

Notes from Brand equity, ET, 7-1-04, Interview of Philip Kotler: the ultimate Guru of Marketing

You could call it P 2 C: The man behind the 4 Ps of marketing suggests that they be changed. Philip Kotler discusses the customer imperative, the value challenge, and the increasing power of mega- distributors

1. Biggest challenges that marketers face today:

Getting better financial measures of the impact of the marketing program. CEO's want to know how much sales ,profit and share holder value has been created by marketing program.

Developing more integrated information about important customers .

Customers come in contact with a company at various touch points: by e mail, snail mail, phone, in person , and so on . Yet if these touch points are not recorded, the company would not have a 360 degree view of of a prospector customer and therefore is handicapped in developing sound offers or communications with the customer

Marketing can be effective only if the 4Ps are under unified planning and control

Facing lower cost/ higher quality competitors: India has shown that it has brilliant Scientist and business people. Yet it has not established notable global brands. The next need is for India to begin to show a capability of generating major Indian global brands

Coping with the increasing power and demands of mega distributors: Mega retailers such as Walmart, Costco, Toys RUs, Office Depot and others are commanding a larger share of the retail market place

2. Challenge2: Low level of Consumer loyalty

Companies do not win by doing same things better than their competitors but by doing things differently. Following firms have re invented their markets e.g.

?? IKEA in furniture retailing,

?? South west Airlines in low cost Airlines,

?? Dell Computer in directly –sold customized computers,

?? Harley Davidson in building a “brand community” around their Motor cycles,

?? Barney and Noble in building a new type of store and so on.

A new method of dreaming for dreaming up new product categories called lateral marketing in which we learn to think “out side of the box”

3. Challenge 3- need to add four Ps of marketing

The 4Ps(Promotion, Product, Price and Place) remain a useful organizing frame work for marketing planning. In service marketing add three more Ps : people, process, and physical evidence.

Even staying with 4 Ps, translate them into 4 Cs which take a customer –based rather than a seller based view. Product becomes customer value, Price becomes costs, Place becomes Customer Convenience, and Promotion become Customer Communication. Buyer wants customer value, lower total costs, more convenience and honest communication

Of course the starting point is not 4 Ps but segmentation, Targeting and Positioning (STP). STP is strategic marketing and the 4Ps is tactical marketing

4. Challenge 4 : To focus on “Power Brands” or concentrate resources in key brands in future:

The most valuable brands are those that can serve as a family for line extensions and brand extensions. Thus McDonald's not only represents different type of hamburgers (line extension) but now carries chicken and fish (brand extension). Firms need to do better in developing their “brand portfolio strategy”

Recently Uniliver decided too many of its 1600 brands were weak and decided to reduce the number eventually to 400 of the most promising brands that , given more money , can serve as strong platforms. This is the move in right direction: Get rid of the brands that are going no where and draining funds from the brands with high potential.