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INTRODUCTION: BACK TO BASICS

Consider a fruit and vegetable seller in a street market. His products are always fresh, tasty, and inviting. Moreover, he knows his customers personally and always treats them with courtesy. He sometimes engages them in small conversations. In return, his customers demonstrate true loyalty to him, even if his prices are occasionally higher than neighboring stands. This retailer has no banner, no logo, no brand, no packaging that would differentiate him. Nevertheless, he is practicing a very powerful form of local marking. In addition to buying his fruit and vegetables, his customers chat among themselves, sharing the pleasure of spontaneous conversation. Ultimately, they appreciate the social experience. The fruit and vegetable stand is the pivot of a network of one-to-one relationships going far beyond the bilateral transaction of buying and selling fruit and vegetables.

This example suggests that, despite the fact that the seller does not explicitly use a brand, he is shaping a certain form of societal embedding that goes beyond mere mercantile exchange relationships. In a way he acts as a marker and builds a territory for himself.

The purpose of this book is to inventory specific forms that marking and territory take. For each one, it lists the most appropriate kinds of know-how or knack called for.

MARKING, TERRITORY, EMBEDDING

The use by a management book of terms such as marking, territory building and societal embedding is a deliberate choice.

Practitioners, more than academics, may feel that once again authors play the usual game of differentiation: complicated words to describe self-evident business and management accomplishments. Why not use familiar words such as marketing, branding, market or even customer need?

The problem lies in the fact that the latter are often imprecise, and that in practice they do not mean much these days. Anything is called marketing, from intuition to applied mathematics. Brands are sometimes considered as the magic formula whose capacity to generate financial performance is never in question. The terms client, stakeholder and market become catchwords that bias the identification of relevant empirical facts for business more than they simplify strategic as well as daily management.

What do Starbucks, the Toyota Prius and the iPod share in common? Outstanding marking management, lasting societal embedding, specific territories crowded with loyal stakeholders. Why do companies like Walt Disney, Sony and Viacom look quite similar? They have marked a new societal status for entertainment. Walter E. Disney in the 1930's, and Akio Morita and Sumner Redstone in the 1990's had elaborated a business model that was radically different from the way radio and cinema majors were operating – advertisers rather than viewers being major payers (Epstein 2005). Their companies have also acted as societal change engineers. Our ways of living today are no longer identical to how we entertained and communicated in the 1970's. They had the intuition that some revolutionary trend might be emerging – access of kids to mass consumption, family homes as physical sites integrating in a massive way electronic communication and sound and image entertainment, and so on. Their bet and their success were to define business conditions so that such trends would become economically viable and socially acceptable. They pushed them further and extended them to most parts of society.

A number of the marking ventures studied in this book – from Royal Canin and Wal-Mart to Club Med and Benetton – are headed or were founded by individuals who, in one way or another, were and still are dissatisfied with the status quo in society and the economy. Some had been in their youth political and social activists. Most were not born into elitist social milieus. Marking companies and their managers openly flaunt their *drive for societal reform*. As one CEO puts it: "You and I do not go along with many things in our world, or in my country. We find them intolerable. Now, I never had much chance to change the world by myself, not through politics. Can you really contribute to evolutions and reforms? Well, business makes it possible quite often. The advantages and the pride it gives to all the stakeholders – customers, partners, employees – make it worthwhile. And on top of that, usually with stunning economic results!"

Marking enterprises are economic actors who induce major societal changes when building a territory of their own. All these components distinguish theses businesses from ordinary markets and protect them from direct competition

This book deals with marking businesses that stand out because of their fame, their weight, and their results. Starting from a few outstanding model companies, we try to spot the management fundamentals they employ, and that underlie their performance. What these companies do follows from deliberate choice. They mark the market and society, in the sense that they construct a specific territory where they leave their imprint as a testimonial. Controlling their own territory is a basic requirement for their impressive business success. Managing the space and guarding the borders are its engines.

The marking business combines two talents. It sniffs out or carves out a promising societal territory. It spells out its control of it in the actions taken by management. In other words, neither nice products nor beating people over the head with advertising will save an ill conceived or badly managed territory.

Like territory, marking is a pragmatic or managerial concept. It defines the art and skills that a business adopts to put its management methods and its ways of operating at the service of its positioning and of its actions in a given societal environment. The term "marking" describes a process and a mindset enabling a business to find its own marks or traces, to affirm its identity in a heterogeneous and fragmented world. Therefore marking does not mean branding. While the roots of the two terms are similar, they do not mean the same thing in management.

The term "brand" refers to branding cattle with hot irons. This technique is used when the grazing land is not fenced in, as was the case on the American Great Plains to distinguish and assert respective ownerships. Indeed, the logo or the name of the owner creates a property right on behalf of someone who applies the hot iron to the animal's hide after first wrestling it to the ground.

Modern marketing as it developed in the United States borrowed the metaphor of branding. Companies signaled products offered to the consumer to differentiate them from competitors. The sign or the symbol is just one facet of a brand; a product stops being anonymous for the customer. The signature on the packaging also commits the producer, inducing a moral duty or contract with consumers.

In many respects raising cattle and occupying market segments derive from the same art. Branding does not stop with marking a single animal. It is generally thereafter that trouble begins and that vigilance and management know-how start to matter. The customer is no more disciplined than a steer. Their loyalty is fragile. Just using force is not enough. Borders are permeable. Ranchers may not agree about respective limits and jurisdictions. Other inhabitants than ranchers may live on the territory.

While branding deals mainly with symbolic facets of the products, marking deals with much more. The marker's path requires the business to identify with its economic success and find legitimacy in serving, even transforming, society's needs and lifestyles. Its task is to civilize wants, behavior, and values. The management disciplines, from strategy to marketing, have all been built around this plain fact. The economic and societal space in which a company's policies are embedded form a complex and evolving reality, one not easily tamed. For economic rent is only justified when in compensation for something else. Worse, territories can implode, even collapse, since their inhabitants are free to migrate elsewhere, insofar as multiple alternatives crop up. The problems, in this respect, with monopolies and trusts – the scarecrow waved around by regulatory authorities in terms of fair trade – do not have much to do with those of territories. Territories are fragile, for the stakeholders are not captives. If they stick with it, it is because they get something out of it; there is for them some added value.

The term territory may be considered as identical to the term market. Why not adopt the latter one?

One aspect to further consider with the term market is that the world in which enterprises are operating is not a passive, static, cold universe. Customers are mobile. They may leave from one day to the next. They are not prone to accept just any promise from any company, even if it holds a dominating position, offers a stunning innovation, or the business floods them with advertising messages. The canonical axioms of consumer need and price remain of limited help in anticipating opportunities or leaping obstacles.

Obviously, every business acts upon and within an environment where it is embedded. A territory is not merely a place or location, as the accepted term suggests. It is also something more than a space – that is, an unknown, wild, uncivilized patch. A business conquers and even establishes it. It is in fact the product of collective activity, in this case of a business and outside stakeholders who mean to chart it, organize it, and civilize it and who may end up destroying it. Also, territory evokes a concrete image that cannot be reduced just to economic forces like competition, price-setting, and customer preferences. Its character is broader, more to do with society, mores, identity, and thought. The territory, whose center is the business, is embedded in a given society and trying to change its face.

The business keeps up relationships of interdependence and exchange with numerous third parties upstream of, within, and downstream of its own activities. It appoints certain suppliers, users, opinion-makers, and dealers over others. It even happens that it actively contributes to changes in government regulations or codes of ethics. It brings out alternative values and lifestyles. It helps stakeholders emerge and gives them a platform to speak from. A territory includes, therefore, relatively tangible elements (such as, for example, transactions and affinity groupings), as well as less tangible ones, like identities or cultural norms. The business and its products recognize them all, legitimize them, and help them transform.

This societal capital – using it and growing it – enables the business to construct and perpetuate its governance and its legitimacy over a distinctive space. Assuring that the space develops durably becomes one of the major goals of the business's performance.

STYLE AND CONTENTS

This book is an essay. It does not intend to adopt the conventions of scientific colloquia.

It is addressed to practitioners. Regardless of industry, discipline, job title, or organizational rank, marking concerns everyone. Indeed, this skill is in no way reserved just for the elites of business management. The book will blend management principles with many references to a large set of actual enterprises (see the index).

To practitioners it articulates three main propositions:

- The success of a business flows from its ability to conquer, mark, and develop a societal territory. While branding is about product, marking is about relationships, values and product. Societal embedding adds more values than do ordinary market transactions.
- A company's territory is constituted of many stakeholders (customers, suppliers, staff, civic organizations, experts, innovators, groups

having a prescriptive influence on customer behaviors and beliefs, and so on.) The marking business unites them around its work through identical values, joint identities, and durable partnerships.

- The marking enterprise implements a specific managerial mindset and practice: making a meticulous, detailed definition of the goods or services offered; obsessively following events that might affect this definition; putting up protections against intrusions and threats; and using a communitarian organizational model.

The book is also addressed to colleagues in the academic world and, more broadly, to any mind curious about the dynamics of business, the economy, and society.

To them it holds a brief against a social science of consumption that would isolate it from other, upstream activities – organized retailing, for example – and downstream ones – for example, government regulation. It aims to upset the division of work and of management education into narrow, rigid disciplines walled off from each other: Strategic marketing, operational marketing, communications, quality control, brand defense, human resources and so on. It questions the heroic tales of innovation that favor explanation in terms of one man's genius. Its principal argument is to demonstrate the existence – alongside the market, the company, and the network – of a fourth form of organized economic reality: territorial marking.

Five major blocks build the outline of the book.

A first one highlights the importance and relevance of marking as a specific way to relate a business to the market.

Chapter 1 gives a brief preliminary definition of what marking is and is not. It also indicates why marking may be needed more than ever in the economies and societies of the 21st century. To the reader who may still feel somewhat doubtful, the conclusion of the book is worth reading immediately. It lists a set of outcomes marking is associated with such as shareholder value, to mention but one.

A second block aims at explaining marking approaches pragmatically and in detail. To avoid too much abstraction without empirical flesh, an inductive process is suggested.

While referring to a grid located at the end of Chapter 1, the reader will benefit from examining two cases of marking as developed by a mid-size production company, Royal Canin (Chapter 2), and a distribution giant, Wal-Mart (Chapter 3). Chapter 4, one of the key parts of this book, will explore marking approaches in detail and illustrate them with lessons derived from the two cases.

The third building block is operationally focused. It examines managerial prerequisites needed for effective marking. They rely heavily on explicit and short examples based on a set of six widely known companies.

Chapter 5 underlines the fact that marking implies a right mindset. Managers should better stick to it, and enforce it in daily acts and across their whole organization. Chapter 6 lists errors, mistakes and violations of the mindset that should never be made, and that may destroy the best marking intentions.

A fourth block, also a key part of the book, goes much deeper into the issue of territory building.

Chapter 7 deals with the difference between a market approach and societal embedding of an enterprise. Chapter 8 handles the way an enterprise builds and governs a territory. Some benchmarking is done using a 6 Cs model of territoriality and which is applied to three industries (retail banking, pet food, distribution).

A fifth block covers another prerequisite for effective marking: organizational and people management inside an enterprise.

Chapter 9 will argue that marking implies a special model of organizational development and leadership style called the moral community model.

An executive summary is available at the end of the book. The authors recommend readers to look at it after their initial reading of the book, or at least part of it.

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