

DIRECT MARKETING

USING DIRECT RESPONSE ADVERTISING TO ENHANCE MARKETING DATABASE

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Physics and the Laws of Marketing

By Gordon H. Bell

With the rush to market, many companies have been blinded by the shine of new technology and have lost sight of the basic laws of marketing. Every business activity has its own unique challenges, yet marketing challenges are often hidden within the simplicity of an effective strategy. Like the skill of a pro golfer or virtuoso violinist, marketing looks so easy when done well.

Just as the physical world is guided by certain laws of nature, businesses cannot escape the laws of the marketplace. Even in this New Economy, there remain indisputable laws of marketing, much the same as the laws of motion, thermodynamics, and relativity. We'll call them the:

Law of Market Relativity
Law of Market Inertia
Law of Market Entropy

Law of Market Relativity: Purchase decisions always involves a mix of logic and emotion.

The law of market relativity, $E = mc^2$, states that:

Emotional decision to buy =
mental logic x considerations of the buyer x content
of the marketing

Relativity leads to two conclusions: (1) all purchase decisions are based on a combination of emotion and logic, and (2) the level of emotion is affected by the marketing tactics and personal considerations of the buyer.

For example, buying a book online, you should logically balance price, delivery time, and e-tailer reliability to get your book quickly and cheaply.

But even without checking price, you might enjoy customer-friendly navigation at Amazon.com, or you may root for the underdog and buy from a lesser-known site. Even for this simple purchase, emotion and logic work together to influence your decision.

The purchase decision is more emotional if products are discretionary or similar. Few people buy jewelry because they need it, so jewelry marketing stresses style and glamour. Most new cars will get you to work just fine. How often do you drive 150mph in your Porsche, go four-wheeling in your SUV, or haul a ton of rocks in your pickup? But you still probably think you chose the right car. Some decisions may be more emotional, some more logical, but none are completely free of feeling.

Law of Market Inertia: A large company tends to stay in motion; a new venture needs to build momentum.

According to the concept of inertia, a body in motion tends to stay in motion, a body at rest tends to stay at rest. In the business world, market leaders have an advantage because they're already building sales. A strong competitor has little problem crushing most obstacles in its way. But launching a new product—even with the best product in a hungry marketplace—requires surprising energy. As competitors rack up sales and customers spend money elsewhere, inertia is against you.

Companies can manage market inertia through “competitive focus”—doing one thing very well. This means creating a strategy to concentrate resources and fortify market position to focus on one product, one group of customers, and one clear, consistent message (plus lots of Old Economy elbow grease). If you divide your energy among many paths, you are destined to fail. Furthermore,

the degree of focus required is proportional to company size and competitive forces. The smaller the company and stronger the competition, the greater the focus required to carve out a profitable piece of the market.

Few companies that sell many diverse products can survive. Throw lots of pebbles in a pond and you'll cause some ripples, but throw in one big boulder and you'll make a big splash. Throwing company resources in many directions gives you a lot of slow moving products—destined to be overcome by single-minded companies with all their resources, messages, and advertising pushing in one singular direction.

The downside of inertia is that once you get the ball rolling, changing direction can be difficult. *TV Guide* has one of the most recognizable brands. But the marketplace has shifted. The company needs to find a foothold in the new multimedia economy. *TV Guide*'s strong brand may speed customer recognition, but how far can they stray from that ubiquitous weekly guide before customers get confused?

Law of Market Entropy: The marketplace is always changing and dividing — use your energy to create opportunity from the instability.

Good marketing strengthens your brand and market position over time, smoothing the pathway to profit. But this contradicts the natural environment. The law of entropy explains that things tend to become less ordered and fall apart over time. On the downside, companies need significant energy just to maintain a consistent market position. On the upside, focused companies can use their strengths to create new opportunities from the market instability.

The reality of entropy means, first of all, that you need to become more focused over time. Market segmentation is a natural state. The general stores of a century ago have evolved into specialists by product category, channel, customer group, and image. Victoria's Secret, Amazon.com, Big and Tall, and Target have each carved out a successful piece of the marketplace. Yet like a fast-flowing river reaching its mouth, even successful companies tend to relax their focus over time, slowing the flow of profits as they try to branch out towards new markets.

Entropy requires increasing focus, yet a shifting focus as markets divide and permutate. The key is to know your customers and market so well that you can foresee changing needs and new technologies. Keep close to your customers, test new ideas, and innovate fast within your narrow focus.

Relativity, inertia, and entropy are laws of nature and, in parallel, laws of the marketplace. Relativity requires “whole person” marketing, embracing both creative and technical elements, speaking to the user as well as the use. Inertia validates the need for competitive focus to strengthen market position, grow sales, and leverage new trends within a narrow, yet profitable segment. And entropy reminds us that change is the only constant. Test new ideas, sharpen your focus, and hold firm to an effective brand image.

Remember: it's not just a good idea — it's the law.

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