

PHILIP KOTLER

# Future Markets



*In the future, marketers will target niches. In niches there are riches. By serving a niche well, we can earn a high margin.*

**O**UR ONLY CERTAINTY is that things will change. Back in the 1950s, who would have anticipated Internet home shopping, home banking, satisfaction guarantees on new automobiles, customized bicycles, and factory-outlet shopping malls?

We will see the marketplace go through more radical changes. Specifically, we can anticipate the following eight developments.

**1. Shifting demographics.** More consumer marketing will focus on mature consumers—the 55-year-olds and older. The focus will shift toward health products, retirement homes, and forms of recreation and entertainment.

Mature consumers will want to be healthy forever. We'll see healthcare facilities where mature consumers pay to have regular diagnostic checks. Medical people will present a complete recommendation on exercise, nutrition, and stress management.

We will also witness a growing demand for light foods, low-calorie beverages, home exercise equipment, vitamins, beauty care and skin-care cosmetics—anything that will make you look and feel younger and healthier. Mature consumers will pay for luxuries like cosmetic surgery, personal exercise coaches, exotic travel, and continuing education. They will have youthful attitudes and outlooks.

At the other end of the age spectrum, children and teenagers will be more grown-up. These "mini-adults" will master computers and have access to information over the Internet that was never before available. They will be smart consumers who shop electronically.

**2. Entertainment explosion.** I expect an explosion in entertainment. People will want to be entertained whatever they are doing, whether they're work-

ing, shopping, or consuming. Recently, I saw a cyclist on an expensive bike, peddling at a furious speed while listening to music on his Walkman. These multi-processing consumers will do two or three things at the same time, primarily because their time is short and there is so much they still want to do. Smart retailers, restaurants, hotels, museums, and orchestras will build special atmospheres and surprises into their offerings.

**3. High-income consumers.** We'll see the buying market segmented into high-income consumers and low-income consumers, while the middle class will diminish in size. Many com-



panies will still target the middle class. But more companies will clearly target their products and services at either the high-income or low-income class. High-income consumers will demand high-quality products and personalized services. At the opposite end will be people who just want basic, no-frills products and services at the lowest possible price. Each class can be further segmented by education, occupation, and lifestyle variables. High-income consumers will be high-achieving people with technical knowledge. They will work to live, not live to work. They will want more quality time apart from work to enjoy other pursuits.

**4. Convenience.** Time-starved, high-income people want products and services made available to them in a hassle-free way. Their resistance to buying something may not be the price—it's the time, risk, and the psychic costs involved. There will be a great increase in home-based shopping and banking. More people will order

clothes, appliances, and other products and services from catalogues.

**5. New media.** The key is response measurement. Direct marketing is about sending messages to specific addressable consumers and learning which ones placed an order. It started with direct mail and moved to telemarketing. Today, we have added infomercials, audio and videotape, CD-ROMs, computer disks, fax-mail, e-mail, and voice-mail. Companies are rapidly building customer databases from which they can draw the best prospects for an offer. Products, too, will increasingly be customized. Companies will work with you to design your own bicycle, bathing suit, computer, and car. The buying process will become far more interactive, with consumers co-designing the product.

**6. The importance of brands.** Brands will always be important, although the importance of national brands is diminishing. Consumers are comparing the brands on price, and if one is on sale they will buy that brand, regardless of preference. No wonder more money is pouring into sales promotion and price incentives, and less into advertising. And with less advertising, perceived brand differences are eroding. Also giant retailers are introducing private brands that cost less. If your brand is not No. 1 or 2, you may be kicked out of the market.

**7. Quality, pricing, and service.** If your company doesn't produce high quality, you must either sell to low-income groups or go out of business. High product quality will become a ticket into the marketplace. But to win, companies offer high quality for a lower price. The key to good pricing is to figure out to whom you want to sell the product and what they think the product is worth—and then to design the product and its service bundle so it can be priced that way. You will need to justify your prices, using arguments with substance rather than relying on image alone. Service will grow as a competitive tool, especially as products become more similar. Companies must enhance the use-value, or service-value, which goes beyond purchase-value.

**8. Cause-related marketing.** Many companies will differentiate themselves by seriously sponsoring high-consensus social causes, such as environmental protection, helping the homeless, and saving the whales. Building a civic character, not just a business character, can build interest, respect, and loyalty. EE

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