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## **The nature, value and characteristics of lateral marketing in modern conditions**

Currently, marketing prerequisites are developing in several areas, adapting them to the new reality and modern features of the economy. There are additions to the marketing, new concepts that go beyond the boundaries of the axioms of classical marketing. One of the latest sensational marketing upgrades is the so-called lateral marketing. In the article the main provisions of the concept of lateral thinking are discussed. It is noted that lateral thinking is another attempt to create a scheme of creativity, a recipe for creating brilliant ideas. This is a set of schemes, rules for creative search for ideas. The definition of F. Kotler is given that lateral marketing is a working process that receives existing objects (goods or services) at the inlet and provides innovations (goods and services) at the outlet aimed at needs. The essence of lateral marketing is revealed, which consists in creating fundamentally new innovative products or services, new ideas, in the conditions of creating a new market and going beyond the limits of the old, existing one. The main goal of lateral marketing is to expand the scope of the marketing concept by developing a consistent process on which it is based, and to get ideas that consumers or marketing researchers cannot offer. The novelty of lateral marketing is emphasized, which consists in the fact that it creatively solves marketing problems, implements an innovative approach in relation to the elements of the marketing mix «4P». Based on the use of sources, the authors identified the distinctive features of classical and lateral marketing, vertical and lateral marketing. It emphasizes the need for companies that do not occupy a leading position in the international market to use lateral marketing techniques. Investing in this innovation will bring the level of competitiveness of domestic enterprises to an acceptable level and ensure high rates of profitability.

*Keywords:* lateral marketing, lateral thinking, innovation, traditional marketing, vertical marketing.

Modern marketing is farther and farther away from the classical ideas formulated in the middle of the 20th century, something that was good and right in the industrial age loses its meaning today, in the postindustrial 21st century. Currently, marketing prerequisites are developing in several directions, adapting them to the new reality and modern features of the economy. There are additions to the marketing, new concepts that go beyond the boundaries of the axioms of classical marketing. One of the last sensational marketing upgrades is the so-called lateral marketing [1].

Nowadays, the percentage of new developments failing in the market is incredibly high. Even 20 years ago, the ratio of failures and success was much lower. Lateral marketing does not offer new marketing schemes; it emphasizes the creative nature of effective marketing. The technology of searching for revolutionary ideas», Philip Kotler argues that today you need to move away from standard schemes, to show more creativity. He proposes to stimulate creativity through the principles of lateral thinking. Lateral thinking is another attempt to create a scheme of creativity, a recipe for creating brilliant ideas. This is a set of schemes, rules for creative search for ideas. For example, the matching method is heterogeneous: you need to take two unrelated things and think up a connection between them. As a result, we need to get a creative idea. If we apply it to one of the parts of the marketing mix, we get lateral marketing.

The term «lateral thinking» was suggested by the well-known researcher of the phenomenon of creativity Edward de Bono, as opposed to «vertical» or logical thinking. It is about finding solutions using non-standard methods. Philip Kotler and Fernando Trias de Bez developed ideas in the marketing supplement in the book «New Marketing Technologies».

The technology of «lateral thinking» is to find a connection between two different concepts. For instance, we can take a flower and focus on one of its qualities — «the flower withers». And then make a lateral shift of this quality, that is, to put forward some kind of provocative idea — «the flowers do not wither». There was a discrepancy, a logical gap, and now it needs to be eliminated. In what situations does a flower never fade? — If it is made of cloth or plastic. Solution is found: artificial flowers. «Innovations are the result of the interconnection of two ideas, which, in principle, have no obvious and direct connection», say Philippe Cotler and Trias de Bes.

Lateral (side, to the side) is a non-standard marketing approach, opposite to vertical marketing based on the theory of segmentation and positioning. Lateral marketing is a technology for developing new products, new ideas, not «within a certain market», but beyond it. It is the approach that allows companies to achieve

greater success, because the result of lateral marketing is the creation of a new market, and hence obtaining more profit.

P. Kotler gives the following definition: «Lateral marketing is a working process that receives existing objects (goods or services) at the entrance and results in innovations — goods and services aimed at needs, customer groups or ways / situations of use that are not covered by present tense; thus, this process is likely to lead to the creation of new categories or markets» [2].

Lateral marketing is a methodical process that proceeds in a certain organizational sequence. It applies to an existing object (product, service or activity). Its result is a new product, which in most cases can become a new subcategory, category or market.

Current trends require the search and implementation of original ideas, that is, new products and services that will be more valuable than those of competitors and, accordingly, will bring consumers commitment to the enterprise. Currently offers to abandon stereotypes and start fighting for new markets, consumers and profits by introducing innovations. When planning a new product, one should go beyond the standard logical process and generate new ideas and marketing tools that will be unique and not offered by either competitors or consumers. One of these ways is lateral marketing — by far the most progressive and effective way to achieve real results.

The essence of lateral marketing is to create fundamentally new innovative products or services, new ideas, in the conditions of creating a new market and going beyond the old, already existing one. The main idea of lateral marketing is to create innovation, by combining incompatible things. The technology of lateral marketing is to find a connection between two different concepts [3].

This is not about abandoning the classic (vertical) marketing, introducing lateral marketing. Modern marketing theories still play and will play a decisive role.

The task of lateral marketing is to offer a broader view of the possibilities of marketing thinking. The main goal is to expand the scope of the marketing concept by developing a consistent (logical) process on which it is based, and to get ideas that consumers or marketing researchers cannot offer. These new ideas will help enterprises to overcome the problems of product uniformity and hypercompetition. The basic idea is to use lateral thinking as an additional platform for the discovery of new marketing developments [4].

The result of lateral marketing is, as a rule, the creation of new product categories and markets.

Table 1 shows the comparative characteristics of classical (traditional) and lateral marketing.

Table 1

**The distinctive features of classic and lateral marketing**

The factors that determine the distinctive features	Classic marketing	Lateral marketing
The type of selected product strategy for the degree of product update	Differentiation and variation strategy	Strategy for creating fundamentally new products
Principles of technological construction of the process of creating ideas about a new product	The principles of STP (segmentation, selection of the target segment, positioning)	Making lateral shifts by placing an obstacle in the middle of a consistent chain of logical thinking, changing the train of thought as a result
The initial stage of creating ideas about the product	Consumer choice to create a product to meet its specific needs	Product selection to change its vision
The result of the process of updating products	New items in the base market and (or) product category	New market and (or) product category
The intensity of competition resulting from the upgrade strategy	The intensity of competition and market saturation are increasing	Instead of capturing parts of the market, new markets free of competition are created

Note. Used source [5].

In the most general form, the lateral method of creating new products can be described as follows: the product is taken and completely transformed to meet the new need or new consumption situation that was not previously considered for this product.

A lateral marketing scheme is a standard for most products and services. The main thing is a non-standard illogical, creative approach and focusing on a certain level.

The novelty of lateral marketing is that it solves marketing problems creatively, implements an innovative approach in relation to the elements of the marketing mix «4P» [6].

The scheme of lateral marketing, according to P. Kotler and F. Trias de Bes, is presented in Figure 1.

The essence of the used method:

1) we choose an idea with which we will work — it can be a product, service or the rest of the marketing mix — «choice of focus»;

2) when working with a product or service, select the level of product, market, other parts of the marketing mix;

3) using de Bono technology, we carry out a «lateral shift»;

4) we evaluate and process the results, creating the goods we need or the methods of their promotion — «making communication».

This approach can be used for all elements of the marketing mix (product, price, place, promotion). First, the company must choose the focus and determine what needs to be changed in its product. Usually the choice falls on one of three levels: on the level of the market, product or the rest of the marketing mix (price and promotion).

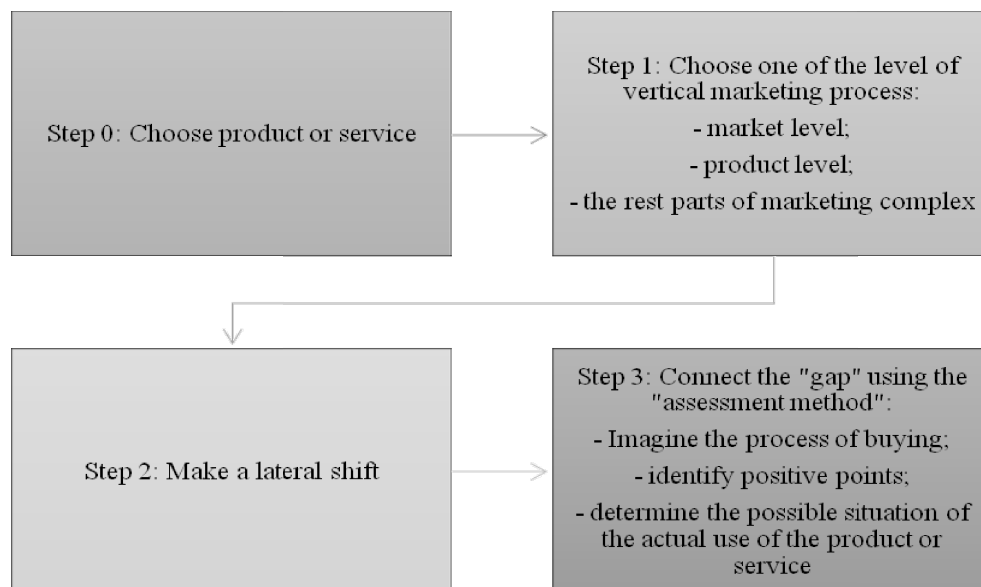


Figure 1. Lateral marketing implementation

Market level. Change one aspect: need or utility; target; a place; time; the situation; experience.

Product level. Apply one of six methods to an item of goods (material goods, packaging, brand attributes, use or purchase): replacement; an exception; combination; reverse order (reorganization); complication (hyperbolization); (reorder).

The rest of the marketing complex. Apply the commercial formula of other categories: pricing formula; communication formula; distribution formula.

New products obtained with the help of lateral marketing often require significant investments, including the cost of promoting such products. But the economic effect may be much greater than in the case of novelties obtained in the traditional way [2].

The essence of lateral marketing lies in the fact that the novelties produced are not created by the enterprise within the framework of this market of goods and services, but on new original ideas, which, as a rule, form a new category or market. The main advantage of these ideas is that they do not win back the share of the already existing market, risking being lost among «all such identical» machines, nodes, units and create a new market and become the first [7].

Lateral marketing allows to find new situations, time and place of consumption of a well-known product, expanding the possibilities of its use (say, GPS technology, originally introduced on ships, began to be used on cars), identify needs that have not been considered yet, determine the possibilities of meeting them, and also implies a departure from existing methods of presenting a product or service to a consumer. We are talking about new forms of pricing, distribution and communication (they are often borrowed from other categories of goods).

It is a mistake to assume that lateral marketing is only suitable for introducing a completely new product to the market. This approach effectively works with the usual products on the market for a long time, or rather, with new varieties of old products. Thus, not only the stage of growth of the goods increase, but also the stage of its maturity is noticeably prolonged. Innovative ideas of one product are often suitable for promoting another one.

Lateral thinking tends to avoid the domination of strict and generally accepted views on things. However, its purpose is not disorder, but new, simpler orderliness. Lateral thinking is not a talent, not a skill that can be acquired, but rather a methodical process.

Innovation management has become a lifestyle for many western companies. Their activities in this area bring obvious results even in times of crisis. New technologies must be applied in Kazakhstan. Companies that do not occupy a leading position in the international market should turn to lateral marketing. Investing in this innovation will bring the level of competitiveness of domestic enterprises to an acceptable level and ensure high profitability [8].

Innovative marketing involves the use of creative approaches in all areas of the enterprise, focuses on the constant search for ideas, their implementation in order to improve the technology of the enterprise and create competitive products. Modern researchers have identified the possible directions of innovative marketing in the framework of traditional thinking and non-standard (combinatorial) thinking.

If the first is aimed at the search for ideas and the creation of products within the framework of the enterprise-defined goals, target markets and opportunities, the second one involves the processes of searching for innovative ideas and their primacy over the goals of enterprises that are not limited by anything. The second direction determines the allocation of innovative divisions in large enterprises and the emergence of venture capital firms aimed at implementing risky projects and the emergence of fundamentally new products and technologies. According to the works of P. Kotler and F. Trias de, based on the type of thinking, it was proposed to highlight the concepts of vertical and lateral marketing in the innovation process (Table 2). Vertical marketing is based on consistency in thinking. The concept of lateral thinking was introduced by Edouard de Bono and defined it as «a set of processes designed to use information in a way that generates creative ideas through insightful restructuring of concepts accumulated in memory».

Table 2

## Differences between vertical and lateral marketing

	Vertical marketing	Lateral marketing
1	2	3
Based on ...	The aggregate needs, people and situations or ways to use the product. Our mission, innovation, based on what kind of company we want to be	Dropped needs, people, situations or ways to use the product. Openness to redefine our mission if necessary, but innovation originates outside the existing proposal
Functions ...	Following the marketing process	Out the marketing process
Allows ...	<i>At an early stage ...</i> Develop markets. Turn potential consumers into real ones. <i>At a late stage ...</i> Low growth in sales of goods - new products	<i>At an early stage ...</i> Create markets, categories or subcategories. Reach targeted consumers / situations not covered by existing products. <i>At a late stage ...</i> High level of sales growth, but big risks
Source of demand	Market share of competitors. Transformation of potential consumers and situations into real ones.	It can provide growth by itself, without affecting other markets ... or select from many other categories the market share of homogeneous competitors

Continuation of Table 2

1	2	3
Acceptable...	At an early stage in the life cycle of a market or product (growth phase). With low risk strategies. With limited resources. To protect markets by fragmentation	At the stage of maturity of the life cycle of markets or goods. With high risk strategies. With high availability of resources. To attack the market from the outside (substitute products)
Currently responsible	Marketing departments	Marketing departments are not always responsible for creating markets, and often: – creative agencies; – entrepreneur; – small and medium-sized companies; – technical, research and development departments

Note. Used source [8].

The authors note that vertical and lateral marketing do not exclude each other, and each finds application in its own field (Table 3).

Table 3

#### Situations in which vertical and lateral marketing should be used

Vertical marketing	Lateral marketing
More suited to newly established markets at an early stage of development	More suitable for mature with zero developmental potential
For emerging markets. For their consolidation through product varieties and the transformation of potential consumers into real	To create markets or categories from scratch. To merge different types of activities. To reach target consumers that have never been covered by existing products before. To find new use forms
With a less risky business philosophy	With a more risky business philosophy
With limited resources	With the availability of resources or when the company is ready to invest and wait
With a safe, even low growth volume. The need for guarantees	When they want to achieve a high volume of activity
To protect markets by fragmenting them with a variety of brands and, as a result, reducing their attractiveness for new competitors to enter	To attack the market with new homogeneous goods from the region, which is not a sphere of direct competition
Innovation originates in our mission and preserves business focusing	It predetermines our mission to identify other markets

Note. Used source.

The concept of inventive marketing («creative» marketing), actively promoted by researchers, is in many ways close to lateral thinking. However, this is based on the resources that the enterprise owns and considers possible innovative approaches to the use of these resources. Inventive marketing deals with «finding and implementing opportunities based on existing needs and resources». It allows to create competitive products even on the basis of outdated technology, in the absence of investment. For domestic enterprises that are in pre-bankrupt state, this approach gives a chance to find their competitive advantage.

Today, the creation of new categories must rely on creativity, i.e. creativity should be an additional tool for influencing the marketing department's market.

Lateral marketing makes it possible to use discarded needs, target consumers, ways of use, situations and attributes for ideas of new, extraordinary products.

The process of lateral marketing should generate new categories, redefine the types of activities and expand the missions of enterprises, and it is possible that within a few years it is lateral marketing programs that will enable Kazakhstani projects to confidently occupy their market niche in the global market.

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### **Қазіргі жағдайдағы латералды маркетингтің мәні, маңызы және ерекшеліктері**

Қазіргі уақытта маркетингтің алғышарттары оларды жаңа шындыққа және экономиканың қазіргі заманғы ерекшеліктеріне бейімдейтін бірнеше бағыттар бойынша дамуда. Маркетингке қосымша классикалық маркетинг аксиомының шекарасынан шығатын жаңа ұғымдар пайда болады. Маркетингтің соңғы жаңғыруының бірі латералды маркетинг деп аталады. Мақалада латералдық ойлау тұжырымдамасының негізгі ережелері қарастырылды. Латералдық ойлау шығармашылық сызбасын, гениалды идеяларды жасаудың рецептін жасауға кезекті әрекет. Бұл схемалар жиынтығы, идеяларды креативті іздеу ережелері. Ф. Котлер келесі анықтаманы келтіреді; латералдық маркетинг — қолда бар объектілер (тауарлар немесе қызметтер) болатын және шығуда инновация қажеттіліктерге бағытталған тауарлар мен қызметтер болатын жұмыс үдерісі. Жаңа нарық құру және ескі, бұрыннан бар нарықтан тыс шығу жағдайында жаңа инновациялық тауарлар мен қызметтерді, жаңа идеяларды құрудан тұратын латералды маркетингтің мәні ашылады. Латералды маркетингтің негізгі мақсаты — маркетинг тұжырымдамасының ауқымын кеңейту, ол негізделген дәйекті процесс, тұтынушылар немесе маркетингтік зерттеушілер ұсынбайтын идеялар екендігі келтіріледі. Маркетингтік шешімдерді шығармашылықпен шешетін, 4P маркетингтік кешеннің элементтеріне қатысты инновациялық тәсілдерді іске асыратын, латералдық маркетингтің жаңалығы ерекше атап өтіледі. Дерек көздерін пайдалану негізінде авторлар классикалық және латералдық маркетингтің, тік және латералдық маркетингтің айрықша ерекшеліктерін анықтады. Халықаралық нарықта көшбасшылық орынға ие емес компанияларға маркетингтік әдістемені пайдалану қажеттілігіне назар аударады. Осы инновацияға инвестиция салу отандық кәсіпорындардың бәсекеге қабілеттілігін қолайлы деңгейге жеткізеді және пайданың жоғары көрсеткіштерін қамтамасыз етеді.

*Кілт сөздер:* латералды маркетинг, латералдық ойлау, инновация, дәстүрлі маркетинг, тік маркетинг.

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### **Сущность, значение и особенности латерального маркетинга в современных условиях**

В настоящее время предпосылки маркетинга развиваются по нескольким направлениям, приспособляющим их к новой реальности и современным особенностям экономики. Возникают дополнения к маркетингу, новые понятия, выходящие за границы аксиом классического маркетинга. Одна из последних нашумевших модернизаций маркетинга — так называемый латеральный маркетинг. В статье рассмотрены основные положения концепции латерального мышления. Отмечено, что латеральное

мышление — очередная попытка создать схему творчества, рецепт создания гениальных идей. Это набор схем, правил креативного поиска идей. Приводится определение Ф.Котлера, что латеральный маркетинг — это рабочий процесс, который получает на вход существующие объекты (товары или услуги) и дает на выходе инновации — товары и услуги, нацеленные на потребности. Раскрыта сущность латерального маркетинга, которая заключается в создании принципиально новых инновационных товаров или услуг, новых идей в условиях создания нового рынка и выхода за пределы старого, уже существующего. Приведена основная цель латерального маркетинга — расширить рамки концепции маркетинга за счет развития последовательного процесса, на котором она базируется, и получить идеи, которые не могут предложить потребители или маркетинговые исследователи. Подчеркивается новизна латерального маркетинга, которая состоит в том, что он творчески решает маркетинговые проблемы, реализует инновационный подход применительно к элементам комплекса маркетинга «4 P». На основе использования источников авторами выявлены отличительные особенности классического и латерального маркетинга, вертикального и латерального маркетинга. Подчеркивается необходимость использования компаниями, не занимающими лидирующих позиций на международном рынке, методики латерального маркетинга. Вложение средств в данную инновацию позволит вывести конкурентоспособность отечественных предприятий на приемлемый уровень и обеспечить высокие показатели прибыльности.

*Ключевые слова:* латеральный маркетинг, латеральное мышление, инновация, традиционный маркетинг, вертикальный маркетинг.

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