

The marketing team must aim higher

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The C-suite just got bigger, again. The US advertising agency TBWA/Chiat/Day has appointed a new “chief compensation officer” to lead their negotiations on the fees they charge their clients. It is a sign that this agency has had enough of being squeezed by its clients’ procurement officers. Marketing is fighting back. The Mad Men would be proud.

It is easy to see why, of all the services that a company might buy in from outside, marketing is likely to be the most energetically haggled over. Chief executives have long bemoaned the difficulty of knowing exactly what value they have derived from their marketing spend. Out of that frustration arises a natural desire to be extra tough on the costs of marketing activity.

But it is not as though marketing has got any easier in recent times. The opposite is true. Experienced consumers in mature markets have been exposed to just about every trick in the marketing playbook. Cynicism over the claims made by businesses for their products can be deep. Unsurprisingly, marketing departments can find themselves becoming a convenient scapegoat for the leaders of struggling businesses. But in a downturn the real difficulty lies simply in selling anything to world-weary customers who may be satisfied with good-enough but unexciting products.

One person who displays no world-weariness at all is Philip Kotler, the 79-year-old “father of modern marketing”. I met Professor Kotler in London recently and, even after five decades pursuing his subject, he was eager to look ahead and consider new directions for the discipline.

While the current economic climate was not making life easy for marketers, Prof Kotler told me, the crisis had brought one refreshing development: “At least it’s the finance people who are getting blamed for a change.”

Wise-cracks aside, Prof Kotler has chosen this moment of crisis to ask some big questions about what marketing actually does. “Is marketing the enemy of sustainability?” was one of them. For years the task for marketers was to persuade customers that the latest upgrade, the newer model, was a must-buy. But it is time to challenge that orthodoxy, he said.

In a resource-deprived world, businesses cannot hurl more and more product at customers, supported by extravagant marketing budgets. Prof Kotler recalled the message of a book published three years ago, *Firms of Endearment*, written by Rajendra Sisodia, David Wolfe and Jagdish Sheth.

The authors found that some of the most successful companies in fact spent much less on marketing than their weaker rivals. But they used the word-of-mouth effect of unpaid advocates – loyal customers – to boost their reputation.

Marketing needed to think not just about the company’s “share of wallet”, but also its “share of heart”, these authors said. “Earn a share of the customer’s heart and she will gladly offer you a bigger share of her wallet.”

Prof Kotler plans to develop this idea in his latest book – called, perhaps inevitably, *Marketing 3.0* – to be published in two months.

Another challenge for marketing is to assert itself at the heart of the company’s strategic thinking (an idea also suggested by London Business School’s Nirmalya Kumar in his book *Marketing as Strategy*). “If you have the right people in marketing it could become your engine for growth,” Prof Kotler told me. But while they might be quite creative on tactics, he added, not so many marketing professionals can do the strategic work.

So why not split the department in two? A larger, downstream marketing team working on current products, with a much smaller, strategic team looking at new markets and new ideas for the coming two to three years.

This could work – as long as the interests of customers do not fall between the cracks of organisational silos. **As Harvard Business School's Ranjay Gulati** has shown, for all that businesses talk about being “customer-centric” (and marketing is supposed to represent “the voice of the customer”), many simply are not. “They look at customers only through the lens of existing products,” Prof Gulati says.

Right now marketing needs to aim high. That is what Prof Kotler is urging people to do. And he was happy to concede that, as so often, Peter Drucker was ahead of everyone on this topic, too. He even provided a handy mission statement. “The aim of marketing,” Drucker once said, “is to make selling unnecessary.”

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