



The Chartered
Institute of Marketing

The Marketing Century

How Marketing
Drives Business and
Shapes Society

Edited by Jeremy Kourdi

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INTRODUCTION TO THE MARKETING CENTURY

Rod Wilkes, Chief Executive, the Chartered Institute of Marketing

Rod Wilkes is Chief Executive of The Chartered Institute of Marketing, the leading international professional marketing body with approximately 50,000 members worldwide.

The Chartered Institute of Marketing (CIM) is unique in its ability to give marketing professionals a place to learn, develop and belong. In this introduction Rod Wilkes the Institute's Chief Executive, explains about the marketing century, the development of the Institute and how marketing drives business and shapes society.

One hundred years of marketing

The development of the Institute, since it was established in 1911, closely reflects the growth and progress of business in general and marketing in particular. Just as marketing has developed as an activity that is highly valued, varied and vital in its contribution to business success, so the Institute's work has expanded as an indispensable source of insight, guidance and practical support.

Marketing is a philosophy – everyone in an organisation must be a marketer. Above all, a clear focus on customers and markets is vital and the whole board needs to understand marketing.

This book, written to celebrate the Institute's centenary, explains how the key elements of marketing have developed, how the various aspects of marketing contribute to performance, what it is that great marketers do and how the discipline of marketing may develop in the future. The dynamics and key trends in marketing are clearly described, as well as best practice. While *The Marketing Century* aptly describes the 100 years since 1911, it also describes the twenty-first century: a time when possessing the ability to understand and connect with customers is more rewarding, complex and valuable than ever.

The origins and development of the Institute

The Chartered Institute of Marketing was established in 1911 and incorporated by Royal Charter in 1989. Originally named the Sales Managers' Association, it arrived at a time when the science and art of management was in its infancy. The evolution of the Institute shows a history of helping

marketing professionals to learn about the discipline, develop their skills and belong to a wider community.

In 1921 the Sales Manager's Association became the Incorporated Sales Manager's Association (ISMA) and the Institute's origins and name highlight another point of lasting significance: the fact that marketing also includes *sales* as a related activity in the same discipline. The growth and development of the Institute continued in the 1920s, with the library being formed in 1923 and the first certificate examinations delivered in 1928. The Institute continued to grow and it was during the Second World War that correspondence courses in sales management were first introduced. In 1952, His Royal Highness, The Prince Philip, Duke of Edinburgh, became the organisation's patron, and in 1955 the Institute became a founder member of the European Contact Group of Sales and Marketing Associations, later to become the EMC. This tendency to work in a collegiate way with other organisations to promote marketing remains an important characteristic of the Institute.

The ISMA became the Institute of Marketing and Sales Management in 1960, and a year later the Diploma in Marketing was introduced. In 1968 the organisation changed its name again, becoming the Institute of Marketing. The Institute purchased its present home at Moor Hall in Cookham in 1971. This site has become firmly established as the head office and the Institute's centre for training and development.

Another significant milestone in the development of professional marketing was achieved in 1975 when the Institute launched the Marketing Code of Practice. This highlighted the growing recognition during the 1970s and 1980s of professional marketing as an essential aspect of business. This was followed in 1989 by the award of the Institute's Royal Charter, becoming the Chartered Institute of Marketing. Continuing Professional Development (CPD) – a vital and enduring aspect of professional marketing – was formally established in 1993, with the first Chartered Marketers receiving their awards in 1998.

More people than ever before are now engaged in marketing and its significance and potential impact have never been greater. Because of this, it is immensely valuable to have an institution, awards and qualifications that are rigorous, relevant and universally respected.

A twenty-first-century Institute

The CIM's purpose

Throughout its history, the Institute's priority has been to support the development of professional marketing and marketers. This purpose has achieved renewed vigour in the twenty-first century, a time that can be fairly described as the marketing century. Now, more than ever, the Institute's purpose is to be at the heart of marketing by giving the profession a place to learn, develop and belong. This has several practical elements.

Education and learning

The Institute provides formal learning through two channels: first, by directly delivering training and awards in marketing and sales; second, by delivering the highest-quality practice-based awards through a network of study centres in the UK and internationally. In particular, the Institute is one of the world's leading providers of marketing qualifications, training courses and tailored training.

The CIM's marketing and sales qualifications are taught by some of the best minds in global marketing. They are informed by what is happening in the industry, so they are relevant for twenty-first-century marketers at all levels of their career. As a result, they are widely recognised by UK employers as being the premier marketing qualifications.

The Institute's purpose to provide world-class education and learning also means that it delivers more than 120 marketing, sales and business courses, ranging from digital marketing to brand management. These are continually evolving to meet the needs of marketing executives at all levels – from beginner to the boardroom. The Institute's courses are also rigorous and practical, enabling executives to develop the latest skills and thinking. As well as delivering public or 'open' programmes, the Institute also tailors its qualifications and training

The Institute is one of the world's leading providers of marketing qualifications, training courses and tailored training.

courses to meet each organisation's needs. Given that one of the major trends in marketing over recent years has been towards greater customisation and flexibility and a clear understanding of customers' needs, it is entirely appropriate that the Institute should reflect this in the services it offers.

One fact that is clearly evident from reading this book is the extent to which the last 100 years have seen a rapid rise in the number of enterprises, markets, products and contexts in which an increasing number of individuals are participating in 'marketing'. It is an activity that has grown in scope, impact, significance and application. More people than ever before are now engaged in the fast-changing world of marketing and its significance and potential impact have never been greater. Because of this, it is immensely valuable to have an institution, awards and qualifications that are rigorous, relevant and universally respected.

Developing

The Institute strives to be the first point of call for marketing information, knowledge and insight. Its role is to develop the profession in general and practitioners in particular, and this is achieved in several ways. The first is by promoting Continuing Professional Development (CPD) as an essential personal and professional responsibility. The Institute's development role is also fulfilled by engaging with government and other key groups so that marketing continues to be recognised as an essential business discipline. The Institute also develops the profession and practitioners by providing best-practice guidance and content to the marketing and business community and, finally, by delivering information and insight regarding current and future marketing issues.

This reflects the pace of the change taking place in marketing and the need for professionals to develop their skills continuously and engage in lifelong learning.

It is entirely appropriate that a profession that relies on action, observation and improvement, as well as personalisation, should value lifelong learning and development. Just as the best businesses seek to understand and develop in a way that keeps them connected with their customers and the communi-

ties they serve, so great marketers also develop their skills and ability to compete and serve customers.

This book highlights why this aspect of the Institute's work is so significant. The worlds of public relations, sustainable marketing, advertising, branding and digital marketing, to name only a few, have changed dramatically in not much more than a decade or two. While some perennial issues endure through the ages and across marketing disciplines (such as the need to learn, develop and belong), there are many other issues that are changing continually, even *daily*. Given this unparalleled and accelerating pace of change, the Institute's role in helping people at all levels to improve their understanding of these changing expectations, challenges and opportunities is vital.

Belonging

The Chartered Institute of Marketing strives to be at the heart of marketing communities. This is achieved by facilitating the largest community of marketing professionals in the world, by developing a range of communities that enable the Institute to engage with marketers on several different levels and by promoting the benefits of professional membership.

Again, it seems entirely appropriate that a discipline that strives to connect with people on an individual level and with those from a diverse array of cultures and contexts should be concerned with community. This links closely with the need to learn and belong and it recognises that, as well as being a rigorous, data-driven activity, marketing also has a human, social and personal character. It is both science and art.

The result

The dynamic, thriving nature of marketing is highlighted by several facts about the Institute. For example, professional membership continues to increase in the UK and internationally (in 2009, international membership rose by 7 per cent). The Institute supports approximately 50 000 members (including 18 000 student members) in 130 countries; it provides

internationally recognised qualifications both directly and through a network of over 300 study centres; and it has 52 branches, regions and interest groups across the world. Through its contact centre, it engages with 110 000 individuals and has a popular and thriving online presence. Of course, this is not simply a testament to the Institute's efficiency and the popularity of its offer; it is a sign of the enduring significance and power of marketing.

How this book is organised

In developing *The Marketing Century*, the Institute has worked with some of the world's finest and most experienced marketing executives and academics. Each chapter provides a guide to a significant area of marketing, including:

- Strategic marketing
- Segmentation
- Innovation
- Digital marketing
- Sales and business development
- Customer relationship management (CRM)
- Branding
- Advertising
- Public relations
- Internal marketing
- Sustainability
- Social marketing

The development of each subject (for example public relations) is explored, with the first part of each chapter briefly outlining how the subject has developed since its inception and highlighting some of the key milestones. The second part of each chapter is the core. This considers the present situation and explains what is currently 'best practice', what are the cardinal rules, who are the best organisations in this area and what they are doing to ensure success. Crucially, it also indicates how the topic relates to other marketing issues. The benefits of this approach are that it provides a clear, in-depth focus

on each aspect of marketing. The final part of each chapter considers the future, exploring the influences that are shaping each aspect of marketing and the trends.

Key themes and developments in marketing

While each chapter examines the past, present and future of marketing, there are several consistent and unifying themes that cut across all of the topics that are part of *The Marketing Century*. In the last 100 years these themes have shaped marketing and, more generally, business life as a whole. They feature in virtually every chapter, albeit in different guises and in different ways. These key themes include the following:

- The inexorable rise of *technology* and its impact both on what customers want and what marketing can achieve. Interestingly, the history of marketing suggests that the impact of technology is often over-estimated in the short term and under-estimated in the long term.
- Related to the rise of technology is the need for *invention and innovation*, a theme that has often been present and is one of the main forces driving competitiveness.
- The spread of *globalisation* and greater global prosperity in the twentieth century, and the value of being both global and local in the twenty-first century.
- Closely linked to globalisation is the need to appreciate difference and the implications of *diversity*, an issue long recognised by marketers and reflected in the concept of *segmentation*.
- Another constant theme is the desire among customers, employees, shareholders and whole societies for an *ethical approach to business*, with greater social awareness and responsibility. Crucially, the need for an ethical approach resembles the need for a clear customer focus: it has to be genuine and felt throughout the organisation.

The simple truth is that by encouraging a focus on customers, marketing is providing an essential rallying point for everyone in the business.

It cannot simply be ‘grafted’ on but has to be an integral part of the way things are done.

- The understanding of *behaviour, people and relationships* is now an established mainstay of modern marketing and is an area that has grown rapidly in credibility. Throughout *The Marketing Century* you will see how the issues of trust, engagement, loyalty and connection have become increasingly relevant. Our understanding and experience in this area continue to develop.
- *Managing for the long term* as well as the short term is another recurring theme. Issues of long-term success have been championed by several sources, notably customers, marketers and shareholders. Clearly, the case for developing long-term relationships with customers and providing greater shareholder value through the development of intangible assets (such as brands) is nothing new, but it has been gaining in relevance during the last 100 years – especially during the last 10. This issue also highlights how marketing intersects with a range of issues; so, for example, managing for the long term is facilitated by technology, driven by the need for ethical selling and enhanced by the ability to build relationships.
- The impact of marketing on business *strategy and leadership*. Clearly this is a mutually reinforcing relationship, but marketing has a major effect on issues as wide ranging as innovation, team working, employee engagement, financial management, operational efficiency and many more. One reason for this is that the marketing century has witnessed an increasing understanding of customers and the importance of *customer service and focus*. The simple truth is that by encouraging a focus on customers, marketing is providing an essential rallying point for everyone in the business.

About each chapter

The Marketing Century opens with a clear statement from Don Peppers and Martha Rogers: it is vital that organisations put customers at the heart of what they do, both in the long term and the short term. To create value, firms must lift their sights from the typical focus on current profits and instead start seeing customers as the company’s long-term resource – looking at each

customer in terms of the long-term return they generate. A long-term strategy for marketing – one that focuses on customer equity and not solely on current profits – can provide marketing with the context and objectives needed to maximise the overall value created by each customer. This is the essence of their chapter, which focuses on *strategic marketing*.

One of marketing's defining concepts, *segmentation*, is explored in Malcolm McDonald's chapter. He explains that all organisations need a better understanding of all their customers and the complexity of the market, and this is where market segmentation is crucial. There is a general lack of understanding about market segmentation and especially the real needs of customers in mature markets. This leads organisations to trade on price and, therefore, makes them behave as if they were in a commodity market. This is the whole point of market segmentation: competing only on price assumes that price is the main requirement of customers, whereas this is rarely the case.

One of the over-arching themes of the last 100 years has been the growing recognition that customers lie at the heart of the organisation's activities and this is reflected in the next chapter about *innovation*, written by John Saunders and Veronica Wong. They explain how innovative companies succeed: what they do to ensure success, the pitfalls they avoid and the lessons that others can learn from them. The challenges of commercialisation and taking new products to market are also described. With the twin forces of globalisation and technology giving rise to some of the most significant, memorable and valuable business developments, innovation is an essential aspect of marketing. It has come to be viewed as equivalent to new product development, but any new activity that improves the organisation by adding value for customers is important.

Technology and advertising feature strongly in the chapter on *digital marketing* by Philip Sheldrake. This was almost too long to write, such is the burgeoning volume of technological opportunities, influences and challenges that are shaping the next marketing century. It is essential because technology is enabling so much modern communication, leading to greater knowledge and understanding. Computers power the internet and modern telecommunications, providing an infrastructure that delivers consumer content, conversations, applications and services. This, in turn, has attracted mass involvement and participation, which has led us to digital marketing and its

language of persuasion. Digital marketing encompasses a wide range of platforms, media, channels, tools, services and applications. This chapter provides an expert guide to the past, present and future, highlighting some of the most significant, interesting or impactful developments.

In the chapter on *sales and business development*, Beth Rogers eloquently addresses the fact that selling has often not received the recognition or respect it deserves during the last 100 years. The point is one of extremes: when selling is bad it is ghastly, and when it succeeds and is at its best it is a triumph. However, between these two extremes it is still never less than essential. This chapter provides a fascinating guide to the development of sales, what makes a great sale and salesperson, as well as the changing character of selling. This echoes points made in other chapters and different contexts: selling, like so much in modern marketing, relies on a trusted, ethical approach, innovation and the capacity to build profitable long-term relationships based on a clear understanding of the customer. It is also where 'the rubber hits the road' and connects a wide range of activities in the organisation. For that reason it is both strategic and tactical: an issue that is recognised as being important by everyone from the chief executive to the most junior new recruit.

Merlin Stone's chapter on *customer relationship management (CRM)* takes up the point that customer insights and relationships are a vital, influential component of business success. He explains that the value of CRM lies in its ability to help businesses improve their understanding of their customers. Organisations that do this effectively are more competitive and profitable because they are better able to segment and appeal to different customers, develop and maintain profitable customer relationships, decide how to handle unprofitable customers and customise their offer and promotional efforts. Achieving success often requires sophisticated technology and analytical skills, but by enabling organisations to focus on how they interact with customers, CRM enhances the customer experience and builds long-term customer value.

The concepts of dialogue, understanding and trust form an important element of the next chapter on *branding*. Here, Graham Hales defines a brand as a living asset that is brought to life across all touchpoints, which, if properly managed, creates identification, differentiation and value. Brands matter for

many reasons: they raise awareness of a product or service; they show what is distinctive about the product or business; and they convey emotional relevance, making the case for a purchase against other alternatives. The fact that they can influence choices can result in price premiums, loyalty and advocacy that will create revenue and profit for the owner, building brand equity and shareholder value. The evolution of branding is interesting and even today it is a keenly debated subject, perhaps because a brand often conveys what it is that a society values at a given moment in time.

Closely linked with the development of branding is *advertising*, which is explored in the next chapter. Here, Jonathan Gabay makes the point that during the marketing century advertising has changed dramatically: not just in style but in its approach, meaning and substance. What started as a tool controlled by the few to reach the many has undergone a transformation – one that is still happening – with technology enabling consumers to choose the advertising campaigns and brands they allow into their lives. This changing relationship and shift in power require an increasingly sophisticated, subtle approach, one that draws on technology and a clear understanding of people and behaviour. From its earliest days advertising was closely connected with psychology, focusing on influence, persuasion and the benefits of understanding human behaviour.

The forces of technology and globalisation combine with the need for an ethical approach in both life and work in the next chapter, on *public relations*,

by Paul Mylrea. Clearly, much has been achieved and gained in 100 years of marketing, but accusations of propaganda and ‘spin’ have often been in the background of PR, even as its popularity and value have grown. Good public relations remain critical and this insight-

Just as an individual might engage in a conversation or dialogue to express a view, persuade, influence, enquire, challenge, manage expectations or understand, all the while staying true to their own values, so it is with PR at an organisational level.

ful, intelligent chapter explains that PR is an essential aspect of organisational life because it is about creating dialogue and generating understanding between an organisation and its publics. It facilitates a relationship and enables people to participate in a genuine conversation, with all that implies.

It is the discipline that looks after reputation. Just as an individual might engage in a conversation or dialogue to express a view, persuade, influence, enquire, challenge, manage expectations or understand, all the while staying true to their own values, so it is with PR at an organisational level.

Keith Glanfield's chapter focuses on *internal marketing*. A subject that at one time would have easily been misunderstood is increasingly recognised as being an essential, indispensable way of achieving short-term profits and long-term growth, as well as greater efficiency, brand equity and shareholder value. Marketing can be seen as a single thread that runs throughout the organisation, connecting everything that happens internally with customers and others outside the business. This marketing thread needs to be consistent, it needs to inform and set standards, it needs to be real and present. Above all, it shapes the culture – the way things are done – and this affects key messages, branding, positioning and the way the business appears. Issues of trust, loyalty, customer relationships, perceptions and appeal all benefit from greater internal dialogue, understanding and marketing.

An issue that has always been present but has come to greater prominence relatively recently is *sustainability*. In his chapter, John Grant makes the point that while brand marketing and sustainability are often thought of as opposites (the former urges people to consume more, the latter to consume less), it is far from a simple case of two entirely separate and contradictory domains. Like many cultural opposites, brands and sustainability are intertwined.

In recent years it has become clear that achieving an ethical, sustainable approach to business is one of the most significant challenges ever faced by commercial enterprises, yet potentially one of the most rewarding. Many customers and stakeholders value both a sustainable approach to business and one that is commercially successful. Those forward-thinking organisations that are able to achieve both are finding that the rewards are well worth the effort.

The next chapter, on *social marketing*, explains how marketers tackle some of society's most challenging problems by using commercial marketing practices together with other techniques to change the behaviour and attitudes of individuals – no small task. Veronica Sharp recognises the impact of marketing and the difference it can make: in particular, the fact that it adds genuine