

## Marketing Is So Last Millennium

The traditional top-down business model is completely wrong for the 21st Century, and marketers employing tactics from the last millennium are in danger of following the dinosaurs into extinction... along with their companies. There has been a fundamental power shift from companies to consumers.

Businesses need to become truly customer-centric as opposed to product-centric. Marketing in this century is about empowering and channeling customer partnerships, not selling to consumers.

For the past 2000 years marketing was the art of selling a product or service to a relevant target audience. A company developed a product it hoped people wanted and assumed that enough people would buy the product in the form it was conceived and at the price it was sold. Marketers brought the product to the attention of a broad swathe of consumers, promoted its benefits, and ensured that the distribution and pricing were competitive to its rivals. They assumed that 'fishing' in this way would catch sufficient customers to ensure business success.

This paradigm has now changed. The top-down business model is now completely outmoded and the same old marketing tactics are inappropriate for the 21st Century. There has been a fundamental power shift from companies to consumers.

Over the past century we have passed through various stages of business development: first manufacturing was the key to success perhaps best epitomised by Henry Ford and his production line. Then distribution became the critical factor with the rise of powerful retailers and supermarkets like Walmart and Tesco. The information or digital age

dawned in the 1990s allowing direct contact with consumers and the creation of a powerful array of new online companies like Amazon, Intuit and Google which divined consumer preferences and catered to them.

Now we are in the 'Age of the Consumer'. Modern marketers won't sell to consumers, they will develop their business with customers.

Businesses will grow from the bottom up, not from the top down. Customers will participate in the development of the company and provide valuable guidance and feedback.

Facebook, for example, is offering an exclusive credit card to hackers who help find bugs in its applications. They put \$500 on the card for every bug found.

Microsoft now rolls out early versions of Windows updates to allow feedback and suggestions from users before finalising the product for the mass market.

Dell has adapted product and processes based on customer online feedback as have many, many other companies who put customer satisfaction first.

The best companies in the future will view customer satisfaction as far more important than shareholder value, and see customers as key stakeholders rather than simply consumers.

The starting point for 21st Century companies is the need to open up and change their operating procedures to put customers at the heart of their business. This will require a really

deep understanding of customers: their needs, motivations, aspirations, and decision-making process.

In an ideal world a company would make only products that customers definitely wanted, so the risk of development would be minimal and the chance of success 100%. This is why companies spend so much money on consumer research, to try to understand what consumers want.

Sadly most of this consumer research is wasted. It is often superficial behavioural data, driven to understand what rather than why. Much perceptual and behavioural data is misused or misunderstood when it comes to marketing and new product development, and so-called 'insights' are completely superficial.

If companies really want to put the customer at the centre of their business, they must first understand the underlying needs. By needs we mean deep psychological needs which drive human behaviour.

A good example of a company which built its business by understanding a core psychological need is Starbucks. This company sells coffee, but the need it addresses is for 'time out' during the day: little time for myself. 'Me' time.

Once this 'time out' need is understood the product can deliver all the marketing essentials: relaxing chairs and couches, 'comfort food' like muffins and cakes, free newspapers and WiFi, and an easy, friendly atmosphere. Sure the quality of the coffee is important, but it's the entire package which breeds

success because it addresses a core need.

All the human needs in any given category can be identified and mapped, which allows a company to understand the behaviour associated with each need. To understand why people buy certain products and not others, and how they make decisions.

With this understanding, products and services can be adapted or created to meet specific consumer needs. Marketing becomes much more effective. Innovation much more successful.

So putting customer understanding at the heart of a business is the first stage of modern marketing. Not superficial observations, but a deep psychological understanding of the the needs which drive behaviour and decision-making.

Then companies can more confidently and effectively encourage ongoing customer participation in the growth and success of the company through social media and other dialog mechanisms.

Over time it is likely that social media will be the primary brand building tool as well as a business building platform. 80% of American companies now use social media as a marketing tool, and fully half have actually integrated social media into their business model. They recognise that the world is changing: they aren't marketing to consumers any more, they are bringing customers into their businesses as key partners.

Welcome to the new Customer-centric Millenium!