

What is marketing?



Andrew Gillespie highlights some of the key issues in marketing and discusses the importance of focusing on the customer

According to the management guru Peter Drucker, 'There is only one valid definition of business purpose: to create and keep a customer.' Whether your customers are the students in your university, passengers on your train, shoppers in your department store or visitors to your theme park, your role as a business is to meet their needs effectively. They are the ones that justify the organisation's existence. That's why marketing activities are so important — they focus on customer needs and generate the demand for the firm's products. Everything else, you could argue, is just a cost.

What is marketing?

There are inevitably many different definitions of marketing: some focus on the underlying philosophy (customer-centred) while others concentrate more on the activities of marketing (such as the marketing mix). Let's consider three definitions, all of which highlight important aspects of marketing.

Definition 1

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

(Chartered Institute of Marketing)

This is a good definition in many ways because it points out that marketing is a series of activities that need to be managed. Whether you are a sole trader running your own café or market stall, or you are working in the specialist marketing department of a global drinks company, you have to manage the process — it won't just happen. This involves:

- **Setting your marketing objectives** — what market share do you want? What sales are you aiming for? What level of brand awareness do you want to achieve?
- **Deciding how to compete** — for example, are you a budget airline or an airline targeted at business travellers? Do you offer long-haul or short-haul flights?
- **Organising your marketing activities** — what needs to be done when?
- **Monitoring the success of your policies** — are you on target?

A management process

Managing marketing is a 'process' because it is ongoing; as results come in for sales you will be constantly updating your marketing plan — changing the key messages at different stages of the product life cycle, for example, or reacting to the actions of competitors. Magners Irish Cider has been hugely successful in the last year or so but it must now adapt its marketing to consolidate and protect this success, hence more investment in advertising. With the launch of the Kate Moss clothing range at Topshop,

rivals must consider finding other icons to promote their clothes.

Anticipating demand

Marketing involves identifying what customer needs are but also anticipating what they might be next. Did we demand the iPod? Did we insist on a Blackberry? Were we lost without satellite navigation? Most of us never dreamt these products were feasible but the organisations involved realised there was an underlying need that could be fulfilled through product innovation — they saw the opportunity and calculated that once we saw the product we would know we needed it.

Meeting needs profitably

To undertake marketing you need a budget. You cannot spend endless amounts of money promoting a product — the sum spent has to be linked to the likely rewards. So spending must be planned and monitored for its effectiveness. How well did a particular promotional campaign do in terms of the objective? Was it better value for money than increasing the size of the salesforce or redesigning the website? The focus of marketing is on generating demand but the costs of doing so must always be considered.

Interestingly, one aspect of this first definition you might question is the use of the term 'satisfying'. This may no longer be enough. With more choice, more access to

information and more competition, firms may need to 'delight' customers, rather than just 'satisfy' them, in order to succeed.

Definition 2

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that will satisfy individual and organisational objectives. (American Marketing Association)

This definition focuses directly on what the marketing activities actually involve, more commonly known as the 'marketing mix'.

Notice again how the word 'planning' is firmly planted in the definition. Marketing is sometimes seen as an art; an activity for creatives who are struck by flashes of inspiration. In fact, when large sums of money are at stake, it is rare to find organisations willing to invest without needing some data and some sense of a plan — what is the money going to be used for? What is the justification for the new product? What about entering the new market? What is the likely impact on sales? What profits will it generate? Like any other function, marketing has to be managed.

Notice too that you can market anything. Political parties try to promote their

policies to win votes, cities try to attract visitors to increase tourism, countries try to win the Eurovision or the Olympics and television stations try to attract viewers. You can sell more cans of cola, more burgers and more toothpaste but you can also attract more members to your health club, increase numbers at your local charity jumble sale and boost readership of your newspaper.

This second definition also emphasises the importance of organisational objectives — marketing is not just about meeting individual needs. In this case, the firm's objectives have not been defined as narrowly as 'profits' because many organisations, for example charities, have other targets apart from profit.

Definition 3

Offensive marketing involves every employee in building superior customer value very efficiently for above-average profits. (Hugh Davidson)

Writer and marketing consultant Hugh Davidson coined the term 'offensive marketing', by which he means marketing that is effective and achieves its objectives. He emphasises that everyone in a company is involved in marketing: how your reception staff answer the phone, how you send out invoices, how you respond to enquiries,

how you produce the product and how you deliver the product all have an impact on customer satisfaction and can therefore rightly be regarded as marketing. Hence, marketing should not be seen as 'someone else's job' — it is everyone's job to think about customers.

Nowadays many firms talk about 'internal' and 'external' customers. Your boss should be regarded as a customer in the same way as the person who buys the product. You work for them and your work should satisfy them and meet their needs and expectations. This focus on customers within the business is part of the 'total quality management' movement, which aims to improve the quality of work throughout an organisation, thereby ending up with a better final product and more satisfied external customers.

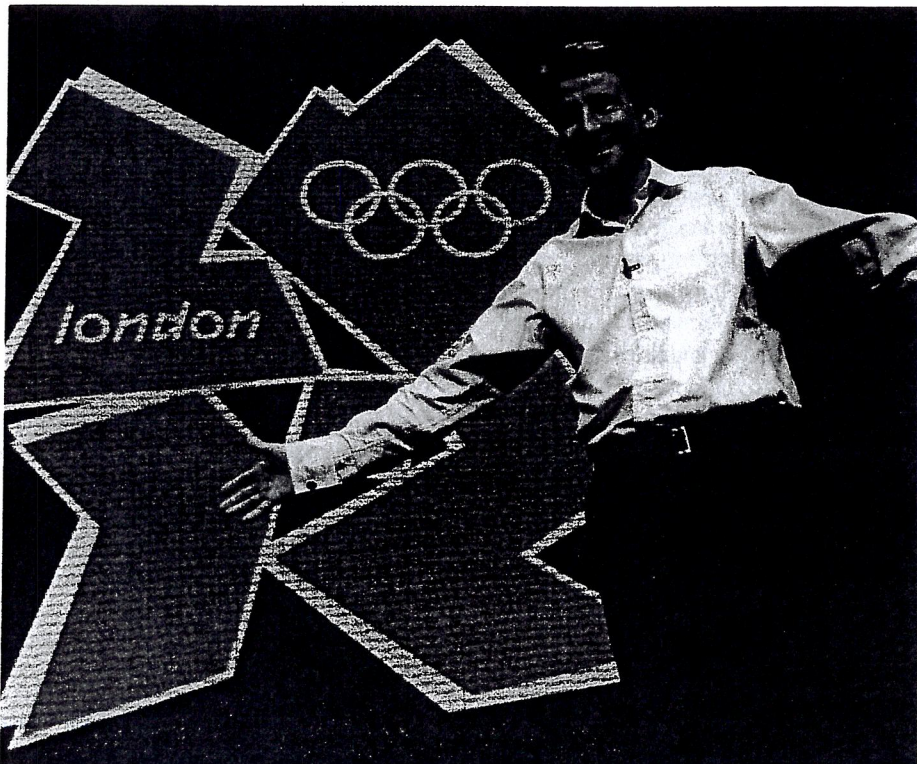
Superior customer value

Davidson's definition is interesting because it stresses the need to provide 'superior customer value'. This goes back to the point made earlier about 'delighting' customers; to win you need to excite customers so they want to come back for more. Anything can provide superior value if the benefits are high compared to the price you have to pay. These benefits can be a combination of many things, such as:

- design and aesthetics
- reliability of the product
- ease of use or repair
- technical specifications, such as the power, capacity or the running costs
- brand name and the associations this brings
- the service provided to accompany the product, for example the level of support or guidance, the quality of the instructions or user manual
- the guarantee and policy on refunds

Davidson also brings us back to the idea of efficiency — money should not be wasted on marketing. It is frequently said that, 'Half the money spent on advertising is wasted, the only problem is we don't know which half.' This is not good enough in an age where profit margins count; it is the job of the marketing manager to decide where the money goes and to make sure that the spending brings results. This is the only way that a firm will achieve 'above-average profits'.

Andrew Gillespie is joint editor of *BUSINESS REVIEW* and a Principal Examiner for A2 business studies.



Sebastian Coe unveils the 2012 Olympic brand and vision