

THE STOKELY LETTER



THE POWER OF THE NEW MARKETING™

Old Marketing doesn't work like it used to.

Those time honored building blocks of the Old Marketing—PRODUCT, PLACE, PRICE and PROMOTION are becoming as obsolete as the typewriters that cranked out Old Marketing Plans.

Just look around us.

The world is changing. (Today we do business in an increasingly global marketplace.)

Technology is changing. (Who is using typewriters today?)

Information is changing. (Knowledge is expanding geometrically, and is more readily available than ever.)

But most importantly, **We are changing as consumers.** (We want what we want, when we want it and where we want it.)

TODAY'S FOCUS ON VALUE

The New Marketing is responding to these fundamental changes in the marketplace.

The New Marketing understands that today and for the future, VALUE is the bottom line for every business activity, product and service.

Those who consistently offer the best VALUE will be the winners. Those who offer lesser VALUE will over time lose market share, profitability and ultimately their business viability.

The New Marketing is based on the four key determinants of VALUE.....

1. CUSTOMER
2. CONVENIENCE
3. COST
4. COMMUNICATION

Today these "4 Cs" are becoming the essential success drivers for all businesses.

That may sound a little presumptuous. After all, the "4 Ps" have been the foundation for classic marketing programs for decades.

We believe things are changing....and changing for the better.

This issue of *The Stokely Letter* will present an overview of **The New Marketing**. We will focus on how **The New Marketing** will enable your company to more effectively anticipate and respond to constant shifts in the marketplace.

Upcoming issues will present examples and rationale for why this shift to **The New Marketing** is occurring, and the powerful growth opportunities it offers your company.

First, let's compare **The New Marketing** to Old Marketing.

	THE NEW MARKETING		OLD MARKETING
<i>It's about</i>	CUSTOMER	<i>NOT</i>	PRODUCT
<i>It's about</i>	CONVENIENCE	<i>NOT</i>	PLACE
<i>It's about</i>	COST	<i>NOT</i>	PRICE
<i>It's about</i>	COMMUNICATION	<i>NOT</i>	PROMOTION

IT'S ABOUT CUSTOMER NOT PRODUCT

You have heard of the old PUSH approach to marketing. Come up with a new product or service and then try to convince the Customer to buy it. That approach gave us the Edsel, New Coke and McDonalds Arch Deluxe sandwich. Customers weren't convinced, even by these excellent companies.

The New Marketing begins with an intimate understanding of customers; and a focus on continually satisfying their evolving needs. Products and services designed with this insight and commitment are then readily PULLED through distribution by happy, appreciative and satisfied Customers.

Success in today's marketplace requires that you know your Customers.....past, present and prospective. Who are they? Where are they? What do they want? Why do they want it?

Never in history have Customers held the power that they do today. Choices and information about these choices multiply daily. Competition is everywhere, and it is intensifying everyday. Even the United States Postal Service, telephone companies and some electric utilities now compete for Customers. Who would have imagined this just fifteen years ago?

Finally, the Customer is truly king.

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IT'S ABOUT **CONVENIENCE** NOT PLACE

It used to be that Where (Place) you offered your goods and services was a critical part of the marketing mix.

Not so today. Where (Place) is increasingly being replaced by How and When (Convenience) in purchase decisions. The popularity of drive thrus with extended hours for everything from food to banking is an example.

Physical location is certainly still important, particularly for retail concepts. Downtown retail areas like the Magnificent Mile in Chicago, strip centers and Malls were created to appeal to customer needs for their Convenience.

But today we live in an Anytime, Anyplace, Anywhere, Anywhere economy. The keyword is Convenience.

Time and Simplicity are precious for individuals and businesses alike. We want it Conveniently.

IT'S ABOUT **COST** NOT PRICE

The Everyday Low Price strategy was spearheaded by Wal-Mart. Sam Walton recognized its powerful appeal to customers who no longer wanted to constantly shop temporary sales in order to save money. It has been so incredibly successful that it is now a widely copied pricing strategy.

But the foundation for Wal-Mart's low prices is a relentless drive to reduce **Costs**. Both the Costs of obtaining merchandise and the operating Costs of selling it.

Focusing on all the components of Cost is key. **Costs** are everywhere.....raw materials, inventory, fixed assets, labor, defects and rework, out of stocks, rent, transportation.

Grappling with each Cost in the business leads to innovative new ways to operate.

Low **Cost** providers are in enviable positions. They have the ability to price their offerings, reinvest in their business and distribute their profits with more flexibility and effectiveness than their higher Cost competitors. What could be better?

IT'S ABOUT **COMMUNICATION** NOT PROMOTION

Understanding and satisfying the customer is what it is all about today.

Hyping products and services is losing its effectiveness.

Customers want to do business with those who they believe know them well enough to make them feel special. That is the new loyalty equation. Why should I give you my business today?

The power of relationship marketing is asking and listening to customers, and then delivering on what they say they want. That's Communication!

Customers are unique (aren't we?).

The Lifetime Value of a customer is based on an effective Communications strategy to stay tuned in to that customer. This can be as sophisticated as a computerized database, an active survey listening program, or the simple conversation with the lady at the dry cleaners every week.

We continue to find that excellent companies are particularly effective in their Communications with all of their constituents, especially their employees and customers.

SUMMARY

The New Marketing is replacing the Old Marketing because it delivers the best VALUE to consumers.

Value is determined by **Customer, Convenience, Cost and Communication**.

By focusing on these 4 C's instead of the 4 P's of Old Marketing, a firm can develop and maintain a strong and competitive position within this constantly changing marketplace.

Each of the 4 C's will be featured in future issues of *The Stokely Letter*.

As always, we look forward to hearing your thoughts and experiences.



"I've been in this business for 33 years, and it seems that every decade, we get reminded what this business is all about - providing better value to consumers."

John Pepper, CEO, Procter & Gamble

"It is the customer, and the customer alone, who casts the vote that determines how big any company should be."

Crawford H. Greenwalt

THE STOKELY PARTNERSHIP INC.

BUSINESS GROWTH SPECIALISTS