

CHAPTER 1

DEFINING MARKETING FOR THE NEW REALITIES

Kotler
Keller | MARKETING
MANAGEMENT

15e

LEARNING OBJECTIVES



1. WHY IS MARKETING IMPORTANT?
2. WHAT IS THE SCOPE OF MARKETING?
3. WHAT ARE SOME CORE MARKETING CONCEPTS?
4. WHAT FORCES ARE DEFINING THE NEW MARKETING REALITIES?
5. WHAT NEW CAPABILITIES HAVE THESE FORCES GIVEN CONSUMERS AND COMPANIES?
6. WHAT DOES A HOLISTIC MARKETING PHILOSOPHY INCLUDE?
7. WHAT TASKS ARE NECESSARY FOR

THE VALUE OF MARKETING

- FINANCIAL SUCCESS OFTEN DEPENDS ON MARKETING ABILITY
- SUCCESSFUL MARKETING BUILDS DEMAND FOR PRODUCTS AND SERVICES, WHICH, IN TURN, CREATES JOBS
- MARKETING BUILDS STRONG BRANDS AND A LOYAL CUSTOMER BASE, INTANGIBLE ASSETS THAT CONTRIBUTE HEAVILY TO THE VALUE OF A FIRM

THE SCOPE OF MARKETING

- **MARKETING IS ABOUT IDENTIFYING AND MEETING HUMAN AND SOCIAL NEEDS**
- **AMA'S FORMAL DEFINITION: *MARKETING IS THE ACTIVITY, SET OF INSTITUTIONS, AND PROCESSES FOR CREATING, COMMUNICATING, DELIVERING, AND EXCHANGING OFFERINGS THAT HAVE VALUE FOR CUSTOMERS, CLIENTS, PARTNERS, AND SOCIETY AT LARGE***

MARKETING MANAGEMENT

- THE ART AND SCIENCE OF CHOOSING TARGET MARKETS AND GETTING, KEEPING, AND GROWING CUSTOMERS THROUGH CREATING, DELIVERING, AND COMMUNICATING SUPERIOR CUSTOMER VALUE

WHAT IS MARKETED?

- GOODS
- SERVICES
- EVENTS
- EXPERIENCES
- PERSONS



WHAT IS MARKETED?

- PLACES
- PROPERTIES
- ORGANIZATIONS
- INFORMATION
- IDEAS



WHO MARKETS?

- A **MARKETER** IS SOMEONE WHO SEEKS A RESPONSE—ATTENTION, A PURCHASE, A VOTE, A DONATION—FROM ANOTHER PARTY, CALLED THE **PROSPECT**

8 DEMAND STATES

- NEGATIVE
- NONEXISTENT
- LATENT
- DECLINING
- IRREGULAR
- UNWHOLESOME
- FULL
- OVERFULL



Negative demand

which is created if the product is disliked in general. The product might be beneficial but the customer does not want it.



- For example – Dental work where people don't want problems with their teeth and use preventive measures to avoid the same.

Nonexistent demand - consumers may be unaware of or uninterested in the product.



- For example- College students may not be interested in a foreign language course

Latent demand - consumers may share a strong need that cannot be satisfied by an existing product.

For example - I want to eat bacon that is really good for me. I want a computer with a battery that lasts a long time.





Declining demand - consumers begin to buy the product less frequently or not at all.

- For example - Packaged drinking water. People have begun to prefer tap water as it is more environment friendly

Irregular demand - consumer purchases vary on a seasonal, monthly, weekly, daily or even hourly basis.

For example - seasonal products like umbrellas, air conditioners or resorts



Unwholesome demand - consumers may be attracted to products that have undesirable social consequences.

For example - cigarette is the most common example of unwholesome demand as it is harmful to the society but the customers are attracted towards these.



Full demand - consumers are adequately buying all products put into the marketplace

- For example - Medicine always have full demand





Overfull demand -
more consumers would
like to buy the product
than can be satisfied.

For example - food wheat, rice etc.



FIG. 1.1

STRUCTURE OF FLOWS IN A MODERN EXCHANGE ECONOMY

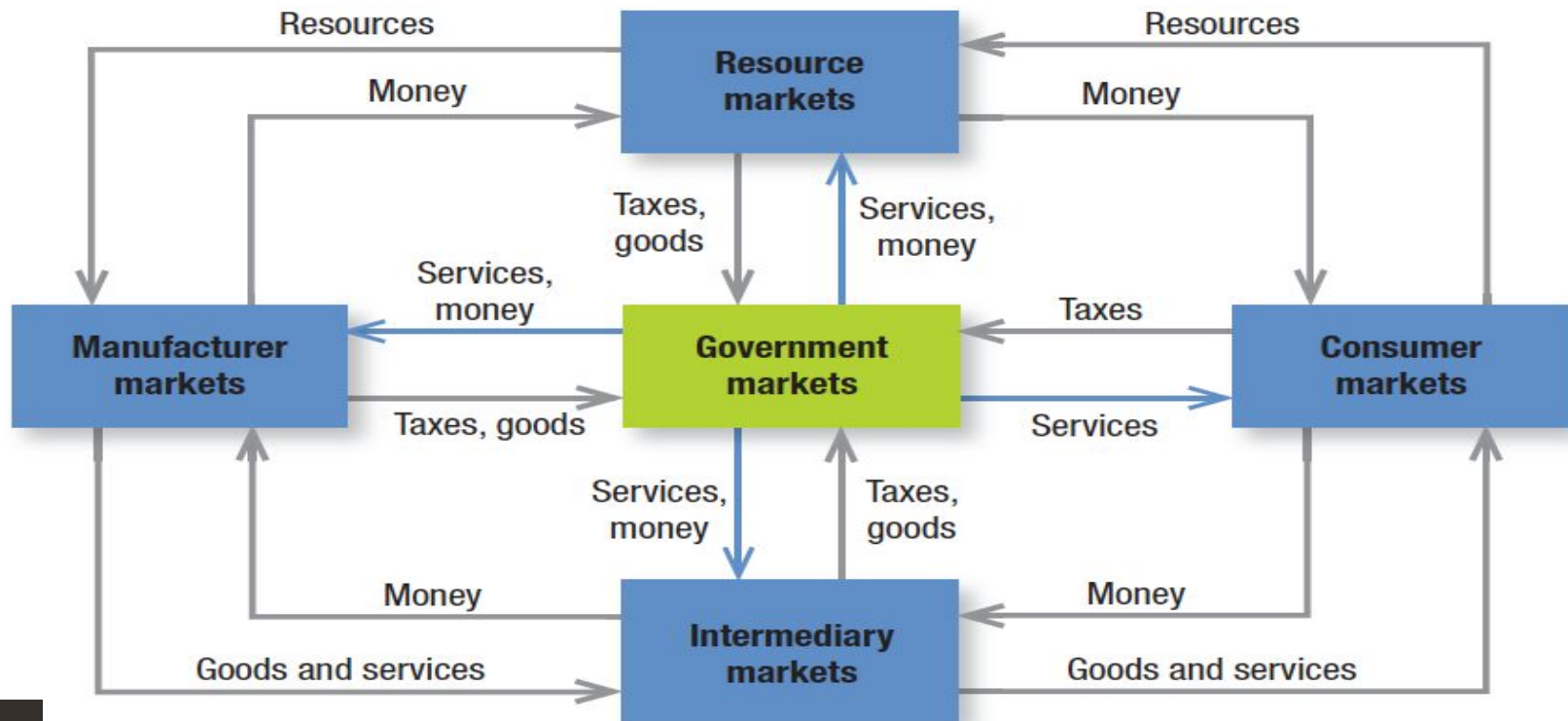
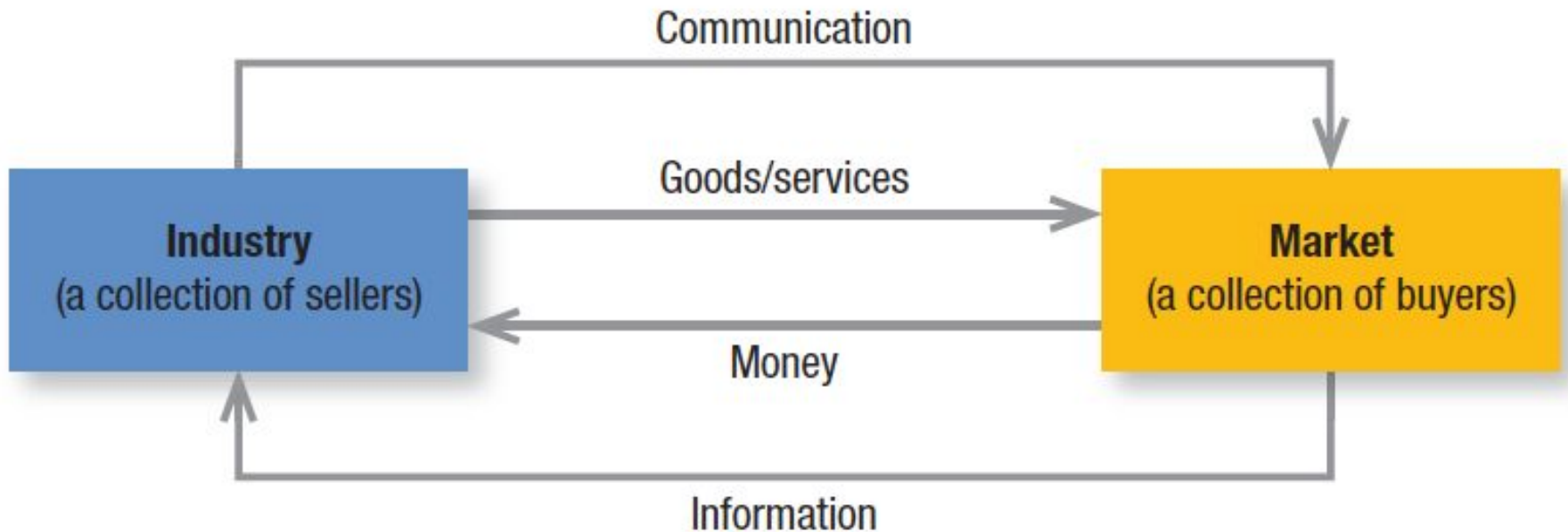


FIG. 1.2

A SIMPLE MARKETING SYSTEM



KEY CUSTOMER MARKETS

- CONSUMER MARKETS
- BUSINESS MARKETS
- GLOBAL MARKETS
- NONPROFIT & GOVERNMENTAL MARKETS



CORE MARKETING CONCEPTS

- **NEEDS:** THE BASIC HUMAN REQUIREMENTS SUCH AS FOR AIR, FOOD, WATER, CLOTHING, AND SHELTER
- **WANTS:** SPECIFIC OBJECTS THAT MIGHT SATISFY THE NEED
- **DEMANDS:** WANTS FOR SPECIFIC PRODUCTS BACKED BY AN ABILITY TO PAY

TYPES OF NEEDS

STATED

REAL

UNSTATED

DELIGHT

SECRET

**Stated
Needs**



**Real
Needs**



**Unstated
Needs**



**Delight
Needs**



**Secret
Needs**



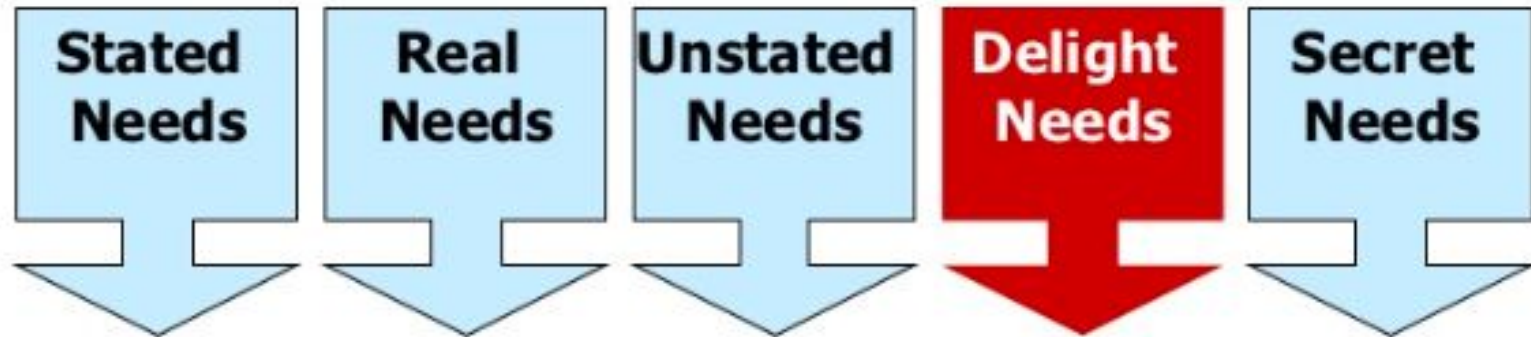
"I want an inexpensive TV."



"I want a TV whose maintenance cost, not initial price, is low (or zero)."



“I want good service from the manufacturer.”



“I want it to come with a home theater system.”



“I want my friends to see me as a smart buyer.”

CORE MARKETING CONCEPTS

- TARGET MARKETS
- POSITIONING
- SEGMENTATION



CORE MARKETING CONCEPTS

- **VALUE PROPOSITION:** A SET OF BENEFITS THAT SATISFY THOSE NEEDS
- **OFFERINGS:** A COMBINATION OF PRODUCTS, SERVICES, INFORMATION, AND EXPERIENCES

- **BRANDS:** AN OFFERING FROM A KNOWN SOURCE

CORE MARKETING CONCEPTS

- **MARKETING CHANNELS**

COMMUNICATION

DISTRIBUTION

SERVICE

CORE MARKETING CONCEPTS

- PAID MEDIA: TV, MAGAZINE AND DISPLAY ADS, PAID SEARCH, AND SPONSORSHIPS
- OWNED MEDIA: A COMPANY OR BRAND BROCHURE, WEB SITE, BLOG, FACEBOOK PAGE, OR TWITTER ACCOUNT

EARNED MEDIA: WORD OF MOUTH, BUZZ, OR VIRAL MARKETING

CORE MARKETING CONCEPTS

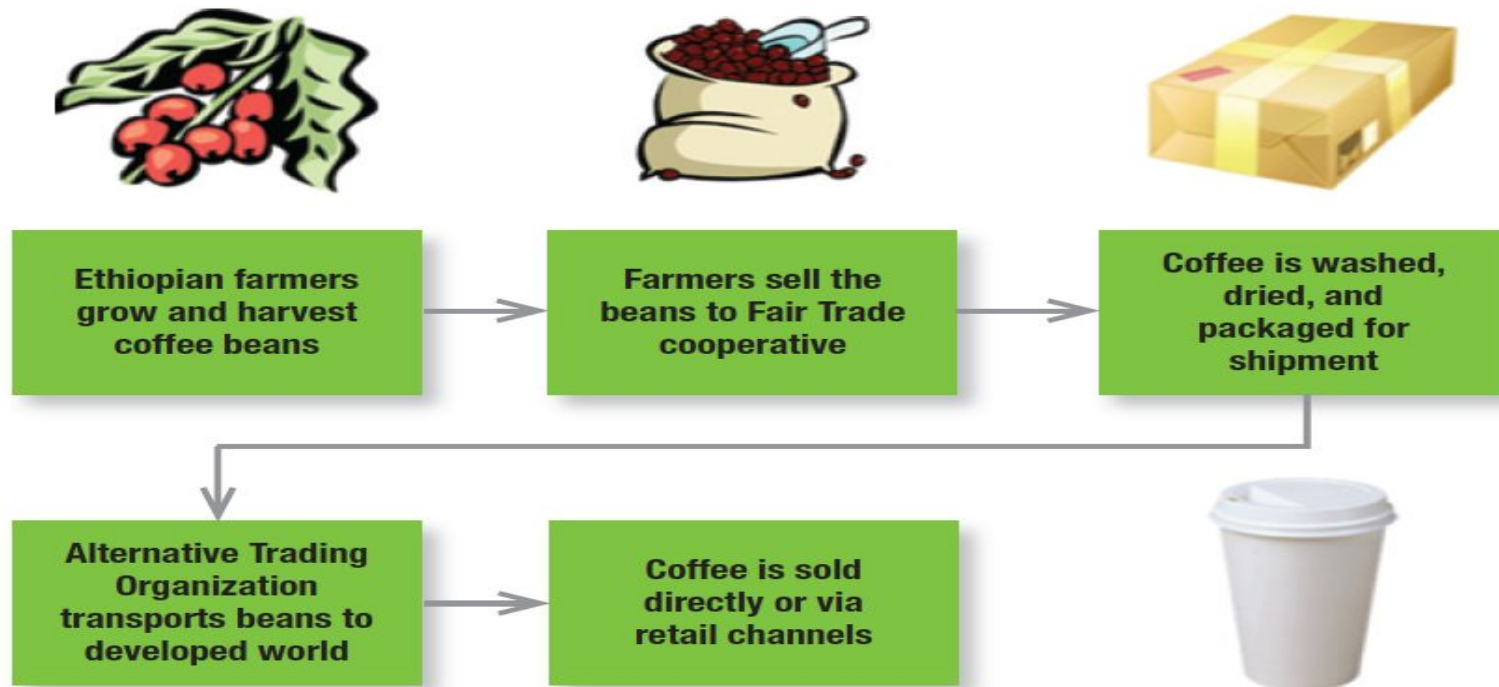
- **IMPRESSIONS:** OCCUR WHEN CONSUMERS VIEW A COMMUNICATION
- **ENGAGEMENT:** THE EXTENT OF A CUSTOMER'S ATTENTION AND ACTIVE INVOLVEMENT WITH A COMMUNICATION

CORE MARKETING CONCEPTS

- **VALUE:** A COMBINATION OF QUALITY, SERVICE, AND PRICE (*QSP*: THE CUSTOMER VALUE TRIAD)
- **SATISFACTION:** A PERSON'S JUDGMENT OF A PRODUCT'S PERCEIVED PERFORMANCE IN RELATIONSHIP TO EXPECTATIONS

CORE MARKETING CONCEPTS

- **SUPPLY CHAIN:** A CHANNEL STRETCHING FROM RAW MATERIALS TO COMPONENTS TO FINISHED PRODUCTS CARRIED TO FINAL BUYERS (FIG 1.3: THE SUPPLY CHAIN FOR COFFEE)



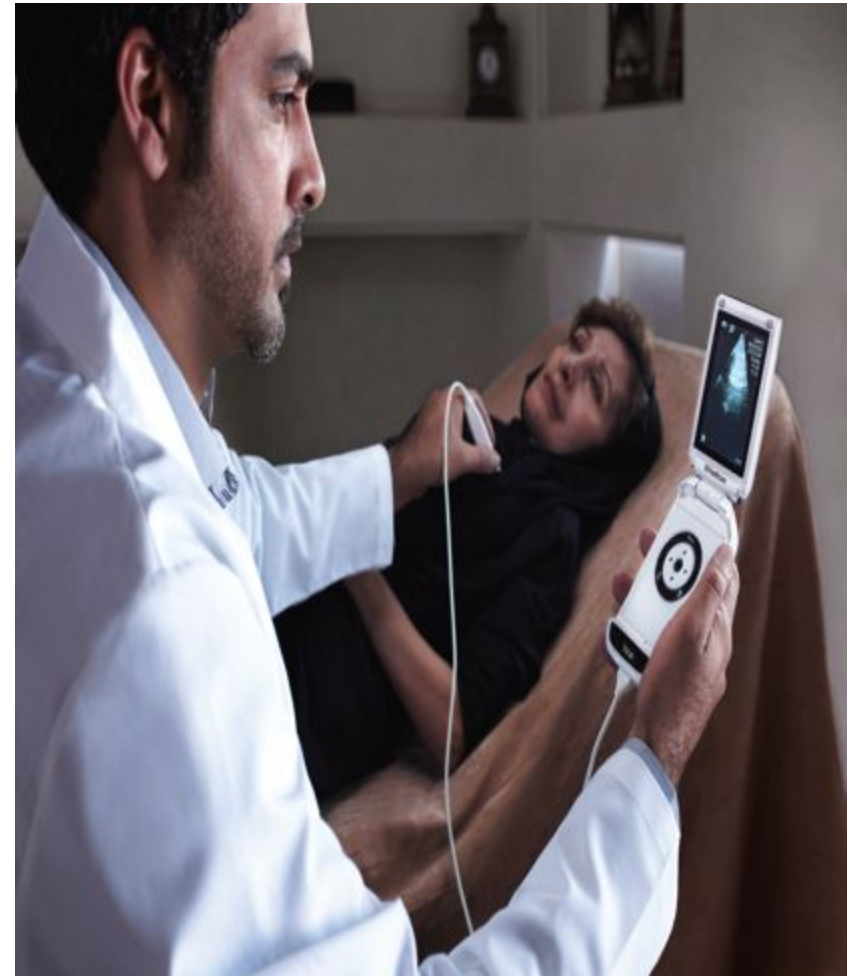
CORE MARKETING CONCEPTS

- **COMPETITION:** ALL THE ACTUAL AND POTENTIAL RIVAL OFFERINGS AND SUBSTITUTES A BUYER MIGHT CONSIDER



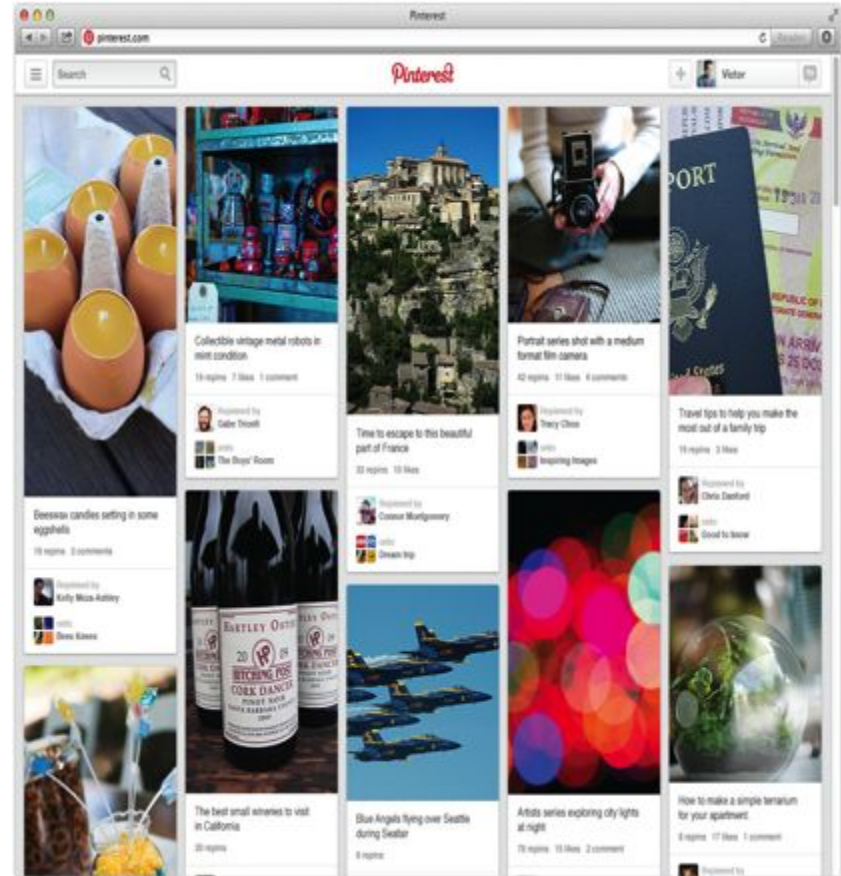
CORE MARKETING CONCEPTS

- **MARKETING ENVIRONMENT**
 - TASK ENVIRONMENT
 - BROAD ENVIRONMENT



THE NEW MARKETING REALITIES

- TECHNOLOGY
- GLOBALIZATION
- SOCIAL RESPONSIBILITY



A DRAMATICALLY CHANGED MARKETPLACE

- **NEW CONSUMER CAPABILITIES**
 - CAN USE THE INTERNET AS A POWERFUL INFORMATION AND PURCHASING AID
 - CAN SEARCH, COMMUNICATE, AND PURCHASE ON THE MOVE
 - CAN TAP INTO SOCIAL MEDIA TO SHARE OPINIONS AND EXPRESS LOYALTY

A DRAMATICALLY CHANGED MARKETPLACE

- NEW CONSUMER CAPABILITIES
 - CAN ACTIVELY INTERACT WITH COMPANIES
 - CAN REJECT MARKETING THEY FIND INAPPROPRIATE



A DRAMATICALLY CHANGED MARKETPLACE

- **NEW COMPANY CAPABILITIES**
 - CAN USE THE INTERNET AS A POWERFUL INFORMATION AND SALES CHANNEL, INCLUDING FOR INDIVIDUALLY DIFFERENTIATED GOODS
 - CAN COLLECT FULLER AND RICHER INFORMATION ABOUT MARKETS, CUSTOMERS, PROSPECTS, AND COMPETITORS
 - CAN REACH CUSTOMERS QUICKLY AND EFFICIENTLY VIA SOCIAL MEDIA AND MOBILE MARKETING, SENDING TARGETED ADS, COUPONS, AND INFORMATION

A DRAMATICALLY CHANGED MARKETPLACE

- **NEW COMPANY CAPABILITIES**
 - CAN IMPROVE PURCHASING, RECRUITING, TRAINING, AND INTERNAL AND EXTERNAL COMMUNICATIONS
 - CAN IMPROVE COST EFFICIENCY

A DRAMATICALLY CHANGED MARKETPLACE

- CHANGING CHANNELS
 - RETAIL TRANSFORMATION
 - DISINTERMEDIATION



A DRAMATICALLY CHANGED MARKETPLACE

- HEIGHTENED COMPETITION
 - PRIVATE BRANDS
 - MEGA-BRANDS
 - DEREGULATION
 - PRIVATIZATION

MARKETING IN PRACTICE

- **MARKETING BALANCE**
- **MARKETING ACCOUNTABILITY**
- **MARKETING IN THE ORGANIZATION**

COMPANY ORIENTATION TOWARD THE MARKETPLACE

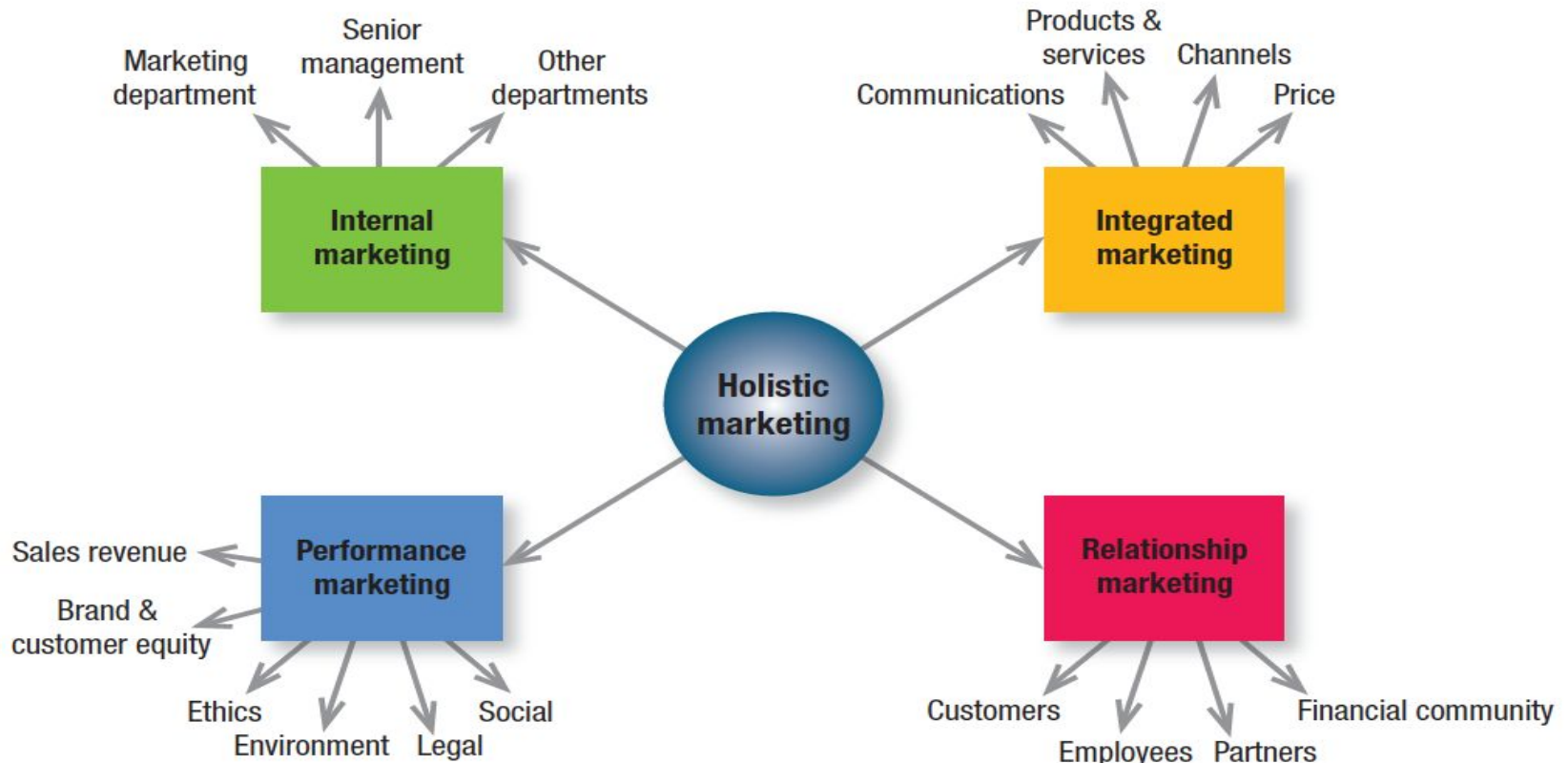
PRODUCTION

PRODUCT

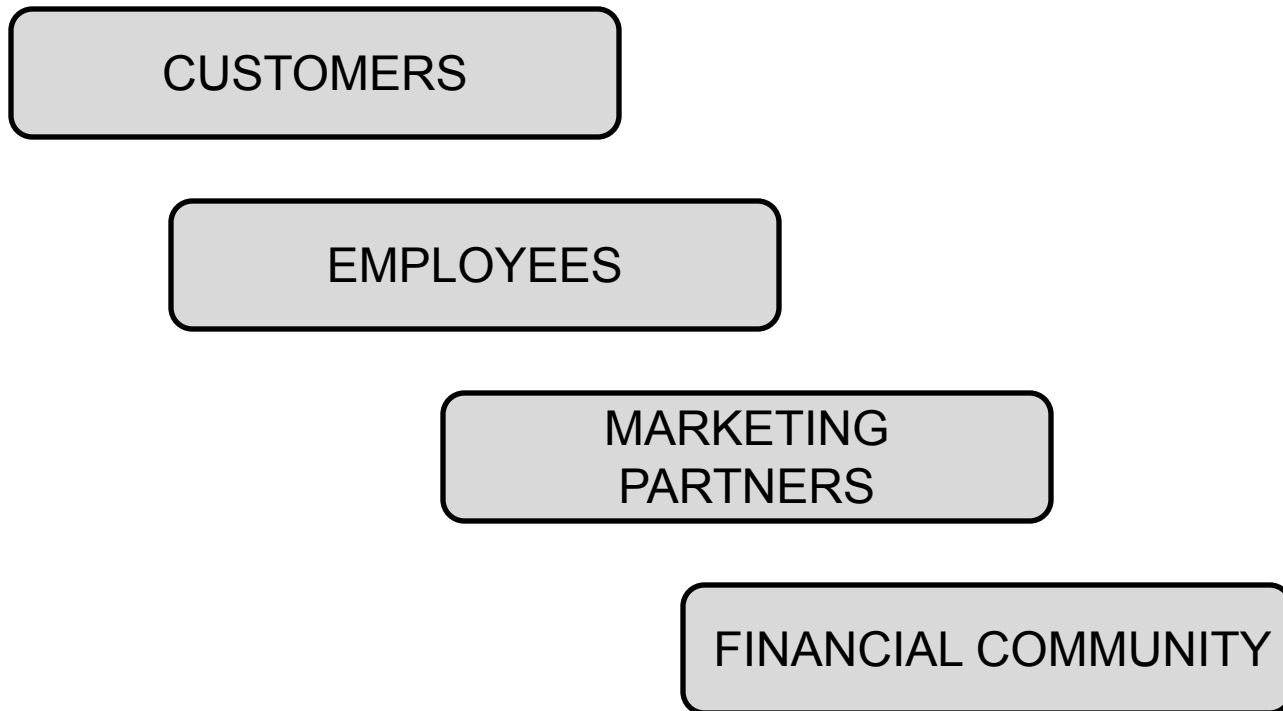
SELLING

MARKETING

FIG. 1.4 HOLISTIC MARKETING DIMENSIONS



RELATIONSHIP MARKETING



INTEGRATED MARKETING

- DEVISE MARKETING ACTIVITIES AND PROGRAMS THAT CREATE, COMMUNICATE, AND DELIVER VALUE SUCH THAT “THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS.”



INTERNAL MARKETING

- THE TASK OF HIRING, TRAINING, AND MOTIVATING ABLE EMPLOYEES WHO WANT TO SERVE CUSTOMERS WELL



PERFORMANCE MARKETING

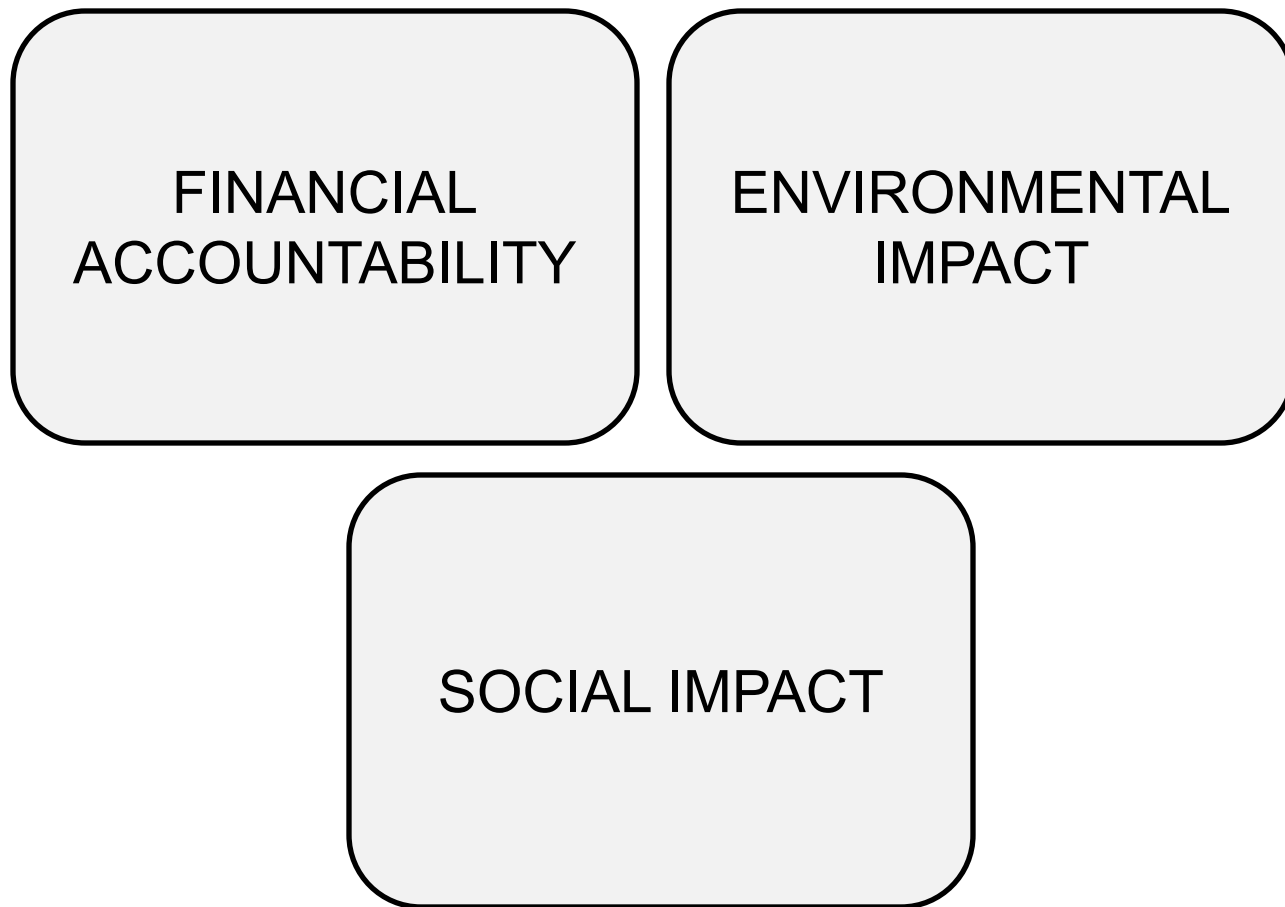


FIG. 1.5

MARKETING MIX COMPONENTS (4 PS)



MODERN MARKETING MANAGEMENT

PEOPLE

PROCESSES

PROGRAMS

PERFORMANCE

MARKETING MANAGEMENT TASKS

- DEVELOPING MARKET STRATEGIES AND PLANS
- CAPTURING MARKETING INSIGHTS
- CONNECTING WITH CUSTOMERS
- BUILDING STRONG BRANDS

MARKETING MANAGEMENT TASKS

- CREATING VALUE
- DELIVERING VALUE
- COMMUNICATING VALUE
- CREATING SUCCESSFUL LONG-TERM GROWTH



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