

## Marketing Minute ~ How 'Selling Things' Has Changed.

Did you know that YOU are NO LONGER in CONTROL of your customer's buying patterns? What, you say? Yes, not only have marketing channels changed over the last couple of decades, but marketing control has been taken away from you, and been placed in the hands of your customer, your consumer or end-user. What do I mean and how and why did that happen?

### The Philosophy of "Selling Things"

In the early decades of the twentieth century, a few far-seeing individuals observed the changes brought by the industrial revolution and conceived a new philosophy of selling "things". Using mass production, network broadcasting, nationwide transport and chain retailing, marketers could drive consumption among a rapidly increasing US population.

By emphasizing product, pricing, promotion and placement, companies could manage customers like they managed their production plants – with strategy, SKUs and forecasts, planned spending and measurable results. Consumers could be "bought", like capital equipment, and this process could be controlled, repeated, and replicated.

For over 50 years, this model worked. It propelled the US economy to heights unimagined in previous centuries, shaping popular culture and contributing to nearly everyone's lifestyle. But this model has been showing signs of disintegrating.

Traditional marketing practices, rather than promoting purchases, are starting to inhibit them. Merchandising and advertising create clutter and invade privacy. Pricing elicits skepticism. Positioning often rings false. Traditional distribution channels fail to get the right product to those who want it when they want it. And traditional marketing costs continue to skyrocket, while results spiral downward.

### The New Approach

A new approach is based on a fundamental reversal in the relationship between consumers and producers. At its core, it tightly aligns marketing with innovation. It emphasizes meaning, experiences, authenticity, and passion, and it de-emphasizes hype, intrusion and image. It embodies one-to-one and one-to-many communication principles. And now it's the consumer who is holding the power, and the companies now are being evaluated.

Both cultural and technological forces are affecting this change. Technology has empowered both businesses and households with 24/7 shopping, delivery of products and services on demand, time shifting of media, mute power over ads and an unparalleled ability to price compare, bargain and evaluate. Additionally, consumers have grown savvy to the tactics and strategies of marketers. They are no longer easily persuaded. And when they are persuaded, it's typically by their growing reliance on the recommendations of friends, family, community (for business to consumer), and other businesses and business communities (for business to business). The increasing expectation of individualism and customization leaves little room for mass appeals. In order to be efficient in your marketing for your business, it is important to realize what will work and what marketing methods won't work for you in today's market.

### The New Challenge Quick Overview

For marketing to meet this challenge demands a change in focus and practices. Here are a few techniques that are critical today:

- **Get to know your customer.** Success will increasingly be based on an information advantage. The more you know about your customer, your competitors and your market, the better you'll succeed.
- **Value that relationship.** As the consumer becomes more powerful and less susceptible to marketing influences, protecting the relationship a company has with its consumer or business customer will become more crucial. An essential element of any relationship is trust. It has to be earned and it has to be maintained.

- **Create personal relevance.** This is true both for your business customer and your consumer. Customization along relevant criteria will be increasingly demanded. Those who can deliver individualized experiences of their products, services and brand will do far better than those who only offer one-to-one marketing.
- **Push presence, not image.** With so many options available, only the distinctive will prosper. Design will play a far greater role than it has in the past. Design that integrates all aspects of a company's offering into an integrated experience will contribute even more value.
- **Think link.** Mass media can't provide sufficient reach anymore, but linkage through the Internet and other digital media can. Word of mouth and grass roots campaigns can thrive in those mediums.
- **Evolve quickly or die slowly.** Companies and brands capable of accepting and flourishing in a condition of relentless, continuous change will prosper while their more hidebound competitors fade away.

What does all of this mean for you? It means that today's marketing for your business to succeed is filled with more profitable pathways through electronic marketing channels, while still using traditional methods, but minimally. But first, we need to approach a key factor in business called "value VS price".

## Value VS Price

There was a time when pricing was always one of the first marketing considerations for a company. It was one of the marketing "Ps". Then, as our economy changed and generational marketing lines began to change and psychographics began to cross over those lines, we learned that there was another consideration moving to the forefront. Value perceived before pricing. Once the 'value' of your product/service was seen, then pricing wasn't as important. Value refers to the perception of benefits received for what someone must give up, or price. A customer's perceived value of a product or service will be affected by a marketer's pricing decision.

$$\text{Value} = \text{perceived benefits received} \div \text{perceived price paid}$$

The price paid in a transaction is not only financial, you need to convert your customers' minds over to value instead of price. Otherwise, you will always be price-competing with your competition as well as your customers.

In today's economy, consumers are watching their pennies and because of this they will only spend on purchases that they consider to be of value. They will continue to seek value in every dollar spent, and they will determine whether it's valuable to them, not you. Consumers are no longer purchasing just because an item is on sale, rather they will justify every dollar spent. This means you must market the value of your product or service in order to get consumers to open their wallets – if there is no value, they simply will not purchase.

To set a value in your customers' minds, you need a trigger at their first impression upon seeing your promotions, publicity, advertising, or walking in your door. In all of your marketing, you need to push value – benefits received, instead of pricing. Pricing is the last consideration, **after** they have been sold. The only time you should be talking price is when you have a limited time offer of a reduced price, such as an introduction of a new service or product, or tied in with a special event or Holiday. That is the **ONLY** time you should reduce your prices. Keep in mind that buyers **DON'T** want the cheapest, they want the **BEST** value. Sure, they regularly ask for your best price, or that they can get it cheaper somewhere else. But, deep down, they are not asking you to discount. They are asking you to justify!

You need to get away from prices and get back to the value that you offer to your community of customers and your potential customers. If your approach is on point, your customer will determine your value to him/her. Also keep in mind that you are selling your products or services to one person at a time, because that is the way it is received. What you want from them in return is repeat business, loyalty, and referrals.

A great way to push that Value and Loyalty is by **Relationship Marketing**. How do you do that? Our next e-Newsletter (March-April issue) will talk about Relationship Marketing. So, stay tuned.

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