

Crystal ball gazing to foretell the future is a hazardous pursuit. Moreover, it is devoid of any real scientific underpinning and one that I would not recommend. A more reasonable pursuit to gauge how marketing is likely to look in the future and the challenges it may need to face is to consider underlying trends and seek to extrapolate these. Two such trends that are shaping marketing are the increasing importance of measurement in the discipline and a public that is increasingly questioning the role of marketing in society.

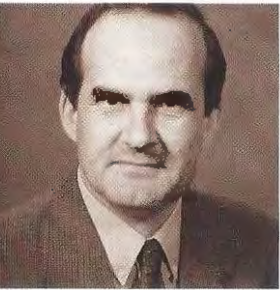
Marketing and Measurement

Marketing and marketing management has often been described as an art, often shrouded in considerable mystery. Indeed, hearing some managers talk you would almost think that it rests on some secret recipe to which few are privy. Much of this mystery is the result of black holes in our knowledge of what precisely works.

Perhaps one of the best known quotes that underline this is that by a successful early mass retailer, John Wanamaker, who said: "I know half my advertising is wasted—I just don't know which half." It underlines the point that we are dealing with a fairly inexact social science. However, given the considerable sums spent on marketing activities it is not surprising that more managers are demanding more accountability.

Over the years, marketer researchers have worked hard to understand better what exactly is going on when customers buy. There are various 'hierarchy of effect' models that have been put forward to explain how advertising works, for example. The model most frequently used by advertisers to measure advertising effectiveness is termed DAGMAR - Define Advertising Goals for Measured Advertising Results. The model visualises needy customers moving in a five-stage process from an initial unawareness stage to a final action or purchase situation.

Each of these steps can be measured and the effectiveness of advertising is judged in terms of how far an advert moves people along the spectrum. The ultimate aim of the advertiser would be to improve the percentage at each stage so that ultimately an improvement at the final purchase stage takes place. In reality, the degree of measurement that has been undertaken during such marketing activities has often been limited. As a result the managerial axiom that states that: *if you cannot measure it, you cannot improve it*, has often proved correct.



Professor Albert Caruana



Interestingly, not every tool employed in marketing has tended to receive the limited measurement attention often inherent in advertising. Indeed, mail order firms have built their entire business on measurement. Mail order originally involved using lists that were compiled or purchased and then used to make offerings to solicit purchasing. Return rates were low with anything above 3% often considered good. Return rates are dependent among others on of how well needy customers are identified and targeted. Mail order makes use of one of the oldest technologies – the postal service, that was first available before print, radio or TV. The related catalogue business represents an elaboration of mail order, where the catalogue can be thought of as a collection of mail offerings.

There is increasing recognition in marketing that the highest level of marketing is not what has often been practised where customers are grouped together in supposedly homogenous groups called segments where we can talk of some sort of average customer. This average masks considerable variance. Rather, it is the ability to meet individual requirements that marketing ought to be about. It is an aspect that many professionals have long recognised. Therefore, medical doctors, lawyers, notaries, accountants who although often working from a common underlying template are able to provide offerings that are tailor-made to individuals. It is possible to observe this is happening more and more with motor vehicles where increasingly the different range of cars made available by a group such as Volkswagen come from a few basic chassis. Expect firms to do more of this as they cut costs and add increased variation in finishes to meet individual needs.

Mail order firms have long recognised that customers who have bought from you before provide you with higher response rates and more sales underlining the point that making this 'house file' is a principal asset of the firm. Today, lists are of course replaced by powerful databases that have done away with card-based records and made updating and retrieval something of a breeze. In 1965, Gordon E Moore observed that the number of transistors that can be inexpensively placed on an integrated circuit is increasing exponentially, doubling approximately every two years. The rise of computers and Moore's Law together with the recognition that current customers are more profitable than new customers combined with the ability to identify your best customers from the database and more versatile processes, is opening the way for more tailor-making.

it is the ability
to meet
individual
requirements
that marketing
ought to be
about

The rise of databases is also influencing the type of research undertaken in marketing. With so much information about your customer base that includes: individuals' names, addresses, what they bought, how much they bought, how frequently they bought, etc., the point of doing external research will increasingly be questioned. More internal data crunching and analysis will take place enabling better measurement of whether increased marketing effort translates into better outcomes.

A new medium has also come, called the internet that, provides an alternative marketplace where business can be undertaken. The internet is a new medium which like other new media in their time whether print, radio or television will have an increasingly profound influence on how we do marketing. Interestingly, the internet has characteristics of both advertising and personal selling. Like advertising, it is visual but it is one where customers have to come to you; similarly, like personal selling it can also be two-way if a site is manned but it is screen-to-face rather than face-to-face. In addition, this medium provides a whole lot of measurability making each stage in the 'hierarchy of effect' much more easily measurable.

Taken together, the perpetual desire for continued improved firm performance coupled with developments in the marketing discipline that increasingly focus on individual customers, and utilising internal customer database and communication tools such as the internet, will see the calls made for marketing to better account for its expenditure reflected in a marketing discipline that is more analytical and makes increasing use of metrics to monitor and improve performance. Indeed, it is likely to become more and more possible to measure it and manage it.

Marketing and Society

Marketing exists in the context of the society that it influences and is influenced by it. The trends considered in the previous section raise their own issues as they impact society. They raises questions like: What are the implications of new processes to ensure measurement on employees? Does the pursuit of an increasing share of customer via database marketing imply manipulation? Since relationships and tailor-making require customer knowledge, should there be limits on information capture and on tailor-making? Should organisations be allowed to capture and exchange your transaction histories as part of their operation?



These and other related questions are essentially ethical concerns that are likely to become more salient as society evolves. They raise important questions as to what is the purpose of marketing. For the firm this is clear and the easy answer is profit. But what does marketing provide to the customer? Satisfaction, wellbeing, quality of life, happiness, - not necessarily in that order - have been proposed as potential deliverables by marketers to customers.

Macro marketing or the understanding, explanation and management of the relationship between marketing and society are likely to become an increasing concern that marketers will need to deal with. The relationship between marketing and society is often acrimonious resulting from divergent goals and processes. Goals are seen to be divergent because the self interest of marketing with its ultimate objective of profitability is presumed to be the antitheses of the public interest. Similarly processes are divergent because business argues for free competition while society's answer is often regulation. The net result is often mutual mistrust between marketing and society. Yet society finds it hard to know what to regulate and how to regulate marketing institutions. Often both sides engage on an episodic reactive basis. Yet there is little doubt that the search for a harmonious relationship between marketing and society requires balancing the self interest of business with the public interest entrusted to society.

The pursuit of satisfaction, wellbeing, quality of life and happiness via marketing activities increasingly raises unanswered questions of sustainability and materialism. Our homes are full of possessions but are we happy? Owning cars, air-conditioners and other gizmos undoubtedly improves our comfort but is the consumption of these and other products sustainable? The Keeling Curve may hardly be known outside the scientific community, but the jagged upward slope that shows rising carbon dioxide levels in the atmosphere has become one of the most well-known graphs in science, and a powerful symbol of our times. It was some fifty years ago that Charles David Keeling - a young American scientist, began tracking carbon dioxide in the Earth's atmosphere. His record keeping showed atmospheric carbon dioxide concentration as having gone from just below 320 in 1960 to a current level of just over 380 parts per million. Of course, one can shrug this off.

Many of these unanswered questions linked to sustainability and materialism are built on some unquestioned answers reflected in the dominant social paradigm that underlines

western society. The core values of this paradigm include the perception that economic growth is always positive – bring it on; the natural environment is a resource that can be exploited indefinitely. Many that hold such a view can be labelled as technologist optimists. They underline a belief that new technology will always solve our next problem and that humankind is at the top of the pyramid and dominates nature. Additionally, this paradigm holds that economically, market forces, free markets and globalisation are seen as natural and inevitable; rewards should always be commensurate with risk, and individuals must help themselves; Political liberalism is the answer to the regulation of society. All this and more.

marketing will
increasingly
face the
need to
operate more
sustainably
and with a
concern for its
consequences

It is not often that marketing is seen to have a role in such a wide debate but it can and it should. In seeking to provide customers with benefits, marketing operates in this context of unquestioned answers. Marketing will increasingly face the need to operate more sustainably and with a concern for its consequences. Interestingly, a new important emerging consumer group comes by the name of 'Scuppies' – standing for Socially Conscious Upwardly Mobile Persons (www.scuppie.com). Like hippies, they care about society and the environment, but like yuppies they care about their quality of life and their bank balance. Will the pursuit of their bank balances ultimately vanquish all? I am not taking any bets: ●●●

