The following checklist can help determine if customers should be asked to perform tasks ordinarily performed by marketing or customer service.

- Does the change save the customer time?
- How much additional effort does it entail?
- Does it protect the customer's privacy?
- Can the customer automate the process to any extent? Can we provide tools to accomplish this?
- Can the customer customize it to a greater degree?
- Does the change maintain or increase the accuracy with which the task is performed?
- Is personal (human) help available immediately if the customer needs it?

Reducing Product and Attribute Proliferation

The adoption of flexible manufacturing systems and various software-driven manufacturing processes now enables many firms to increase the assortment

Symptoms of Marketing Malaise

Several recent reports from prominent consulting firms have contributed to a growing sense of urgency within the marketing function. In 1993, Coopers & Lybrand surveyed 100 of Great Britain's leading companies and found that marketing departments were "ill-focused and over-indulged." They tended to overstate their contribution to the corporation, but could not specify what the nature of the contribution was. The measures frequently used—such as sales growth and market share—are affected by other functional areas as well as marketing.

"The marketing department is critically ill. Marketing...has been outflanked by other disciplines, in finance and manufacturing," concluded Coopers & Lybrand in the study report. "Companies certainly need a marketing philosophy. But many marketing departments aren't making it live within the organization."

Likewise, management consultant Booz Allen & Hamilton issued a report in early 1994 warning that "brand managers were failing to get to grips with commercial realities." In 1993, McKinsey released a report attacking the failures of marketers: "Doubts are surfacing about the very basis of contemporary marketing." Marketing departments have shown themselves to be "unimaginative," generating "few new ideas," and have simply stopped "picking up the right signals. Fairly or unfairly, many consumer-goods CEOs are beginning to think that marketing is no longer delivering."

Although the comments from CEOs and consulting firms are quite broad, we can provide some particulars:

- Many companies today practice "just-in-time" manufacturing but "just-in-case" marketing. The data on this are clear: Between 1982 and 1993, manufacturers reduced their inventory levels dramatically, from 2 times monthly sales to around 1.4 times monthly sales. In contrast, retail and wholesale inventories actually rose during the same time period. Companies are failing to leverage their efficient demand-driven production systems by coupling them with similar marketing systems; they continue to practice forecast-driven marketing. Once these forecasts are enshrined in formal targets and budgets, companies deploy their marketing arsenals to achieve those (almost always top-line) goals—too often at the expense of profitability and the long-run health of the business.

- Companies misallocate marketing resources. For example, advertising is most effective when there is a strong product to sell; however, a recent McKinsey study found that advertising spending is highest where product differentiation is lowest. For most products, differentiation based purely on image cannot be long sustained. As a result, customers are becoming ever more willing to purchase private label products.

- Many companies rely too heavily on expensive internal sales channels and fail to leverage more efficient third-party distribution channels. For example, Compaq has cut its sales force in half while doubling sales, and AT&T is one of many companies closing unproductive regional sales offices and requiring laptop-computer-equipped salespersons to work out of their homes and cars.

- Companies engage in wasteful and even harmful sales promotion activity. *Forbes* reported that packaged-goods manufacturers spent $6.1 billion on more than 300 billion coupons in 1993. Of these, only 1.8% were redeemed, and of those, 80% were redeemed by shoppers who would have bought the brand anyway. Of the other 20%, many are redeemed by pure deal shoppers, who are unlikely ever to purchase the brand without a large incentive.

- The vast majority of trade promotions are ineffective and almost all actually lose money. Excessive trade promotions add an estimated $20 billion a year to the grocery bills of U.S. consumers, much of it due to the practice of "forward buying." As a result, it takes almost three months for a product to get from the manufacturer to the consumer.

- Management focuses too much of the marketing arsenal on getting new customers; in most companies, keeping the customer is somebody else's (or nobody's) job. In many industries such as long-distance telecommunications, customer "churn" has become a major drain on marketing resources and company profitability.

—Jag Sheth and Raj Sisodia