

The Marketing Revolution

• ROBERT J. KEITH

Business today, the author maintains, is in the throes of a marketing revolution. This revolution is based on a change of philosophy, and one of its effects will be the emergence of marketing as the dominant function in American business.

THE consumer, not the company, is in the middle.

In today's economy the consumer, the man or woman who buys the product, is at the absolute dead center of the business universe. Companies revolve around the customer, not the other way around.

Growing acceptance of this consumer concept has had, and will have, far-reaching implications for business, achieving a virtual revolution in economic thinking. As the concept gains ever greater acceptance, marketing is emerging as the most important single function in business.

A REVOLUTION IN SCIENCE

A very apt analogy can be drawn with another revolution, one that goes back to the sixteenth century. At that time astronomers had great difficulty predicting the movements of the heavenly bodies. Their charts and computations and celestial calendars enabled them to estimate the approximate positions of the planets on any given date. But their calculations were never exact—there was always a variance.

Then a Polish scientist named Nicolaus Copernicus proposed a very simple answer to the problem. If, he proposed, we assume that the sun, and not the earth, is at the center of our system, and that the earth moves around the sun instead of the sun moving around the earth, all our calculations will prove correct.

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He is responsible for the grocery-products division and the refrigerated-products division. His influence has been invaluable in achieving the company's present consumer orientation.

The Pole's idea raised a storm of controversy. The earth, everyone knew, was at the center of the universe. But another scientist named Galileo put the theory to test—and it worked. The result was a complete upheaval in scientific and philosophical thought. The effects of Copernicus' revolutionary idea are still being felt today.

A REVOLUTION IN MARKETING

In much the same way American business in general—and Pillsbury in particular—is undergoing a revolution of its own today: a marketing revolution.

This revolution stems from the same idea stated in the opening sentence of this article. No longer is the company at the center of the business universe. Today the customer is at the center.

Our attention has shifted from problems of production to problems of marketing, from the product we *can* make to the product the consumer *wants* us to make, from the company itself to the market place.

The marketing revolution has only begun. It is reasonable to expect that its implications will grow in the years to come, and that lingering effects will be felt a century, or more than one century, from today.

So far the theory has only been advanced, tested, and generally proved correct. As more and more businessmen grasp the concept, and put it to work, our economy will become more truly marketing oriented.

PILLSBURY'S PATTERN: FOUR ERAS

Here is the way the marketing revolution came about at Pillsbury. The experi-

ence of this company has followed a typical pattern. There has been nothing unique, and each step in the evolution of the marketing concept has been taken in a way that is more meaningful because the steps are, in fact, typical.

Today in our company the marketing concept finds expression in the simple statement, "Nothing happens at Pillsbury until a sale is made." This statement represents basic reorientation on the part of our management. For, not too many years ago, the ordering of functions in our business placed finance first, production second, and sales last.

How did we arrive at our present point of view? Pillsbury's progress in the marketing revolution divides neatly into four separate eras—eras which parallel rather closely the classic pattern of development in the marketing revolution.

1st ERA—PRODUCTION ORIENTED

First came the era of manufacturing. It began with the formation of the company in 1869 and continued into the 1930s. It is significant that the *idea* for the formation of our company came from the *availability* of high-quality wheat and the *proximity* of water power—and not from the availability and proximity of growing major market areas, or the demand for better, less expensive, more convenient flour products.

Of course, these elements were potentially present. But the two major elements which fused in the mind of Charles A. Pillsbury and prompted him to invest his modest capital in a flour mill were, on the one hand, wheat, and, on the other hand, water power. His principal concern was with production, not marketing.

His thought and judgment were typical of the business thinking of his day. And such thinking was adequate and proper for the times.

Our company philosophy in this era might have been stated this way: "We are professional flour millers. Blessed with a supply of the finest North American wheat, plenty of water power, and excellent milling machinery, we produce flour of the highest quality. Our basic function is to mill high-quality flour, and of course

(and almost incidentally) we must hire salesmen to sell it, just as we hire accountants to keep our books."

The young company's first new product reveals an interesting example of the thinking of this era. The product was middlings, the bran left over after milling. Millfeed, as the product came to be known, proved a valuable product because it was an excellent nutrient for cattle. But the impetus to launch the new product came not from a consideration of the nutritional needs of cattle or a marketing analysis. It came primarily from the desire to dispose of a by-product! The new product decision was production oriented, not marketing oriented.

2nd ERA—SALES ORIENTED

In the 1930s Pillsbury moved into its second era of development as a marketing company. This was the era of sales. For the first time we began to be highly conscious of the consumer, her wants, and her prejudices, as a key factor in the business equation. We established a commercial research department to provide us with facts about the market.

We also became more aware of the importance of our dealers, the wholesale and retail grocers who provided a vital link in our chain of distribution from the mill to the home. Knowing that consumers and dealers as well were vital to the company's success, we could no longer simply mark them down as unknowns in our figuring. With this realization, we took the first step along the road to becoming a marketing company.

Pillsbury's thinking in this second era could be summed up like this: "We are a flour-milling company, manufacturing a number of products for the consumer market. We must have a first-rate sales organization which can dispose of all the products we can make at a favorable price. We must back up this sales force with consumer advertising and market intelligence. We want our salesmen and our dealers to have all the tools they need for moving the output of our plants to the consumer."

Still not a marketing philosophy, but we were getting closer.

3rd ERA—MARKETING ORIENTED

It was at the start of the present decade that Pillsbury entered the marketing era. The amazing growth of our consumer business as the result of introducing baking mixes provided the immediate impetus. But the groundwork had been laid by key men who developed our sales concepts in the middle forties.

With the new cake mixes, products of our research program, ringing up sales on the cash register, and with the realization that research and production could produce literally hundreds of new and different products, we faced for the first time the necessity for selecting the best new products. We needed a set of criteria for selecting the kind of products we would manufacture. We needed an organization to establish and maintain these criteria, and for attaining maximum sale of the products we did select.

We needed, in fact, to build into our company a new management function which would direct and control all the other corporate functions from procurement to production to advertising to sales. This function was marketing. Our solution was to establish the present marketing department.

This department developed the criteria which we would use in determining which products to market. *And these criteria were, and are, nothing more nor less than those of the consumer herself.* We moved the mountain out to find out what Mahomet, and Mrs. Mahomet, wanted. The company's purpose was no longer to mill flour, nor to manufacture a wide variety of products, but to satisfy the needs and desires, both actual and potential, of our customers.

If we were to restate our philosophy during the past decade as simply as possible, it would read: "We make and sell products for consumers."

The business universe, we realized, did not have room at the center for Pillsbury or any other company or groups of companies. It was already occupied by the customers.

This is the concept at the core of the marketing revolution. How did we put it to work for Pillsbury?

The Brand-Manager Concept

The first move was to transform our small advertising department into a marketing department. The move involved far more than changing the name on organizational charts. It required the introduction of a new, and vitally important, organizational concept—the brand-manager concept.

The brand-manager idea is the very backbone of marketing at Pillsbury. The man who bears the title, brand manager, has total accountability for results. He directs the marketing of his product as if it were his own business. Production does its job, and finance keeps the profit figures. Otherwise, the brand manager has total responsibility for marketing his product. This responsibility encompasses pricing, commercial research, competitive activity, home service and publicity coordination, legal details, budgets, advertising plans, sales promotion, and execution of plans. The brand manager must think first, last, and always of his sales target, the consumer.

Marketing permeates the entire organization. Marketing plans and executes the sale—all the way from the inception of the product idea, through its development and distribution, to the customer purchase. Marketing begins and ends with the consumer. New product ideas are conceived after careful study of her wants and needs, her likes and dislikes. Then marketing takes the idea and marshals all the forces of the corporation to translate the idea into product and the product into sales.

In the early days of the company, consumer orientation did not seem so important. The company made flour, and flour was a staple—no one would question the availability of a market. Today we must determine whether the American housewife will buy lemon pudding cake in preference to orange angel food. The variables in the equation have multiplied, just as the number of products on the grocers' shelves have multiplied from a hundred or so into many thousands.

When we first began operating under this new marketing concept, we encountered the problems which always accom-

pany any major reorientation. Our people were young and frankly immature in some areas of business; but they were men possessed of an idea and they fought for it. The idea was almost too powerful. The marketing concept proved its worth in sales, but it upset many of the internal balances of the corporation. Marketing-oriented decisions resulted in peaks and valleys in production, schedules, labor, and inventories. But the system worked. It worked better and better as maverick marketing men became motivated toward tonnage and profit.

4th ERA—MARKETING CONTROL

Today marketing is coming into its own. Pillsbury stands on the brink of its fourth major era in the marketing revolution.

Basically, the philosophy of this fourth era can be summarized this way: "We are moving from a company which has the marketing concept to a marketing company."

Marketing today sets company operating policy short-term. It will come to influence long-range policy more and more. Where today consumer research, technical research, procurement, production, advertising, and sales swing into action under the broad canopy established by marketing, tomorrow capital and financial planning, ten-year volume and profit goals will also come under the aegis of marketing. More than any other function, marketing must be tied to top management.

Today our marketing people know more about inventories than anyone in top management. Tomorrow's marketing man must know capital financing and the implications of marketing planning on long-range profit forecasting.

Today technical research receives almost all of its guidance and direction

from marketing. Tomorrow marketing will assume a more creative function in the advertising area, both in terms of ideas and media selection.

Changes in the Future

The marketing revolution has only begun. There are still those who resist its basic idea, just as there are always those who will resist change in business, government, or any other form of human institution.

As the marketing revolution gains momentum, there will be more changes. The concept of the customer at the center will remain valid; but business must adjust to the shifting tastes and likes and desires and needs which have always characterized the American consumer.

For many years the geographical center of the United States lay in a small Kansas town. Then a new state, Alaska, came along, and the center shifted to the north and west. Hawaii was admitted to the Union and the geographical mid-point took another jump to the west. In very much the same way, modern business must anticipate the restless shifting of buying attitudes, as customer preferences move north, south, east, or west from a liquid center. There is nothing static about the marketing revolution, and that is part of its fascination. The old order has changed, yielding place to the new—but the new order will have its quota of changes, too.

At Pillsbury, as our fourth era progresses, marketing will become the basic motivating force for the entire corporation. Soon it will be true that every activity of the corporation—from finance to sales to production—is aimed at satisfying the needs and desires of the consumer. When that stage of development is reached, the marketing revolution will be complete.