

Marketing Management 12^e

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Redefining Marketing for 21st Century

- Marketing is everywhere, but tricky
- It makes Marketing management difficult because it needs continuous improvement

The scope of marketing: What is marketing? (1)

- **Marketing:** meeting needs profitably
- **Marketing:** an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders
- **Marketing management:** the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

The scope of marketing: What is marketing? (2)

- Marketing is **not only** selling.
- Marketing makes product/service fits customer & sells itself ==> customer ready to buy
- In the end, Marketing **makes selling unnecessary**
- Example: iPhone by Apple

The scope of marketing: What is marketing? (3)

Exchange:

- at least 2 parties
- each has something that might be of value for the other
- each is capable of communication & delivery.
- each is free to accept or reject the exchange offer.
- each believes it is appropriate or desirable to deal with the other party.

The scope of marketing: What is marketing? (4)

Transaction involves:

- 2 things of value
- certain conditions
- time & place

Transaction is not transfer (one way)

The scope of marketing: What is marketed?

- goods
- services
- experiences
- events
- persons
- places
- properties
- organizations
- information
- ideas

The scope of marketing: Who markets? (1)

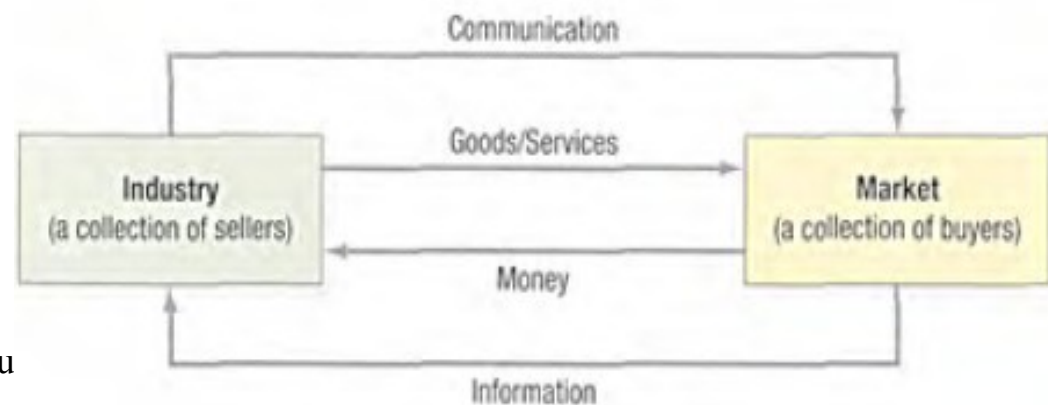
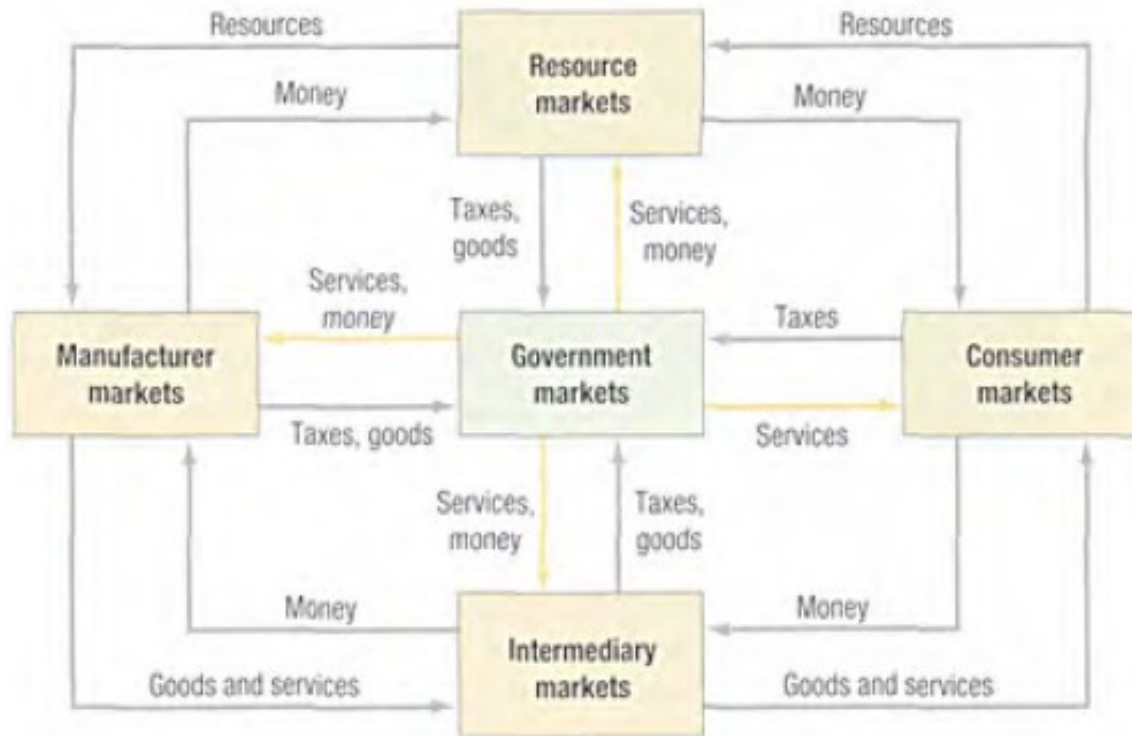
- **Marketers** market to **Prospects**
- Marketers do **Demand management**: seek to influence the level, timing & composition of demand

The scope of marketing: Who markets? (2)

Eight demand states:

- **negative**: dislike & avoid
- **nonexistent**: unaware or uninterested
- **latent**: strong **need unsatisfied** by existing product
- **declining**: buy **less** frequently if **not** at all
- **irregular**: purchases **vary**
- **full**: buying **all**
- **overfull**: customers demand is **more** than product availability
- **unwholesome**: for product that may have **undesirable** social consequences

The scope of marketing: Who markets? (3)



The scope of marketing: Who markets? (4)

- **Key customer markets:** consumer, business, global, and nonprofit.
- **Marketplace:** physical
- **Marketspace;** digital
- **Metamarket:** a cluster of complementary P&S, closely related in the minds of consumers, spread across a diverse set of industries

Digital revolution

- increase in buying power
- a greater variety of G&S (Goods & Services) or P&S (Product & Services)
- more information
- a greater ease in interacting and placing and receiving orders
- ability to compare G&S

Business & Marketing changes

- changing technology
- globalization
- **deregulation**: greater competition & growth opportunities
- **privatization**: increasing efficiency
- customer empowerment
- customization
- heightened competition
- industry convergence
- retail transformation
- disintermediation

Company Orientation toward Marketplace

- **production** concept: high production efficiency, low cost & mass distribution. Usually good developing countries
- **product** concept: Q, performance or innovation
- **selling** concept: aggressive selling & more promotion efforts
- **marketing** concept: customer-centered, "sense-and-respond"
- **Note:** marketing dept is not the most important but customer is.

New Orientation

Holistic marketing concept

- everything matters
- 4 components: relationship marketing, integrated marketing (4 Ps), internal marketing, and social responsibility marketing.
- 4 Ps (seller) of marketing mix: Product, Price, Place, Promotion
- 4 Cs (customer): customer's solution, Cost, Convenience, Communication

Core Concepts (1)

- **Needs:** basic human requirements
- **Wants:** directed to specific objects that might satisfy the need
- **Demands:** wants for specific products backed by an ability to pay
- 5 types of needs:
 1. Stated (an inexpensive car).
 2. Real (a car whose operating cost, not its initial price, is low).
 3. Unstated (expects good service from the dealer).
 4. Delight (would like the dealer to include an onboard navigation system).
 5. Secret (to be seen by friends as a savvy consumer).

Core Concepts (2)

- **target market:** swwhich segments present the greatest opportunity
- **market offering** for each chosen target market
- **offering:** for target buyers, delivering some central benefit(s)
- **brand:** an offering from a known source
- **successful:** if it delivers value & satisfaction to the target buyer
- **Value:** perceived tangible & intangible benefits & costs to customers
- **satisfaction:** judgments/outcome vs expectations

Core Concepts (3)

Marketing channel:

- communication
- distribution
- **service:** to carry out transactions with potential buyers

Supply chain: from raw materials to components to final products that are carried to final buyers

Supply chain = value delivery system

Competition: actual & potential

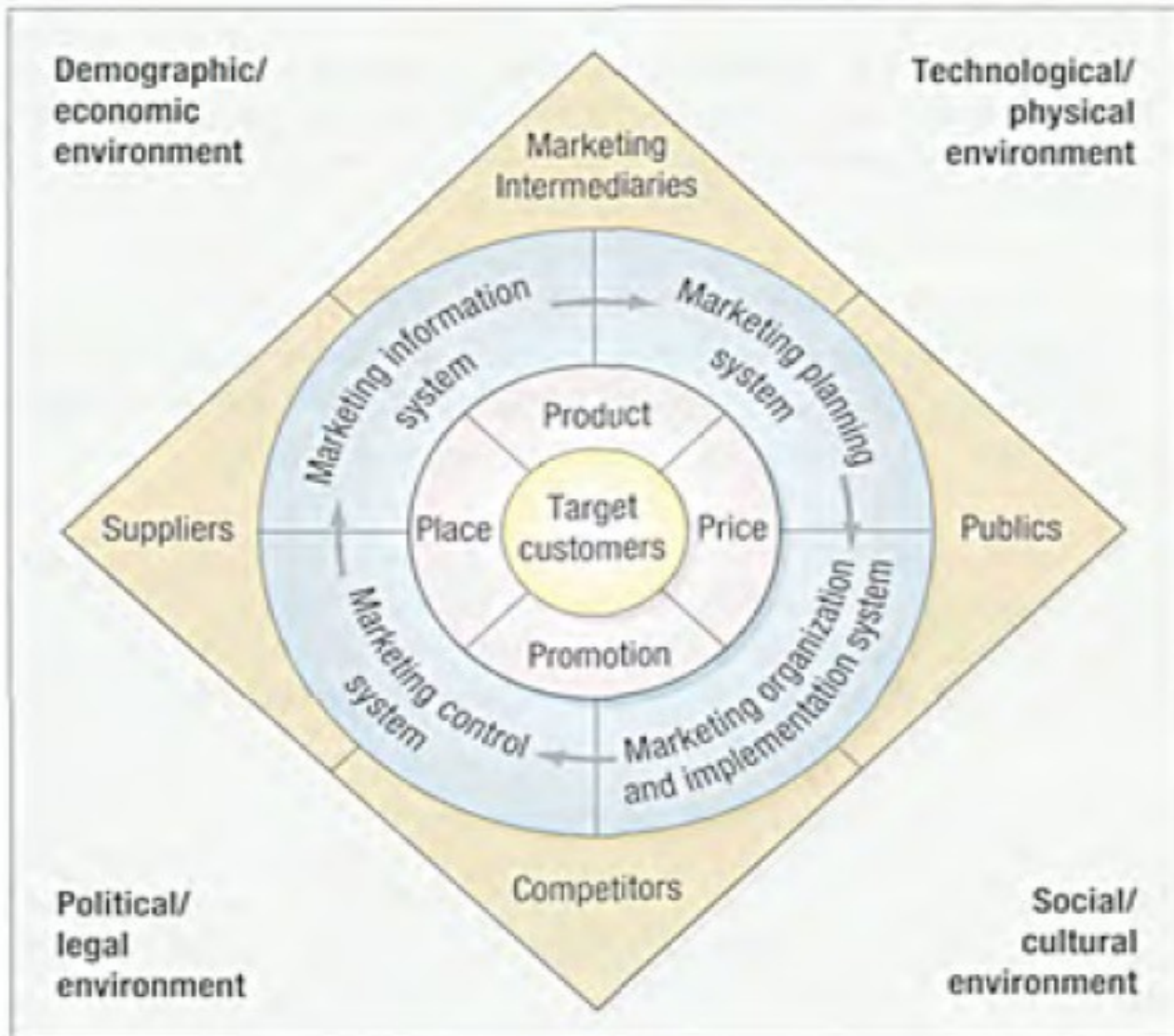
Core Concepts (4)

Marketing environment:

- task environment: immediate actors involved in producing, distributing, and promoting the offering.
- broad environment: demographic, economic, physical, technological, political-legal, social-cultural

Marketing planning: analyzing opportunities; selecting target markets; designing strategies; developing programs; and managing effort.

Core Concepts (5)



Shift in Marketing Management (1)

- Marketing does Marketing ==> Everyone does Marketing
- Organizing by Product units ==> by Customer segments
- Making everything ==> buying more G&S from outside
- using many suppliers ==> working with fewer in a partnership
- relying on old marketing positions ==> uncovering new ones
- emphasizing tangible assets ==> intangible assets
- building brands through advertising ==> through performance & integrated communications

Shift in Marketing Management (2)

- attracting customer through stores & salespeople ==> making products available online
- selling to everyone ==> being the best firm serving well-defined target markets
- focusing on profitable transactions ==> on customer lifetime value
- focus on gaining market share ==> on building customer share
- being local ==> being “glocal” (both global & local)
- focusing on financial scorecard ==> on marketing scorecard
- focusing on shareholders ==> on stakeholders

Marketing Management Tasks

- developing marketing strategies & plans
- capturing marketing insights
- connecting with customers
- building strong brands
- shaping the market offerings
- delivering value
- communicating value
- creating long-term growth

Marketer's FAQ (1)

How to:

- spot & choose the right segments?
- differentiate offerings?
- respond to customers who buy on price?
- compete against lower-cost, lower-price competitors?
- grow business?

Marketer's FAQ (2)

How to:

- build stronger brands?
- reduce the cost of customer acquisition?
- keep our customers loyal for longer?
- tell which customers are more important?
- measure the payback for advertising, sales promotion & PR?
- improve sales force productivity?

Marketer's FAQ (3)

How to:

- establish multiple channel and yet manage channel conflict?
- get the other company depts to be more customer oriented?

How far to go in customizing offering for each customer?

10 Rules of Radical Marketing (1)

- CEO must own the marketing function: no delegation
- marketing department must **start small and flat** and **stay** small and flat: not allow layers of management between them and the market.
- Face-to-face with customers: direct interaction.
- Use market research cautiously: prefer grassroots techniques
- Hire only passionate missionaries
- Love and respect customers as individuals, not as numbers

10 Rules of Radical Marketing (2)

- Create a community of consumers unified by certain brands
- Rethink the marketing mix: e.g. short, targeted ad campaigns
- Celebrate common sense and compete with larger competitors through fresh and different marketing ideas
- Be true to the brand: brand integrity & quality

Internet Advantage

- reaching worldwide
- more information
- speed up internal communication
- 2 way communication with customers & prospects
- able to send ads, coupons, etc. easily
- customizing offerings based on customer profiling
- improve other processes & more savings