

5. Conserve enough wealth through the elimination of marketing wastes to offset all taxes.

*Marketing and the Public.* The thesis is that the beginning and the end of all marketing problems is the consumer.

The management's problem of production, wherein only a *single personal relationship* is concerned, is far simpler than its problem of marketing, where, at the minimum, there are three relationships.

Mass production, although it has brought with it lowered costs of manufacture, has brought with it over-production on an unprecedented scale. This, in turn, has made it imperative for the producer to find *new outlets*, or to make them.

The enterpriser, when he deals with men in the street as prospective employes, is in a position to impose his will upon them; but, in dealing with them as buyers of goods, he is bound, under the present conditions of commerce in the United States, to accept their will or to suffer loss. With a stabilization of industrial relations, with increasing consumption in markets of every description, and with the surfeiting of consumers, as a result of prosperity and over-production, the problem of winning and keeping the customer's trade is becoming the most difficult of any which the American enterpriser has to face.

*Marketing and the Enterpriser.* Twenty-odd years ago, Frederick W. Taylor stated that industry lay at the mercy of the workman. Today, industry lies at the mercy of the salesman. The high cost of distribution is largely attributable to super-salesmanship. The consumer pays for "distribution," whether there is any actual distribution or not.

Scientific marketing adopts this axiom: "I will sell a man what he needs and ought to have, and I will not sell him anything else, even though he might be induced to buy."

The Ford Motor Company offers a good example of what happens when emphasis is laid on production rather than on marketing, and of how high-handed methods of distribution fail in the end to move a product which has become hopelessly out of date.

*The Marketing Organization of the Typical Company:* Complication in marketing activities of all kinds is inevitable, applying equally to marketing conditions and to the marketing organization. But it is not necessary to continue, as at present, under conditions which involve lack of uniformity

of practice and absence of standards of measurement, and other standards.

Examples of unprogressiveness in marketing would lead the observer to certain conclusions:

In the first place, opposition to functionalized marketing is founded on no true understanding of marketing principles.

Second, there is no uniformity of practice and standards among different companies. This follows naturally from the belief that each business enterprise is different.

Third, where the need is sufficiently imperative, functionalization occurs automatically, but there is no consciously and intelligently directed attempt to build up a scientific system of marketing as there has been in production.

Fourth, complications are growing. The result is confusion and added costs.

Fifth, the problem of decentralization offers both the greatest incentive to functionalization and the greatest obstacle.

Lastly, there is the dominance of the personal factor in marketing activities. This often results in the failure of the management to be acquainted with the markets which it is serving.

*Marketing Management:* Scientific management of any kind is made possible only by *organization and control*.

Organization alone is not sufficient to secure scientific management. It must be accompanied by some mechanism of control, and the two essential elements must be inter-related in such fashion that the best results are obtained.

The enterpriser's conception of marketing, just as the economist's, is not the one best fitted to the needs of the consumer. Accordingly, since marketing is becoming a more and more complex process, specially trained men, conversant with all details of marketing practice, must work out a comprehensive system.

Divested of numerous adjuncts (which are, however, important elements of its structure), modern marketing tends to become a concerted endeavor to *anticipate* mankind's wants by the widest possible margin. The public is supplied with possessions, acquisitions and appurtenances far in advance of its need for them. It even accepts and pays for certain utilities which prove, in the end, not to be utilities at all. The situation is uneconomic and unsound, at once precarious to the public, to the

enterpriser and to the country. It is, perhaps, an underlying cause of the business cycle.

*The principles of Scientific Marketing:* The primary consideration in formulating any program of marketing reform is the profit which the enterpriser may expect through the perfection of his marketing practices; high profits and low marketing costs may, and frequently should, go together.

How is marketing to be reduced to a scientific basis? Some of the outstanding principles are as follows:

1. Objectivity of Demand. Marketing should center around the needs of the consumer.

2. Division of Labor. The principle of the division of labor should be applied to marketing through functionalization and specialization. Sales and advertising are no longer supreme.

3. Analysis. The marketing problem should be carefully analyzed by means of a research organization. This analysis should be the basis of all plans.

4. Planning. Just as in modern production management, there is a special department organized for planning in reasonable detail marketing processes and operations.

5. Training. All members of the marketing division of the business should be trained in the best methods. Such training constitutes one of the bases of scientific marketing management.

6. Control. A careful system of supervision, discipline and remuneration must be worked out if scientific management is to prove successful.

7. Co-ordination and Co-operation. Although the principle of the division of labor is carried out on a functional basis, provision must be made for co-ordination of these separate functions. This co-ordination must be conducted in a co-operative fashion.

8. The Ethical Concept. That marketing practice which is most ethical—best for all concerned—is the one which will bring success, in the largest and most enduring sense.

*The Organization of Scientific Marketing.* On the basis of the foregoing principles it is necessary to erect a working organization or system. This is done by separating marketing activities into *logical* functions, and then by departmentizing the personnel in accordance with these functions.

Since research is the pioneer step in marketing, the Market Research Department deserves first

consideration. The findings of the Research Department are handed on to the Marketing Planning Department, where they are built into a constructive and dynamic program. Before plans can be put into effect, trained personnel must be provided. This presupposes a properly functioning Marketing Training Department.

The instructions of the Marketing Planning Department are delivered through the Marketing Manager to the Sales Department and the Advertising Department, both of which have as their duties the carrying out of these plans and the reporting back to the Planning Department or to the Marketing Manager the progress which has been made. The next function is that discharged by the Service Department, which exists in order to represent the interests of the consumer, both before and after the sale. The necessity of supplying suitable machinery to take care of marketing costs will make it desirable to have a Marketing Accounting Department.

*The Control of Scientific Marketing.* The Marketing Manager is the chief executive of the Marketing Division. It is he who is, in the final analysis, responsible for the success of scientific marketing; he forms the pivot of the system. His duties are chiefly those of a line officer, whose duty it is to direct, co-ordinate, maintain and measure.

The Marketing Division should be run on a basis of promoting men as rapidly as possible. The promotional possibilities of every job should be outlined or charted.

It requires unusual executive ability to maintain a constant high level of accomplishment. Once the organization has become established the greatest problem is that of finding and keeping a man capable of doing this.

*Departmentization of Marketing Activities.* From this point on, the book describes the details of the system, and their specific applications, from both a theoretical and an actual viewpoint. How scientific principles should be applied, and how they are being applied, are described. Since a basic assumption of this book is the idea of functionalization, the chapters have been made to conform to certain important functions into which marketing activities can be divided.

*Market Research.* The purpose of market research is to give a picture of the entire marketing situation.