

TRUTH AND LIES: Marketing in the 21st Century!



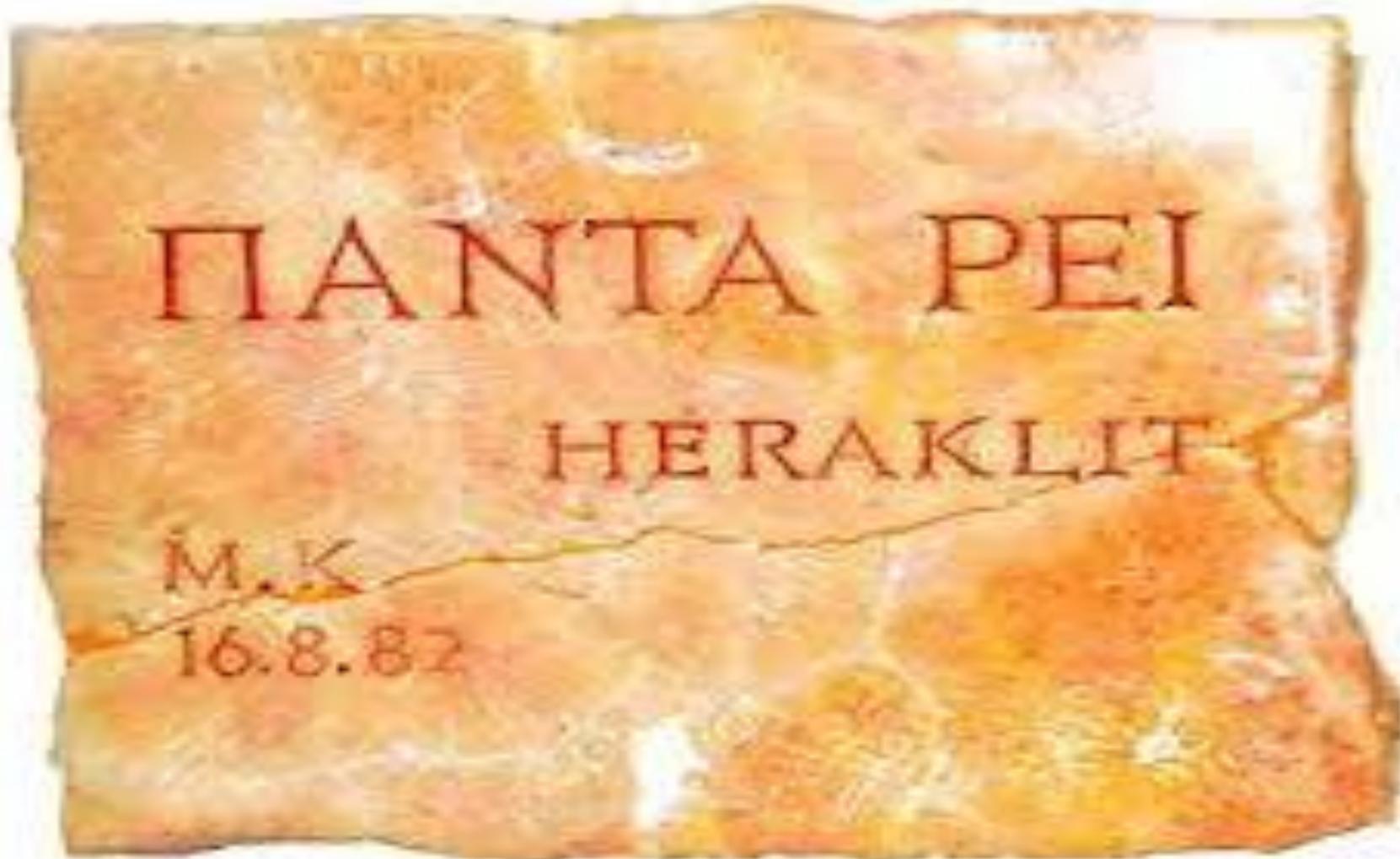
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March, 2017

Marketing is Dead!
Long Live Marketing!





“EVERYTHING OR ALL THINGS CHANGE”.

The Super Sneaky History Of How Advertisers Convinced You To Buy Deodorant



Why Marketing?

- Marketing is a **humanistic subject**.
- Marketing is a force that **has shaped and crated our wants and life styles**.
- Even it is only 116 years old as a term (de jure), **it is as old as the first homo sapiens /wise person (de facto)**.
- **Marketing > Selling** (“The aim of marketing is to make selling unnecessary.” P. Drucker).
- Our **limbic system** is stronger then our **neocortex**.

What is Marketing?

- The **management process** through which **goods and services** move from **concept to the customer**. It includes the coordination of four elements called the **4 P's of marketing**:
 - (1) identification, selection and development of a **product**,
 - (2) determination of its **price**,
 - (3) selection of a **distribution channel** to reach the customer's place, and
 - (4) development and implementation of a **promotional strategy**.

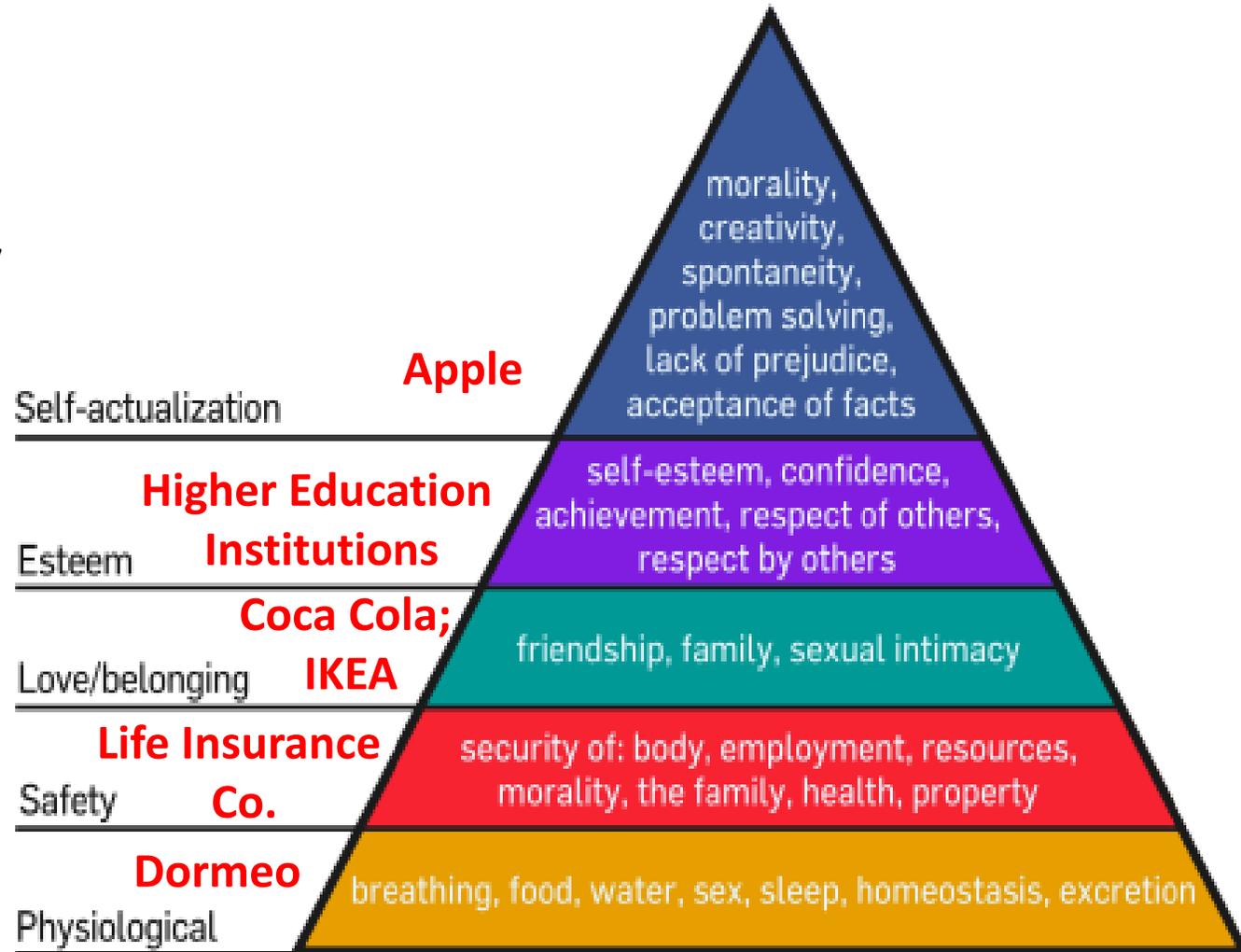
For example, new Apple products are developed to include improved applications and systems, are set at different prices depending on how much capability the customer desires, and are sold in places where other Apple products are sold.

What is Marketing?

- **American Marketing Association:** Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (Approved July 2013).
- **Dr. Philip Kotler:** The science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit...”
- **Steve Dawson** – President, Walkers Shortbread Inc: Marketing is products that don't come back and consumers that do.
- **PhD Tamara Jovanov:** Marketing is a **strategic way of thinking** aligned with a **previous set of goals** that need to be achieved.

Citizen, Consumer, Customer (Behavior)

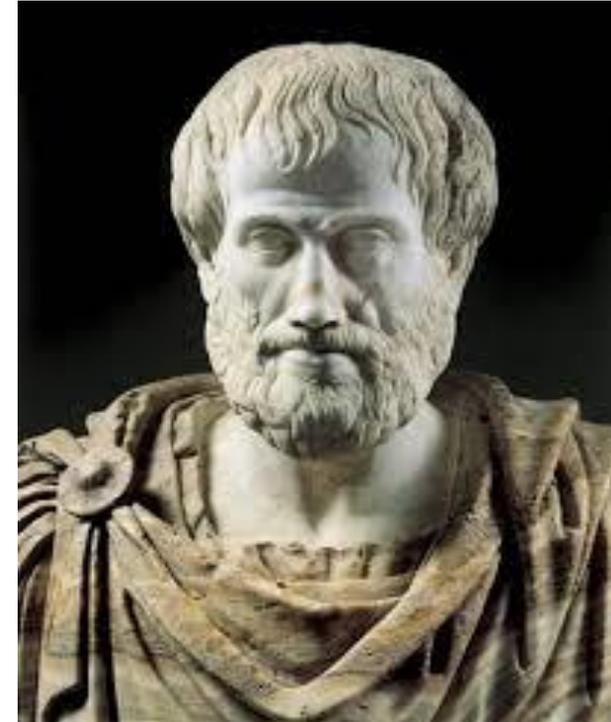
- Why is the check – out point draped with chewing gums, breath mints, copies of fashion/ car magazines?
- Heard of Abraham Maslow?
- Which need is your favorite ad satisfying?



Who is the Father of Marketing?



VS.

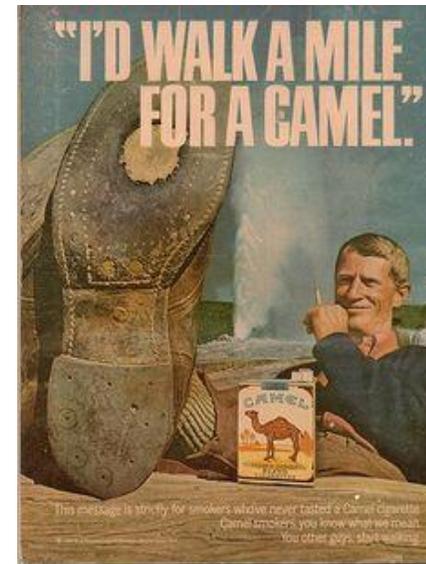


The first person to receive the "**Leader in Marketing Thought**" award by the [American Marketing Association](#).

Google in his time; the first person to best define **rhetoric** - "the faculty of observing in any given case the available means of [persuasion](#)."

Some Antecedents of Marketing

1. First department store? (Mitsui Family, 1650)
2. First newspaper ad? (For coffee in England, 1652)
3. First advertising agency? (N. W. Ayers and Son, 1869)
4. First brand – name product? (Pears' Soap, 1870)
5. First packaging? (Laundry Soap in England, 1880)
6. Marketing in dictionary (USA, 1910)
7. First guerilla marketing campaign? (Edward Bernays, in a campaign for "Lucky Strike", 1928)



When Did Marketing Start?

- **Markets and trade** are terms with a long history (middle ages, ancient Greece / agora).
- **Marketing** as a **term** appears in early 1900 and the first textbooks around 1910. **Institutional economists** start teaching about **distribution**, later - advertising, and then – promotion and pricing.
- **The narrow focus of classical economists** (effects of price on human behavior on the market), later led to inclusion of other factors by institutional economists, such as: advertising, sales agents, retail stores, wholesalers...

The Contributors of Marketing

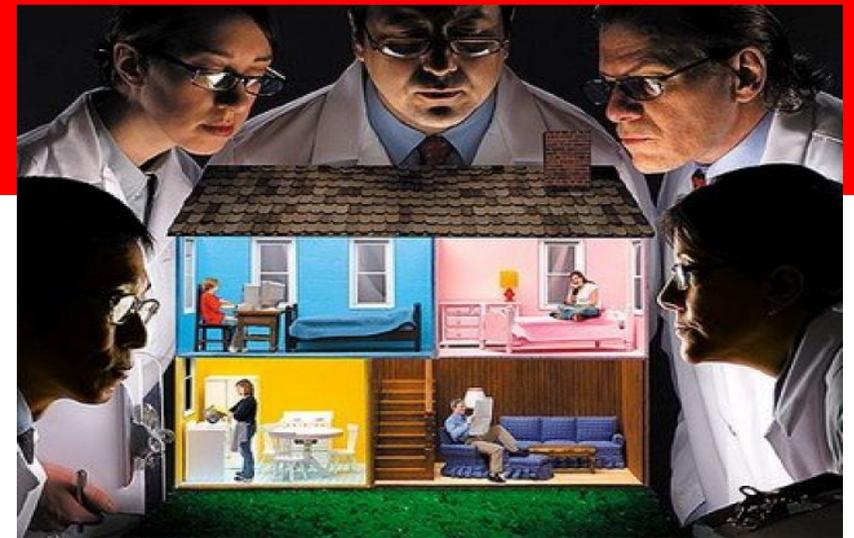
Person	Profession	Contribution	Books	Findings / Quotes
<p>Ernest Dichter (1907 –1991)</p> 	<p>American psychologist and marketing expert known as the "father of motivational research."</p>	<p>Application of Freudian psychoanalytic concepts and techniques to business — in particular to the study of consumer behavior in the marketplace.</p> <p>He "was the first to coin the term focus group and to stress the importance of image and persuasion in advertising"</p>	<ul style="list-style-type: none"> • The Handbook of Consumer Motivations. • Packaging, the Sixth Sense?: a guide to identifying consumer motivation... 	<ul style="list-style-type: none"> • People don't like prunes because they remind them of old age and dying. • Women don't trust cake mixes, unless they add an egg to it, as a sense of giving "birth" (Betty Crocker cake mix).
<p>Dale Carnegie (1888-1955)</p> 	<p>American writer, lecturer and developer of famous courses in self-improvement, salesmanship, corporate training, public speaking, and interpersonal skills.</p>	<p>Fundamental Techniques in Handling People. Six Ways to Make People Like You. How to Win People to Your Way. of Thinking. Be a Leader – How to Change People Without Giving Offense or Arousing Resentment</p>	<ul style="list-style-type: none"> • How to Win Friends and Influence People Art of Public Speaking • Public Speaking: a Practical Course for Business Men. 	<ul style="list-style-type: none"> • There is only one way... to get anybody to do anything. And that is by making the other person want to do it. • The successful man will profit from his mistakes and try again in a different way.

Person	Profession	Contribution	Books / Products	Findings / Quotes
<p>Coco Chanel (1883 –1971)</p> 	<p>French fashion designer of women's clothes and founder of the Chanel brand.</p>	<p>liberating women from the constraints of the "corseted silhouette" and popularizing a sportive, and casual chic as the feminine standard of style. The only fashion designer listed on Time magazine's list of the 100 most influential people of the 20th century.</p>	<ul style="list-style-type: none"> •Chanel No5 •Little black dress... 	<ul style="list-style-type: none"> • In order to be irreplaceable one must always be different. • The most courageous act is still to think for yourself. Aloud. • Simplicity is the keynote of all true elegance. (Less .is more)
<p>David M. Ogilvy (1911 –1999)</p> 	<p>Advertising executive, widely hailed as "The Father of Advertising"</p>	<p>The function of advertising is to sell and that successful advertising for any product is based on information about its consumer. He believed a customer should be treated as intelligent.</p>	<ul style="list-style-type: none"> • The Theory and Practice of Selling the AGA Cooker. • Ogilvy on Advertising. • Confessions of an Advertising Man 	<ul style="list-style-type: none"> • The consumer isn't a moron. She is your wife. • I prefer the discipline of knowledge to the anarchy of ignorance. • If you're trying to persuade people to do something, or buy something, it seems to me you should use their language.

Person	Profession	Contribution	Books	Findings / Quotes
<p>Stanley Marcus (1905 –2002)</p> 	<p>President and later chairman of the board of the luxury retailer Neiman Marcus in Dallas, Texas. Published author.</p>	<p>Architect behind the fashion shows, New York advertising for a strictly regional chain, in-store art exhibits, and the Christmas catalog.</p>	<ul style="list-style-type: none"> • Minding the Store. • The Christmas Book. 	<ul style="list-style-type: none"> • It's not a good sale unless it's a good value for the customer. • We are geared to sell the oilman, but even more, the oilman's secretary. • I feel like I'm 80 years young. Make life exciting and you live longer.
<p>Edward Bernays (1891 – 1995)</p> 	<p>Austrian-American pioneer in the field of public relations and propaganda, referred to in his obituary as "the father of public relations". He combined the ideas of crowd psychology with the psychoanalytical ideas of his uncle, Sigmund Freud.</p>	<p>Bernays refined and popularized the use of the press release.</p> <p>Played a major role in defining the PR industry's philosophy and methods.</p>	<ul style="list-style-type: none"> • Propaganda. • The Engineering of Consent. • Biography of an Idea: Memoirs of Public Relations Counsel. • Crystallizing Public Opinion. 	<ul style="list-style-type: none"> • Techniques for manipulating public opinion through the indirect use of "third party authorities" in advertising (bacon sales). • Modern business must have its finger continuously on the public pulse. It must understand the changes in the public mind and be prepared to interpret itself fairly and eloquently to changing opinion.

Where Did Marketing Start?

- **In sales departments!**
- On the base of things sales people didn't want to do:
 1. Didn't want to do systematic consumer research;
 2. Didn't want to find leads (prospects interested in a product or service, who leave their contact information);
 3. Didn't / couldn't make flyers, brochures, promotional material...
- **Companies hired three additional employees, who eventually formed the marketing department.**

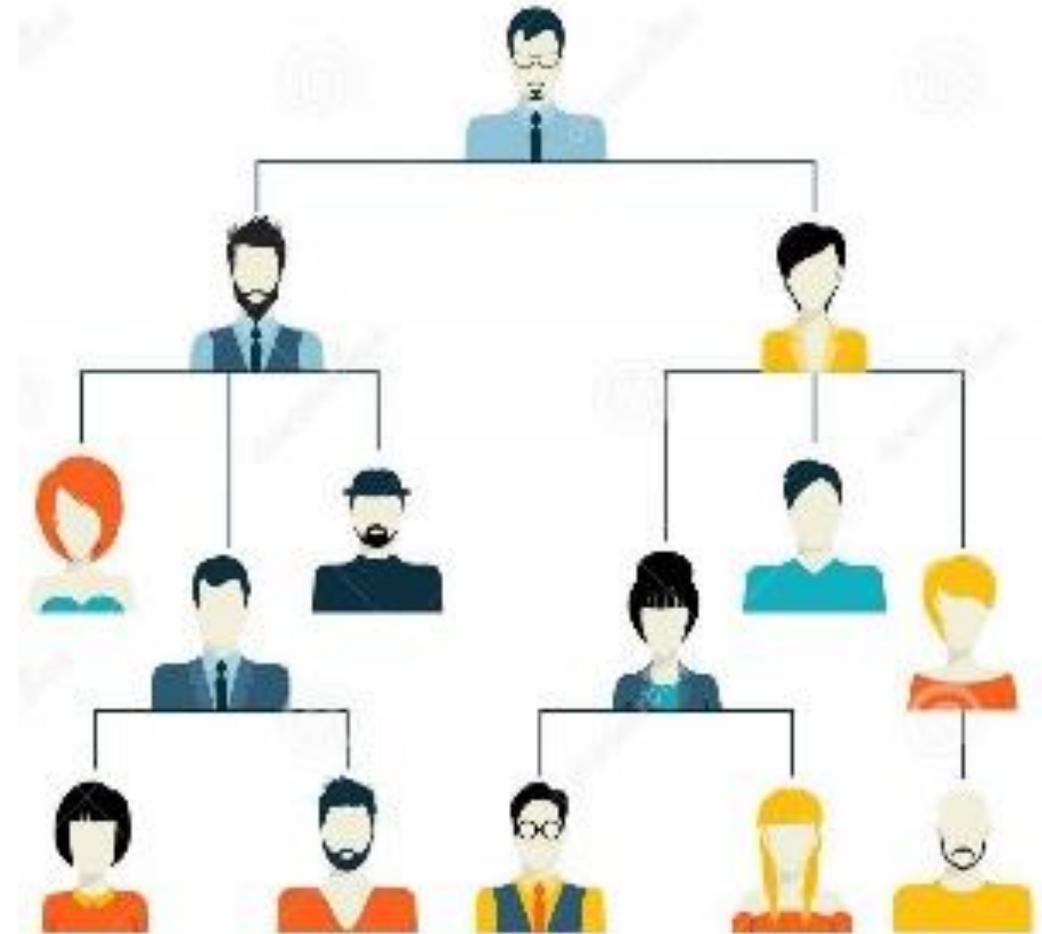


Sales Ready Leads



Job Positions in Today's Marketing Organization

- Chief Marketing Officer (CMO)
- Brand managers
- Category managers
- Market segment managers
- Distribution channel managers
- Pricing managers
- Marketing communication managers
- Database managers
- Direct marketers
- Internet and social – media managers.



The Role of the Chief Marketing Officer

- Represent the **Voice of the Customer (VOC)**.
- Monitor the evolving **marketing landscape** and gather **customer insights**.
- Be the **agent** of the corporate **brand**.
- Upgrade marketing **technology and skills** in the company.
- Bring **insight** into the **corporate portfolio**.
- Measure and account for **marketing financial performance**.

Average time of employment of CMO in a company is around 2 years.

Four Different CEO Views of Marketing

CEO views of marketing

- 1P CEO;



AD Evropa - Skopje

- 4P CEO;



CEO views of marketing

- STP CEO;



Soko Štark (Atlantic Group)



- ME CEO (A. G. Lafley, CEO of P&G).



Mondelēz International (Kraft Foods)





Reality – Truth – Challenge (Why Can't We Make It?)

- **Reality:** Great number of managers of Macedonian enterprises think they have good knowledge of their customers – their wants and needs, buying habits, place of purchase, quantities...
- **Truth:** Only few of these companies actually perform market research or customer analysis.
- **Reality:** The managers of the companies think that they loose customers due to lower prices of competitors or the impact of location.
- **Truth:** The price and the place are not the only way of creating competitive advantage.
- **Challenge:** In saturated markets with a lot of similar products and services, the only way to gain customers is to find a reason **to mean more to them** than the rest.

The Strong and Steady Progress of Marketing

- Commercial marketing



- Place marketing



- Person marketing
(The William Morris Agency)



- Social marketing



- Political marketing
- Fundraising



Without **she**
there is no **he**



HeForShe
UN Women Solidarity Movement
for Gender Equality



Have You Done any Marketing?

- Did you **compete** for a scholarship **with other** candidates?
- Did you apply for a student loan and needed to **establish** your **credibility** and need?
- Did you arrange **your impression** to be most favorable to another person?
- You will compete for a job with other candidates!

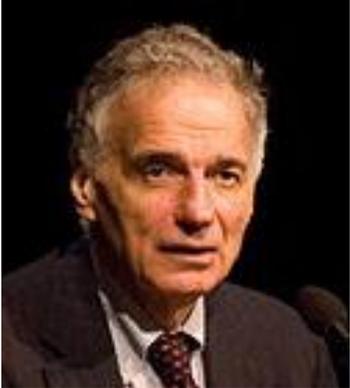
What People Dislike About Marketing?

- **Intrusion and Interruption** (click on the link; banners, flyers in the mail...);
- **Exaggeration:**
“We produce carbonated cola drinks, but we sell happiness”.
- **Deceptive practices** (read the small print).
- **Hard selling or pressure selling** (last in stock; just 1 left...)
- **Buy now, pay later** (giving loans to those who can't afford the product – credit cards).
- **Planned obsolescence** (fashion / Zara and technical products / Apple).
- **Too much choice** (any supermarket).

What People Dislike About Marketing?

- Marketers get consumers to want and **spend more** that they can afford (financial crisis - buying homes with nothing down).
- Creating brand differentiation where **it shouldn't exist** (with commodities – salt, cement, water...)
- Production and sales of goods without considering the resource and **environmental costs** (automotive industry).
- Little consideration of **product safety**.
- Giving the public what it wants without thinking if it is **good or bad** (selling cigarettes – movie “Thank you for smoking”).
- It promotes **materialistic mindset** (“Keeping up with the Joneses”).
- Rare talk of **sane consumption** (Heineken: “Moderate drinkers wanted”).

Critics of Marketing

Person	Ralph Nader 1934 (age 82)	Vance Packard (1914 – 1996)	Naomi Klein 1970 (age 45)	Michael Sandel 1953 (age 63)
Contribution	 <p>American political activist, as well as an author, lecturer, and attorney. Areas of particular concern to Nader include consumer protection, humanitarianism, environmentalism. In his book Unsafe at Any Speed (1965), he claimed that many American automobiles were unsafe to operate. (GM, Ford).</p>	 <p>American journalist, social critic, and author. In The Hidden Persuaders, first published in 1957, Packard explores the use of consumer research and other psychological techniques, including and subliminal tactics, by advertisers to manipulate expectations and induce desire for products.</p>	 <p>Canadian author, social activist, known for her criticism of corporate globalization and of corporate Capitalism. The book No Logo, attacks brand-oriented consumer culture and the operations of large corporations.</p>	 <p>American political philosopher and a professor at Harvard University. the book What Money Can't Buy: The Moral Limits of Markets (2012), which argues some desirable things – such as body organs should not be traded for cash.</p>

JEREMY RIFKIN

THE END OF WORK

The Decline of the Global Labor Force
and the Dawn of the Post-Market Era

FOREWORD BY ROBERT L. HEILBRONER

- Slow growth in population;
- Automated production;
 - Computers;
 - Software and apps;
 - Robotics;
 - 3D printing...

= increasing worldwide unemployment

**What is the relation between
Marketing and Jobs?**

The Other Side of the Coin

Benefits for business:

1. Brands;
2. Identification and differentiation;
3. Gives focus and creates new ways of thinking;
4. Increases profit;
5. Loyal customers;
6. Protects from competition;
7. Entry barriers;
8. Increases negotiating power.
- ...

Benefits for society

1. Strong companies, new jobs and increase in BDP;
2. Increases innovation and competition;
3. Informs and protects consumers;
4. Increases the pressure for social responsibility;
5. Creates a feeling of social and national belonging;
6. Positive effects on the national image of a country. (Germany).

The Other Side of the Coin

Benefits for society

- **Marketing has raised the standard of living** (competition, improved products, increased product information)
- **People don't naturally buy new things** (ice boxes vs. refrigerators, better washing machines...).
- **Marketing is connected with the idea of preserving and building the middle class and its life style.**
- **Social marketing addresses problematic issues** (pollution of the environment, obesity, cancer causing products).
- **It is important for the cultural world** (museums, performing arts: opera, ballet).

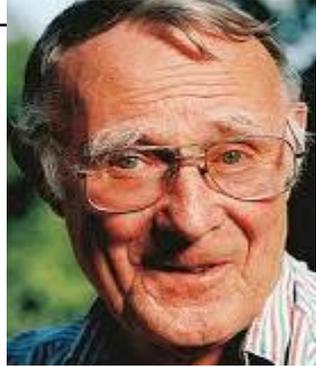
But, don't vote yet!

The Best Marketers

Person

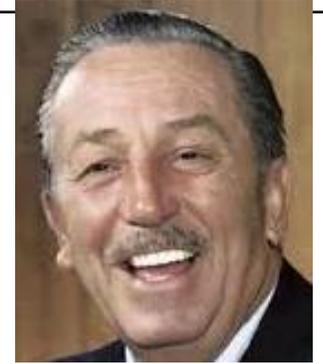
Ingvar Kamprad (IKEA)

Make stylish furniture affordable.



Walt Disney (Walt Disney)

Create magical world for families.



Richard Branson (Virgin Airlines)

Bring excitement in boring industries.



Anita Roddick (The Body Shop)

Embed social activism in business.



Steve Jobs (Apple)

Transform how people enjoy technology.



Bill Gates (Microsoft)

Realize omnipresent computing.

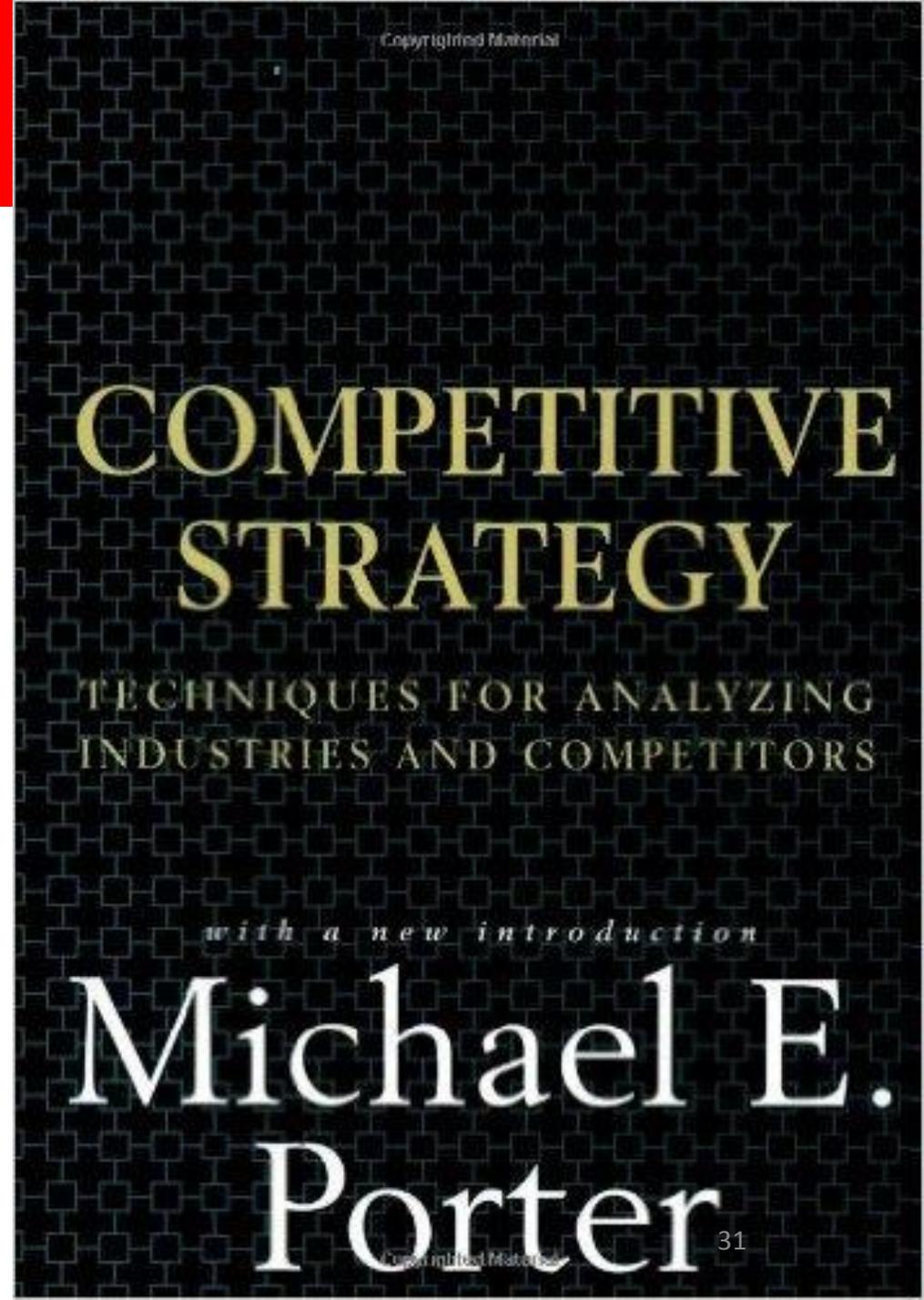


The Marketing Mantra

- CC • (CREATE, COMMUNICATE)
 - DV • (DELIVER VALUE)
 - TP • (TARGET MARKET, at a PROFIT)
-
- To create value is called **product management**;
 - Communicating value is **brand management**;
 - To deliver value is **customer management**;
 - These concepts have changed: previously everything was done inside – secretly and today companies use open technology, open innovation.

What do You Think?

- Who sets your prices?
- Who determines your market share?
- Who determines your profit levels?
- Who determines how fast you grow?
- Who determines your future?
- **Your competitors do!**
- No strategy can be made independent of the enemy! (Brian Tracy)
- Who are your competitors? What do they do? Why do people buy from them? How will they react if you get their customers?



The 4 Principles of Marketing Strategy

1. Specialization

- In your product / service / customer / market area
- McDonalds – offer every product they can to the customer that wants to eat quickly and efficiently;

2. Differentiation;

3. Segmentation;

4. Concentration (focus the energy and resources to the best market segment).

(Brian Tracy)

Differentiation

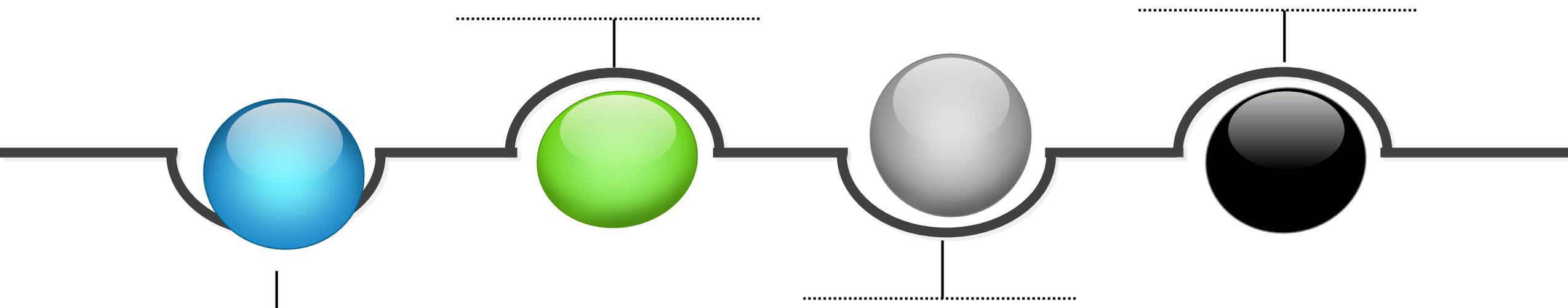
1. Your **competitive advantage** – how, why, where (**Can you say: Quality and service?**);
2. Your **area of excellence**, superiority (**iphone – one button vs. Blackberry**);
3. Your **Unique Selling Proposition** (convenience; customer care); (**ipad - 25 mil. units in the first year– it changed the book retailing industry – 55% from hard copies to e-books**).

What is the USP of a real state agent?

Segmentation

Demographic segmentation divides the market into groups based on variables such as age, gender, family size, income, occupation, race and nationality.

Behavioral segmentation divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product.



Geographic segmentation divides the market into different geographical units such as nations, regions, states, countries or cities.

Psychographic segmentation divides buyers into different groups based on social class, lifestyle, or personality traits. There is always ONE reason why people will buy from you – one need, one fear, one doubt...

How would you **describe** your “perfect customer”? (wants, needs, age, education, position).

CONSUMER PROFILE

Gender: Female

Age: 22-47

Economic Status: Upper class

Income level: \$240,000 or above

Occupation: Actresses, socialites, celebrities, singers, TV presenters, magazine editors, fashion stylists, fashion buyers, CEOs, CFO's

Demographic: upper class women who live in a big city, and are always participating in social activities.

Life Style: daily life includes dinner parties, gala events, press tours, gallery openings

Psychological Profile: Art and jewelry lover, fashion conscious, graceful taste, discriminating buyer, nostalgic. Concerned with her outward appearance.

Hobbies: Social, shopping, reading fashion magazines, watching movies, work out programs such as yoga and Pilates

Consumer Habits: Shopping once a month at least at high-profile retail establishments, fashionable products with good quality and brand history.



Concentration (Targeting)

- Where you **focus** your time, money and resources?
- What are the best possible ways to contact your **ideal customers**?
(think about the **promotional mix**)
- What are the best possible **media**?
(what is your customer reading, listening to, watching... according to Kotler, your business should definitely be at: Facebook; Twitter; YouTube; LinkedIn);
- What are the most powerful **appeals**?

Most Powerful Appeals in Marketing

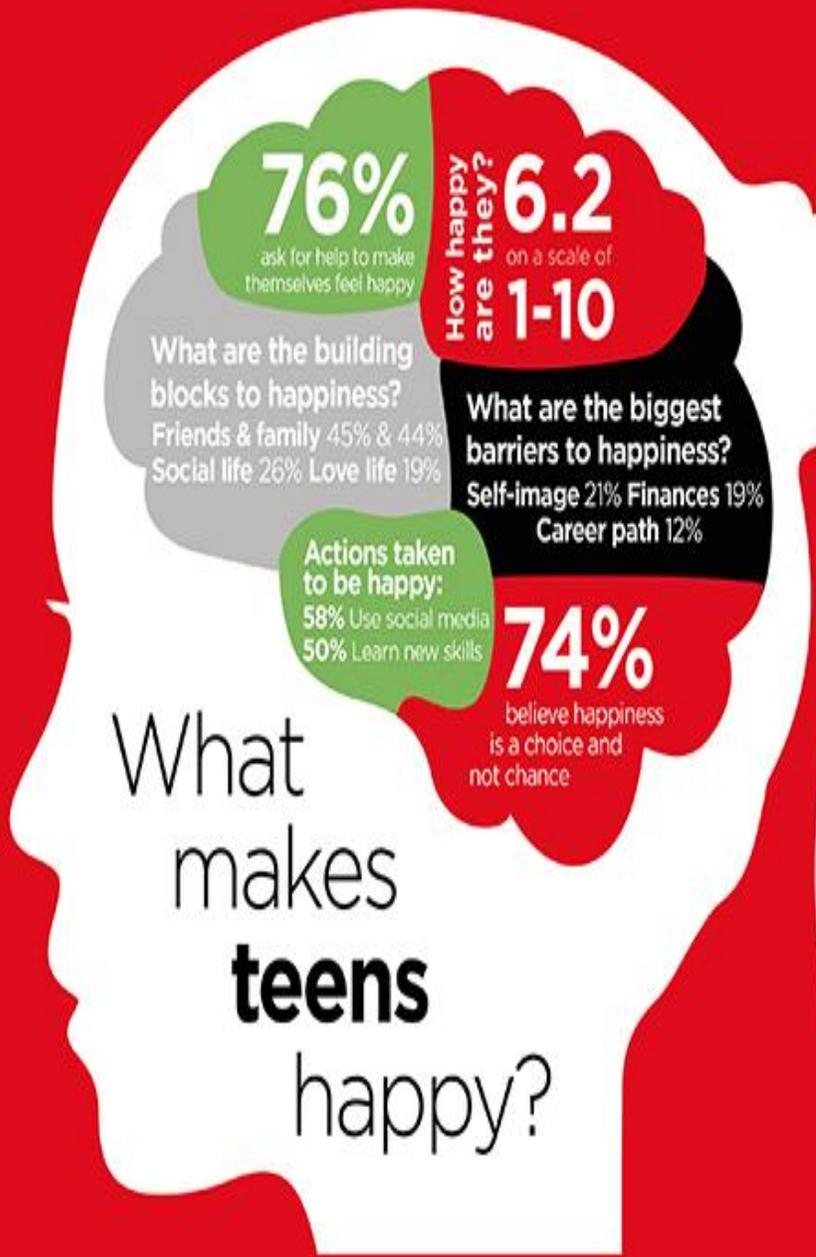
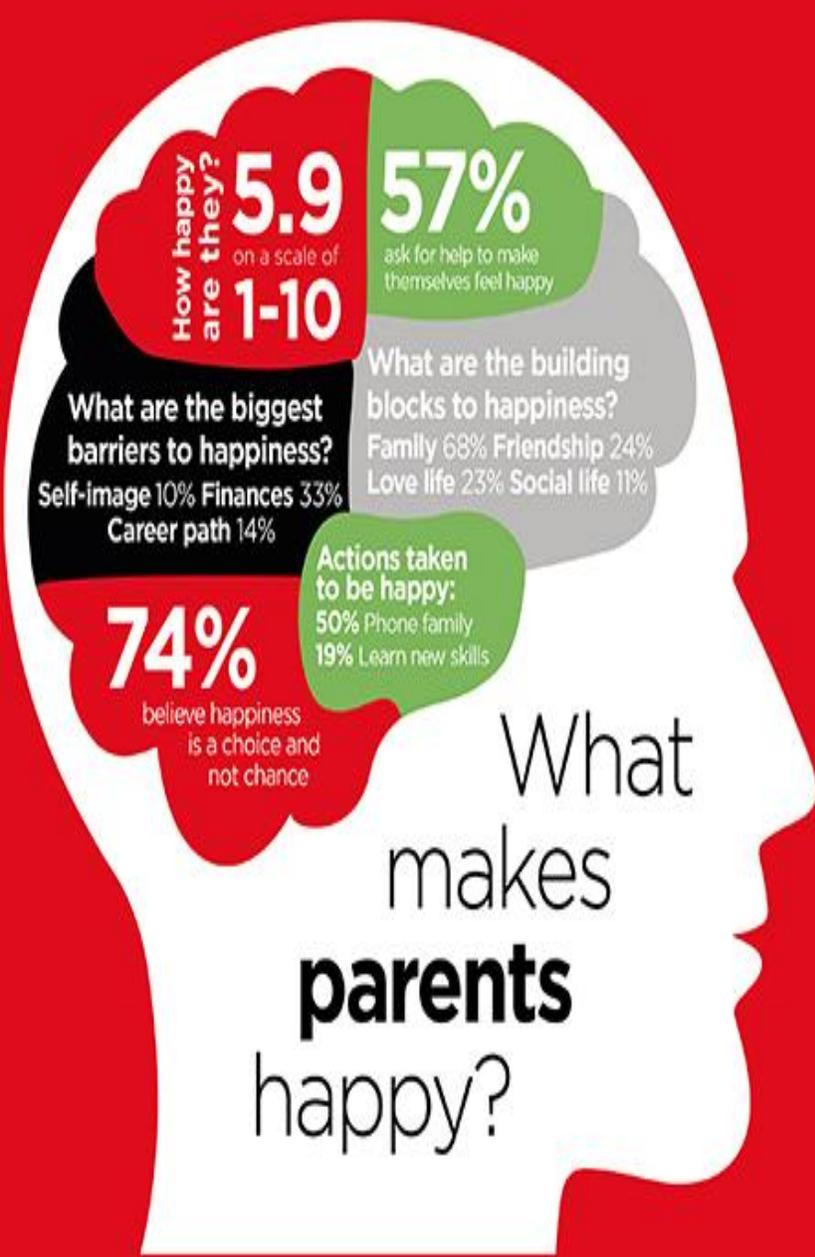
- Your [copywriting](#) should accomplish **two goals**:
 1. make consumers **feel something**,
 2. make them **act** on those feelings.
- Advertisers can achieve success with both rational and emotional appeals.
- The challenge is to know which is right for your product or service.



**YESTERDAY
YOU SAID
TOMORROW**

JUST DO IT.





THE CAN YOU **CAN** share with **YOUR FRIENDS**



The 'Why Generation Z is Choosing Happiness - A Happiness Study' was published by Coca-Cola today. The study researched 3,331 15-19 year olds across eight countries in Europe with a further 532 parents of 15-19 year olds surveyed in the UK.

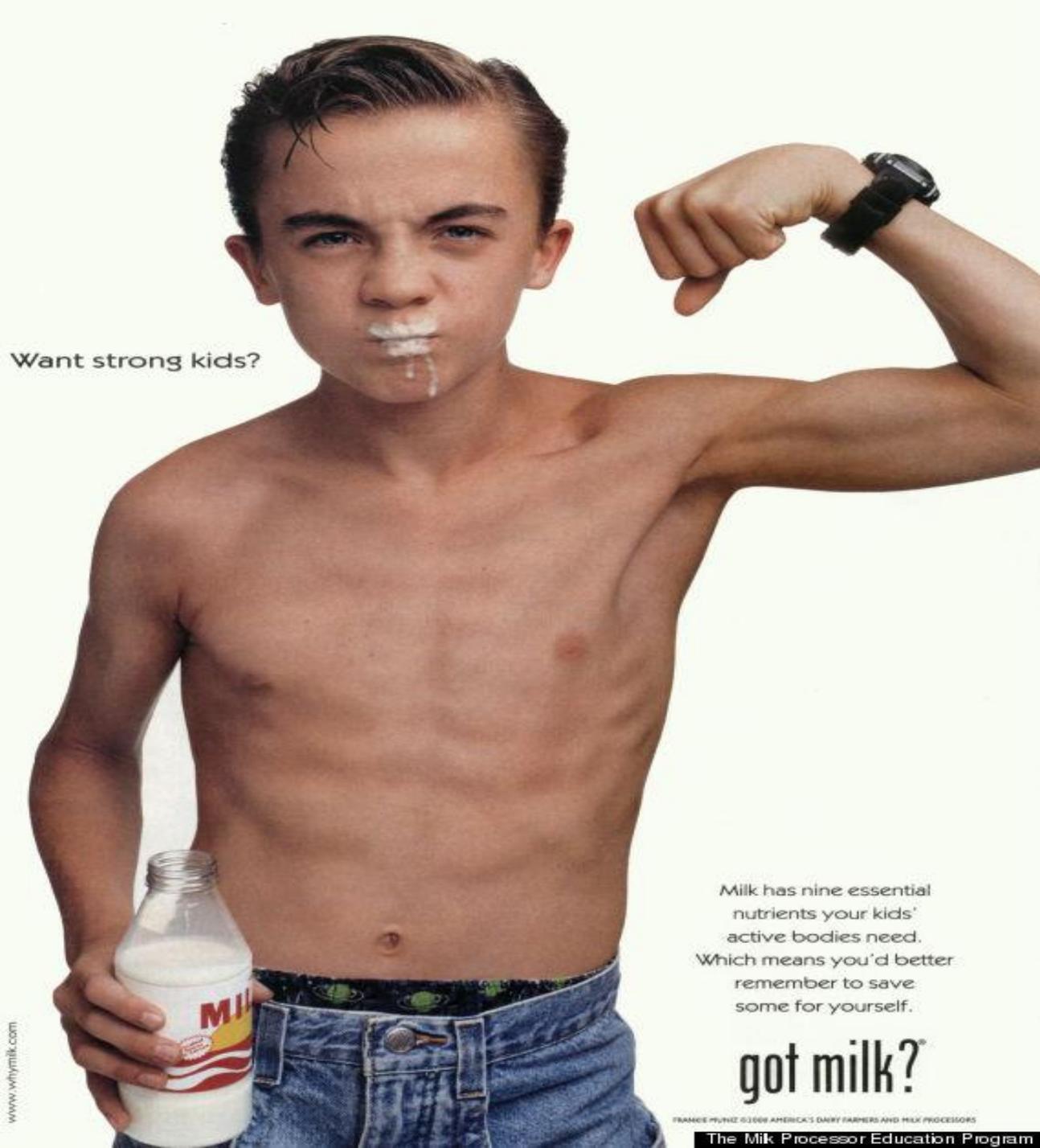


- Steve Jobs: “To me marketing is about values. And even though product, manufacturing processes, distribution, prices...change, values should not change.”
- Who is Apple and what do they stand for?
- Apple is not about making boxes for people to get their jobs done.
- **Core value:** Believing that people with passion can change the world for the better.





Think different.

A young boy with short brown hair is flexing his right bicep. He has a smug expression and a smudge of white milk on his chin. He is shirtless, wearing blue jeans and a black watch on his left wrist. He is holding a glass bottle of milk in his left hand.

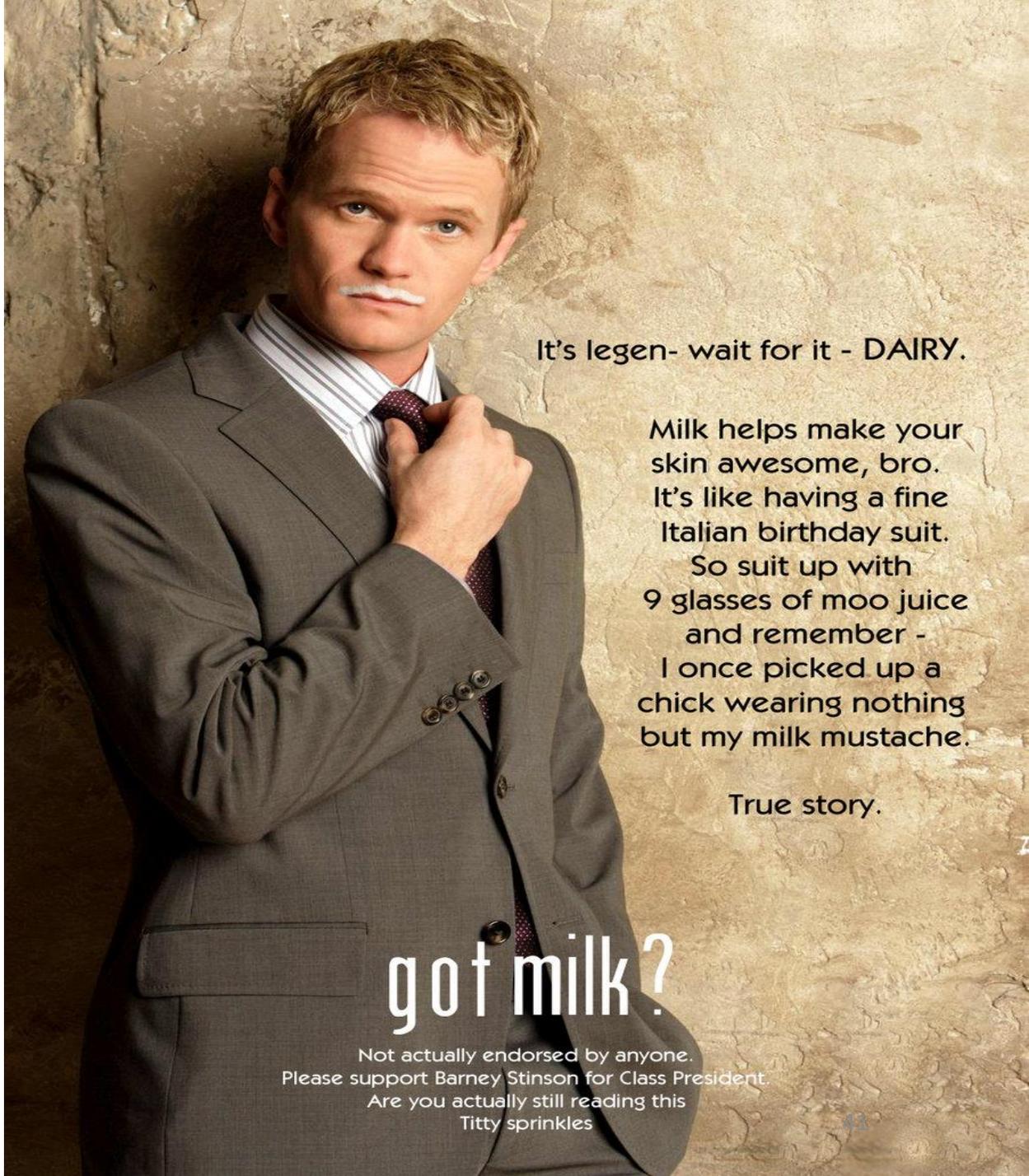
Want strong kids?

Milk has nine essential nutrients your kids' active bodies need. Which means you'd better remember to save some for yourself.

got milk?

FRANKIE MUÑOZ © 2008 AMERICA'S DAIRY FARMERS AND MILK PROCESSORS

The Milk Processor Education Program



It's legen- wait for it - DAIRY.

Milk helps make your skin awesome, bro. It's like having a fine Italian birthday suit. So suit up with 9 glasses of moo juice and remember - I once picked up a chick wearing nothing but my milk mustache.

True story.

got milk?

Not actually endorsed by anyone. Please support Barney Stinson for Class President. Are you actually still reading this Titty sprinkles

Competitive Positioning

- "The process of defining the variables of the marketing mix through which the ideal **consumer** will get a **clear, different and desirable picture** of the product, **in comparison with competing** products" (Grewal and Levy, 2008).
- **Differentiation** from **competitors**.
- **Value** proposition: What do you stand for?
- **Product Dimensions**: What do you do?
- Positioning ≠ Brand image: "We have **the largest** variety of tastes!" vs. "We have **a large** variety of tastes!"

Competitive Positioning Base

- **Value** (the ratio between quality and price);
- The most important **attributes**

objective: choice of flavors, high quality, attractive packaging;

subjective: usefulness, innovation, creativity, fashion, emotion, etc.);

- **Symbols** (logos, names, color or characters used for identification and differentiation);

• **Competitors** (indirect comparison through various elements - name, slogan, market position - first, second.

E.g. 7-Up from Dr. Pepper Snapple Group, in the 1970ties has been promoted as “**the Uncola**”, a unique product in comparison to Pepsi and Coca-Cola...

Techniques for uncovering unsatisfied needs

There are usually **several main motivations in any market**, just a few of which are of real importance to the decision-makers. These dimensions can be viewed as **bipolar scales** along with current offers in the market can be positioned. For e.g.,

**Expensive/
inexpensive**

Strong/mild

Fast/slow

Large/small

**Complex/
simple**

**Garnish/
subtle**

**Masculine/
feminine**

Competitive Positioning Strategies

- Positioning in relation to **broader target market.**
- **Price segment.**
- **Method / situation of use.**



- **Psychographic segment.**
- **Origin.**
- **Distribution channel.**
- **Season.**
- **Human emotions...**



 **Alibaba.com**[®]
Global trade starts here.™

Basic Steps of Competitive Positioning

1. Identifying **consumer perceptions** of the **product** compared with the competing (ways of use, substitution, liking, attraction, replacement of brand);
2. Identification of the **competitors position** (placement on shelves, price category, product category, target group, promotional message);
3. Determination of **consumer preferences (ideal product)**;
4. **Selection of position** (promotion of the chosen position – the benefit, differentiation from competitors, the importance of the difference for the consumer...);
5. **Monitoring** of the strategy (following steps **1. 2. 3.** to identify changes that would require repositioning).

(Grewal and Levy, 2008)

AL RIES and JACK TROUT

THE MARKETING CLASSIC

Over
100 million
copies
in print

POSITIONING

how to be seen
and heard in
the overcrowded
marketplace

THE BATTLE FOR YOUR MIND

**Most of it is about
proper
communication!**

**The rest of it?
Read the book!**

THANK YOU FOR YOUR ATTENTION!

**I  LOVE
MARKETING**

Are you convinced yet?

If not, join me for a cup of coffee 😊