



MARKETING MANAGEMENT

ELEVENTH EDITION

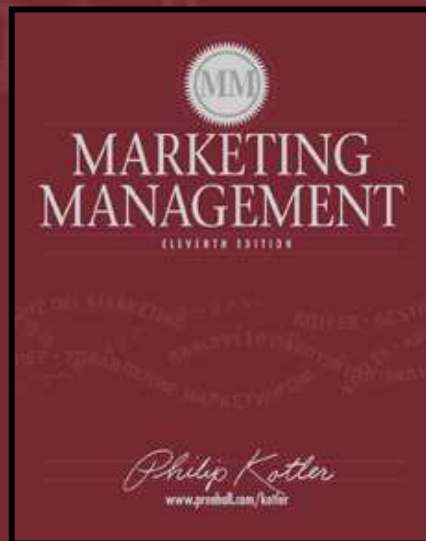
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Chapter 1

Defining Marketing for the 21st Century

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Kotler on Marketing

*The future is not ahead
of us. It has already
happened.*

*Unfortunately, it is
unequally distributed
among companies,
industries and nations.*



Chapter Objectives

- **In this chapter we will address the following questions:**
 - **What is the new economy like?**
 - **What are the tasks of marketing?**
 - **What are the major concepts and tools of marketing?**
 - **What orientations do companies exhibit in the marketplace?**
 - **How are companies and marketers responding to the new challenges?**

The New Economy

- **Substantial increase in buying power**
- **A greater variety of goods and services**
- **A greater amount of information about practically anything**
- **A greater ease in interacting and placing and receiving orders**
- **An ability to compare notes on products and services**



The New Economy

- **Websites can provide companies with powerful new information and sales channels.**
- **Companies can collect fuller and richer information about markets, customers, prospects and competitors.**
- **Companies can facilitate and speed up communications among employees.**
- **Companies can have 2-way communication with customers and prospects**

The New Economy

- **Companies can send ads, coupons, samples, information to targeted customers.**
- **Companies can customize offerings and services to individual customers.**
- **The Internet can be used as a communication channel for purchasing, training, and recruiting.**
- **Companies can improve logistics and operations for cost savings while improving accuracy and service quality.**

Discussion Question

The three major challenges faced by businesses today are globalization, advances in technology, and deregulation. Which of these affords the greatest opportunity for *established* businesses? Which affords the greatest opportunities for *new* businesses? Why?

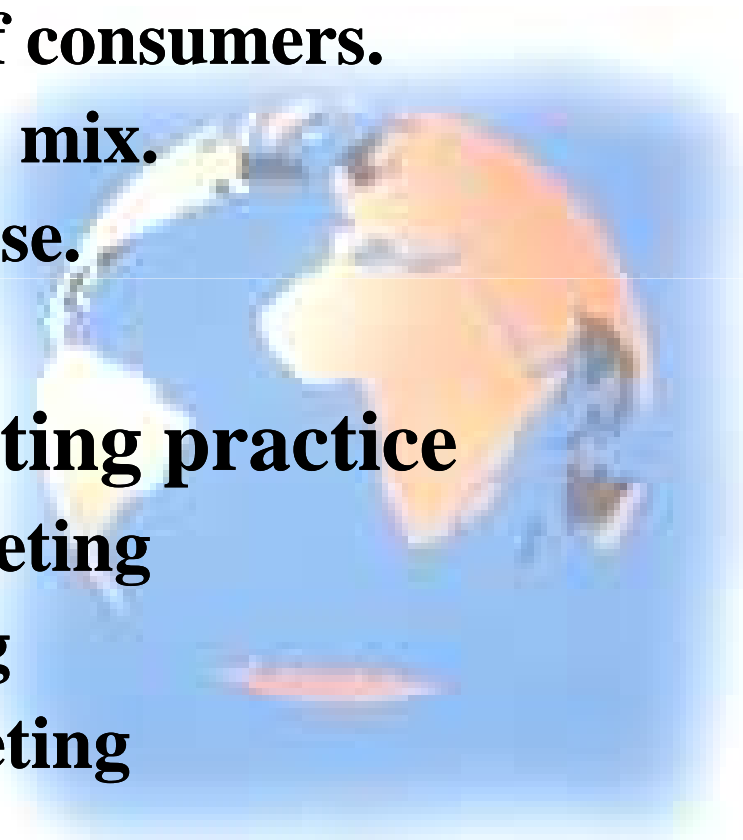


Marketing Task

- **Ten rules of radical marketing**
 - **The CEO must own the marketing function.**
 - **Make sure the marketing department starts small and flat and stays small and flat.**
 - **Get face to face with the people who matter most – the customers.**
 - **Use market research cautiously.**
 - **Hire only passionate missionaries.**

Marketing Task

- **Love and respect your customers.**
- **Create a community of consumers.**
- **Rethink the marketing mix.**
- **Celebrate common sense.**
- **Be true to the brand.**
- **Three stages of marketing practice**
 - **Entrepreneurial Marketing**
 - **Formulated Marketing**
 - **Intrepreneurial Marketing**



The Scope of Marketing

- **Marketing: typically seen as the task of creating, promoting, and delivering goods and services to consumers and businesses.**

Table 1.1 Demand States and Marketing Tasks

1. Negative demand	A major part of the market dislikes the product and may even pay a price to avoid it—vaccinations, dental work, vasectomies, and gallbladder operations, for instance. Employers have a negative demand for ex-convicts and alcoholics as employees. The marketing task is to analyze why the market dislikes the product and whether a marketing program consisting of product redesign, lower prices, and more positive promotion can change beliefs and attitudes.
2. No demand	Target consumers may be unaware of or uninterested in the product. Farmers may not be interested in a new farming method, and college students may not be interested in foreign-language courses. The marketing task is to find ways to connect the benefits of the product with people’s natural needs and interests.

See text for complete table

Discussion Question

Can you name a category of products for which your negative feelings have softened?

What precipitated this change?



The Scope of Marketing

- **Places**
- **Properties**
- **Organizations**
- **Information**
- **Ideas**
- **Goods**
- **Services**
- **Experiences**
- **Events**
- **Persons**

The Decisions Marketers Make

- **Consumer Markets**
- **Business Markets**
- **Global Markets**
- **Nonprofit and
Governmental Markets**

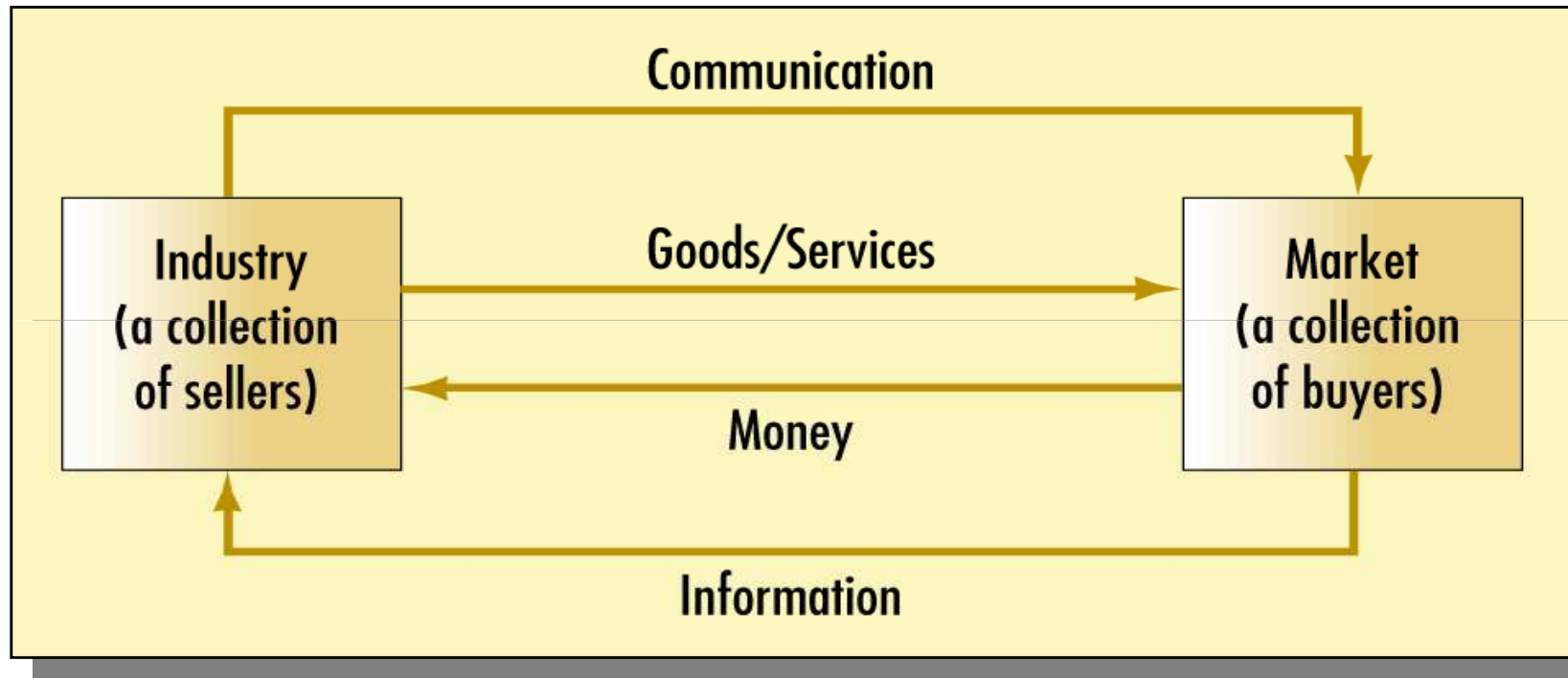


Marketing Concepts and Tools

- **Defining Marketing**
 - Marketing
 - Marketing management
- **Core Marketing Concepts**
 - Target Markets and Segmentation



Figure 1-1: A Simple Marketing System



Marketing Concepts and Tools

- **Marketplace,
Marketspace,
and
Metamarket**



Marketing Concepts and Tools

- **Marketers and Prospects**
- **Needs, Wants, and Demands**
- **Product, Offering, and Brand**
- **Value and Satisfaction**

- **Customer value triad**
- **Value**

Value = Benefits / Costs =

(Functional benefits + Emotional benefits) /

**(Monetary costs + Time costs + Energy costs +
Psychic costs)**



Marketing Concepts and Tools

- **Exchange and Transactions**
 - Exchange
 - Transaction
 - Barter
 - Transfer
 - Behavioral response



Marketing Concepts and Tools

- **Relationships and Networks**
 - Relationship marketing
 - Marketing network
- **Marketing Channels**
- **Supply Chain**
- **Competition**



Marketing Concepts and Tools

- Brand competition
- Industry competition
- Form competition
- Generic competition
- Marketing environment
 - Task environment
 - Broad environment
- Marketing Program
 - Marketing program
 - Marketing mix



Company Orientations Toward the Marketplace

- **Production Concept**
- **Product concept**
- **Selling Concept**
- **Marketing Concept**



Company Orientations Toward the Marketplace

- **Target Market**
- **Customer Needs**
 - **Stated needs**
 - **Real needs**
 - **Unstated needs**
 - **Delight needs**
 - **Secret needs**



Company Orientations Toward the Marketplace

- **Integrated Marketing**
 - External marketing
 - Internal marketing



Company Orientations Toward the Marketplace

- **Profitability**
 - Sales decline
 - Slow growth
 - Changing buying patterns
 - Increasing competition
 - Increasing marketing expenditures



Company Orientations Toward the Marketplace

- **Societal Marketing Concept**
 - **Cause-related marketing**



Discussion Question

Can you identify the trends that have made the marketing concept, the customer concept, and the societal marketing concept more attractive models for contemporary marketing managers?



How Business and Marketing are Changing

- **Customers**
- **Brand manufacturers**
- **Store-based retailers**



How Business and Marketing are Changing

- **Company responses and adjustments**
 - **Reengineering**
 - **Outsourcing**
 - **E-commerce**
 - **Benchmarking**
 - **Alliances**
 - **Partner-suppliers**
 - **Market-centered**
 - **Global and local**
 - **Decentralized**



How Business and Marketing are Changing

■ Marketer Responses and Adjustments

- Customer relationship marketing
- Customer lifetime value
- Customer share
- Target marketing
- Customization
- Customer database
- Integrated marketing communications
- Channels as partners
- Every employee a marketer
- Model-based decision making

