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April 13, 2006

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## Marketing Remix (with Antony Paoni)

It has been reported that Wal-Mart, which represents almost two percent of the Gross Domestic Product of the United States, is "afraid" of Google because the powerful search engine may make comparability of price more transparent, and thereby hit the powerful retailer right in the heart of their value proposition. If a capable upstart or competitor jumps ahead of you in the demand chain, they can poach your customers, and steal the value that you extract from the entire rest of the customer experience. All that hard work to build stores, logistics, and low-cost delivery is at risk if the customer is diverted at the very beginning of the demand chain. Put another way, being first in the demand chain is the most valuable place to be in any value network.

Traditional radio stations are concerned that the new satellite radio systems which can beam hundreds of commercially free channels to the car, the person, or the home, may upend their entire value proposition. Consumer marketers are scared to death that their traditional means of "getting to market" with their message is under attack for their current customer base, and that the up and coming generation is so interactive media savvy that only the most naive marketer would think that they will sit still for all traditional commercial interruptions. Anyone who has a digital video recorder -- like TiVo -- only watches 20 percent of the commercial. Commercials will continue to be important, and even desired by some, but traditional approaches on reaching customers need to be rethought!

Why is all this happening now? Over the past ten years, there has been an emerging information network that has unloosened information from its traditional moorings. For example, information about consumer products used to be distributed through very traditional channels, like the television, your Sunday newspaper, and in the store itself. Today, you often see a beleaguered professional standing in the aisle of a super market, on the cell phone with his significant other, asking which of a set of options should be purchased. The information and influences are not tethered to their traditional moorings. Up until recently, information was usually situated in a given context. When you went to the doctor, you got medical information; when you visited the store, or in your newspaper you received coupons, and flyers. Today, you can get rich media when you are waiting for your dentist, or in line at the Dunkin Donuts. In fact, one of the largest television networks in the country is Wal-Mart TV; the television displayed inside Wal-Mart stores. This seems absurd until you realize that over 60 million Americans visit a Wal-Mart store each day. McDonald's serves over 50 million people a day, but has yet to realize their potential as a information distribution network.

The general trend is that information is flowing to those places where there is a flow of people. With the growth of broadband wireless networks like the ones promoted by Verizon and other carriers, soon tens of millions of Americans will have the ability to see streaming TV,

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**Comments**

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Great post !!  
Very enlightening ... thanks ;-)

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Posted by: [Jacques Duquesne](#) | [April 23, 2006 at 10:00 PM](#)

Great article. The internet is definitely reshaping consumer interactions with businesses. Look what is happening to the auto industry. Information on vehicles is totally transparent. The access to information makes buying a car a more informative process than only relying on the dealership/seller. Taking this into account, Walmart now has to battle the internet on much the same front. If search engines can return a better price on a specified product what's to stop the consumer from purchasing it. Site's like [www.MerchantCircle.com](#) are also cutting into the big box mainstream by improving these channels to include specified locale. This really is the next step, because now consumers will be able to find the best deals locally. This specified search is powerful and companies like WalMart or for that matter the Yellow Pages will have to rethink strategy when these small merchants are given powerful tools.

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Posted by: [Ryan](#) | [April 23, 2006 at 11:22 PM](#)

Hello John,  
a very insightful analysis and outlook - great article, thanks!  
--A.

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Posted by: [Andreas Pizsa](#) | [April 24, 2006 at 04:00 AM](#)

Interesting article and well written. Perhaps a little geek-centric but it's a blog I understand.

Not everyone is comfortable buying products in absentia though. Touch is still important, place and branded environments are still important and I suspect will become even more so if we're spending all of our free time unleashed from the mall and writing our blogs.

I wonder John what your ideas are as to the physical manifestations of commerce? Will stores eventually disappear or will shopping become a virtual conveyer belt through a shifting display of the most popular products?

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Posted by: [J Cowles](#) | [April 24, 2006 at 06:46 AM](#)

Good to see someone else referring back to the 4Ps - the evolving paradigm rather than the over-hyped new paradigm. I'd still maintain that the product is increasingly the most important but you provide much food for thought.

Being somewhat deviant though, my key question is what happened between July 2005 and March 2006?

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Posted by: [John](#) | [April 24, 2006 at 07:27 AM](#)

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