

The following is a highlighted summary of the book, Kotler on Marketing, published by Free Press. The statements below are key points of the book as determined by James Altfeld and have been made available at no charge to the user.

Kotler on Marketing: How to Create, Win and Dominate Markets

By

Philip Kotler

There are three kinds of companies: those who make things happen, those who watching things happen, and those who wonder what's happened. -- Anonymous

There are two kinds of companies: those who change and those who disappear.

1. *Win Through Higher Quality*
2. *Win Through Better Service*
3. *Win Through Lower Prices*
4. *Win Through High Market Share*
5. *Win Through Adaptation and Customization*
6. *Win Through Continuous Product Improvement*
7. *Win Through Product Innovation*
8. *Win Through Entering High-Growth Markets*
9. *Win Through Exceeding Customer Expectations*

A Company doesn't really have a strategy is it performs the same activities as its competitors, only a little better. It is simply operationally more effective.

...A business as having a robust strategy when it has strong points of difference from competitors' strategies.

Companies have finally managed to get their accounting departments to generate real numbers on profitability by segment, individual customer, product, channel, and geographical unit. Companies are now focusing attention on their most profitable customers, products, and channels. They are formulating reward packages for their more profitable customers.

Most companies now outsource 60 percent of their activities and requirements.

Most buyers are showing a distinct preference for meeting salespeople on their computer screens rather than in the office. An increasing amount of personal selling is occurring over electronic media, where the buyer and seller see each on their computer screens in real time. Salespeople are traveling less, and airlines are shrinking in size.

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Customers are increasingly choosing vendors on the basis of long-term value, not long-term history.

Quality is when our customers come back and our products don't.

Marketing has the main responsibility for achieving profitable revenue growth for the company. Marketing must identify, evaluate, and select market opportunities and lay down strategies for achieving eminence if not dominance in target markets.

“the air of marketing is to make selling superfluous.” ...marketing's task is to discover unmet needs and to prepare satisfying solutions.

Marketing cannot be equivalent to selling because it starts long before the company has a product. Marketing is the homework that managers undertake to assess needs, measure their extent and intensity, and determine whether a profitable opportunity exists. Selling occurs only after a product is manufactured. Marketing continues throughout the product's life, trying to find new customers, improve product appeal and performance, learn from product sales results, and manage repeat sales.

“Marketing is far too important to be left only to the marketing department.” Any department can treat customers well or badly, and this will affect their interest in the company. A customer may phone the company and find it difficult to get information or reach the right party. The product that is ordered may arrive in a defective condition because manufacturing standards were loose or the product was packed poorly. The product might arrive later than promised because of faulty inventory information. The invoice may puzzle the customer because the accounting department added unexplained charges. All those glitches can happen when other departments are not focused on satisfying the customer.

The other departments might think the marketing department's job is to “manufacture and satisfy customers” while they take care of their own operations.

A truly customer-oriented R&D department would have its people occasionally meet customers, work closely with other departments on new projects, benchmark competitors' products, solicit customer reactions to proposed new product designs, and continually improve the product based on customer feedback.

“Companies can't give job security. Only customers can!”

Assessing Which Company Departments Are Customer-Minded

R&D

Purchasing

Manufacturing

Marketing

- They study customer needs and wants in well-defined market segments.
- They allocate marketing effort in relation to the long-run profit potential of the targeted segments.
- They develop winning offers for each target segment.
- They measure company image and customer satisfaction on a continuous basis.
- They continuously gather and evaluate ideas for new products, product improvements, and services to meet customer...
- They influence all company departments and employees to be customer-centered in their thinking and practice.

Sales

- They have specialized knowledge of the customer's industry.
- They strive to give the customer "the best solution."
- They make only promises that they can keep.
- They feed back customers' needs and ideas to those in charge of product development.
- They serve the same customers for a long period of time.

Logistics

- They set a high
- They

Accounting

- They prepare periodic "profitability" reports by product, market segment, geographic areas (regions, sales territories), order sizes, channels, and individual customers.
- They prepare invoices tailored to customer needs and answer customer queries courteously and quickly.

Finance

- They understand and support marketing expenditures that represent marketing investments that produce long-term customer preference and loyalty.
- They tailor the financial package to the customers' financial requirements.
- They make quick decisions on customer creditworthiness.

Public Relations

- They disseminate...
- They act as an internal customer and public advocate for better company policies and practices.

Other Customer Contact Personnel

- They are competent, courteous, cheerful, credible, reliable, and responsive.

RESPONSIVE MARKETING. Recognizing that women want to spend less time cooking and cleaning led to the invention of the modern washing machine.

ANTICIPATIVE MARKETING. As the quality of water deteriorated in many places, Evian, Perrier, and a number of other companies anticipated a growing market for bottled drinking water.

NEED-SHAPING MARKETING. The boldest level of marketing occurs when a company introduces a product or service that nobody asked for and often could not even conceive of. No one in the 1950s asked for a Sony Walkman, a Sony...

Market-driven companies focus on researching current customers to identify their problems, gather new ideas, and to test proposed product improvements and marketing mix changes. Their efforts typically result in incremental improvements, not radical innovations.

Market-driving companies, on the other hand, raise our sights and our civilization.

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Single segment marketing offers three advantages:

1. The company can more easily identify the individual buyers in...
2. The company will face fewer...
3. The company will enjoy a good...

...Multisegment marketing... if one segment's profit potential weakens, the firm's fortunes can be sustained by other segments.

...*data warehouse* waiting to be analyzed...service called *data mining*, which uses high-powered analytical and statistical techniques to unearth interesting patterns and findings about customers.

A leading clothing catalog company with over 2,000,000 customers invited IBM to mine its data and help it discover customer groupings. Coming up with the usual 5 segments, or 50 niches, the IBM researchers identified 5,000 market cells. IBM found, for example, that 850 customers of the catalog company had purchased a blue shirt and a red tie! These buyers would probably be more interested in buying (say) a navy blue jacket than the average customer of the catalog company.

We are witnessing the reemergence of customized marketing, not as the dominant form, but as one showing increased growth and promise. Today we can order a specially made bicycle, a customized pair of jeans, a one-of-a-kind woman's swimsuit, and so on.

Customized marketing takes place when the seller prepares a new product from scratch for the buyer, as is done by a custom tailor or metal-forming job shop. Mass customization takes place

when the company has established basic modules that can be combined in different ways for each customer.

Marketing is the *art of finding, developing, and profiting from opportunities.*

Sources of Market Opportunities

1. Supplying something in short supply.
2. Supplying an existing product or service in a new or superior way.
3. Supplying a new product or service.

Asking people who use the product or service if they have any disappointments or suggestions for improvement. Here are examples of what they might say:

My car uses too much gas
My toaster is hard to clean.
I dislike the bank's long waiting lines
My PC battery runs out after three hours
Sometimes I can't find my TV remote control

Each statement suggests a market opportunity.

...getting customers, keeping customers, and growing customers...

Nine Ways to Build Demand

1. Sell more of our existing products to customers. (Market penetration)
2. Enter and sell our products in other geographical areas.
3. Selling our existing products to new types of customers.
4. Modify our current products and sell more of them to our existing customers. (Product modification)
5. Offer and sell modified products to new geographical markets.
6. Offer and sell modified products to new types of customers.
7. Design new products that will appeal to our existing customers. (New product development)
8. Design new products for prospects in new geographic areas.
9. Design new products to sell to new types of customers. (Diversification)

(p.49) SCAN CHART

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A firm could be the *product leader*, the *operationally excellent firm*, or the *customer intimate firm*.

Some customers favor the firm that is advancing the technological frontier (product leadership). Another customer group does not need the latest products but wants highly reliable and

dependable performance (operational excellence). A final customer group prefers the firm that is most responsive and flexible in meeting their individual needs (customer intimacy).

It is difficult for a firm to be best in all three ways, or even two ways, Most firms do not have sufficient funds to be best at everything.

Each value discipline requires different management systems, processes, organization, and culture. ...that business units within the same company can each practice a different value discipline. ...General Electric's major appliance division pursues operational excellence, its engineered plastics division pursues customer intimacy, and its jet engine division pursues product leadership.

Become best at one of the three value disciplines.

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The company must somehow bring order into its information gold mine so that its managers can more easily find answers to questions and make informed decisions.

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(1)locating prospects, (2) selling first time to the prospects, and (3) keeping and growing the new customers, if possible forever.

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The sales department isn't the whole company, but the whole company better be the sales department. -- Anonymous

What Should a Marketing Plan Contain?

- Situation analysis
- Marketing objectives and goals
- Marketing strategy
- Marketing action plan
- Marketing controls

Situation Analysis

- A description of the current situation
- A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats)
- Main issues facing the business
- Main assumptions about the future

Setting Objectives and Goals

- Objectives
- Goals
- Increase the margin
- Increase the market share
- Increase customer satisfaction

(p.170) **SCAN FORM**

Exhibit 9-1

Checklist for Performing Strengths/Weaknesses Analysis

Marketing

Finance

Manufacturing

Organization



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