

Ivanova T.
Peoples' Friendship University of Russia

MARKETING IS IN CRISES, ISN'T IT?

Even such recognized founders of modern marketing as F. Kotler and P. Doyel give very strong affirmative answer to this question. F. Kotler entitles one of the chapters of his latest book as: "Which problems of marketing are most companies facing today?" P. Doyel gives even more evident opinion on the present-day marketing in his fundamental book, calling one of its main chapters "Marketing has lost its influence".

What are the reasons for these statements? The recession of the 21 century revealed very deep and sharp problems suffered by marketing. They are expressed in the following economic data:

- Half of the Fortune 500 companies are inclined to cut marketing budgets.
- General expenditures on marketing are decreasing.

The list of the facts might be even longer. Every day more factors come to light to show low effectiveness of the marketing programs.

But most specialists in marketing are blind to very evident and clear features of marketing crises. Those who are conscious and aware of the existing critical situation pretend not to notice its dramatic development.

A little bit of history of the problem.

The necessity of valuation of the effectiveness of marketing was raised as far as in 1886 by J. Wanamaker. Later top managers and stakeholders were worried by enormous budget investments into marketing. In 1982 their worries undertook factual character as it became clear that marketing solutions were heard without taking into consideration such economic consequences as growth of the capital, debt volume, etc.

The end of the previous century was dedicated to evaluate economic effectiveness of millions of dollars spent on marketing. These attempts were a disaster due to Brady John and Davis Ian, partners of the company McKinsey. In their famous article "Marketing's Mid-life crisis" they declared that the importance of marketing may be measured by two means which were effectiveness of advertisement and expenditures on goods promotion.

Some years later American Association of Marketing awarded Kevin J.

Clancy and Peter C. Kreig, two American researchers in marketing, with the first prize for their marketing research called “Counter-Intuitive Marketing” in which they spoke about low effectiveness of marketing for most American companies and said that for most companies it would have become more profitable to keep their financial resources in bank deposits than to spend the money on advertisement as a part and parcel of marketing.

At the beginning of the new century the situation has become even worse due to Ephron Erwin and Pollak Gerry.

Another feature which characterizes low effectiveness of marketing is marketing communications. According to the research investigation by Marketing Intelligence Ltd., 90% of the 25181 new consumer goods which were introduced to American market in later 90th disappeared in the period of the following 3 years.

Marketing at the start of the present century bears features of the system crises. Importance of marketing is greatly doubted. The result of it is a constant and significant decrease of marketing specialists among top managers of the leading companies.

The future of marketing is deeming. Marketing as a concept, system of institutions and professional activity is facing the possible following changes:

- Cut of marketing budgets which has already begun.
- Decrease of prestige and influence of marketing specialists on taking decisions process which also is going on.
- Reduction of profitability and investment attraction for advertisement services (it is going on).
- Elimination of marketing consulting and marketing research as branches of marketing which can start at any moment.

All these effects are due to incapacity of traditional marketing to prove its economic effectiveness. Every top manager is to be capable to have an answer to the following questions:

- How big should be marketing budget to make the company effective?
- How to choose the most effective programs for financing?
- How to increase the effectiveness of these programs?

Until these questions are answered marketing is considered to be in crises.

Some marketing gurus speak for methods of marketing evaluation based on brand value. In its turn brand value includes: valuate future benefits; consider investments; may be counted in money units.

Many well known researches in the field of marketing such as Tim Ambler consider this approach to marketing modernization to be promising though it has some drawbacks as when the brand is evaluated much more information about it is eliminated than gathered. Also he proposes that the process of marketing evaluation is to be composed by many factors besides brand value. There also should be technologies of marketing strategies' and clients' base evaluation though both do not belong to material indices.

In conclusion we can say that present day marketing is challenged by existing economic realities. One of the tendencies of modern economic development is directed towards application of the main financial principles in evaluation of business activity. Specialists do not know yet what new marketing would be like. They coincide in the main stream – it should be a totally new marketing which might have any feature found in the modern elaborations such as “Hard-Edged Marketing”, “ROI-marketing” or “Value-Based Marketing”.

Specialists in marketing should not reduce their creative activity in marketing modernization only to new and attractive names. They are challenged to find a new place in organization budgeting for marketing and new technologies to make it effective.