ships, and the like. The aim of the experiential marketer is to add drama and entertainment to what otherwise might pass as stale fare.

Thus we enter Niketown to buy basketball shoes and confront a 15-foot photo of Michael Jordan. We then proceed to the basketball court to see whether the shoes help us score better. Or we enter REI, an outdoor equipment chain store, and test out climbing equipment on the store's climbing wall, or test out a rainproof coat by going under a simulated rainfall. Or we enter Bass Pro to buy a fishing rod and test it by casting in the store's pool of fish.

All merchants offer services; your challenge is to escort your customer through a memorable experience.

Financial Marketing

I have always urged marketers to be strong in financial thinking. This is not a natural inclination of marketers. They are marketers because they are more interested in people than in numbers.

Yet few marketers will rise to the top of an organization unless they have a good grasp of financial thinking. They need to understand income statements, cash flow statements, balance sheets, and budgets. Concepts such as asset turnover, return on investment (ROI), return on assets (ROA), free cash flow, economic value added

(EVA), market capitalization, and cost of capital must be as familiar to them as sales, market share, and gross margins.

Companies today are focusing on shareholder value. The CEO is not satisfied when the marketing vice president shows that the recent marketing initiatives have resulted in increased customer awareness, knowledge, satisfaction, or retention. The CEO wants to know marketing's impact on ROI and stock prices. Clearly marketers must start linking their marketing metrics to financial metrics.

Corporate cost cutters are now carefully scrutinizing marketing-related costs. Marketers must now justify every item in their marketing budgets and be able to show how each contributes to shareholder value.

One useful step is for companies to appoint *marketing controllers*. These are skilled financial people who understand the marketing process and what it takes to win. They know that advertising, sales promotion, and other marketing initiatives are necessary. Their task is to make sure that the money is spent well.

You can improve marketing's financial returns in two basic ways:

- Increase your *marketing efficiency*. Marketing efficiency involves reducing the costs of activities that the company must carry out. Suppose the company needs point-of-purchase displays and goes to only one display firm and orders them. Had the company invited competitive bids, it might have found a lower price for the same or better quality. Or a company might perform its own marketing research for X dollars, only to find that equivalent or even better quality research might have been outsourced to a marketing research firm for fewer dollars. Other examples: hunting down excessive communication and transportation expenses, closing unproductive sales offices, cutting back on unproven promotional programs and tactics, and putting advertising agencies on a pay-for-performance basis.

- Increase your *marketing effectiveness.* Marketing effectiveness represents the company's search for a more productive marketing mix. A company might increase its marketing effectiveness by replacing higher cost channels with lower cost channels, shifting advertising money into public relations, adding or subtracting product features, or adopting technology that improves the company's information and communication effectiveness.

The aim of marketing is to maximize not just your sales but your long-term profits. While salespeople focus on sales, marketers must focus on profits. Show me a top marketer, and you will be showing me a person who is financially well-versed.

Focusing and Niching

Wise companies focus. An old saying is that if you chase two monkeys, both will escape.

The mass market is made up of many niches. The problem of being a mass marketer is that you will attract nichers who will take better aim at specific customer groups and meet their needs better. As these groups are pulled away, the mass marketer's market shrinks.

Your choice therefore is whether to be a "gorilla" or a "guer-