

Kotler on Marketing

What's in it for me? Learn what it means to market in the twenty-first century.

To say that society has changed during the last few decades is an understatement. Society isn't just changing – the pace of change is accelerating. Constant technological, social, and economic upheaval is now a fact of our global culture. Companies that can't adapt quickly disappear. Marketing strategies that have won in the past just don't work anymore. Today's successful marketers are the ones that can adapt their marketing as fast as the marketplace is changing. These blinks tackle how to market in our hypercompetitive, global marketplace. They outline new trends and discoveries in marketing, and offer strategies for dealing with twenty-first century conundrums – like how to make your offering stand out in a saturated market or how to compete with lower-priced competitors. In these blinks, you'll learn

what precipitated the bottled-water craze; why toothpaste often comes in tricolor formation; and why Toyota sends its researchers to observe people at the supermarket.

The five steps in any successful marketing campaign are: research, target, position, implement, and evaluate.

Open a few books on marketing, and you'll notice a trend: most focus on for-profit marketing. While these blinks follow this tradition as well, marketing needs extend far beyond commercial enterprises. All kinds of organizations face marketing problems – universities compete for students, political parties vie for votes, and churches try to attract parishioners. What's common to all of these organizations is the desire to attract resources from the public. These resources include money, sure – but also engagement, interest, votes, reviews, or good word-of-mouth. The challenge for any marketer is figuring out how to persuade people to hand them over. We'll lay out a five-stage marketing method for doing just that. The strategy guiding this method is to offer people some perceived value in return for their resources. The first stage, then, is research. Without research, a company enters the market blind. A newly launched product isn't likely to meet with success if there isn't a desire for it. That means that, prior to anything else, it's essential to learn about consumers' needs, tastes, and income levels – as well as about any likely competitors. The next stage is to choose your target market. Consumers aren't all the same, and not every consumer will be a profitable prospect. So, it pays to streamline your marketing efforts by targeting only those consumers that have the means, and the desire, to buy your product. The third stage is to position your product to appeal to this market. Product positioning refers to how you plan on communicating the value of your offering to consumers. For example, the car manufacturer Volvo actively targets safety-conscious consumers by positioning their cars as the safest on the market. At this point, it's time to execute your vision by implementing marketing tactics. As we'll see later, firms can adapt the so-called Four

P's framework – that is, product, price, place, and promotion – to help choose effective marketing tactics. Once you've implemented your tactics, it's time for the final stage: evaluation. You can't rely on the same marketing strategy forever – it's imperative to continuously test your marketing efforts to ensure they're still effective. Successful companies are those that show a willingness to listen to customer feedback, undertake regular auditing, and adapt to good ideas wherever – and whenever – they emerge.

Research is crucial to identifying and evaluating marketing opportunities.

All marketing can be categorized into one of three types: responsive, anticipative, or need-shaping. Most businesses fall into the first category, responsive marketing, which is about identifying and fulfilling pre-existing needs. The invention of the washing machine is an example of responsive marketing because it answered the pre-existing need to help with the laborious task of washing clothes by hand. Anticipative marketing, on the other hand, is about recognizing trends in society and producing products that fulfill newly emerging needs. For example, the company Perrier began mass-marketing bottled drinking water in the late '70s after recognizing that there was a growing public awareness of the adverse health effects of soda drinks. The boldest form of marketing is need-shaping marketing, which involves creating needs that don't yet exist. A great example of need-shaping marketing is the Sony Walkman. Before Sony revealed its first Walkman in 1979, no one had a need for – and could hardly even imagine – a portable music device. Now, of course, such devices have become indispensable. What all of these forms of marketing have in common is that they depend on consumer needs. Wherever there's a need, there's a market opportunity. Marketing, therefore, can be thought of as the art of identifying, fulfilling, and sometimes creating consumer needs. Now, when it comes to the first two types of marketing – responsive and anticipative – market research is essential. If you intend on bringing a new product to market that claims to fulfill a consumer need, then you actually need to know what that need is. There are many options for carrying out market research; they range from simply soliciting customer feedback to undertaking large-scale consumer surveys. However, one of the easiest and most fruitful methods is simply to observe how customers use products. This is the method that Toyota used when it deployed researchers to hang around supermarket parking lots and watch customers load groceries into their cars. Based on the observed difficulties people were having, Toyota redesigned their cars' trunks to have more space and allow for easier sliding of bags. Of course, when it comes to need-shaping marketing, customer research isn't going to be quite as useful – customers are unlikely to be aware of needs they don't yet have. Therefore, to be successful at this kind of marketing, companies need to augment their market research with heavy investment in innovation and development.

Develop a more focused marketing campaign by selecting a target market.

Once you've decided on a product to bring to market, the next step is to choose your target market. Now, some products have a broad appeal – so old-school, mass-marketing methods like TV advertising could be an effective strategy. This pretty much describes Coca-Cola, which says its aim is to put a coke within an arm's reach of everybody. But

most products don't have such a general appeal. And given the high cost of mass-marketing campaigns, it's usually more efficient to practice target marketing – in other words, directing your product and promotional efforts at a specific segment of the market. For example, if you supply menstrual products, then your marketing is obviously only going to be effective on part of the population; it's this group that you want to target. One of the benefits of targeting is that it allows you to cater a more specific offering to your chosen market. This means you're likely to have fewer direct competitors – and a greater chance of becoming the supplier of choice for this market. On the other hand, if the target market you choose is too narrow, you risk not having enough customers to be able to service the market profitably. It's the marketer's responsibility to consider target markets carefully and select only those that are likely to be profitable. The profitability of a target market depends on a number of factors – like how many people belong to that market, what their average income is, and how well their needs are currently being met. With that in mind, the first step toward selecting your target market is to create a customer spreadsheet in which you divide all your potential customers into a myriad of smaller categories. There are countless possibilities for divvying up consumers, but popular choices include segmentation by demographic background, needs and desires, occupation, and income. Once you've created your customer spreadsheet, all that's left for you to do is select the market segments that are likely to be the most profitable. When making your selection, there are really only two considerations you need to make. First, ask yourself whether a group is able and willing to buy your product. And, second, do you believe your product can serve this group in a superior way? When you're able to answer “yes” to these two questions, you have your target market.

Make your product more appealing by positioning it uniquely.

Companies often complain that it's getting more and more difficult to set products apart from the crowd in our oversaturated, hypercompetitive global economy. These days, it's certainly true that you're unlikely to be able to offer a completely unique commodity. And, even if you did, competitors would be quick to imitate. Still, you don't need to offer something completely new in order to have a product that stands out. You can differentiate your product by choosing a unique positioning. Positioning is about presenting your offering in a way that's relevant and appealing to your target market. That's usually achieved by aligning the product with one or more specific benefits. For example, the Head & Shoulders shampoo brand positions itself as good for eliminating dandruff, which makes it appealing to consumers looking to fix a flaky scalp. But there are a lot of other options for positioning a product. You could, for instance, position your product by quality. Do you want to be the low-cost leader or the luxury provider? Alternatively, you could position your product by its application. That's how Nike positions its products – it designs unique shoes for particular sports. A further option is to position your product for specific occupations, like Apple does, by marketing its software as good for designers. Ideally, you shouldn't rely on just a single positioning. Successful marketing strategies generally weave together a tapestry of different positionings, which makes it harder for competitors to imitate or undercut their offering. The Aquafresh brand, for instance, adopts a triple-positioning by claiming that its toothpaste offers three distinct benefits: anti-cavity protection, fresh breath, and whiter teeth. To reinforce this positioning in the mind of the customer, the toothpaste itself is striped with three colors, each suggesting a different benefit. Another way to

position your offering is to add extra benefits and services that augment its value. Added benefits could include things like free set-up, free training, or an extraordinary guarantee. So, don't think of your offering as just a product – think of it as a full benefits package. Once you've decided which benefits this package will contain, you have your final answer to the customer's question: "Why should I buy from you?"

Use the Four C's framework to help you choose effective marketing tactics.

In the past, marketers believed their most important function was to find new customers. But that meant firms often treated new customers better than their current ones – and many dissatisfied customers went elsewhere. These days, the consensus among marketers is the complete opposite: maintaining and growing current customers is now the primary objective. This makes sense because, as we now know, customer retention is far cheaper and far more profitable in the long run than attracting new customers. But, given this change in outlook, the old Four P's model of focusing on product, price, place, and promotion needs to be updated, too. In today's economy, where customer is king, we should really be talking about the Four C's: customer value, cost, convenience, and communication. Let's take a closer look. The first P – product – now translates into customer value. This means you should recast your company, from an organization that produces goods to one that produces customer relationships. Products come and go, but loyal customers stick around. That's how companies like Apple can have people queuing outside for products that haven't released yet. Customers are loyal to Apple because the company offers tremendous customer value in the form of proven quality, great service, and a range of other perks. The second P – price – is now cost. Why? Because from the point of view of the customer, price is not the only cost. There's also the cost of effort and time that's involved in acquiring, setting up, using, storing, and disposing of a product. It's possible for a higher-priced product to remain competitive if you can find other ways to reduce customer cost by, say, providing free installation, training, or disposal. Next, we have the third P – place – which should now be thought of as convenience. When you're deciding on distribution methods, you should aim at making your product as easy as possible for the customer to purchase and acquire. The final P – promotion – has become communication, which is about ensuring that the relevant information reaches the right consumers. On one hand, this means selecting channels of communication that are populated by your target market. On the other hand, it means the content of your promotional efforts should focus on how your product will fulfill your customers' needs. The benefit of the Four C's marketing framework is that it helps you choose marketing tactics by thinking about them from the customer's point of view.

A marketing audit is an effective way to evaluate and improve your long-term marketing strategy.

Needless to say, marketing campaigns aren't always as successful as we would like them to be. And the fault could lie at any stage of the process. Maybe the target market wasn't researched well enough, and there's less desire for your product than expected.

Maybe the various marketing channels weren't coordinated effectively, and consumers received a mixed message. Or maybe you did everything right, but a mistake was made at some other point in the supply chain. It doesn't matter how good your marketing campaign is if retailers still end up stocking your product on a hidden bottom shelf where it just gathers dust. Whatever the cause of a disappointing campaign, it's essential to figure out what went wrong in order to make corrections in the future. The most rigorous and effective way to do this is to perform a marketing audit. To begin a marketing audit, start by making a list of all the marketing activities your firm engages in. For example, you could write "targeting," "pricing," "product management," and so on. Some larger firms include as many as 21 categories in their marketing audits, but for most companies, it should be sufficient to choose about 6-8 of the most important ones. Now your aim is to rank each activity on a scale of 0-100. Ideally, you'll make this determination by looking at hard data in the form of management plans, research results, and customer feedback. For instance, if you're trying to evaluate how well your company understands customer needs and all you can procure is a customer survey from five years ago, then clearly the category of "understanding customer needs" will receive a low score. Once you've scored each marketing activity, the next step is to rank the importance of each activity as either low, medium, or high. With this done, it should become instantly visible which marketing activities are strong - and which need immediate attention. For example, if "new product development" is deemed to be an activity of high importance but received a low score, then you'll know you need to prioritize research and development in the next quarter. A marketing audit is a reliable way to keep long-term marketing efforts improving.

Final summary

The key message in these blinks is that: Marketing is the art of identifying and fulfilling consumer needs - whether it's a corporation trying to increase its revenue, a cultural institution trying to attract more visitors, or a politician trying to cultivate her public image. There are five steps to any successful marketing campaign: research market opportunities, choose your target market carefully, decide on a unique positioning, implement marketing tactics, and audit the results. This method forms a circular process, which you can continually put into action to adapt your marketing strategy to the ever-changing market. Actionable Advice: Create a marketing plan. Planning might not be the most exciting activity on the agenda, but it gives managers an opportunity to brainstorm new ideas and communicate shared visions and goals with one another. Your marketing plan should be short and sweet - ideally no longer than a single page - so anyone in the company can learn the strategy at a glance. It should contain a summary of the current situation of the company and the market, the marketing department's main objectives for the year, the chosen strategy, an action plan, and the methods for evaluation. As the saying goes, if you fail to plan, you plan to fail! Got feedback? We'd love to hear what you think about our content! Just drop an email to with Kotler on Marketing as the subject line and share your thoughts!