



WHAT IS Marketing?

by Philip Kotler

Marketing is the science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and its profit potential. It pinpoints the market segments that the company is capable of serving best, and it designs and promotes the appropriate products and services.

Marketing is often performed by a department within the organization. This is both good and bad. It's good

because it brings together a group of trained people who focus on the marketing task. It's bad because marketing activities should not be carried out in a single department—they should be manifest in all the activities of the organization.

Key Processes

The key processes in marketing are (1) opportunity identification, (2) new product development, (3) customer attraction, (4) customer retention and loyalty building, and

(5) order fulfillment. A company that handles all of these processes well will normally enjoy success. But when a company fails at any one of these processes, it will do poorly.

A company can have the best marketing department in the world and still fail at marketing. Why? Because the manufacturing people may put out poor-quality products, the shipping department may ship late, the accounting department may send out inaccurate invoices...all of which will lose customers. Marketing is effective only if the whole company delivers the promised value and satisfies the customer.

There are certain marketing principles that are fairly constant. Among them are:

Respect the centrality of the customers, competitors and distributors in the planning of marketing strategy.

Apply segmentation to every market and go after the segments that are most promising in terms of your company's capabilities and goals.

For each target market segment, research the needs, perceptions, preferences, and buying processes of the customers.

Win by carefully defining, creating and delivering a superior value promise to the target market.

What Makes a Company

Marketing is a terribly misunderstood subject in business circles and in the public's mind. Companies think that marketing exists to support manufacturing, to get rid of the company's products.

The truth is the reverse: Manufacturing exists to support marketing. The company can always outsource its manufacturing. What makes a company is its marketing offerings and ideas. Manufacturing, purchasing, research and development (R&D), finance, and the other company functions exist to help the company achieve its goals in the customer services marketplace.

Marketing is too often confused with selling. Selling is only the tip of the marketing iceberg. What is unseen is the extensive market investigation, the R&D of appropriate products, and the challenge of pricing them right, of opening up distribution, and of letting the market know about the product. Thus, marketing is a far more comprehensive process than selling.

The Marketer's Watchwords

Marketing and selling are almost opposites. Hard-sell marketing is a contradiction. Marketing is not the art of finding clever ways to dispose of what you make. Marketing is the art of creating genuine customer value. It is the art of helping your customers become better off. The marketer's watchwords are quality, service and value.

Selling starts only when you have a product. Marketing starts before there is a product. Marketing is the homework that the company does to figure out what people need and what the company should make.

Marketing determines how to launch, price, distribute, and promote the product or service offering in the marketplace. Marketing then monitors the results and improves the offering over time. Marketing also decides when to change or drop the offering.

With all that said, marketing is not a short-term selling effort, but a long-term investment effort. When marketing is done well, it occurs before the company makes any product or enters any market; and it continues long after the sale. ❖

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segmentation

The process of dividing a total market into market groups consisting of people who have relatively similar products needs for the purpose of designing a marketing mix that more precisely matches the need of individuals in a selected segment (or segments).

target market

The market segment or group of customers that a company has decided to serve, and at which it consequently aims its marketing activities. It is often defined by age, gender and/or socio-economic grouping.

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