attracting rather than retaining customers. But acquiring customers on the Internet is expensive, and unless customers keep coming back, profits will remain elusive. Though many marketers assume that online customers are fickle by nature, these authors discovered that most of them actually exhibit a clear proclivity toward loyalty. And companies that use Web technologies correctly can reinforce that inherent loyalty. The authors explain the enormous advantages of retaining online buyers. By encouraging repeat purchases among a core of profitable customers, they say, companies can initiate a spiral of economic advantages—including the ability to compensate employees generously, provide investors with superior cash flows, and reinvest aggressively to further enhance the value delivered to customers.

Patricia Seybold. "Get Inside the Lives of Your Customers." *Harvard Business Review*, May 2001.

Many companies have become adept at the art of customer-relationship management. They've collected mountains of data on preferences and behavior; divided buyers into ever-finer segments; and refined their products, services, and marketing pitches. But all too often, those efforts are too narrow—they concentrate only on the points where the customer comes into contact with the company. Few businesses have bothered to look at what the author calls the customer scenario—the broad context in which customers select, buy, and use products and services. As a result, they've routinely missed chances to deepen loyalty and expand sales. This article showcases three very different companies—National Semiconductor, Tesco, and Buzzsaw.com—that have successfully used customer scenarios as the centerpiece of their marketing plans.

Carl Shapiro and Hal R. Varian. "Versioning: The Smart Way to Sell Information." *Harvard Business Review* OnPoint Enhanced Edition. Boston: Harvard Business School Publishing, September 2000.

Many producers of information goods assume that their products are exempt from the economic laws that govern more tangible goods. But that's just not so. Information goods are subject to the same market and competitive forces that govern the fate of any product. And their success hinges on traditional product-management skills: understanding customer needs, achieving genuine differentiation, and developing and executing an astute positioning and pricing strategy. What makes information goods tricky is their "dangerous economics." Producing the first copy of an information product is often very expensive, but producing subsequent copies is very cheap. Because competition tends to drive prices to the level of marginal costs, information goods can easily turn into low-priced commodities, making it impossible for companies to recoup their up-front investments and eventually bringing about their demise. How to escape that fate? Create different versions of the same core of information by tailoring it to different customers' needs. The authors draw on a wide range of examples to illustrate how versioning works.

Nick Wreden. "Mapping the Frontiers of E-Mail Marketing." *Harvard Management Communication Letter*, September 1999.

E-mail campaigns can be a great addition to your company's marketing plan. However, most traditional direct-marketing rules do not apply to e-mail—so companies need to proceed carefully. One wrong step, and you may find yourself spending far more money than you thought, or worse, having your efforts branded as "spam"—the unsolicited commercial e-mail sent blindly to all e-mail subscribers. This article tells you what to expect from your e-mail marketing campaigns—and how to avoid common pitfalls.

Marvin Zim. "The Secrets of Science and Direct-Mail Marketing." *Harvard Management Communication Letter*, March 1999.

> Practitioners call it direct mail (DM). All too many consumers call it junk—or worse. This article answers questions about direct mail and explains how marketers can use this often-maligned communications channel to their advantage.

Books

Roger J. Best. *Market-Based Management: Strategies for Growing Customer Value and Profitability*, 2d ed. Upper Saddle River, NJ: Prentice-Hall, 2000.

> There's only one true source of cash flow in any business: the customer. Yet the loss or gain of even just one customer rarely attracts notice in many companies. This engaging book argues that marketing is truly everyone's job within an organization. It then describes powerful tools and principles for building a market-oriented business. Examples from well-known companies show how actual business people have put these tools and principles into action—with impressive results. Application Problems at the end of each chapter give you the opportunity to use your new knowledge.

Robert C. Blattberg, Gary Getz, and Jacquelyn S. Thomas. *Customer Equity: Building and Managing Relationships as Valuable Assets*. Boston: Harvard Business School Press, 2001.

> This is the first book to provide a unifying framework and practical tools for measuring customer value—the potential profitability of each customer to the company—as a financial asset. Drawing from successful examples of customer-equity management in a variety of industries, the authors outline how to build and implement powerful new business and marketing systems centered on four key practices: (1) balancing customer acquisition, retention, and add-on selling; (2) managing the customer life cycle; (3) exploiting the power of databases; and (4) precisely quantifying customer value. A comprehensive method for managing customer portfolios across segments and over time, *Customer Equity* enhances the ability of marketers to make better decisions, generate higher profits, and increase shareholder wealth.

Harvard Business School Publishing. *Harvard Business Review on Customer Relationship Management*. Harvard Business Review Paperback Series. Boston: Harvard Business School Press, 2002.

> This collection of cutting-edge articles shows you how to strengthen customer loyalty through unique relationship-building strategies such as partnerships, branding, and superlative customer service. Contents include: "Co-opting Customer Competence" by C.K. Prahalad and Venkatram Ramaswamy; "Get

Inside the Lives of Your Customers" by Patricia B. Seybold; "The Old Pillars of New Retailing" by Leonard L. Berry; "Want to Perfect Your Company's Service? Use Behavioral Science" by Richard B. Chase and Sriram Dasu; "Don't Homogenize, Synchronize" by Mohanbir Sawhney; "Firing Up the Front Line" by Jon R. Katzenbach and Jason A. Santamaria; "Preventing the Premature Death of Relationship Marketing" by Susan Fournier, Susan Dobscha, and David Glen Mick; and "See Your Brands Through Your Customers' Eyes" by Chris Lederer and Sam Hill.

Harvard Business School Publishing. *Masterly Marketing*. Harvard Business Review OnPoint Enhanced Collection. Boston: Harvard Business School Publishing, October 2001.

Why all the buzz about relationship marketing? Because it has enormous potential: loyal customers who generate greater profits, year after year. But as this collection reveals, relationship marketing is hard to implement. In fact, too many companies pursue partnerships with customers who don't want that much attention from marketers. When consumers *are* interested in these relationships, companies often pester them for personal information—without giving them anything worthwhile in return. This collection offers solutions to these problems, including strategies for winning back marketing-weary customers and ways to strengthen the essential skills that *all* relationships—including those with customers—depend on.

Sam Hill and Chris Lederer. *The Infinite Asset: Managing Brands to Build New Value*. Boston: Harvard Business School Press, 2001.

More than ever, marketers urgently need tools to manage vast groups of brands—not as individual elements or collections under one corporate roof, but as complex systems that transcend corporate boundaries. *The Infinite Asset* is the first book to provide such a model and a proven toolkit to implement it. The authors use in-depth case studies—3M, Cadillac, PING, and Miller Beer—to illustrate how brands add both economic and strategic value to companies, especially during economic downturns. They discuss how a robust brand system enables a company to create, grow, and replenish its brands regularly for products and services in both consumer and business-to-business markets, and to hedge against ever-present market risks. The book provides marketers with the first strategic approach to resolving tough questions about the role of the brand manager in the 21st century.

Philip Kotler. *Kotler on Marketing: How to Create, Win, and Dominate Markets*. New York: The Free Press, 1999.

In this essential guide to marketing for managers, Kotler draws on his phenomenally successful, worldwide lectures on marketing for the new millennium. Use this resource to update your skills and knowledge of the new challenges and opportunities posed by hypercompetition, globalization, and the

Internet. Discover the latest thinking on such hot new fields as database marketing, relationship marketing, and marketing on the Web. Gain new insights into such age-old conundrums as how to select the right market segments or how to compete against low-price rivals. Includes a wealth of cutting-edge strategies and tactics for revitalizing your marketing strategy, as well as provocative questions after each selection.

Philip Kotler. *Marketing Management: Analysis, Planning, Implementation, and Control*, millennium edition. Englewood Cliffs, NJ: Prentice-Hall, 2000.

A classic textbook in the discipline, *Marketing Management* offers comprehensive and balanced coverage of the field. Ideal for managers, it applies marketing thinking to a wide array of products and services, industries, companies, and functions. The book also explores the societal and strategic underpinnings of marketing theory and practice, as well as the concepts and tools you need to analyze any market and identify its key opportunities for your firm.

Philip Kotler. *A Framework for Marketing Management*. Upper Saddle River, NJ: Prentice-Hall, 2001.

This concise handbook distills the essence of Kotler's *Marketing Management* textbook. *A Framework for Marketing Management* provides the perfect resource for managers who desire an authoritative account of what's going on in marketing but who want a manual that's short enough to let them spend more time putting concepts and tools into action.

Philip Kotler, Dipak C. Jain, and Suvit Maesincee. *Marketing Moves: A New Approach to Profits, Growth, and Renewal*. Boston: Harvard Business School Press, 2002.

The authors dismiss the popular view of marketing as an either/or proposition (traditional versus Internet) and argue for a radically different, holistic view of marketing that encompasses both off- and online worlds. The authors show that the old style of marketing is fast losing its effectiveness. Indeed, many dot-coms failed because they viewed marketing as merely advertising, promotion, and sales activities. To succeed today, marketing must move beyond a sideline function and take a central strategic role instead. It must supply the strategic architecture for the company and its collaborators. To do this, marketing must assume responsibility for four core company processes: creating marketing offerings, configuring marketing activities, designing the value chain, and implementing the company's systems. The new realities of the marketplace require a whole new set of tools and concepts. Thought provoking and comprehensive, *Marketing Moves* provides a practical framework for embedding marketing into the heart of your firm's corporate strategy.

Regis McKenna. *Total Access: Giving Customers What They Want in an Anytime,*

Anywhere World. Boston: Harvard Business School Press, 2002.

Dominated by hype, and increasingly automated by technology, marketing is losing control over its very reason for existing: to sustain customer relationships. The irony, says McKenna, is that even as technological advances are driving marketing into obscurity, technology is still marketing's only hope for regaining a prominent place in today's organizations. McKenna sets forth a new marketing paradigm in which machines and networks do most of the work. The obsessive emphasis on brand creation and customer manipulation gives way to a focus on discovering individual customer preferences and integrating the people and tools to deliver them. The end goal? A networked marketing ecosystem aimed at providing a "persistent presence" to customers—anytime, anywhere. To achieve this goal, marketers must become IT-centered systems integrators who engage the entire business in the process of change. They must also embrace a new mind-set in which marketing is everything—and everyone's responsibility. Written by the renowned "father of high-tech marketing," this rousing manifesto redefines success in our networked world.

Paul Postma. *The New Marketing Era: Marketing to the Imagination in a Technology-Driven World*. New York: McGraw-Hill, 1999.

The author explores the most recent, sweeping changes in information technology and media—and assesses their impact on marketing strategy. In particular, he maintains that many marketers misuse the Internet and other advances and that much of the information that marketing professionals collect is unreliable. He urges companies to reappraise their marketing policies for both consumer and business markets. Rather than being dazzled by technology, marketers need to understand the clear human behaviors that drive consumers' decisions. Contains a foreword by Philip Kotler.

Robert E. Stevens, David Loudon, Bruce Wrenn, and William Warren. *Marketing Planning Guide*, 2d ed. Binghamton, NY: The Haworth Press, 1997.

Planning lies at the core of any marketing effort. In this book, you'll learn how to create complete strategies for launching successful products and services. Topics covered include situation analysis, objectives, strategy, control, and implementation. Worksheets at the end of each chapter enable you to create your own plan. Case studies show planning principles in action, and tables make technical information accessible and meaningful.

Robert E. Stevens, Bruce Wrenn, Morris E. Ruddick, Philip K. Sherwood. *The Marketing Research Guide*. Binghamton, NY: The Haworth Press, 1997.

This book takes you through the market-research process, step by step. With its plentiful worksheets, sample proposals, questionnaires, and other tools, the book is ideal for managers who must negotiate, evaluate, and use marketing research in their decision making. It also provides vital information for individuals involved in the research process itself who want to review procedures or see examples of specific techniques.

Other Information Sources

The following Web sites offer information on business, marketing associations, and international commerce:

Business:	
Financial news:	www.bloomberg.com
Technology:	www.cnet.com
Companies:	www.hoovers.com
Public companies:	www.sec.gov
Industry trends and competition:	www.stat-usa.gov
Marketing associations:	
American Marketing Association:	www.MarketingPower.com
CommerceNet:	www.commerce.net
Gale's Encyclopedia of Associations:	www.gale.com
International business:	
CIA World Factbook:	www.odci.gov/cia/publications/factbook/
Embassy sites:	www.embassy.org