

TEN DEADLY MARKETING SINS

SIGNS AND SOLUTIONS

KOTLER
PHILIP



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John Wiley & Sons, Inc.

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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Library of Congress Cataloging-in-Publication Data:

Kotler, Philip.

Ten deadly marketing sins : signs and solutions / Philip Kotler.

p. cm.

ISBN 0-471-65022-6 (cloth)

1. Marketing—Management. I. Title: 10 deadly marketing sins. II. Title.
HF5415.13 .K654 2004
658.8—dc22

2003026035

Printed in the United States of America.

10 9 8 7 6 5 4 3 2 1

I dedicate this book to my six grandchildren—Jordan, Jamie, Ellie, Olivia, Abby, and Sam—whom I love dearly.

Acknowledgments

This book is based on many years of working with consulting firms and individual clients. I would like especially to acknowledge Hamilton Consultants of Cambridge, Massachusetts (www.hamiltonco.com). An original version of the ten most common findings was created by my earlier *Marketing Audit* co-author, Will Rodgers, and his colleagues at the MAC Group and Hamilton Consultants. They based their conclusions on the findings from over 75 marketing audits of business units conducted over a 15-year period. Hamilton has further modified the audit into something they call “Market-based Profit Improvement” wherein they link audit findings to bottom line impact. I used the list of major marketing deficiencies and my own consulting experiences as a springboard for developing this book.

I also want to acknowledge Kotler Marketing Group of Washington, D.C. (www.kotlermarketing.com), for their commitment to identifying major marketing deficiencies and proposing innovative solutions. Kotler Marketing Group focuses on strategic marketing and has worked with such major clients as AT&T, IBM, JP Mor-

gan, Northwestern Mutual, Weyerhaeuser, Baxter, Pfizer, Shell Chemical, Ford, McDonald's, Michelin, and SAS Airlines. Their president and founder, Milton Kotler, has shown an uncanny marketing imagination in bringing fresh "out-of-the-box" thinking to guide company solutions.

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Introduction

The State of Marketing Today

Marketing is in bad shape. Not marketing theory, but marketing practice. Every new product or service needs to be supported by a marketing plan that brings in a good return that covers the corresponding investment of time and money. But then why do 75 percent of new products, services, and businesses fail?¹ These failures happen in spite of all the work that goes into market research, concept development and testing, business analysis, product development and testing, market testing, and commercial launch.

Marketing is supposed to drive business strategy. The marketers' job is to *research* new opportunities for the company and carefully apply *segmentation, targeting, and positioning* (STP) to point a new business in the right direction. Then marketers are supposed to flesh out the 4Ps—*Product, Price, Place, and Promotion*—making sure that they are consistent with each other and with the STP strategy. Then marketers are supposed to *implement* the plan and *monitor* the results. When the results deviate from the plan, marketers have to decide if the culprit is weak implementation, an incoherent marketing mix, a misdirected STP, or ultimately incompetent market research.

But today, too many marketing departments don't handle this whole process. It's handled by a mix of marketers, strategists, financial types, and operations people. Somehow a new product or service emerges and marketing is

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left to its true mission as conceived by others in the company, namely selling and promoting. Most of marketing is reduced to a one-P function—Promotion—not a four-P job. Because the company ends up making a product that doesn't sell well, most of marketing's task is to clear up the mess through hard selling and advertising.

Here is an example of one-P marketing. I asked the Marketing Vice President of a major European airline whether he sets the fares on the airline:

"Finance does that."

"Do you influence the food served on the airplane?"

"No, that's done by catering."

"Do you have a say in setting the standards for hiring cabin crew?"

"No, human resources handles that."

"What about the cleanliness of the planes?"

"That's maintenance's job."

"Then what do you do?"

"I manage advertising and selling."

Clearly, this airline is treating marketing as a one-P function.

Worse, marketing isn't handling advertising and selling very well. Ask any CEO who shudders when he gets the advertising bill in a period when sales are flat or down. "What did the advertising do for us?" he asks the Marketing Vice President. At best, the answer is that

sales would have been even worse without it. “But as an investment, what did we get back?” And there isn’t a good answer.

CEOs are understandably growing impatient with marketing. They feel that they get accountability for their investments in finance, production, information technology, even purchasing, but don’t know what their marketing spending is achieving. Granted that marketing involves a more complex chain of events where it is harder to trace cause and effect. But some progress is being made in theory and other companies are putting it into practice. Why can’t this happen in their company?

Every sign suggests that marketing will become more challenging in the future. Consider the following:

- National brands are finding it harder to get an adequate premium to cover their brand-building cost. Why? Wal-Mart and its imitators are insisting on much lower prices from suppliers if these suppliers want Wal-Mart’s business. And megaretailers are increasingly putting out their own store brands that are reaching a level of quality equal to the national brands. Store brands don’t have to pay for research, advertising, and selling. We are hearing that Generation Y is more skeptical of advertising. Naomi Klein and her *No Logo* book is making a lot of people think about how much should they pay for the more