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# MARKETING 101

Newly Revised  
& Expanded  
Second Edition



**How to Use  
the Most  
Powerful Ideas  
in Marketing  
to Get More  
Customers  
and Keep Them**

**DON SEXTON, PHD**

**WITH NEW ADVICE ON MARKETING IN A SLOW ECONOMY!**



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**MARKETING**  
**101**

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TRUMP  
UNIVERSITY   
**MARKETING**  
**101**

How to Use the Most Powerful  
Ideas in Marketing to  
Get More Customers  
and Keep Them

SECOND EDITION

DON SEXTON, PHD



WILEY

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To my terrific family,  
Laura, Mitra, Daniel, Jonathan, Matt, Ian, Maya, and Nan  
who are patient with me most of the time





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# FOREWORD TO THE TRUMP UNIVERSITY 101 SERIES

People often ask me the secret to my success, and the answer is simple: focus, hard work, and tenacity. I've had some lucky breaks, but luck will only get you so far. You also need business savvy—not necessarily a degree from Wharton, but you do need the desire and discipline to educate yourself. I created Trump University to give motivated businesspeople the skills required to achieve lasting success.

The Trump University 101 Series explains the most powerful and important ideas in business—the same concepts taught in the most respected MBA curriculums and used by the most successful companies in the world, including the Trump Organization. Each book is written by a top professor, author, or entrepreneur whose goal is to help you put these ideas to use in your business right away. If you're not satisfied with the status quo in your career, read this book, pick one key idea, and implement it. I guarantee it will make you money.

DONALD J. TRUMP

A handwritten signature in black ink, appearing to read "Donald J. Trump", written in a cursive style.



## P R E F A C E

Since the first edition of *Marketing 101* was published, the world economy has changed considerably. While the principles of marketing work in a variety of situations, we felt that it would be valuable to devote special attention to how to market in tough economic times. It turned out that there was a lot to say about how to survive and even thrive in an economic downturn. What began as a single chapter ended up as three chapters and an entire section of this book.

We have taken the opportunity presented by a new edition to add new chapters on marketing real estate. When I was writing *Branding 101* (Wiley, 2008), I found that there was almost nothing written about branding real estate and not too much more on marketing. Many of the books about marketing real estate—and there are several good books on the topic—focus more on the selling process than on marketing. In this book, I have provided chapters on both marketing and selling different types of real estate that utilize the marketing concepts and approaches explained earlier in the book.

Even if you are not interested in marketing or selling real estate, you may find those chapters very interesting and valuable as they provide many illustrations of how to put a marketing/selling plan into action, especially for a small business.

We have also added a final chapter on how to motivate and manage individuals and teams, which many readers had requested.

May all your marketing efforts be successful!

DON SEXTON  
New York City





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# I

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## HOW TO BUILD A POWERFUL MARKETING STRATEGY



# 1

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## TRUMP ON MARKETING

*Donald Trump*

I believe passionately in my products and the high quality I provide my customers. That is the foundation for all my marketing. That passion should be the foundation for anyone in marketing. You must truly believe in your product and its ability to satisfy your customers if you are going to succeed in marketing.

Ultimately, marketing always starts with a product. Rarely will you see someone market something really well that is not a good product. The best advice for anybody looking to do a good job in marketing is to have a good product. It makes your life a whole lot easier.

You need a great product—one that your customers want and will pay for. I think a great example of marketing is what I did with *The Apprentice*. From a show that everyone said would not be on the air long, I made it the number one show on television. I had a product I believed in and I marketed it. How do you make a strong product? A lot of it is in the details, and a lot of it is in the quality—whether it is super high-end or low-end. Attention to details really can make the difference.

You build great products by paying attention to all the details that customers care about. Some people seem to confuse marketing with promotion.

I recently built a \$300 million building. It was very tough to build because I needed zoning changes, I needed financing, I needed the construction, I needed to make deals with unions—I had to go through all of this. I ended up building something that was a great success and everybody said, “Oh, what a great promotion job he did.” It had nothing to do with promotion. The project became a success because it was a great building. Many people who do not know me think that I am a great promoter, but the fact is that what I do best is build. I build a great product and then it sells and everyone gives me credit for being a good promoter. To me, a great promoter is a person who can take a piece of garbage and sell it. That’s not me. I build really high-quality buildings. I think I do well in promotion because I start with a great product.

---

**Promotion works—but only if you start with a great product.**

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I see many people who do things wrong in marketing. I know one developer who can never understand why I get so much more per square foot than he does. He just finished this building where he has tiny little windows and a terrible color brick. It is an unattractive building both from the outside looking in and the inside looking out. And he goes around telling people he does not understand why Trump gets higher prices than he does. The guy doesn’t have a clue. The mistakes in marketing often have to do with mistakes in the product.

Your brand is your reputation—and comes from the strength of your products over time. Branding is an important part of marketing. The Trump brand stands for very high quality and very high confidence. People feel secure in the brand. That’s why my building in Las Vegas is so successful. Other builders are not doing well and I am doing very well.

Because of the Trump brand, people buy in my buildings without ever having seen the units. They don’t do that with other builders. My customers know the building is going to be the highest quality, the best architecture, and the best location.

A strong brand gives customers confidence—and leads to higher prices and higher demand. Great marketers are born with a marketing instinct. Although I have known people who developed into good marketers, I think that, like an athlete, it helps to be born with a marketing sense. If you don’t have that intuition, you’ll never be great in marketing. You can make yourself good, but you’ll never make yourself great.



**Trump World Tower skyline and the Manhattan waterfront.**  
Photo credit: The 7th Art, 1998. Photo courtesy of the Trump Organization.

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**A strong brand gives customers confidence—and leads to  
higher prices and higher demand.**

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You have in your hands a powerful introduction to all the most important ideas in marketing from a top marketing professor and consultant. If you do not have that marketing instinct, this book will help you learn it—and become a good marketer. If you were lucky enough to be born with it, this book will help you become a great marketer. Read on!



# 2

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## WHAT IS MARKETING?

**M**arketing is about people. It is about understanding what people want, then trying to give it to them at a price that they are willing to pay and a price that will provide you with an acceptable profit.

Marketing is about targeting. It is about strategically choosing which customers you want to try to satisfy.

Marketing is about positioning. It is about designing a product or service that has benefits that people want and cannot get elsewhere, then building your reputation—your brand—based on those things that you do well.

Marketing is also about advertising and pricing and promoting and distributing and many other marketing programs. But foremost it is about people and targeting and positioning—the strategic aspects of marketing. Without knowing to whom you want to sell and what you want to give them, you really cannot know how to advertise or price or promote or distribute effectively. Stop right now and ask yourself these three questions:

1. What do my customers want from my product or service?
2. Am I targeting the right customers?
3. What is the unique benefit of my product or service that my customers cannot get elsewhere?



## POSITIONING TRUMP INTERNATIONAL HOTEL & TOWER

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### **Trump International Hotel & Tower, New York City.**

Photo credit: Jon Ortner, 2002. Photo courtesy of the Trump Organization.

The Trump Organization is a leader in building and marketing luxury hotel/condominiums in many locations, including New York City, Chicago, and Las Vegas. The positioning of each Trump International Hotel & Tower is the same as all Trump endeavors: “best of the best” and “exclusivity.” For example, the Trump International Hotel & Tower in New York City, which has a five-star rating, was voted the best hotel in New York City by Travel & Leisure magazine.

Trump International Hotel & Tower is also an example of great marketing. Each building is designed with targeted

high-end customers clearly in mind and terrific attention to all the details that those customers want. According to George Ross (co-star of *The Apprentice*, and executive vice president for the Trump Organization), the building design philosophy is “put your money where it can be seen.” As a result, Trump condominiums are known for their smart layouts, impressive views, and top-tier fixtures and appliances.

Besides marketing to hotel guests, Trump International Hotel & Tower also targets buyers who want an apartment in the city, but not necessarily for full-time use. To reach these customers, Trump uses a creative new financial incentive, which is also a key marketing feature. Owners can use their units any time they wish and enjoy the exclusive services of the hotel and the security and privacy of the most exclusive apartment buildings in the city, but they also have the option to let Trump International Hotel rent out their units to hotel guests—and share in the income—whenever they are not occupying

the unit. So owners enjoy rental income without the headaches of landlording.

At the New York City property, the buyers are from many parts of the world. In Chicago, the buyers are often from the suburbs and looking for a pied-à-terre, while elsewhere they may be retirees. Besides the hotel's amenities and services they enjoy when they stay at the International Hotel & Tower, these customers also share financially in the success of the property.

This book will help you sharpen and improve your answers to these questions.

## MARKETING FAILURES

Many large and famous disasters in business were failures in marketing. The Edsel was a car with styling no one wanted. Both the RCA VideoDisc and Polaroid's Polavision were products technologically inferior to competing products. The U.S. Air Force and U.S. Navy did not purchase the Northrop Tigershark fighter aircraft because it was designed without important input from them.

What all these disasters had in common were managers who thought they knew what their customers wanted when, in fact, they did not. Unfortunately for those managers, their mistakes of not knowing what their customers wanted cost millions or billions of dollars and perhaps their jobs.

## SMALL BUSINESS MARKETING MISTAKES

The mistakes of large companies are repeated every day—with much less publicity—by owners and managers of small businesses.

Many small businesses do not think about marketing. They do not target their efforts to specific customers or position their services on specific benefits. They simply open up their doors and hope for the best.

Think about the dry cleaners in your area—Are they known for anything special? Think of the mom-and-pop grocery stores—Are they known for anything special? Think of the auto repair shops—Are they known for

anything special? Think of the hardware stores—Are they known for anything special?

If they are known for anything special, then they know something about marketing—whether by instinct or by training. If not, then they are offering the world commodities—the worst word in marketing. A product or service that has nothing special about it is a commodity and can compete only on price. You need luck to survive if you are selling commodities.

Any business can be special to its customers. A dry cleaner can be known for its ability to remove any stain. A mom-and-pop food store can be known for stocking healthy foods. An auto repair store can be known for finishing work when promised. A hardware store can be known for providing do-it-yourself advice.

As I was growing up, my family's business consisted of installing water systems—pumps and pipes for housing developments, farms, and country clubs. Sometimes I worked with my father. He was known for something special—honesty, integrity, and willingness to go out anytime someone was without water—not always to my mother's delight.

When I was growing up, I had no clue what marketing was and what my father was doing. Today I understand.

Every business needs to have a way to make itself special to customers—a way to differentiate itself—and every business needs to focus on certain customers. In marketing, “You can't be everything to everyone”—you have to focus your efforts on those customers you wish to attract.

This book is designed to help anyone develop marketing strategies that target customers in attractive markets, with products or services that have great appeal, and that are implemented with well-designed programs such as pricing and advertising. In short, this book teaches marketing success.

## MARKETING IN GOOD TIMES AND BAD TIMES

During difficult economic times, marketing is especially important because it will determine the future of the organization. In prosperous times, customers often seem to come from everywhere and sometimes marketing decisions get sloppy. Marketing expenditures may be made without full analysis of their return. However, in difficult times, you need to allocate your marketing efforts very carefully because neither you nor your customers have all the resources you would like.

Some organizations make a grave mistake in tough times—they cut their marketing expenditures across the board, without taking the time to consider

the results. Certainly marketing costs should be evaluated in a difficult economy, but uniform cuts applied everywhere are almost always a bad idea. Such cuts will typically have a negative effect on future sales from which the organization may not recover.

During tough times, marketing expenditures should be scrutinized for their likely effects. For example, one of the most important tasks of marketing is to retain current customers, but all current customers are not worth the same to you. You need to consider which customers are the most profitable in the long run for your organization and make sure you are satisfying them as well as you can. You can also consider new customers or new products and services, but again, you need to determine which options will provide you with the most return for your efforts.

For example, a car dealer should look carefully at their customer lists and determine those who have provided the most revenue and profits over time and those who might be expected to do so in the future. They can use personal notes and letters to show their ongoing support for those customers and ways they can help during an economic downturn. One auto dealer showed support for their customers during an economic downturn by offering loaner cars for anyone needing to get to a job interview. Such actions may not cost much but signal your customers that you are their partner.

## MARKETING STRATEGY/MARKETING TACTICS

Unfortunately, many people think of marketing too narrowly—as a bag of “tactics” and not central to their business strategy. Many marketing textbooks perpetuate this narrow view of marketing by defining marketing as the “4 Ps”: product, price, place, and promotion.<sup>1</sup>

What is wrong with defining marketing as the “4 Ps”? The Ps are not all equal. One of them, product, is really a strategic choice, and must come before the other Ps. The three other Ps—price, place, and promotion—are tactics. If the product is not designed to meet customer needs, then a terrific price, a convenient place, and an exciting promotion will not save it.

What is missing in the “4 Ps” are many important strategic decisions, such as targeting markets and targeting competitors, which are addressed in this book. The tactical bias represented by the use of the “4 Ps” definition tends to marginalize marketing and remove marketers from discussions of strategy. Marketing is first about strategy, then about tactics.

To help get past this belief that marketing is just about tactics, when I’m conducting a workshop, I start by asking participants: “What kinds of

**Exhibit 2.1 Selected Marketing Actions, Decisions, and Responsibilities**

Strategic Areas	Tactical Areas
Understanding customers	Advertising
Identifying segments	Packaging
Targeting segments	Sales promotion
Designing the product or service	Personal selling
Positioning the product or service	Public relations
Establishing the brand	Internet marketing
Understanding organizational capabilities	Pricing
Understanding competitors	Distributing
Understanding the macroenvironment	Customer service

*Source:* “Arrow Guide—The Marketing Challenge,” The Arrow Group, Ltd., New York, NY, 2008. Used with permission.

actions, decisions, and responsibilities do you think of when you think of marketing?”

I write their answers on two flip charts, sorting them into two lists—those answers dealing with strategy and those dealing with tactics. The typical responses I obtain are shown in Exhibit 2.1.

Marketing includes both strategy and tactics, but keep in mind that strategy must come before tactics. If the strategy is wrong—wrong target market, wrong positioning, and wrong target competitor—then it really does not make much difference how great the advertising or selling or distribution or pricing is, the product or service will fail eventually. In fact, the more effective the tactics, the quicker a poor product will disappear. There is a saying in advertising: If the product is poor, great advertising will cause it to fail even faster—as more people are persuaded to use it, more people will find out that they don’t like it.

## HOW MARKETING HAS CHANGED

Back in the 1950s and 1960s, marketing was mainly about tactics. If you examine the marketing textbooks from that era, most of the chapters were devoted to tactics such as pricing, advertising, and sales force decisions. Tactics were emphasized because the competitive environment of the 1950s and 1960s in the United States was what you might call a “quiet time” when, at least in