mark ritson

MARKETING IS MORE THAN INCREASING SALES

Another iPhone launch, and another masterclass in marketing from Apple. Look at how the company executes a pre-launch strategy to build anticipation and generate awareness. Examine closely how Apple uses its retail partners to make the launch events an actual occasion rather than just the start of availability. Study carefully how Apple initially uses premium prices at the outset to maximise profits and communicate exclusivity, and then later as the reference price to discount from in order to drive sales from less involved market segments. But most important, look at how Apple always runs out of product long before the initial launch ends.

Sales managers and finance people must think Apple is insane. Why make less stock than the guaranteed demand? Only marketers, the good ones at least, understand that the success of the iPhone 4 hinges as much on running out of initial supplies as it does on the phone's sleek new design. By running out of iPhones, Apple actually ensures its product will eventually be more successful. Scarcity keeps its retailers like Vodafone and O2 onside by restricting their supply. It also ensures a vital additional hit of publicity as media coverage of retailers selling out of iPhones underlines both the massive demand for the new product and the continued success of Apple.

The anticipated scarcity also drives thousands of consumers into store to pre-order their iPhone – a vital success factor for a product that is actually (whisper it) little more than an upgrade to a phone that most of these consumers already own. It also ensures essential word of mouth from consumers who did manage to get one of the phones before they sold out. Surely someone last week bored you with the news that they had secured one of the precious new machines or gave you a demonstration of their hot new phone? This is wonderful free promotion for Apple and the sort of thing Google's Android phone, with its bogof approach, is hardly likely to achieve.

If marketers want their brand to have equity they must avoid the perception that it is available in unlimited amounts to everyone – no matter how many units they actually sell. Apple sold 1 million iPhones last Thursday but, thanks to its limited supply strategy, each consumer who managed to get their hands on one felt like they had obtained something precious and rare. Contrast that with brands like Cadbury and Nestlé, which regularly allow WHSmith to destroy the equity of their biggest chocolate brands by allowing the retailer to over-promote the products at its point of sale. Seemingly every time you head to WHSmith for a newspaper you are pestered to buy a gigantic bar at a discount price from the several towers of chocolate piled behind the sales assistant. These brands might be selling more chocolate thanks to this promotion but they are clearly doing untold damage to their brand as a result.

A good marketer will actually prevent a sale if it's not in the long-term interests of the brand.

See Mark Ritson appear at The Annual, Marketing Week's new conference on 29 September 2010 www.theannual.co.uk

Too many marketers in companies like Cadbury and Nestlé come directly from sales positions – as their subsequent brand strategies reveal. In many organisations, the senior marketer even enjoys the title of "head of sales and marketing". Why not "HR and finance" or "operations and accounting"? These roles have as much in common with each other as sales and marketing. If marketing was the same as sales, we would have called it sales. There is a reason we use a different word. Marketing is a completely separate discipline and, in many cases, a good marketer will do everything in their power to actually prevent a sale if it's not in the long-term interests of the brand. How could a sales and marketing executive possibly handle that challenge?

Show me a well-managed, successful brand and I will show you a company actively restricting sales from certain segments. Abercrombie & Fitch makes an XL size that most over 30s can't get into with a blowtorch (trust me, I know). Pret A Manger closes its high street outlets at 5.30pm even though people would still buy from them for another two hours. Chanel makes six rather than 6,000 couture dresses despite global demand. Sloan MIT only enrols 400 students each year to its MBA course even though it gets 10,000 excellent applications. In each and every case, these brands could sell more. But like Apple they know that marketing is a game of chess, not checkers.

Only marketers know that some sales are bad for business. They cost you money. They spread you too thin. They result in inappropriate segments trashing your brand. They are inconsistent with your positioning. Or, in the case of Apple, they will come to you anyway and bring more of their friends if you make them wait for a while.

So, dear marketer, I ask this question of you: when was the last time you walked away from a sale or worked hard to exclude some consumers from your brand? If you can't give me an example I am afraid you are not really a marketer, you actually work in sales. The good news is that there are many companies out there that don't know the difference and would hire you anyway.

Just don't apply to Apple for a marketing role. ●

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