



Book The New Marketing Era

Marketing to the Imagination in a Technology-Driven World

Paul Postma
McGraw-Hill, 1998

Recommendation

Paul Postma explains marketing strategies based on new technology. His strongest material emphasizes using information age technology to learn about consumers' behavior. New technologies, he explains, must be adapted to actual human behavior, because technology has changed quickly, but the human mind has not. Postma cites successful applications of these techniques, mostly from the Netherlands. A few concerns about the book: There are many good insights, but they sometimes get lost in the academic writing and extraneous detail. The basic marketing discussion is very basic. And, rapid change has already slightly dated some material though the book is only two years old. *BooksInShort* recommends this book to marketing managers and company owners who use the newest technology, and to academics teaching college classes on marketing methods.

Take-Aways

- Due to technological developments, it is possible to individualize marketing to particular customers.
- Instead of asking people what they do or think, use the new technologies to understand human behavior more effectively.
- The three measurable marketing methods are people, place, and media.
- Even though the power of technology is so much greater, the human brain's processing power is still the same as thousands of years ago.
- Although there will be increased individualized marketing, mass marketing will not be eclipsed; it will just become less important.
- The new technology can be used to collect more accurate data about people because people leave traces of their activities behind in electronic form.
- Digitalization has made the information revolution possible.
- Due to digitalization, we can now have a 24-hour economy.
- The media can only influence certain aspects of human behavior, so no matter what media you use, you still have to take into consideration how people behave.
- Increasingly, selling is based on a dialogue between supplier and consumer, rather than suppliers seeking customers or

consumers visiting suppliers.

Summary

The Changing World of Marketing

The marketing world is changing. The processing power of the silicon chip has increased so rapidly in the last twenty-five years, it has opened many new opportunities in electronic commerce. At the same time, the processing abilities of the human brain haven't changed and neither have many of the fundamental characteristics of human behavior. Thus, you need to adapt your marketing approaches to use the power of the new technology and, at the same time, to recognize human needs and limitations.

“In the last 25 years the processing power of the silicon chip has increased ten thousand fold; the processing power of the human brain has remained the same.”

In this new era, think of marketing as "the transmission and reception of communication impulses with the ultimate aim of receiving sales impulses." In other words, sending electronic messages to achieve a sale.

As a result of this new means of marketing, the traditional marketing mix of the "Four Ps" - product, price, place, and promotion - has shifted. These four elements are no longer enough. Now you must consider a more individualized approach to marketing. You can still use personalized mass communication by sending the same message - individually addressed - to customers. And, now you can use the same large-scale, personalized mass communication approach but refine it, by creating a message specifically tailored to what you know about the individual recipient.

Developing a More Individualized Approach to Marketing

Due to the new technologies, you can focus your marketing efforts more sharply, by using one-on-one marketing both to sell to consumers and to sell to other businesses. In some cases, this will replace mass marketing techniques; in other cases, it will supplement them.

“Mass marketing will not disappear but will lose its dominance.”

Diversification - in the media and in target market groups - is one cause of the shift to individualized messages. Although mass marketing will certainly continue, it will become less important. And, now, traditional mass marketing is often more expensive than an individualized, technological approach.

“The possibilities of collecting data have everything to do with the new media. People using the electronic highway as a means of communication leave traces of their activities behind.”

Use this more individualized approach with consumers and with your business customers. For instance, use your knowledge about your suppliers to give them more individualized information, and to select more strategic advertising and promotions. You can use electronic media to replace sales representatives, who are very expensive. For example, you can send a sketch of a custom-made office by electronic means instead of having a rep make a personal sales call to show the sketch.

Using New Technologies to Understand Your Customer

With the new technologies, you can get more accurate information about your customers. When you just ask people about their preferences or what products or services they use, they may not remember correctly. They may tell you what they think you want to hear. However, now you can learn what people actually consume, which enables you to group consumers into different marketing categories based on their demonstrated characteristics and behavior, rather than on imagining how to best group them ahead of time. Commonly, marketers make mistakes in their market research study categories, a problem you can now avoid.

“In the business-to-business markets...the media can exert greater influence in those markets where sales

representatives have become too costly.”

You will also save money if you get accurate information about actual behavior, instead of relying on reported behavior. Rather than having an interviewer make phone calls or personal visits to ask customers what they buy, get this information at the point of purchase. For instance, you can learn exactly what a consumer has purchased in a store.

“Technological developments make it possible for us to allow clients to react to the supplier, and to make their wishes and preferences known. The one-way bombardment by the supplier is giving way to a dialogue between supplier and consumer.”

Choose your marketing approach based on three key measurable marketing methods: "people, place, and media." The "people" component comes into play when you act as a supplier and send company representatives to visit potential buyers. The "place" component refers to what happens when the buyer or client goes to find potential suppliers, such as at a store. Finally, the "media" component occurs when the parties communicate through print or electronic media, and the supplier and buyer do not visit each other directly. The way you balance these three methods is one of the most important strategic choices you will make.

“Just imagine ordering a custom-made office through the electronic media. Virtual reality can provide a far better idea of that office than a sketch made by a rep.”

Ironically, the data-driven expansion of media has made it possible to have more personal relationships again. However, now instead of physically going to visit customers, you contact customers through the electronic media. Then, you personalize your communication as you would in any conversation, by being aware of the respondent’s behaviors, tastes, and preferences.

The Information Revolution

Digitalization makes the information revolution possible by allowing the conversion of most sensory stimuli into zeros and ones. In its most extreme form, digitalization makes it possible to create a virtual reality, an entirely "digital environment" which anyone can enter.

“It is now possible to determine what the actual consumption and preferences of certain consumers are, rather than having to depend on lists of target group characteristics or on what customers say their preferences are.”

Digitalization enables a 24-hour economy, where opening and closing for business no longer has any meaning because the business is always open. Another trend is the increasing use of computers to carry out different business functions. Computers can spread work globally, sending it wherever it is most cost effective to get it done. For example, you can expect teleworking to result in the transfer of work to areas of the world where labor is cheap, rather than to the U.S. or Europe.

“People, place, and media form three measurable marketing methods that can facilitate the economic trading process, whether alone or in combination...The balance among these three measurable marketing methods is one of the most important strategic choices in the marketing process.”

While digital technology provides all sorts of new possibilities, you should be selective. Use the specific technologies that best suit your company. Remember, while the digital world lends itself to logical organization -as seen in search engines and information directories - human beings are not very logical. Rather, human behavior is "unstructured and illogical." The five human senses have evolved over tens of thousands of years and everyone still uses them to process information the same way. Take such human limitations into account when you use the new technologies.

"Thanks to business being conducted via media, the personal relationships from the era of the peddler are once again returning...The mass approach that encouraged ever larger shops is now waning because of developments in information technology."

Other information revolution changes include the expansion of data storage and processing capacities, and the use of data compression to expand your ability to transfer data. All kinds of software now are available. The best consumer software is user friendly, designed for people to use easily and intuitively, without needing an instruction manual. The information revolution has also led to the rise of various types of networks, including the "local area network," or LAN, and the geographically widespread or "wide

area network," called WAN.

“Reacting to the personal behavior of customers or prospects by responding to their obvious interests with an electronic message, a letter, a brochure, or an offer actually fosters clients’ feeling that you are becoming acquainted with their tastes and preferences, and are taking them into consideration.”

Yet, while we have much more access to all kinds of information, human processing ability is still limited. Therefore, collecting huge amounts of information doesn’t work well if, for example, you want to reach a better decision. Too much information can overwhelm you, just as it can confuse customers. Thus, less information or more selective information is generally better. Data mining is a good technique for distilling the best information from a broad collection of information. In advance of a search, you indicate the categories or criteria for the information you want. Then, the data mining process provides you with that information. This works much like a search engine. You can target particular information by carefully choosing the words you use to narrow the search.

The Media Revolution

The media includes a wide variety of printed and electronic material, from newspapers, books, magazines, and brochures to radio, TV, PCs, telephones, and other devices. Marshall McLuhan’s 1964 classic about the media, *Understanding Media: The Extensions of Man*, states, "the medium is the message." McLuhan believed that human behavior would improve as technology advanced. However, the media can only influence certain aspects of human behavior, so the medium alone isn’t the message. Human behavior must also be considered.

“Marketing is certainly propelled by technology; but this technology merely provides us with possibilities; they do not have to be used.”

To select the best media for appealing to a specific group, it helps to know about the different types of new media. The Internet, one of the fastest-growing new mediums, is popular for shopping, and useful for gathering information about products and services.

Other new media that have evolved with recent technological improvements include disks with increased capacity for music, information, films and more. Portable personal computers, multimedia notebooks, and personal digital assistants are already at hand. Television has evolved into interactive Teletext, direct response TV to get phone orders, TV videotext information services, interactive TV, video on demand, pay per view video, and Web TV, which brings the Internet to television. Now you can access libraries through full-interactive networks or connect a CD-1 disk and player to your TV for full screen motion videos. Many other new devices involve telephone, cable, and satellite technologies. You can select among them to reach out to customers. Make your selection based upon how much interactivity you want, how fast a reaction you want, and the type of reaction you expect, such as a "yes" or "no," a detailed questionnaire response, or an order with payment.

“Logically constructed search structures and choice patterns are not always applicable to humankind. Nothing seems more unstructured and illogical than human behavior itself.”

To choose the right media for your needs, use the "Marketing Media Cube," which evaluates media based on three dimensions. One is the degree of personalization of the media; another is the degree of interactivity; and a third is the degree of sensory stimulation that type of media provides. Consider the qualities of the media and determine if there is a good fit. For example, if you want interactivity, you need automation to facilitate the customer’s response and you need up-to-date information. Print media is sometimes dated by the time it is published, but you can update interactive media regularly so it is always correct. Many customers like this higher degree of timeliness.

Taking the Human Element into Consideration

Whatever media you use, you still need to consider the human factor. Developments in science and technology are neither positive nor negative. What makes the difference is how this new knowledge is used.

Recognize that human desires, whether positive or negative, don’t change, even though technological methods do. Common human desires still remain, including the "lust for power, use of violence, criminal behavior, hatred of foreigners, the desire for revenge, serving self-interest," and many others. Don’t expect the information or media revolutions to change human motivations from greed to

altruism. You have to take these motivations into consideration in marketing, even when using the new technologies.

People only communicate in part through the digital information they send via computer or other media. Much human communication is still analog, based on gestures and expressions. Cultural and social factors influence people, too, such as the informal ways people interact together at work. Even with new technologies, some human tendencies - the need for belief systems, the desire for power and belonging - can't be "erased by science and technology." Thus, you need to understand old-fashioned human behavior to understand the effects of the new technology revolution.

About the Author

Paul Postma is managing partner of Ernst & Young, a leading consulting firm, and its European Director for Marketing and Customer Relations Management. His clients include banks, airlines, oil companies, government agencies, and members of the IT industry. He lectures internationally and has written five books and many articles on marketing.
