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What Do
Marketing
Executives
Do?

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INTRODUCTION CASE

A portable music history: Why marketing matters

In 1979 Sony launched the 'Walkman', a small portable music device that played audio cassettes, allowing people to listen to music while out and about. In addition to being portable, it offered high-quality stereo sound (for the era) at a low price. The Walkman advertising stressed its Japanese origin, when Japan was well known for small, well-priced, high-quality technology products. The advertising also featured teenagers in active outdoor settings and portrayed the product as culturally hip. The Walkman was very successful. There were many competitors but none built a brand (Walkman) the way Sony had. Later on, CD and (the less popular) mini-disc versions of the Walkman were added to the range. In 1999 Sony launched leading-edge (and expensive) flash-memory-based Walkman products, followed in 2005 by the release of the W800 Walkman phone, which was briefly very successful.

Meanwhile, in 2000, Apple hit what it called a 'speedbump' in sales growth, when it failed to include writable CD drives in its computers. Apple thought that DVD drives would be more attractive to buyers, but failed to take account of the rising popularity of online music sharing (which was often done illegally). This event made Apple realise that digital music stored and shared via computer software was the future. Later in 2000, Apple bought out SoundJam software for managing digital music, which they further developed and launched as free software called iTunes for Macintosh computers in 2001. Months later, Apple launched the 'iPod' into a market where there were already several other digital music players, including Sony Walkman products and the MP3 player pioneer, Rio. The original iPod was a minor sales success, considering that it was an expensive, high-performance product that could only connect to the very latest Macintosh computers. Three years later, Apple had gained many new points of distribution and, with the launch of the first flash-memory-based iPod, sales rocketed upwards. iTunes for Windows was released, making the product attractive to the wider market. Sony unsuccessfully attempted to emulate the iPod's success with new Walkman models that offered higher sound quality than the iPod of the era. What had changed in this market, and how did a late entrant like Apple come to dominate when Sony started with a very advantageous position?

Unlike Sony and other competitors, Apple made transferring digital music from a computer to their product, the iPod, simple (using its iTunes software). It was also easy to rip and transfer CD content to a computer and then to an iPod. Apple's launch advertising didn't talk about geeky technology like MP3 encoding formats; it simply said 'a thousand songs in your pocket'. But Apple made sure they did support the MP3 codec that was at the time popular with (illegal) file sharing over the internet, while Sony refused to offer this format. Later, Apple would make it simple to buy legal music from its iTunes store—a smart extension to the growing Apple ecosystem.

Apple's branding was brilliantly clear; iPod 'silhouette' billboards and the white earbuds became instantly recognisable. Apple spent heavily on advertising, increasing the brand's exposure each quarter (three months) as the market grew.



As well as being brilliantly branded, Apple products were (and remain) extremely good quality. As Apple's Chief Design Officer, Sir Jonathan Ive, articulates:

'Our goals are very simple, to design and make better products. If we can't make something that is better, we won't do it.

Most of our competitors are interested in doing something different or want to appear new. I think those are completely the wrong goals.

It's not about price or a bizarre marketing goal to appear different—they are corporate goals with scant regard for people who use the product'.

Its pricing was reasonably competitive and, as soon as technology allowed, Apple added cheaper, smaller versions to its iPod range, driving sales even higher. However, ultimately Apple expected mobile phones to take over these features so, to prevent the iPod from being out-competed by a phone, they worked to bundle the iPod's features into what became the iPhone.

While success or failure depends on a great deal of luck, marketing decisions have a huge influence on a brand's success or decline. There is much marketing knowledge that—if used wisely—can help to grow brands. The Apple iPod would have failed if it was a technologically faulty product, but it never could have enjoyed the success that it has without Apple's superb marketing.



Introduction

Marketing offers many exciting and rewarding careers. It is a growing profession that is short of qualified people. In 2012, *AdNews* reported an extreme shortage of senior marketers in Australia (Blight, 2012). Marketing jobs are interesting—they require creativity, as well as insight and analytical ability.

Marketers make decisions and recommendations about what products to offer and to whom, how to advertise, and are sometimes responsible for promotions. Like doctors, marketers use metrics to assess the health of their brands and the impact of their marketing actions. Their job is to maintain and build the **market-based assets of mental and physical availability** that underpin their brand’s sales today and into the future.

Marketers also play a vital part in ensuring that the company culture is customer focused. However, the customer isn’t always completely right, and sometimes marketing seeks to shape customer demands to deliver sustainable customer value and profits; for example, towards healthier food options.

Marketing scientists investigate how buyers buy and how marketing works. Evidence-based marketing is when marketing managers use discoveries from marketing science to inform marketing decision making, just as medical doctors base their advice on medical science.

*** market-based assets (mental and physical availability):** The mental and physical availability that makes a brand easier to buy for more people, in more situations.

Learning objectives

After reading this chapter you should:

- + have an initial appreciation of the options and decisions that marketers face each day
- + understand what marketing is, and its importance
- + understand what marketers are employed to do
- + appreciate that marketing science is beginning to transform marketing theory and practice
- + understand the concept of sustainable marketing and the dilemmas that marketers face in balancing short-term and long-term objectives.

CHAPTER OUTLINE

Introduction	Two types of marketer	Customer needs and wants
Marketing may be well paid and exciting ... but someone has to do it	Marketing science	Sustainable marketing
The rise of marketing	Marketing metrics and market-based assets	Conclusion

**KEY TERMS**

advertising agencies	market	not-for-profit organisations
agent	market-based assets	offerings
brand	market economy	physical availability
business model	market research	production department
business-to-business (B2B) marketing	market share	retail partner
campaign	marketing interventions	retailers
centrally planned economy	marketing metrics	sales
consumers	marketing mix	specialisation
distribution	marketing science	sustainable
evidence-based marketing	marketing strategy	sustainable marketing
mass marketed	marketing systems	systematic research
	mental availability	trade
	new media	

* **marketing strategy:** The way marketing activities are put together to achieve the organisation's aims for the brand.

* **retailers:** The physical and online stores where the consumer can buy the end product, e.g. supermarkets.

* **consumers:** In a business-to-consumer market, these are people who buy and use the service or product.

* **customer insights:** Detailed information about customers (or consumers) used to assist marketing decisions.

* **market research:** The gathering of factual information about the market, often through observations and surveys.

* **brand:** A service or product identified by a distinctive and individual name or logo that distinguishes the offerings of one company from those sold by their competitors.

* **market:** The total number of potential buyers for a product or service.

Marketing may be well paid and exciting ... but someone has to do it

Many marketing jobs are well paid because they require a combination of skills and knowledge that few people have. As a marketing executive you will have to understand people and how they behave. You'll also have to gain skills for analysing market and financial data. Being a great marketer requires sound judgment as well as creativity; you'll need to analyse things quickly and estimate the probable consequences of your marketing decisions. Importantly, marketers have to be good communicators, able to explain the **marketing strategy** to management, staff, **retailers** and **consumers**.

Marketers use **customer insights** to help understand customer needs and market opportunities so that the organisation can adapt to stay competitive. **Market research** is one of the key sources of customer insights. Marketers ceaselessly promote the organisation's services and products, so that customers maintain their awareness of the company's **brand(s)**.

Each day, marketers make and review an enormous range of decisions, which together affect whether the firm will thrive or fail. Such decisions include the following:

- Should we offer a particular product or service?
- Which **market** should we target?
- What price should we charge? What different prices should we offer to different customers? At different locations? At different times?



- Should we advertise on television? On which networks? When? How often? What should the advertisement say?
- Who should be our **agent** or **retail partner** in delivering the product or service? In which locations? To which consumers?

As a marketer, you might encounter opportunities to have your product or service endorsed by a celebrity, to have a special in-store display, or to be featured in a magazine—each of these opportunities costs money and has implications for your other marketing activities; you will have to weigh these considerations and make these decisions, sometimes very quickly.

Today marketers don't just work in **advertising agencies** and global brand companies, such as Kraft or Vodafone. Many universities, hospitals, charities, churches and government departments have large marketing departments. **Not-for-profit organisations** usually have to compete for customers or donors, so marketing insights and practices are bringing new efficiencies to their operations.

The marketing world is changing dramatically as **new media** emerges, and new ways of advertising and delivering products and services are developed. Markets are becoming more openly competitive, more global and more complex. Consumers are becoming wealthier and better educated, with better access to information, so they have higher expectations. Therefore better educated marketers are required.

This means that a marketing career is usually interesting and intellectually challenging as well as financially rewarding. A marketing qualification opens up opportunities to work for all sorts of organisations around the world. From retailers selling to consumers, to industrial firms selling to other firms, to charities, hospitals and governments.

The rise of marketing

The modern economy depends on **trade**. Marketers are the people who oversee that trading. They also plan and research it, and compete against one another to deliver **offerings** to the market. As a result, products and services get produced that consumers *actually want to buy*, at a price they can pay.

Marketing is trading—buying and selling. If everyone, or every family, had to look after their own needs entirely by themselves there would be no trading, and no businesses. Now this might sound romantic—growing your own vegetables, living a simple life—but if everyone had to do this, the world would be a backward, miserable place. Who among us knows how to make a mobile phone? Or even how to make a decent cup of coffee (which involves growing, harvesting and roasting the beans, plus building an espresso machine)? Most likely we'd all be hungry and cold, living in primitive huts, and hoping like crazy that none of us gets a toothache or anything that requires medical expertise.

The marketing revolution began about 10,000 years ago when human beings made the transition from being hunter-gatherers to being farmers. The surplus crops had to be stored and counted (which led to the development of accountancy) and

* **agent:** An individual or organisation employed to provide a specific service.

* **retail partner:** A retailer that has an agreement to stock a company's products.

* **advertising agencies:** Providers that are contracted by an organisation to develop campaign concepts, as well as to produce and find placements for finished ads.

* **not-for-profit organisations:** Businesses—such as charities—that do not operate with the key purpose of making a profit or distributing profits to shareholders.

* **new media:** New platforms for communicating with consumers that are typically digital and often linked to the internet, e.g. social media, applications (apps) and e-books.

* **trade:** Exchanging one thing for another; buying and selling goods and services.

* **offerings:** The different products (and associated benefits) that a company sells. A product offering includes many other features than just the physical product, e.g. packaging, service, customer support, design, special features, etc.

**TABLE 1.1** A sample of current marketing job titles

Beginner / Graduate positions	Intermediate / Managerial positions	Senior and Directorial roles
Advertising Coordinator	Associate Brand Manager	Advertising Planning Director
Brand Assistant	Brand Asset & Marketing Properties Manager	Chief Commercial Officer
Communication Coordinator	Brand Manager	Chief Marketing Officer (CMO)
Junior Brand Manager	Business Development Manager	Corporate Planning Director
Marketing Assistant	Campaign Evaluation Manager	Director, Advertising Research
Marketing Coordinator	Category Development Manager	Director, Global Analytics
Marketing Officer	Communications Planner	Director, Global Pricing
Marketing Research Analyst	Consumer Insight Manager	Director, Global Shopper Insights
Sales Representative	Category Leadership Manager	Director, Portfolio Growth
	Consumer Insights & Planning Manager	Director, Media Planning
	Consumer Promotions Manager	Director, Sales Research & Strategy
	Consumer Strategy Manager	Director, Worldwide Agency Operations
	Corporate Affairs Manager	Export Director
	Developing Markets Analyst	General Manager, Marketing
	International Marketing Manager	Global Director, Marketing College
	Franchise Manager	International Marketing Director
	General Manager, Distribution	Marketing Capability Director
	Marketing Analyst	Marketing Director
	Marketing Finance Manager	Market Research Director
	Marketing Manager	Media Director
	Marketing & Public Relations Manager	Public Policy Director
	Market Research Manager	Regional Brand Director
	Marketing Training Manager	Regional Brand Leader
	Portfolio Development Manager	Sales Director
	Pricing Analyst	Senior Brand Manager
	Regional Innovation Manager	Senior Category Insights Manager
	Relationship Marketing Manager	Senior Market Analyst
	Sales Manager	Vice President, Client Services
	Senior Sales Analyst	Vice President, Product Development
	Technical Marketing Manager	
	Trade Promotions Manager	
	Trend Research Manager	



guarded (soldiers, police, security services), and these crops could be traded for other desirable goods and services (marketing). Trade created value, and made everyone wealthier. Trade meant that people's jobs became ever more specialised: in addition to farmers, we developed doctors, politicians, scientists, engineers and many other professions. It's worth remembering that our technological advances are all due to a **market economy** that allowed some people to specialise as thinkers and researchers.

The gains from **specialisation** and trading have been astonishing. When the marketing revolution was starting some 10,000 years ago, there were only 5 to 10 million people on the entire planet. They were all living short lives in conditions that we would today describe as miserable poverty. Today billions of people are supported by food production and **marketing systems** that provide amazing nutrition and variety.

Trade and science together have lifted millions out of poverty, at a rate never seen before in the entire history of humanity. In just the last 100 years the extreme poverty that was the norm for most of history has dropped to less than 10 per cent of the world population, and that statistic is in freefall. The number of people living in poverty has almost halved since 1980, even though the world population has grown much larger, almost doubling since then. Or, put around the other way, billions of people have been lifted out of poverty, more than anyone would have predicted. New, less extreme measures of poverty will need to be invented, but they will show the same trend. By almost every measure that matters, the world is becoming a better place—wealthier, better educated, less violent, greener—and we are even making good progress in the conservation of endangered animals. News reports often give the opposite impression but that is because they focus on dramatic events, such as wars and robberies, whereas steady improvement, such as child death rates reducing by a fraction of a per cent each month, is not seen as dramatic and newsworthy. If you are interested in the statistics of global development the website <ourworldindata.org> presents many interesting charts based on facts. For example, from 2003 to 2013 (just 10 years) global median income almost doubled; more of this growth income came in poor countries, so global inequality declined.

Today there is more global trade than ever before. This has played a large role in reducing world poverty; for example, there is no way that China's recent rapid economic growth, which has almost eradicated extreme poverty in the country, could have occurred without China trading with the world. The exchange of goods, services and ideas enriches everyone, and particularly allows poorer countries to 'catch up', giving them rates of growth far faster than developed countries. It also reduces conflict. The number of wars and deaths from wars and armed conflicts has been steadily declining.

'When goods don't cross borders, Soldiers will'

—Otto T. Mallery (1881–1956) in *Economic Union and Durable Peace* (Harper and Brothers, 1943)

The important point is that little, if any, of this extremely positive global development would have happened without modern marketing.

*** market economy:**

An economy in which consumer demand guides production and prices, and there is competition between privately owned businesses.

*** specialisation:**

Expertise developed through focusing attention on a specific skill or knowledge area.

*** marketing systems:**

Networks that match sellers' products and services with buyers' needs and wants. Such networks are complex, dynamic and adaptive.



INDUSTRY INSIGHT

Marketers' influence across the organisation

'Business has only two functions—marketing and innovation.'

—Professor Peter Drucker, management theorist

Marketers directly control some activities, such as advertising and market research. They also act as the 'voice of the customer' across the whole company, helping it implement the 'marketing concept'—the idea (first proposed by Peter Drucker in the 1950s) that firms succeed by profitably meeting customers' needs better than the competition.

Later research has shown that the marketing concept works, and also that having an influential marketing department helps companies become more customer-focused and leads to improved business performance.

However, in many companies, marketers' influence is limited. Thomas Barta and Patrick Barwise (2016) argue that this reflects three specific challenges faced by marketers, which are:

- a trust gap—because marketing is mostly about the future, which is always difficult to forecast
- a power gap—because most of the people who determine the quality of customer experience don't report to marketing
- a skills gap—because marketing is now so complex and changing so fast.

Barta and Barwise's (2016) research shows that the most effective and successful marketers overcome these challenges by mobilising their bosses (e.g. by working on big business issues); their non-marketing colleagues (e.g. by 'walking the halls'); their teams (e.g. by recruiting the right mix of skills); and themselves (e.g. by knowing their stuff about customers and competitors).

Two types of marketer

There are two types of marketer. One is a 'doer', someone who spends most of their time doing things to promote and sell their company's brands. They act like specialised members of the **production department**, only instead of making products, they make items such as brochures, web pages, promotional material and price lists. They commission designers, and advertising and media agencies. They organise promotional events and in-store promotions. They collate and report sales figures and market-research findings. They are marketing people who largely do the same things year after year.

The other (usually more senior) type of marketer makes informed marketing decisions and budget allocations. They design marketplace experiments and market research, they analyse data, and they are constantly learning which marketing strategies work better than others in certain situations. These more senior marketers

* production department:

The area of a business concerned with manufacturing the product.



will also spend more time than their junior counterparts outside the marketing department, whether this is communicating with other organisational departments or working with clients.

This book is mostly for these decision makers, or people aiming for senior marketing management. This book includes some deep knowledge and marketing discoveries that every marketing decision maker should know. Like professionals in fields such as medicine, engineering and architecture, marketers' decisions need to be informed by reliable knowledge about the way the world works. Such knowledge includes how advertising works, how pricing works and how consumers behave. This is called **evidence-based marketing**.

CRITICAL REFLECTION

Eisenhardt, Kahwajy and Bourgeois' (1997) research into top management teams supports the notion of evidence-based marketing and decision making. They found that high-performing management teams use current factual data to support any warranted decision making. In comparison, low-performing management teams ignored relevant data—instead relying on opinions, wishes and guesses.

- 1 List and describe three advantages of using current factual data to support business and marketing decisions.
- 2 Can you think of any cases where businesses should have better considered relevant evidence before making a major decision?

* evidence-based

marketing: Marketing activities that consists of two key principles: marketing decisions are based on what is currently the best, reliable, generalised knowledge about how the world works, how buyers buy and how market interventions work; the use of situation-specific evidence and factual data to support decision-making.

Marketing science

The first known university marketing course was taught in 1902 (Bartels, 1951). For most of last century, marketing was a discipline based on folk stories and mythology rather than any scientific study of the marketing world. Today marketing thought and practice is increasingly informed by science.

Science is the formal study of the real (that is, empirical) world. Scientific laws allow us to understand and predict how the world behaves. **Marketing science** is the study of marketing—both buying and selling. It seeks to develop the generalised knowledge and scientific laws (repeating patterns) that inform evidence-based marketing.

Science itself is only a few hundred years old, and in that time it has had a dramatic effect on every discipline that it has touched. For instance, for several thousand years medical knowledge consisted of elaborate theories that were passed down from doctor to doctor. Practically no **systematic research** was done, and if results clashed with theory these findings tended to be dismissed or forgotten—rather than rejecting or modifying the incorrect theory. For example, the discovery that if doctors washed their hands far fewer women died from fever after giving

* **marketing science:** The study of marketing, which seeks to develop scientific laws, such as patterns of buying behaviour that repeat under known conditions.

* systematic research:

A methodical investigation into the study of a discipline in order to establish facts and generate knowledge.



* **mass marketed:** A brand that has marketing strategy that focuses on an entire consumer market rather than a specific group of consumers within that market.

birth was rejected and ignored because it didn't fit with theory (see Sharp & Wind, 2009). Similarly, it was discovered that fruit consumption prevented scurvy, but this discovery was then rejected over and over or forgotten (Bown, 2003). For nearly 2000 years the dominant theory in Western medicine was that illness was caused by an imbalance in four 'humours' in the body—blood, phlegm, black bile and yellow bile—and procedures such as bleeding were widely practised to address such imbalances; these practices killed many people. Only comparatively recently were the effects of bleeding tested, and doctors discovered that it was harmful—indeed it is far better to put blood back into patients than remove it! Aspirin, the first proven efficacious drug, was **mass marketed** only as recently as last century (Jeffreys, 2005). The most junior intern today is a better doctor than the most brilliant, best educated, most renowned medieval doctor—science has transformed medicine from superstition and guesswork into a practice that works, and it gets better each year.

Marketing science is starting to affect the marketing profession in a similar way, sweeping away many myths and misplaced theories. But it is early days, as most marketers are unaware of even the most major discoveries of marketing science. Marketers hold conflicting views that are based on guesses, rumours or fashion. Some marketers are scared of science, for much the same reasons that many medieval doctors rejected science: they don't understand it, or fear it will undermine their authority. Some marketers believe that nothing is predictable in marketing, but if this really were the case then it would be impossible for them (or anyone) to do their job. Fortunately, it turns out that there are regularities in marketing, just as there are regularities in the rest of the physical and social worlds. We'll describe these regularities in this textbook and discuss how they can be used to guide and predict the outcome of marketing actions.

Marketing science is sometimes called an 'applied discipline', the notion being that there are some pure disciplines—note the connotations of nobility and superiority—and then there are the applied disciplines. This mistaken idea is that marketing is really just a branch of psychology or economics. Using this logic, biology is just applied chemistry, and for that matter chemistry is just applied physics—which of course is nonsense: each of these disciplines has different focuses of inquiry. Similarly, marketing is not just applied psychology, nor is it applied economics, nor some mixture of the two (i.e. behavioural economics).

Another argument is that marketing is an applied discipline because marketing knowledge is *used* by people—marketers. But all scientific knowledge is (hopefully) used—engineers, architects and many others apply physical science—so by this argument physics is an applied discipline.

Marketing science studies buying and selling. It has a pure focus that no other discipline can lay claim to. There are some other disciplines that apply such pure knowledge. The study of wine marketing, for instance, uses marketing knowledge and marketing's focus of inquiry but in a specific application area; there are many



others ... financial services marketing, food marketing, tourism marketing, and so on. In your marketing degree you will learn fundamental knowledge that can be applied to many such contexts. In Chapter 16 we examine marketing's role in social causes.