

# New marketing strategies for a new era

**Marketing's mission is no longer to sell a product, but rather to support sustainable consumption in a society of scarcity, according to IESE's Luis Nueno.**

June 23, 2015

"If the 20th century was the era of abundance, at least among mature industrialized countries, the 21st century will be that of scarcity." That is the main thesis and theme of the [2015 book](#) by IESE's [José Luis Nueno](#).

It is a thorough analysis of the changes at play in the variables that influence consumption — such as demographic decline, economic inequality, educational and workforce shortcomings, populism and the risk of the welfare state collapsing.

Nueno's conclusion is that in order to narrow the gap between what 21st century consumers are promised and what they can actually be offered, marketers must tailor expectations — political, social, economic, financial and career-related expectations — to suit new realities. The new realities reflect an overall climate of scarcity that contrasts with the era of abundance experienced by Western countries in the half century leading up to 2007.

## The disenchantment divide

A divide has emerged between consumers and companies, and it has only widened in recent years, leading to a growing disaffection in which marketing, as a creator of expectations, plays a key role.

Nueno says the problem is that today it is no longer possible to increase the offer because we live in an "era of scarcity" — a new age characterized by its scarcity of resources to generate wealth.

This is the period that Europe is weathering; and it is particularly notable in Spain, where young people have it very hard, and jobs, social welfare benefits, equality and training programs are all running in short supply. In brief, what has vanished is what had enabled the rise of a middle class in the 20th century with the possibilities to consume and create a feedback loop that worked for an era of abundance.

"It is a matter of understanding that consumers have changed, not because they chose to or because they have matured. They are neither smarter, nor pickier. They are poorer," Nueno says.

As it is impossible to increase supply, political parties and companies have no choice but to encourage the reduction of demand and to modify expectations. Politicians must adapt their offer to the conditions that make it sustainable, and brands need to educate consumers.

For years now, a series of concepts are serving as paths to change in order to address the challenge of scarcity, which requires revised expectations. The author cites some of these concepts — namely, knowledge, quality jobs, self-employment, entrepreneurship, specialization, self-government and reindustrialization. And Nueno urges people to reflect on whether these concepts will help avoid the creation of false expectations.

## Business strategies

In the era of scarcity, business competitiveness will be based on the ability to develop new business models and to adjust supply to expectations. Using these two vectors, Nueno builds a matrix that describes four strategies of strategic positioning:

1. **Disruptive transformation.** These are new operators, or renovated ones, that find new ways to meet existing expectations. Disruptive business models like those of Zara and Nespresso offer good examples.
2. **Visionary leadership.** This occurs in those disruptive business models that create and meet new demands and expectations. Examples include Google, Amazon and Apple.
3. **Solitary leadership or operational excellence.** These are operators that continue to address long-established expectations with the same business model and survive thanks to a very solid positioning, either by their level of operational excellence (Nueno cites the Spanish companies Porcelanosa, Cosentino, Mercadona and DIA as examples) or because they have eliminated or absorbed their competitors (like many supermarket brands that have high market shares and divvy

- up entire categories with the retailer's main brand and a "long tail" of niche brands).
4. **Disappearance.** This happens to the players that kept their old business models even though they were incapable of satisfying consumers' new expectations: They end up being driven out of the market. Examples include many multi-brand clothing stores and manufacturers' brands that ended up trapped between the advantages of low-cost, vertical chains and the massive response (on a grand scale) of the aspirations of consumers.

## What role should marketing play?

Regardless of the specific strategic choices that each company makes, the age of scarcity means there is a new mission for marketing: It must play a key role as a mediator between consumers' expectations and products' performances, and also between society and politicians.

The populism of the political left and right has emerged at a time of exhaustion with an antiquated model in which partisan rhetoric and voter disappointment fuel a game of expectations that is clearly obsolete.

Nueno believes that marketing faces a historic opportunity as it can help bring together two concepts that are both essential for sustainable consumption: that of consumer-centered sustainability — concerned with companies' "triple bottom line" affecting people, planet and profit — and that of responsible consumption — which depends upon consumers adjusting their expectations.

[www.iese.edu/insight](http://www.iese.edu/insight)