

## **Marketing Matters Now More Than Ever**

As 2019 begins, it's time to reclaim marketing as a key driver of business. Management guru Peter Drucker once said, "Because its purpose is to create a customer, the business enterprise has two -- and only these two -- basic functions: marketing and innovation." Clearly most business leaders embrace innovation as the lifeblood of their companies today, but lately marketing has been relegated to a staff-driven, cost center by many. And that has caused waste, missed opportunities, and failure for many businesses.

Marketing as it was originally intended, in its fullest, truest, and greatest form, is more important today than ever before. The world is awash in innovative products, services, technologies, solutions, business models, etc. today. These new offerings must be brought to market and commercialized in order to generate revenue and profit. Innovation alone cannot sustain a company; it must be paired with marketing.

### **The Decline of Marketing**

Instead of being led and valued as a driver of business viability and growth, marketing has stagnated in recent years. Gartner's CMO Spend Survey shows that marketing budgets have leveled off to an average of 11% of company revenue, packaged goods companies including Unilever and P&G have scaled back their marketing spending, and companies from media groups such as Warner Bros. to retailers like Walmart and Starbucks have been cutting marketing staff.

Pundits have been declaring "marketing is dead" for nearly a decade now but predictions of marketing's demise have increased with recent developments including the growth of artificial intelligence. AI assistants are expected to use algorithms and predictive analytics to offer up information, goods, and services to customers – which suggests that marketing will have increasingly less impact on their decisions. The growth in number and market share of Amazon's private label brands is another development that also seems to challenge the effectiveness of other companies' marketing. And those who worship at the temple of innovation believe that marketing is the cost you have to pay when your product is inferior.

So it's not surprising that companies are cutting back on marketing. Marketing as we've known it in recent years has lost its power and will likely continue to decline. But if business leaders want to thrive in today's cluttered, competitive, commoditizing marketplace, they need to unleash the powerful potential of marketing.

### **Innovation Needs Marketing**

In a recent *Harvard Business Review* issue, two separate articles explained the importance of marketing in today's innovation-fueled marketplace. Although the first article intended to promote a new sales approach, it ultimately made the case for marketing. Business school professors Thomas Steenburgh and Michael Ahearne observed, "Senior leaders have

great confidence in their ability to develop innovations but not in their ability to commercialize them.”

The writers explained that breakthrough new products, unlike existing or incrementally better ones, require more intense and extensive engagement with customers. Whereas curiosity might fuel customers’ interest in a groundbreaking innovation early on, they are much more likely to be uncertain and raise doubts later in the sales cycle as they consider how their business and they themselves might need to change to adopt it.

As a result, the professors suggested sales teams develop a psychological profile of the ideal customer – those who are more adaptable, those whose organizational culture supports learning and change, etc. And they said the training salespeople receive about a new offering should be less about its bells and whistles and more about the evaluation criteria that customers are likely to apply to it. The marketing function enables both of these.

Marketing is about connecting the right customers to the right product. Marketing helps sales teams, and people throughout the company, think from the outside-in about what is being offered, convey its value in customer-centric ways, and persist through barriers that can only be addressed through deep customer knowledge and insight. The article’s authors concluded that new-to-the-world products require transformation in the organization that offers the innovation as much as the one that buys it. Unleashing the full power of marketing is critical to achieving that transformation.

The IMD professors who wrote the second [article](#) also support the need for inventiveness in establishing and deploying novel offerings. “Executives recognize that to devise ingenious innovations, they must break paradigms and shift mindsets,” they observed. “But when it comes to delivery, they often lapse into standard ways of thinking.”

They contrasted the failure of the Sony Reader to the “technically inferior but hugely successful” Amazon Kindle to explain the importance of go-to-market strategies to the success of new product launches. All the creativity that went into the development of the Reader “was undone by a lack of originality in execution,” they explained. The new product depended upon content but Sony didn’t enlist the book publishing industry as an ally. “Sony engineered an elegant *device*,” *they authors concluded*, “but Amazon designed an original *solution*.” And they went on to discuss how the way an idea is framed affects how people perceive its value. “Filmless photography” was a limiting way to introduce to customers Kodak’s first digital camera and a threatening way to describe it in the Kodak organization itself.

The marketing function can and should overcome such challenges. Marketing involves considering and addressing the entire customer experience, it provides the right context for people to understand the innovation, and it helps identify new partners and channels necessary to engage with customers at the right place, time, and manner.

Both articles make clear marketing's essential role in the innovation process.

### **Marketing Is Misunderstood**

If marketing is so critical to business today, why is it overlooked or undervalued by so many? The way marketing has come to be defined and executed is to blame. Marketing has been reduced to customer acquisition and retention. These days, what most people consider marketing is really simply advertising. Search, email, content, and other common forms of marketing today are primarily methods for generating or maintaining awareness or repeat purchase. They are the “announcements and persuasive messages” referred to in the American Marketing Association’s (AMA) definition of advertising, and their intent is to “inform and/or persuade” people.

But marketing is supposed to be so much more than this. Marketing didn’t get its start in the “Mad Men” era with creative directors dreaming up catchy jingles and persuasive copy to induce purchases. It was born out of the Industrial Revolution, when manufacturers needed to develop products that would appeal to customers and to find ways to engage customers with them. The AMA’s definition of marketing reflects the function’s foundational role to business: *Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.*

Marketing, therefore, needs to be less about what happens *after* an innovation is ready to launch, and more about getting it to be ready *in the first place* -- by creating a new market or expanding an existing one; developing or understanding how it will fit into customers’ needs, wants, values, and lives; and building a customer experience that turns the offering into a complete customer solution. And marketing needs to be less defined by a budget and managed by a department, and more embraced as a business discipline throughout the organization.

As business continues to be driven by innovation in 2019 and beyond, marketing must be embraced, developed and valued more than ever.

From: Denyse Lee Yohn, “Marketing Matters Now More Than Ever”, *Forbes* (Jan. 2019), <https://www.forbes.com/sites/deniselyohn/2019/01/08/marketing-matters-now-more-than-ever/>