

Introduction

Today's central problem facing business is not a shortage of goods but a shortage of customers. Most of the world's industries can produce far more goods than the world's consumers can buy. Overcapacity results from individual competitors projecting a greater market share growth than is possible. If each company projects a 10 percent growth in its sales and the total market is growing by only 3 percent, the result is excess capacity.

This in turn leads to hypercompetition. Competitors, desperate to attract customers, lower their prices and add giveaways. These strategies ultimately mean lower margins, lower profits, some failing companies, and more mergers and acquisitions.

Marketing is the answer to how to compete on bases other than price. Because of overcapacity, marketing has become more important than ever. *Marketing is the company's customer manufacturing department.*

But marketing is still a terribly misunderstood subject in business circles and in the public's mind. Companies think that marketing exists to help manufacturing get rid of the company's products. *The truth is the reverse, that manufacturing exists to support marketing.* A company can always outsource its manufacturing. What makes a company

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prosper is its marketing ideas and offerings. Manufacturing, purchasing, research and development (R&D), finance, and other company functions exist to support the company's work in the customer marketplace.

Marketing is too often confused with selling. Marketing and selling are almost opposites. "Hard-sell marketing" is a contradiction. Long ago I said: **"Marketing is not the art of finding clever ways to dispose of what you make. Marketing is the art of creating genuine customer value. It is the art of helping your customers become better off. The marketer's watchwords are quality, service, and value."**

Selling starts only when you have a product. Marketing starts before a product exists. Marketing is the homework your company does to figure out what people need and what your company should offer. Marketing determines how to launch, price, distribute, and promote your product/service offerings to the marketplace. Marketing then monitors the results and improves the offering over time. Marketing also decides if and when to end an offering.

All said, marketing is not a short-term selling effort but a long-term investment effort. When marketing is done well, it occurs before the company makes any product or enters any market; and it continues long after the sale.

Lester Wunderman, of direct marketing fame, contrasted selling to marketing in the following way: **"The chant of the Industrial Revolution was that of the manufacturer who said, 'This is what I make, won't you please buy it?' The call of the Information Age is the consumer asking, 'This is what I want, won't you please make it?'"**²¹

Marketing hopes to understand the target customer so well that selling isn't necessary. Peter Drucker held that **"the aim of marketing is to make selling superfluous."**²² **Mark-eting** is the ability to hit the **mark**.

Yet there are business leaders who say, "We can't waste time on marketing. We haven't designed the product yet." Or "We are too suc-

cessful to need marketing, and if we were unsuccessful, we couldn't afford it." I remember being phoned by a CEO: "Come and teach us some of your marketing stuff—my sales just dropped by 30 percent."

Here is my definition of marketing: **Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, communicating, and delivering superior customer value.**

Or if you like a more detailed definition: **"Marketing is the business function that identifies unfulfilled needs and wants, defines and measures their magnitude and potential profitability, determines which target markets the organization can best serve, decides on appropriate products, services, and programs to serve these chosen markets, and calls upon everyone in the organization to think and serve the customer."**

In short, marketing's job is to convert people's changing needs into profitable opportunities. Marketing's aim is to create value by offering superior solutions, saving buyer search and transaction time and effort, and delivering to the whole society a higher standard of living.

Marketing practice today must go beyond a fixation on transactions that often leads to a sale today and a lost customer tomorrow. **The marketer's goal is to build a mutually profitable long-term relationship with its customers, not just sell a product.** A business is worth no more than the lifetime value of its customers. This calls for knowing your customers well enough to deliver relevant and timely offers, services, and messages that meet their individual needs.

The function of marketing is typically organized as a department within a business. This is good and bad. It's good because it brings together a number of skilled people with specific abilities for understanding, serving, and satisfying customers. It's bad because other departments believe that all marketing is done in one department. As the late David Packard of Hewlett-Packard observed, **"Marketing is much too important to leave to the marketing department. . . . In a truly great marketing organization, you can't**

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tell who's in the marketing department. Everyone in the organization has to make decisions based on the impact on the customer.”

The same thought was well-stated by Professor Philippe Naert: “You will not obtain the real marketing culture by hastily creating a marketing department or team, even if you appoint extremely capable people to the job. Marketing begins with top management. **If top management is not convinced of the need to be customer minded, how can the marketing idea be accepted and implemented by the rest of the company?**”

Marketing is not restricted to a department that creates ads, selects media, sends out direct mail, and answers customer questions. Marketing is a larger process of systematically figuring out what to make, how to bring it to the customer's attention and easy access, and how to keep the customer wanting to buy more from you.

Furthermore, marketing strategy and actions are not only played out in customer markets. For example, your company also has to raise money from investors. As a result you need to know how to market to investors. You also want to attract talent to your company. So you need to develop a value proposition that will attract the most able people to join your company. Whether marketing to customers, investors, or talent, you need to understand their needs and wants and present a competitively superior value proposition to win their favor.

Is marketing hard to learn? The good news is that marketing takes a day to learn. The bad news is that it takes a lifetime to master! But even the bad news can be looked at in a positive way. I take inspiration from Warren Bennis' remark: “Nothing gives me a greater joy than learning something new.” (Mr. Bennis is Distinguished Professor at the University of California and prominent writer on leadership.)

The good news is that marketing will be around forever. The bad news: It won't be the way you learned it. In the coming decade, marketing will be reengineered from A to Z. I have chosen to highlight 80 of the most critical concepts and ideas that businesspeople need in waging their battles in this hypercompetitive and rapidly changing marketplace.