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THE BASIC ARTS OF MARKETING

RAY L. WILLSMER

SECOND EDITION

RAY L. WILLSMER

The Basic Arts of MARKETING

Second Edition

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Preface to the Second Edition

The bulk of the content from the first edition remains in this second one. On the one hand, that may seem disappointing: has there been so little development in marketing theory and practice? On the other hand, it is reassuring to think that perhaps the reason for so little change is that we got it right fairly early on. It is certainly untrue to say that there has been little new in marketing theory. Unfortunately, little of it is of practical benefit in anything other than a descriptive sense. Indeed, a generation of marketing students is now growing up having returned from their placement periods in industry convinced of the irrelevance of all marketing theory to practical business matters.

It is partly to redress a little of that balance that this new edition has been written. The book was always primarily addressed at business men and women who wanted to know something about marketing. Hence the avoidance of jargon, theory and techniques. With the introduction of marketing studies into so many business courses and degrees, students at the Foundation level, especially those preparing for placements, have turned to the first edition and found some omissions. This second edition is an attempt to widen the scope slightly to take in those students doing Foundation courses in marketing and, at the same time, to extend the scope relevantly to those to whom the book was originally addressed. It makes no attempt to be a comprehensive textbook. Its aim is still to describe the essential arts of marketing. However, a significant bridge has been formed toward marketing theory and marketing techniques. On the theory side, some of the best-known theories of buyer behaviour are now briefly described and more space has been given to portfolio analysis, an important practical tool for all businesses. Two chapters have been added. The first concerns the marketing mix: an important concept that describes so many of the differences to be found in marketing and prepared the ground for those who wish to

know more about the techniques of marketing. The other is a separate chapter on pricing. Price has always been one of the most important areas of marketing technique and theory and a place where the two sit happily together. Recent recession, following upon rampant inflation, has put an emphasis on price which many of us believe has gone too far.

Marketing remains, and always will be, a dynamic subject, and that makes it difficult for theories to have universal applications or predictive powers. It has often been said that, in business, it doesn't matter what you do as long as you know why you are doing it. This new edition retains the original aim of helping existing and would-be managers make better decisions about what to do in the marketing of their goods and services.

Ray Willsmer

Preface to the First Edition

One of the biggest problems associated with teaching and writing about marketing is that one is always talking about basically the same topics but with increasing degrees of sophistication. This can be frustrating in several ways. On the one hand, there is the danger of learning to run before one has mastered walking, whilst, on the other, there is always the possibility of opting for too low a level of accuracy and sophistication simply because nothing better was available at the time.

This book sets out to provide a universal basis on to which the available techniques can be grafted. In that sense, it is a book concerned with the practical direction of any business which really concerns itself with customer-satisfaction, knowing where it is going and having definite aims about where it wants to go in the future. It sets the ground for the use of the individual techniques.

It is the argument of this work that the basic principles of marketing are appropriate at all levels of a business and thus to all kinds of management. Nevertheless, time constraints – if nothing else – may well justify a separate marketing department. Thus, this book has been aimed at providing a framework of basic matters that will be of value to the specialist marketing executive, those who plan their careers in that direction, senior and general management whose understanding is fundamental to the marketing process and managers with other specializations who want to know what this thing called ‘marketing’ is all about. For them, in particular, I have tried to avoid the mumbo-jumbo so often used in an attempt to give the subject something approaching scientific status.

Wherever possible, anecdotes have been used to illustrate and amplify. Many of these have been related to me over the years by students and participants in the many seminars and courses I have lectured to. It is mainly from those students that the whole approach to this book has been developed and the practice proved.

Ray Willsmer

1

A Rose by Any Other Name

I do not believe in a fate that falls on men however they act; but I do believe in a fate that falls on them unless they act.

G. K. Chesterton

Among the many who fear that marketing is just another of those transitory management vogues, a good deal of unjust criticism is ironically prefaced by 'Isn't it just'. Isn't it just another name for:

Common sense?

Selling?

Advertising?

What business is all about?

The managing director's job?

It's all of those and that alone shows how different it is from any of them. It helps to illustrate how difficult marketing is to explain. For marketing is used both to describe an essential philosophy of business and a relatively specialized management function. Much of the problem of definition and the lack of understanding derives from this confusion between the attitude of mind and the function; the philosophy and the techniques.

The marketing man, like Chesterton, believes in a fate that overtakes businesses unless they act. He wants to know all the time why things happen, what the implications of his actions will be and how they interrelate with other events. Given that continuing information, he believes that the inevitable can often be avoided, that disasters can frequently be predicted and anticipated. Those are big claims and they need explanation and qualification. Some of that must be deferred until the appropriate chapter. However, two underlying aspects of what marketing is all about will begin to illustrate the force and validity of the marketing man's claims.

1.1 Understanding and action

The first precept is that any business will be all the better for fully understanding what it is they are all about. A company celebrating its diamond anniversary invited me to take part in a special seminar for retailers. During the course of my talk, I gave an example (similar to one which will come later in this book) about a company that had discovered that its real opportunities lay in promoting its existing product into another, much larger, sector of the market. This impressed them and brought to the surface a number of thoughts that had been in several managers' minds. The company was celebrating 60 years of success in the hand-cream market. It knew that the market for body lotion was bigger and that their product could effectively compete with the lotions. They had not seriously considered it because of the fear of damaging their prime market. Similarly, they knew that their product had significant properties as a sun-barrier cream. Again, they had not promoted it that way for fear of confusing their market. Prompted by the seminar, the company undertook extensive studies into the usage of their product. After 60 years in the business they discovered that the prime use of their product was as a body cream; second place was taken by the use of the cream for avoiding sun burn and the smallest usage was as a hand-cream. Sixty years of not fully understanding what the business was about!

The second of the two underlying aspects is that appropriate management action will be taken as a result of understanding what the business is about. There is not much point knowing that what you thought you were selling accounts for the smallest part of your business unless you do something with the fact. A few years back, one of Britain's largest publishing groups launched a new magazine aimed at women. The concept behind the magazine was not researched: it was generally believed that 'publishing flair' would be sufficient. Practically everything else was and it revealed a very high probability that the magazine would fail. It even threw serious doubts on the whole concept. The magazine was launched and the initial sale appeared to confound the researchers. However, follow-up studies had been planned and these revealed an alarming number of women who said they would not buy again. They didn't and the magazine was withdrawn from the market, an expensive failure only partly redeemed by swift management action to restrict losses. There had been another course of action open to that management; they need not have launched.

It is in that sense that marketing is a chief executive's responsibility.

Unless that basic way of thinking and caring about the business is practised at a level where effective action can be guaranteed, the best marketing people in the world, the most refined techniques, the best salesmen and the most effective promotion will not succeed. Although arguments about the role of marketing have become a hardy annual, marketing is in fact a still fragile bloom that requires careful and sometimes delicate handling. It thrives in the right conditions. It cannot grow on barren ground, neither does it respond well to hot-housing. Marketing provides policies for profitable action. Someone has to ensure that action. If the marketing attitude permeates the whole business, that action will be swifter and more certain.

1.2 Philosophy and techniques

Am I saying that everyone can be a marketing man or woman? In one very real sense, I am. For marketing is not a precise art with easily defined skills that can be taught, examined and licensed. It is not a business confined to certified practitioners, although that may well come. After all, some 300 years ago, no-one could see why accountants should be any different from any other businessman: every business had to keep accounts and wasn't accountancy just another name for business? Accountants are licensed to practise, yet that has not in any way stopped efficient businessmen from realizing that a basic knowledge of the principles of accounting is essential. Can a basic knowledge of the principles of satisfying your customers be any less so? That fundamental part of marketing that is an attitude of mind is for everybody. That part which seeks to break out of the conventional rut of business thinking, which is prepared to seek to understand what you are doing and appreciate the implications of every activity; that is something every manager should strive to possess.

However, just as the manager with a sound background awareness of the principles of accountancy still requires a qualified accountant to attend to both the highly skilled aspects and the detail, so experienced specialist marketing executives may be required in the business. Yet again, just as some businesses are too small or too specialized to require the full-time services of an accountant, many businesses will not employ marketing specialists. A marketing organization is not a business necessity: acceptance of the marketing approach is.

Within marketing as a management function, there are two distinct

streams. The first is that of the marketing generalists. That is where the function began and it grew up with people who tended to be Jacks-of-all-trades . . . and masters of some. Their mastery tended to be sales and advertising and that, in turn, created some of the misconceptions. However, as the study of consumer behaviour became more serious, the need for specialists grew and so did the need for people within the business who could understand and communicate the new specializations. Thus we now have the generalists – with titles like Marketing Manager, Brand Manager, Product Manager – and the specialists. The latter themselves split into the generalist-specialist and the real narrow expert. The former may be, for example, a Market Research Manager conversant with the many techniques available to him, whilst the latter may be especially skilled in psychological research, industrial or medical market research.

In other words, there is a clear distinction between the philosophy and the techniques of marketing. You can have the philosophy without the techniques; you can have the techniques without the philosophy. Under many circumstances, the first can make a lot of sense: under no circumstances does the second alternative. The ideal is to have the two together. Unfortunately, as we shall see later, it is not often that one can afford to completely ignore the use of some of the techniques. The key is always profitability. In commercial businesses, the marketing approach seeks to maximize profits over chosen periods of time. We must never lose sight of that, for even when our definitions and statements do not actually say it, the reason is always profit. We adopt the philosophy for profit: we should adopt the techniques for the same reason – and that may lead us to reject them when they do not contribute to our objective.

Philosophy and techniques – the need to encompass both causes the complications of definition. Virtually every writer and lecturer on marketing has felt the need to phrase his own definition of marketing: the result is a confusion of definitions. What usually confuses them even more is the attempt to cover every possibility of action, rather as though one were framing a law. The almost inevitable result, as with a law, is to draw attention to what has been left out rather than what has been included. Any definition can be argued with. Here are three statements about marketing which, if you insist, can be regarded as definitions: The first relates to the philosophy.

Marketing is selling goods that don't come back to customers who do

That simple cliché type of statement encompasses all the thoughts about consumers' rights: the right product at the right time at the

right price affording the right degree of satisfaction – so that they will come back to you for more. But it's more than just a once-only activity. It implies continual quality control, awareness of market attitudes and requirements, fighting off the blandishments of competitive claims, and so on. It can be read also as the art of providing services so acceptable that the recipient wants to go on dealing with your enterprise. It also implies that, in order to market effectively, you may need recourse to some of the specialized techniques of marketing. Hence our second statement.

Marketing takes the guesswork out of hunch

Any new business starts with an idea. Any change of business direction has the same beginning: an idea. An untested idea can be very expensive. If an advertising agency creates a purely speculative campaign for one of its clients, the cost is mainly time, a few materials and some share of total overheads. Not a vast sum and rather akin to a small gamble. A speculative nuclear reactor is unthinkable. In between is a whole host of risk decisions of different kinds. Many hunches about market behaviour can be tested. Some of the specialist areas of marketing are themselves susceptible to testing before any major commitment is undertaken. Marketing techniques do not eliminate risk completely; they can reduce it substantially. They can help to quantify risk so that management does truly know what it is about and what the consequences of its actions could be.

This second statement is of vital importance because of what can be called the 'marketing match'. Every enterprise should seek to match its products or services to what the customer requires. In the vast majority of cases, customers are notoriously bad at articulating what they want. You normally have to give them something to try. In this way you reconcile what you would like to be able to provide with what the consumer is willing to accept. If the customer doesn't like the result, he will go elsewhere – or nowhere as the case may be. If the business doesn't like the result, it can change the product or it can give up. Either way, it has taken away the guesswork and significantly reduced the risk attached to the original idea.

Before looking at an all-embracing definition for marketing, we really should stop and examine an important implication of the last paragraph. It is that activity starts with the manufacturer. Among the more popular alternative definitions are variants of 'Marketing starts and ends with consumer satisfactions'. These derive from Adam Smith and the concept of consumer sovereignty. When Adam Smith wrote, in *The Wealth of Nations* (1776):

‘Consumption is the sole end purpose of all production; and the interest of the producer ought to be attended to only in so far it may be necessary for promoting that of the consumer’

he was describing what he meant by ‘the sovereignty of the consumer’. He was also pointing the way for marketing. Unfortunately, both economists and marketing men lost their way for a long, long time. Whilst economists moved further away from business practicality, marketing men went overboard on consumer sovereignty.

It is certainly not to be dismissed. It has to be put into perspective. By and large, customers are less articulate, less inventive and less inclined to take risks than those who supply them. You cannot sit back and wait for feedback. Moreover, actually asking potential customers what they want is seldom rewarding and the odds are heavily stacked towards failure. Ask one thousand people what their ideal car will be. Put all the answers together and design a car round it. Perhaps you will end up with a car with a long boot, a long bonnet and plenty of room inside the car. However, there would also be a strong possibility that those who wanted the long boot didn’t want a long car: in other words, they required a short bonnet. You have the design of a car that you think is what everyone wants but which no-one will buy. (The Edsel car experience in the USA is a prime example and one British car manufacturer has a piece of research which ‘proves’ that the ideal car has a roomy, separate boot – with estate car doors!) In short, research tends to deal in average consumers. Average consumers seldom lead to products: products lead to average consumers. The message is to assess consumer needs and satisfactions, check your ideas against them, and keep on checking. That way, your business is in harmony with customer needs, guesswork is reduced, risk minimized and repeat business enhanced.

Having travelled so far along the line towards a unified definition of marketing, here is the most widely accepted one, that of the Institute of Marketing.

Marketing is the management process of identifying, anticipating and satisfying customer requirements profitably.

Marketing is a management skill. Not a science; not a technique that can be taught to operatives in the way that, say, woodturning on a lathe can be. A skill of identifying opportunities; of deciding what risk to take when anticipating how customers might act or be persuaded to act. The appropriate techniques will be used but, in the

end, the management skill of judgement must be applied. Consumers' requirements are satisfied to make a profit, not just today but well into the future and against reasonable yardsticks that ensure the viability of the company.

A criticism of the Institute of Marketing definition is that it does not adequately allow for social marketing (the adoption of the marketing philosophy and many of its techniques to non-commercial activities). If the concept of 'social profit' or 'welfare benefit' is included under the heading of 'satisfying customer requirements profitably' then it may be claimed that the definition is, indeed, all-embracing. However, this book is devoted to the marketing of commercial activities and for our purpose the Institute of Marketing definition is appropriate, whilst the two earlier statements emphasize the division between marketing philosophy and marketing techniques.

1.3 Types of company

Broadly speaking, there are three types of company and most pass through the first two stages before reaching the third. They are:

- 1 Production orientated.
- 2 Sales orientated.
- 3 Marketing orientated.

A company starts with an idea for goods or services. They then go out and sell it. As sales progress, pressure for more items to sell comes from the sales force (unless surplus capacity exists, in which case the production domination may remain). It is often when the company begins to run into sales difficulties that it looks to marketing as a sort of instant Guru to get the factory back into full production, cover the overheads of the business and produce profits for the shareholders – in that order. The case for the marketing outlook being in at the very beginning is made stronger by dwelling for a moment on the worst excesses of the other two stages of the business.

The production-orientated company literally 'hands over' its production to the sales force to sell. It knows its product is the best in the world therefore, if it doesn't sell as well as the owners think it should, there can only be two reasons:

- 1 The sales force is no good.
- 2 The customer is ignorant.

Not so very long ago, a company had designed a completely new form of roof insulation material offering, it was claimed, significant