

Pertemuan	Materi
1	Introduction to MP II
2	Perencanaan Strategis Tingkat Korporasi dan Divisi
3	Perencanaan Strategi Bisnis
4	Model Prilaku Konsumen
5	Model Prilaku Pembelian Bisnis
6	Strategi Bersaing 1
7	Strategi Bersaing 2
8	Strategi Pemasaran PLC
UJIAN TENGAH SEMESTER	
9	Pengembangan Produk Baru
10	Merancang Tawaran Pasar Global
11	Merancang dan Mengelola Jasa 1
12	Merancang dan Mengelola Jasa 2
13	Gap Theory / Service Quality I
14	Gap Theory / Service Quality II
15	Mengelola Usaha Eceran
16	Mengelola Usaha Perdagangan Besar
UJIAN AKHIR SEMESTER	

Jadwal Kuliah

Kelas	Waktu	Ruang
D,E & F	Senin, 07.00	A.26
C	Senin, 07.30	A.18
A & B	Selasa, 07.30	A.15

Buku Text Wajib : **Philip Kotler**
Marketing Management,

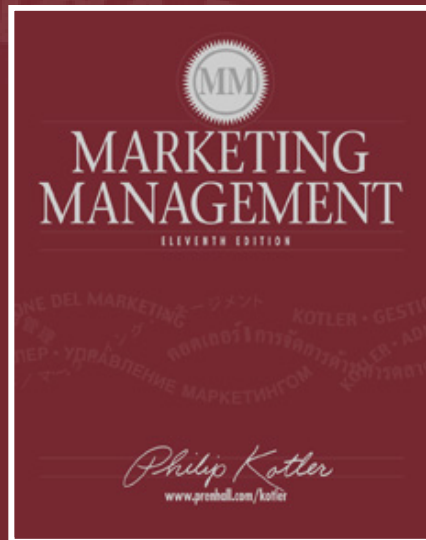
Kontrak Kuliah

- Kehadiran : Minimal 75%
- Nilai UTS dan UAS : 35%
- Tugas dan Quiz : 30 %
- Nilai Tambahan: Partisipasi Kelas, Absensi dan Presentasi
- Pakaian bebas rapi, tidak memakai sandal, tidak memakai celana/rok pendek.
- Keterlambatan maksimal 15 menit.
- Penilaian tugas : tepat waktu, tepat lay out, tepat media, tepat jumlah anggota, tepat jawaban/materi, originalitas.

Winning Markets Through Market-Oriented Strategic Planning

by

Philip Kotler



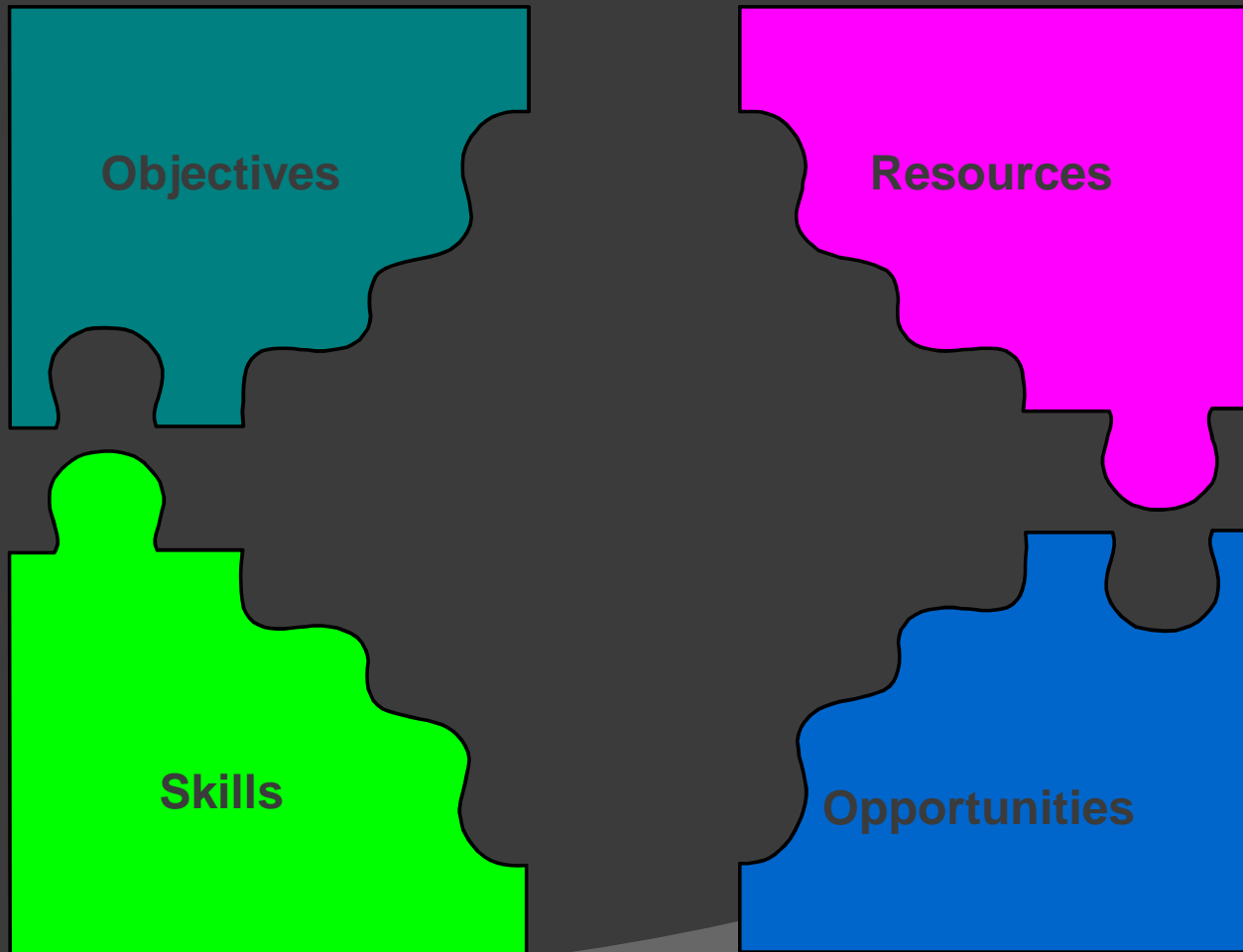
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Kotler on Marketing

*It is more important
to do what is
strategically right
than what is
immediately
profitable.*



Market-Oriented Strategic Planning



Market-Oriented Strategic Planning



Strategic Planning: Three Key Areas and Four Organization Levels

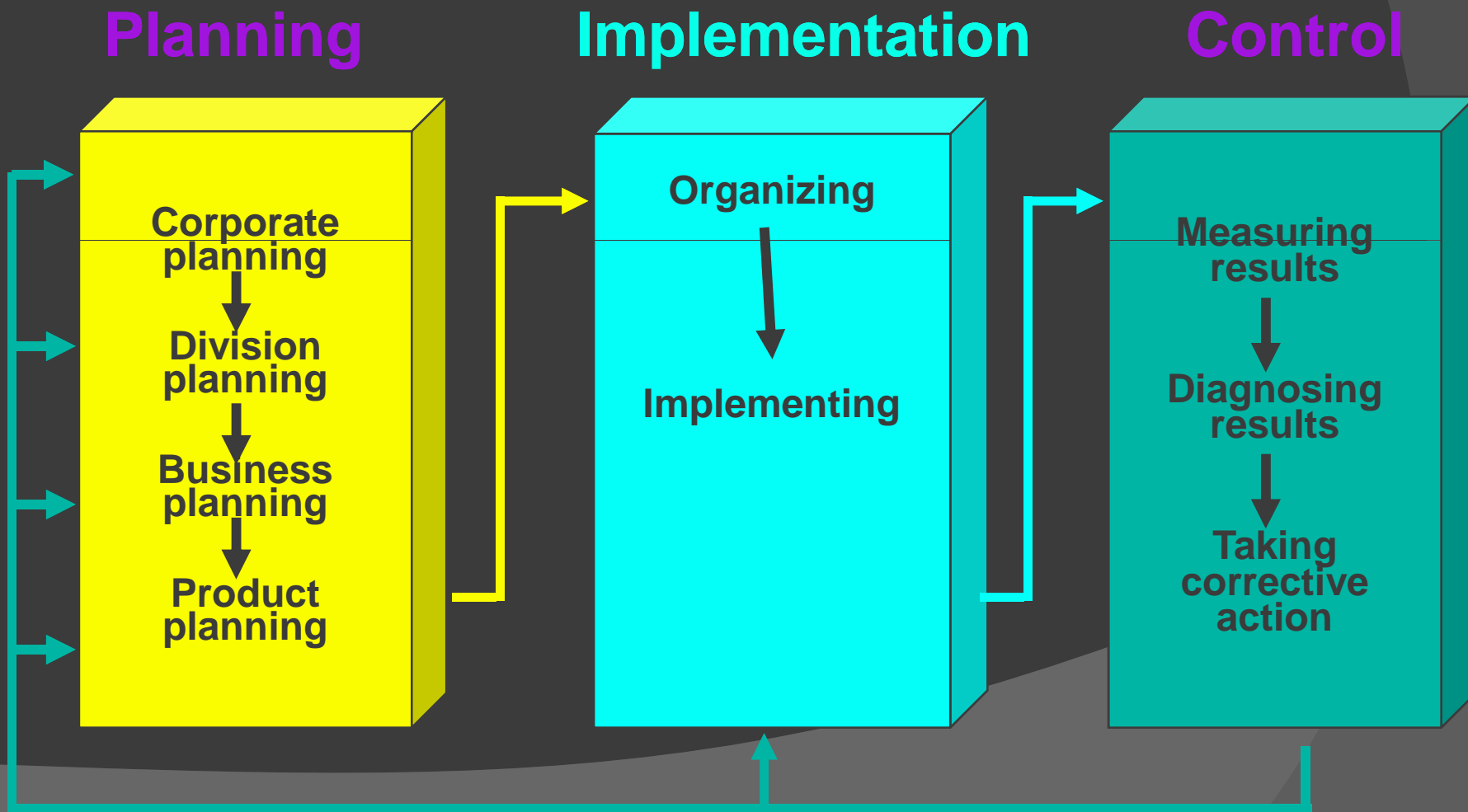
- ⦿ Strategic marketing plan
- ⦿ Tactical marketing plan
- ⦿ Marketing plan

- ▣ Tingkat Korporasi
- ▣ Tingkat Divisi
- ▣ Tingkat Unit Bisnis
- ▣ Tingkat Produk

Corporate and Division Strategic Planning

- All corporate headquarters undertake four planning activities
 - Defining the Corporate Mission
 - Establishing Strategic Business Units (SBUs)
 - Assigning resources to each SBU
 - Planning new businesses, downsizing, or terminating older businesses

Strategic-Planning, Implementation, and Control Process

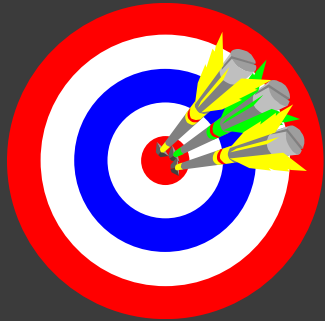


Pada saat manajemen merasa bahwa perusahaan telah bergeser dari misinya, maka manajemen harus memperbaharui tujuannya.

Terdapat lima pertanyaan dasar yang dapat diajukan, yaitu :

- ⦿ What is our business ?
- ⦿ Who is the customer?
- ⦿ What is the value for the customer?
- ⦿ What will our business be?
- ⦿ What should our business be

Good Mission Statements:



Limited number of goals



Stress major policies & values



Define competitive scopes

Corporate and Division Strategic Planning

◉ Defining the Corporate Mission

- Mission statements define which competitive scopes the company will operate in
 - ◉ Industry scope
 - ◉ Products and applications scope
 - ◉ Competence scope
 - ◉ Market-segment scope
 - ◉ Vertical scope
 - ◉ Geographical scope

Corporate and Division Strategic Planning

- Establishing Strategic Business Units (SBUs)

Corporate and Division Strategic Planning

- ◎ Three characteristics of SBUs
 - Single business or collection of related businesses that can be planned for separately
 - Has its own set of competitors
 - Has a manager who is responsible for strategic planning and profit

Table 4.1: Product-Oriented versus Market-Oriented Definitions of a Business

Company	Product Definition	Market Definition
Missouri-Pacific Railroad	We run a railroad	We are a people-and-goods mover
Xerox	We make copying equipment	We help improve office productivity
Standard Oil	We sell gasoline	We supply energy
Columbia Pictures	We make movies	We market entertainment
Encyclopaedia	We sell encyclopedias	We distribute Information
Carrier	We make air conditioners and furnaces	We provide climate control in the home

◎ The Growth-Share Matrix

- Relative market share
- Four Cells
 - Question Marks
 - Stars
 - Cash Cows
 - Dogs

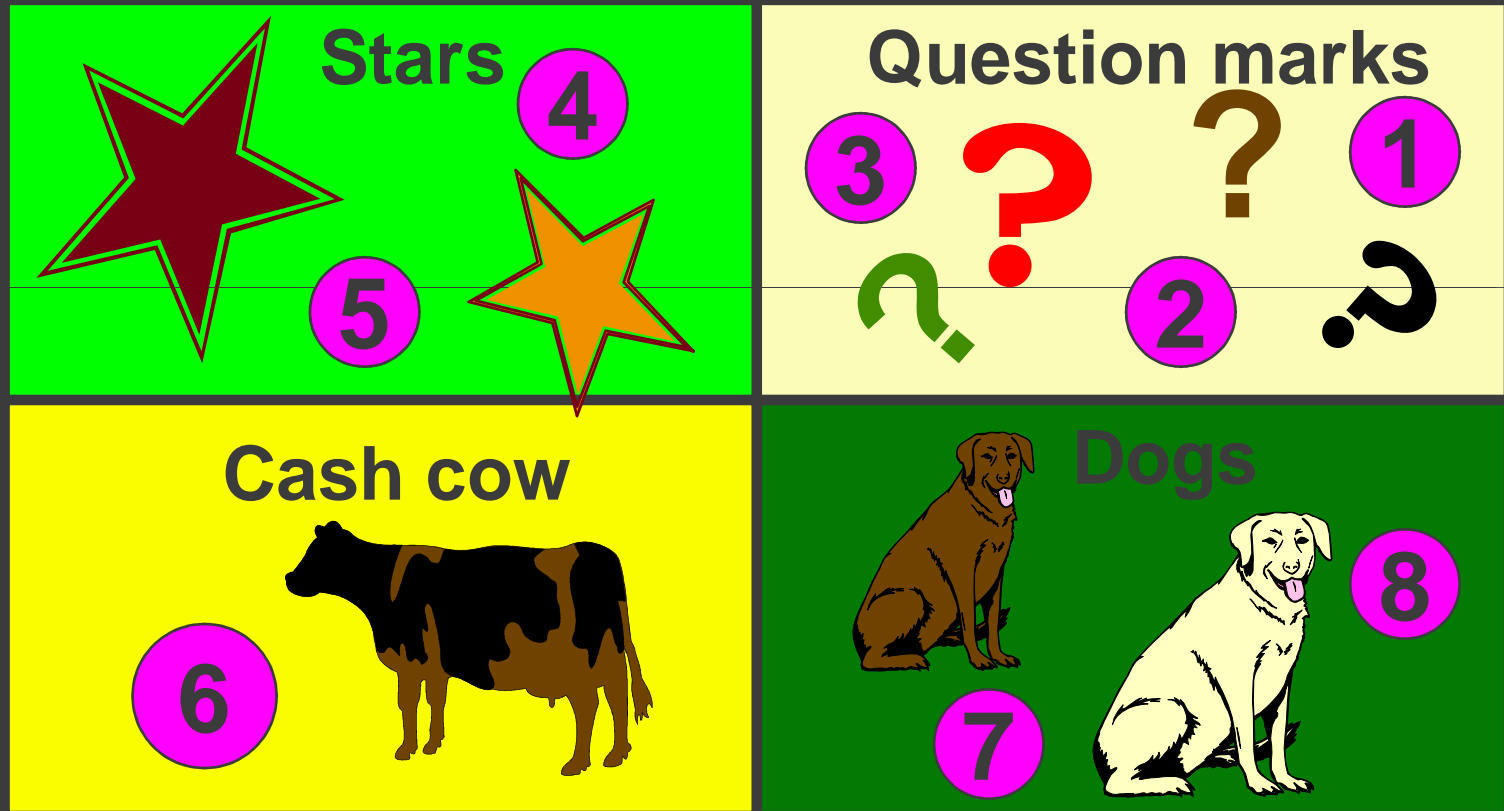
◎ SBU Strategies

◎ SBU Lifecycle

The Boston Consulting Group's Growth-Share Matrix

Market Growth Rate

20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0



10x 4x 2x 1.5x 1x .5x .4x .3x .2x .1x

Relative Market Share

Strategi BCG

- ▣ Kembangkan
- ▣ Pertahankan
- ▣ Panen
- ▣ Lepaskan

Discussion Question

Can you give an example of a “Star” that skipped “Cash Cow”, and went straight to “Dog” status?



Corporate and Division Strategic Planning

- The General Electric Model

Market Attractiveness: Competitive-Position Portfolio Classification

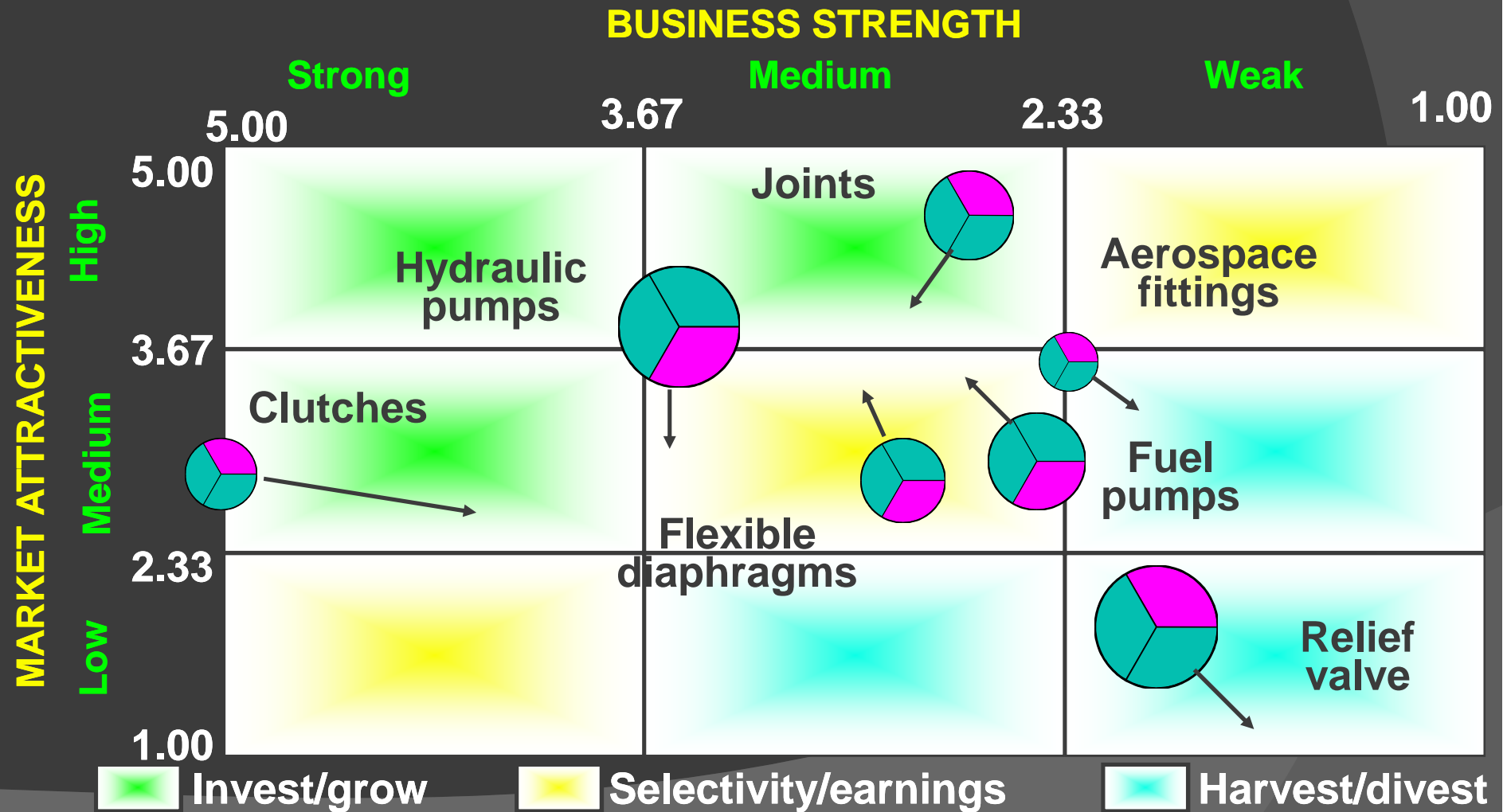


Table 4-2: Factors underlying Market Attractiveness and Competitive Position in GE Multifactor Portfolio Model: Hydraulic-Pumps Market

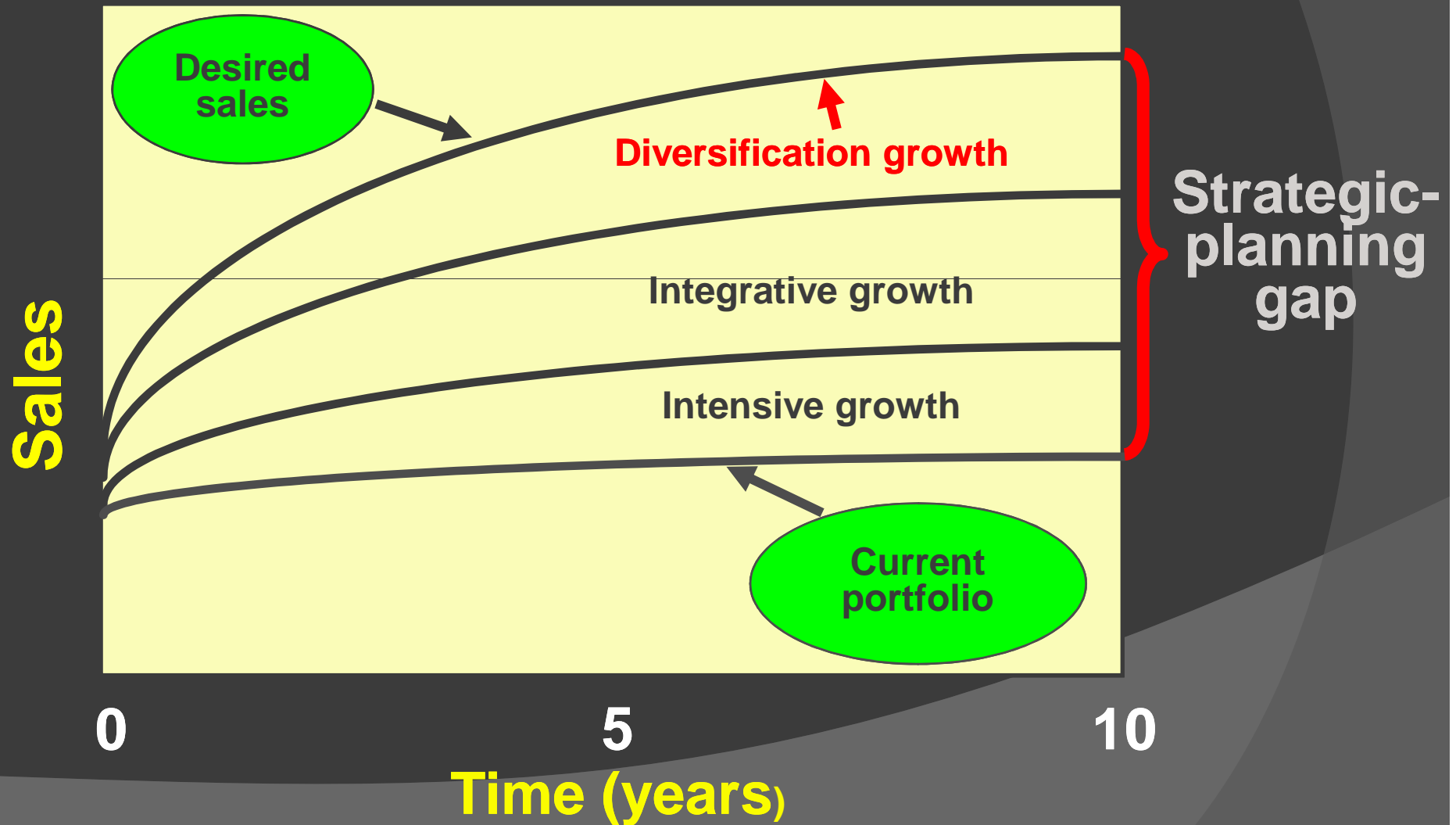
		<u>Weight</u>	<u>Rating =</u> <u>(1-5)</u>	<u>Value</u>
Market Attractiveness	Overall market size	0.20	4	0.80
	Annual market growth rate	0.20	5	1.
	Historical profit margin	0.15	4	0.60
	Competitive intensity	0.15	2	0.30
	Technological requirements	0.15	4	0.60
	Inflationary vulnerability	0.05	3	0.15
	Energy requirements	0.05	2	0.10
	Environmental impact	0.05	3	0.15
	Social-political-legal	Must be acceptable 1.0		
Business Strength	Market share	0.10	4	0.40
	Share growth	0.15	2	0.30
	Product quality	0.10	4	0.40
	Brand reputation	0.10	5	0.50
	Distribution network	0.05	4	0.20

See text for complete table

Corporate and Division Strategic Planning

- Critique of Portfolio Models
- Planning New Businesses,
Downsizing Older Businesses

The Strategic-Planning Gap



Corporate and Division Strategic Planning

- Intensive Growth

Three Intensive Growth Strategies: Ansoff's Product/Market Expansion Grid

	Existing products	New products
Existing markets	1. Market penetration	3. Product development
New markets	2. Market development	4. Diversification

Corporate and Division Strategic Planning

- Integrative Growth
Integrasi vertikal dan horizontal
- Diversification Growth
Konsentris, horizontal, konglomerasi
- Downsizing Older Businesses

STRATEGIES FOR GROWTH OPPORTUNITIES

INTENSIVE GROWTH	INTEGRATIVE GROWTH	DIVERSIFICATION GROWTH
<ol style="list-style-type: none">1. Market Penetration2. Market Development3. Product Development	<ol style="list-style-type: none">1. Backward Integration2. Forward Integration3. Horizontal Integration	<ol style="list-style-type: none">7. Concentric Diversification8. Horizontal Diversification9. Conglomerate Diversification

Discussion Question

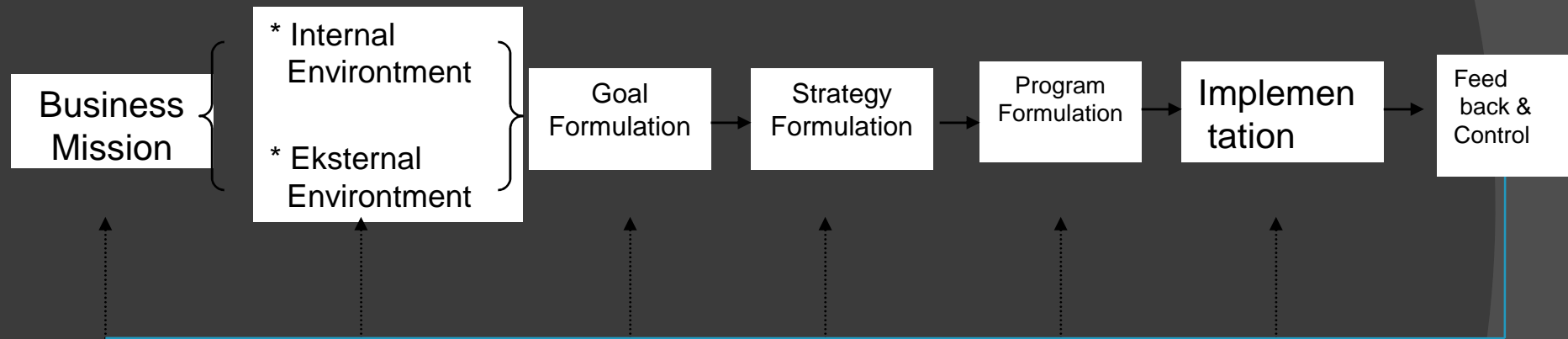
Give an example of a market segment where integrative growth would be preferable to growth through diversification. Explain why one approach is better than the other.



TUGAS

- Buat rangkuman mengenai The General Electric Model
- Tulis tangan

Business Unit Strategic Planning



Business Unit Strategic Planning

- ① Business Mission
- ① SWOT Analysis
 - External Environment Analysis (Opportunity and Threat Analysis)
 - Marketing Opportunity
 - Buying opportunity more convenient or efficient
 - Meet the need for more information and advice
 - Customize an offering that was previously only available in standard form
 - Internal Environmental Analysis (Strength/Weakness Analysis)

Discussion Question

Give some examples of companies that have grown to dominate their market segment by using technology to make buying opportunities more convenient and efficient.



Business Unit Strategic Planning

- Marketing Opportunity Analysis (MOA)
 - Dapatkah manfaat diartikulasikan ke target pasar?
 - Dapatkah target pasar dicapai dengan biaya-efektif media dan saluran perdagangan?
 - Apakah perusahaan memiliki kemampuan kritis untuk memberikan manfaat pelanggan?
 - Perusahaan dapat memberikan manfaat lebih baik daripada pesaing aktual atau potensial?
 - Apakah tingkat pengembalian memenuhi ambang batas investasi yang dibutuhkan?

Figure 4-7: Opportunity and Threat Matrices

(a) Opportunity matrix

		Success Probability	
		High	Low
Attractiveness	High	1	2
	Low	3	4

- Opportunities**
1. Company develops a more powerful lighting system
 2. Company develops a device for measuring the energy efficiency of any lighting system
 3. Company develops a device for measuring illumination level
 4. Company develops a software program to teach lighting fundamentals to TV studio personnel

(b) Threat matrix

		Probability of Occurrence	
		High	Low
Seriousness	High	1	2
	Low	3	4

- Threats**
1. Competitor develops a superior lighting system
 2. Major prolonged economic depression
 3. Higher costs
 4. Legislation to reduce number of TV studio licenses

Business Unit Strategic

Planning

◉ Goal Formation

- ◉ Kemampulabaan / Profitabilitas
- ◉ Pertumbuhan penjualan / Sales Growth
- ◉ Memperbaiki pangsa pasar / Market Share Improvement
- ◉ Memperkecil resiko / Risk Containment
- ◉ Inovasi dan refutasi / Innovativeness and reputation

(Hierarkis, kuantitatif, realistis, konsisten)

Business Unit Strategic Planning

◉ Strategic Formulation

- Strategy

Rumusan tujuan merupakan arah ke mana unit bisnis akan menuju. Sedangkan strategi menjawab bagaimana merencanakan cara untuk mencapai tujuan. Strategi dijabarkan menjadi program spesifik yang akan diimplementasikan secara efektif dan efisien, serta akan dikoreksi jika program gagal mencapai tujuan.

Business Unit Strategic Planning

- ◎ Porter's Generic Strategies
 - Overall cost leadership
 - Differentiation
 - Focus

Business Unit Strategic Planning

- ⦿ Operational Effectiveness and Strategy
 - Strategic group
 - Strategic alliances

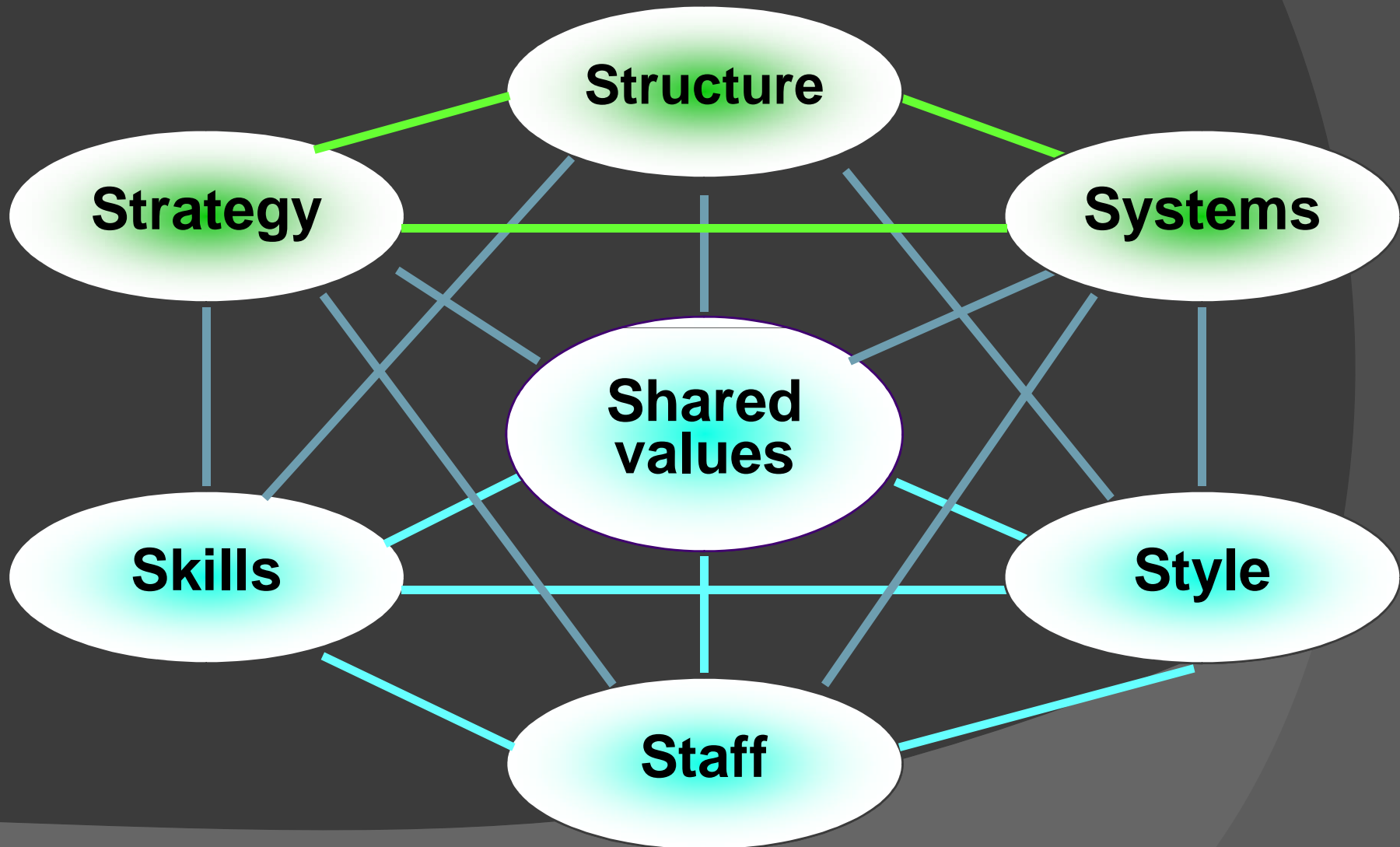
Business Unit Strategic Planning

- ⦿ Marketing Alliances
 - Product or service alliances
 - Promotional alliances
 - Logistical alliances
 - Pricing collaborations
- ⦿ Partner Relationship Management, PRM
- ⦿ Program Formulation and Implementation

Business Unit Strategic Planning

- Implementation

The McKinsey 7-S Framework



Business Unit Strategic Planning

- Program Formulation

Business Unit Strategic Planning

- Feedback and Control

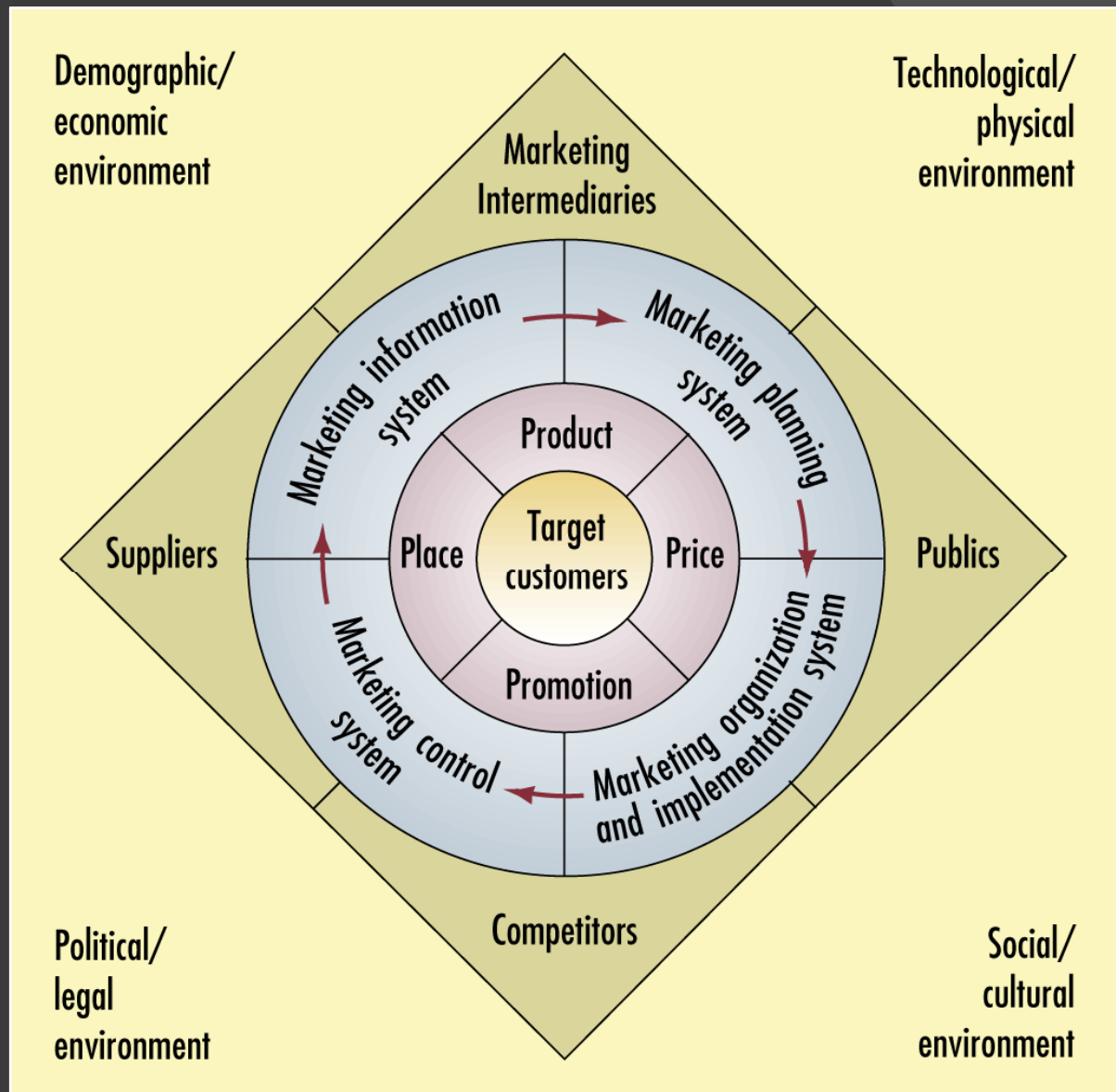
Hubungan antara Pemasaran dan Perencanaan Strategik

<u>Marketing Departement</u>	<u>Strategic Planning Departement</u>
1. Input	2. Strategic Planning Analysis
4. Marketing Plans	3. Business Goal
5. Marketing Execution	6. Result Evaluation

The Marketing Process

- ① Steps in the Planning Process
 - The marketing process
- ② Analyzing Market Opportunities
- ③ Developing Marketing Strategies
- ④ Planning Marketing Programs
- ⑤ Managing the Marketing Effort
 - Annual-plan control
 - Profitability control
 - Strategic control

Figure 4-10:
Factors Influencing
Company Marketing
Strategy



Product Planning: The Nature and Contents of a Marketing Plan

⦿ Contents of the Marketing Plan

- Executive Summary
- Current Marketing Situation
- Opportunity and issue analysis
- Objectives
- Marketing strategy
- Action programs
- Financial projections
- Implementation controls

Product Planning: The Nature and Contents of a Marketing Plan

- Sample Marketing Plan: Sonic Personal Digital Assistant
 - Current Marketing Situation
 - Opportunity and Issue Analysis
 - Objectives
 - Action Programs
 - Financial Projections

Product Planning: The Nature and Contents of a Marketing Plan

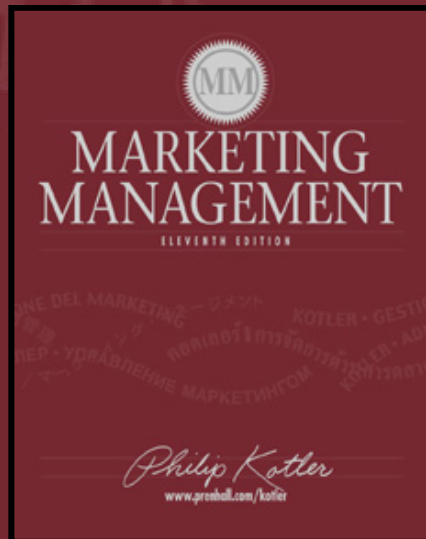
- Implementation Controls
- Marketing Strategy
 - Positioning
 - Product Management
 - Pricing
 - Distribution
 - Marketing Communications
 - Marketing Research

Chapter 7

Analyzing Consumer Markets and Buyer Behavior

by

Philip Kotler



PowerPoint by
Milton M. Pressley
University of New Orleans

Kotler on Marketing

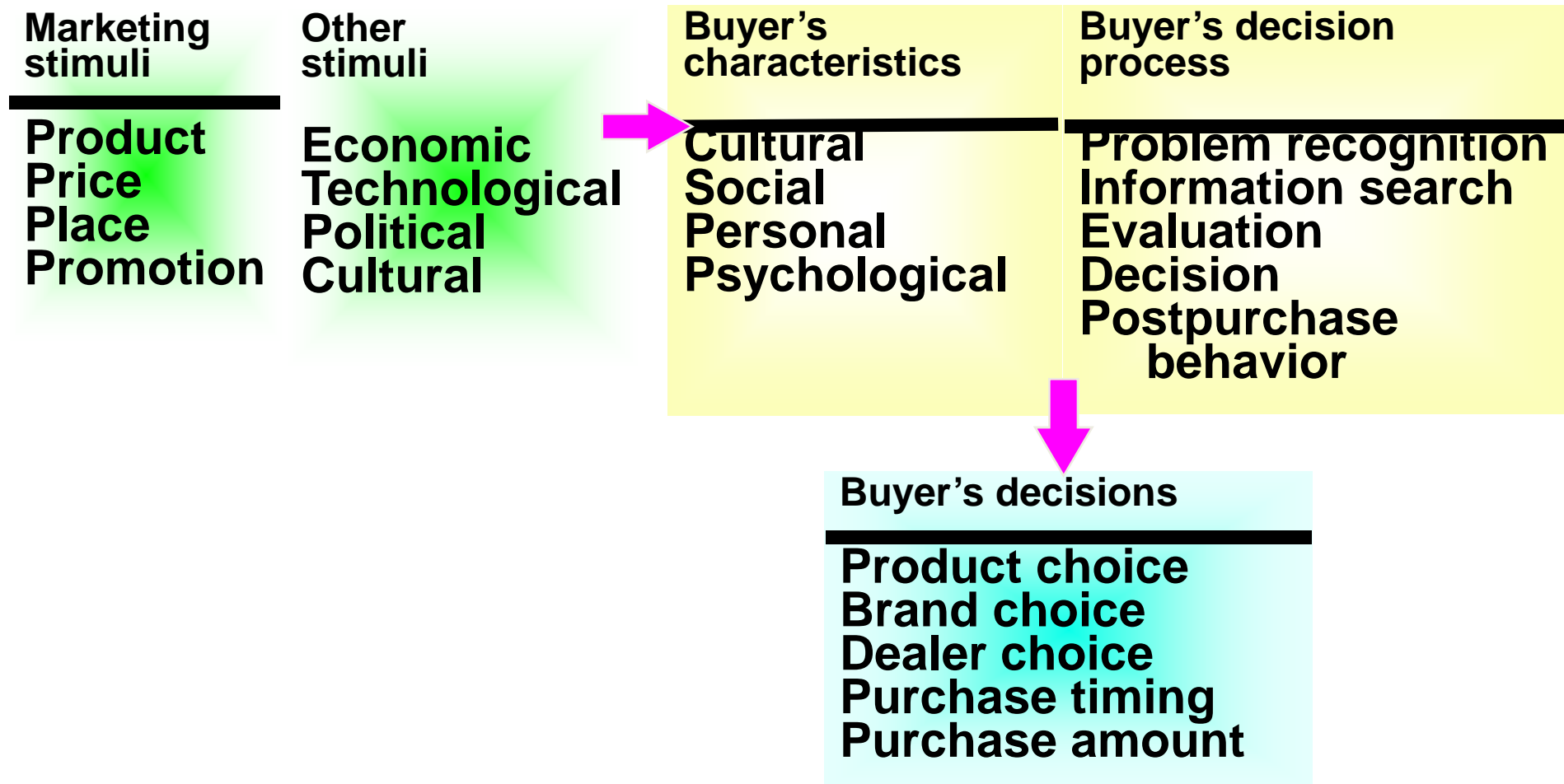
The most important thing is to forecast where customers are moving, and be in front of them.



We believe furniture
can be designed to
guide human behavior.
Example A:



Model of Buying Behavior



Influencing Buyer Behavior

- Consumer Behavior
- Cultural Factors
 - Culture
 - Subcultures
 - Diversity marketing
 - Social class

Influencing Buyer Behavior

- Social Factors

- Reference Groups

- Reference groups

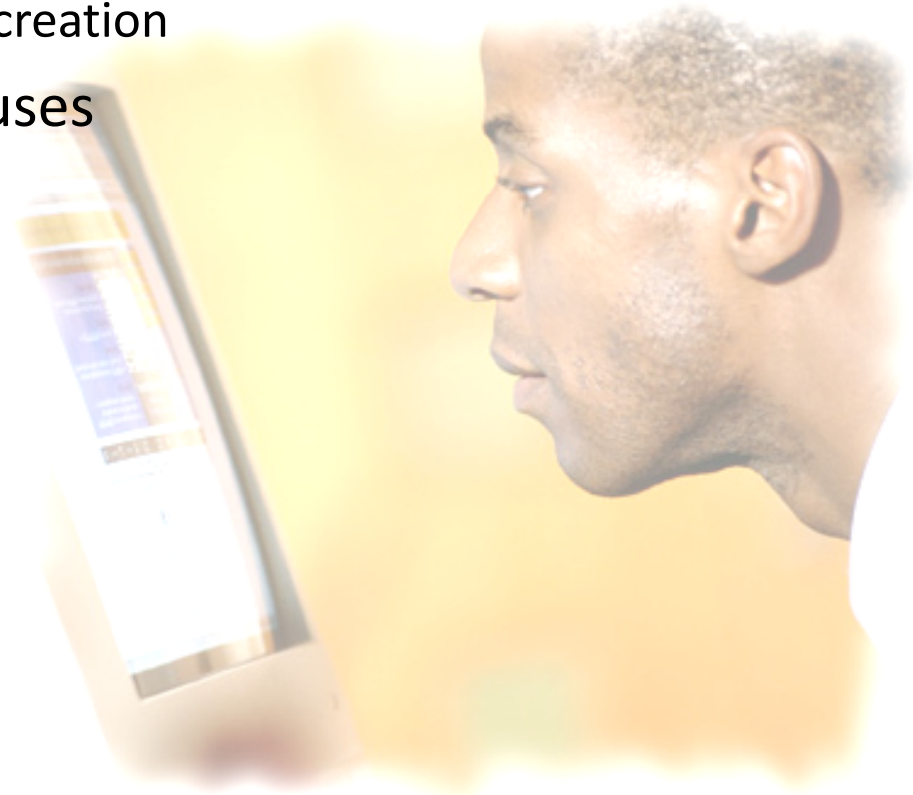
Primary groups, Secondary groups

- Aspirational groups/ingin dimasuki
 - Dissociative groups/ditolak
 - Opinion leader



Influencing Buyer Behavior

- Family
 - Family of orientation
 - Family of procreation
- Roles and Statuses
 - Role/peran
 - Status



Influencing Buyer Behavior

- Personal Factors
 - Age and Stage in the Life Cycle
 - Family life cycle
 - Occupation and Economic Circumstances

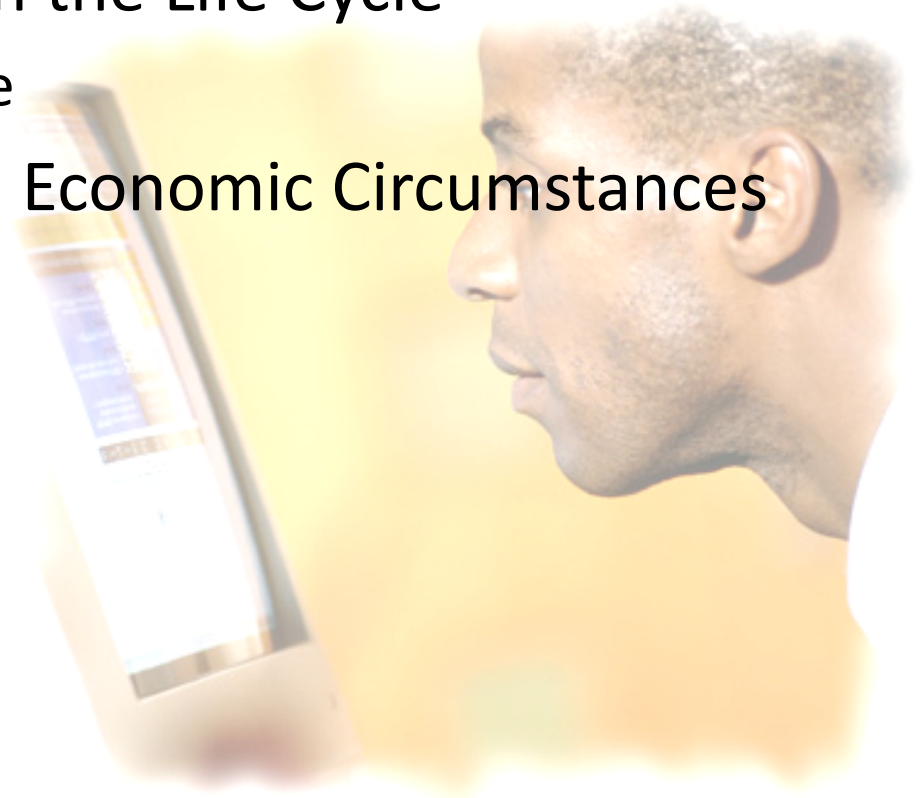
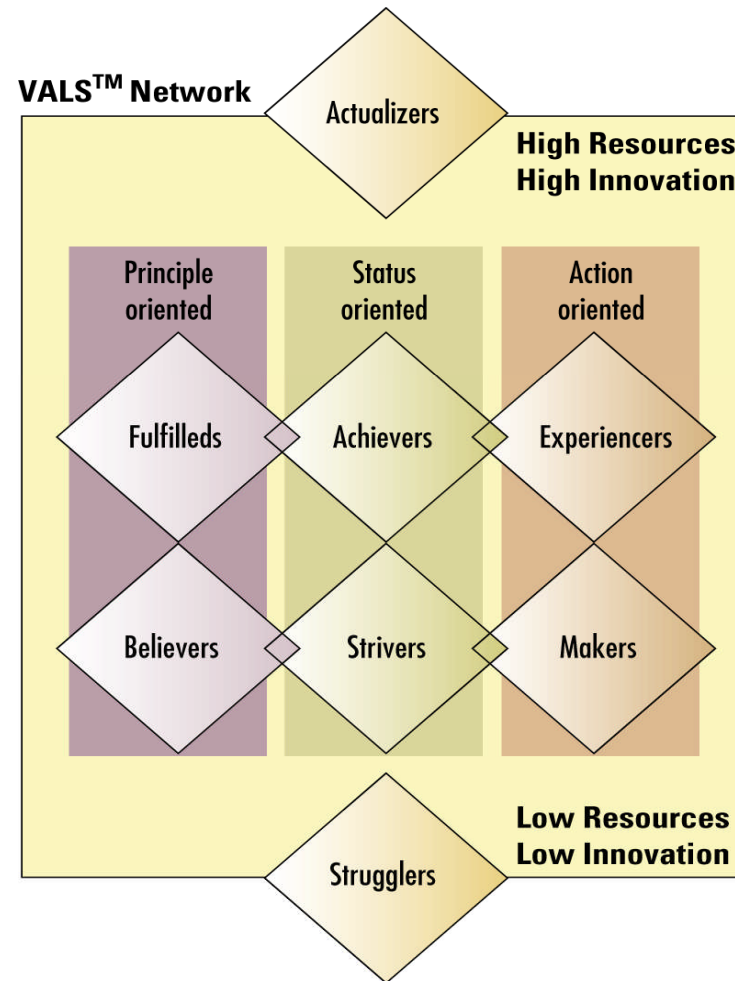


Figure 7.2: The VALS (value n life style) segmentation system:
An 8-part typology

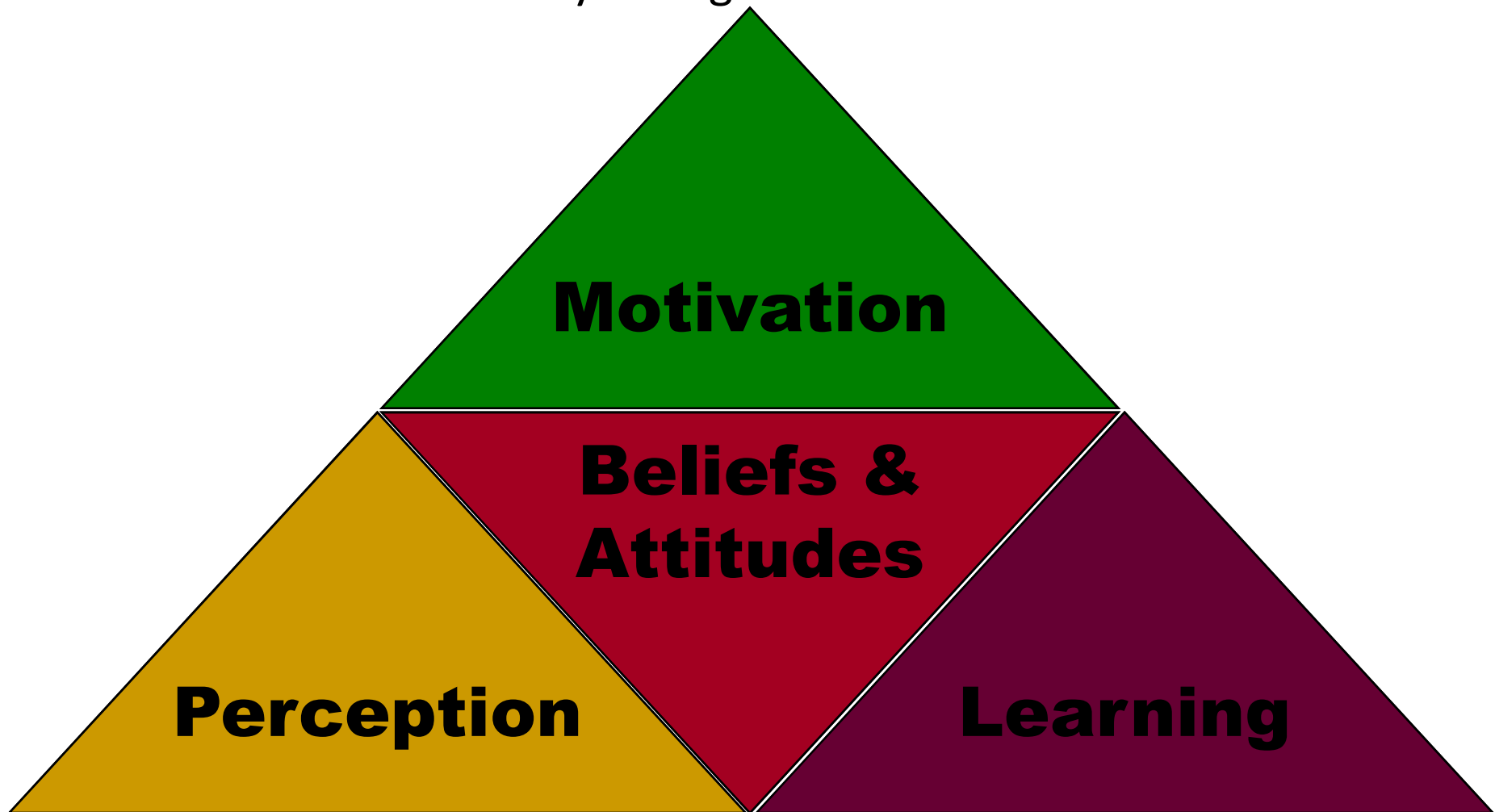
- Groups with High Resources
 1. Actualizers
 2. Fulfilleds
 3. Achievers
 4. Experiencers
- Groups with Lower Resources
 1. Believers
 2. Strivers
 3. Makers
 4. Strugglers



- *Actualizers*: Successful, sophisticated, active, “take-charge” people whose purchases often reflect cultivated tastes for relatively upscale, niche-oriented products.
- *Fulfilleds*: Mature, satisfied, comfortable, and reflective people who favor durability, functionality, and value in products.
- *Achievers*: Successful, career- and work-oriented consumers who favor established, prestige products that demonstrate success.
- *Experiencers*: Young, vital, enthusiastic, impulsive, and rebellious people who spend much of their income on clothing, fast food, music, movies, and video.
- *Believers*: Conservative, conventional, and traditional people who favor familiar products and established brands.
- *Strivers*: Uncertain, insecure, approval-seeking, resource constrained consumers who favor stylish products that emulate the purchases of wealthier people.
- *Makers*: Practical, self-sufficient, traditional, and family-oriented people who favor products with a practical or functional purpose, such as tools and fishing equipment.
- *Strugglers*: Elderly, resigned, passive, concerned, and resource-constrained consumers who are cautious and loyal to favorite brands.

Influencing Buyer Behavior

Psychological Factors



Influencing Buyer Behavior

– Personality and Self-Concept

- Personality
- Brand personality
 - Sincerity /ketulusan
 - Excitement/kegembiraan
 - Competence/kompetensi
 - Sophistication/kecanggihan
 - Ruggedness/kekasaran
- Self-concept
 - Person's actual self-concept
 - Ideal self-concept
 - Others' self-concept



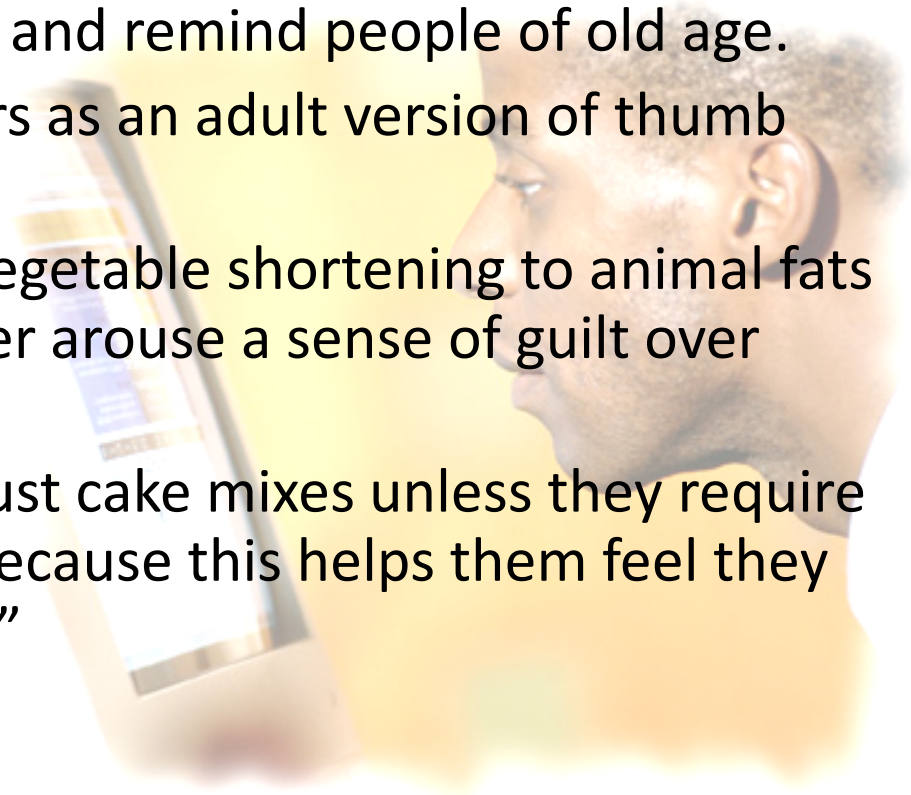
Influencing Buyer Behavior

- Psychological Factors
 - Motivation
 - Motive
 - Freud's Theory
 - Laddering
 - Projective techniques



Influencing Buyer Behavior

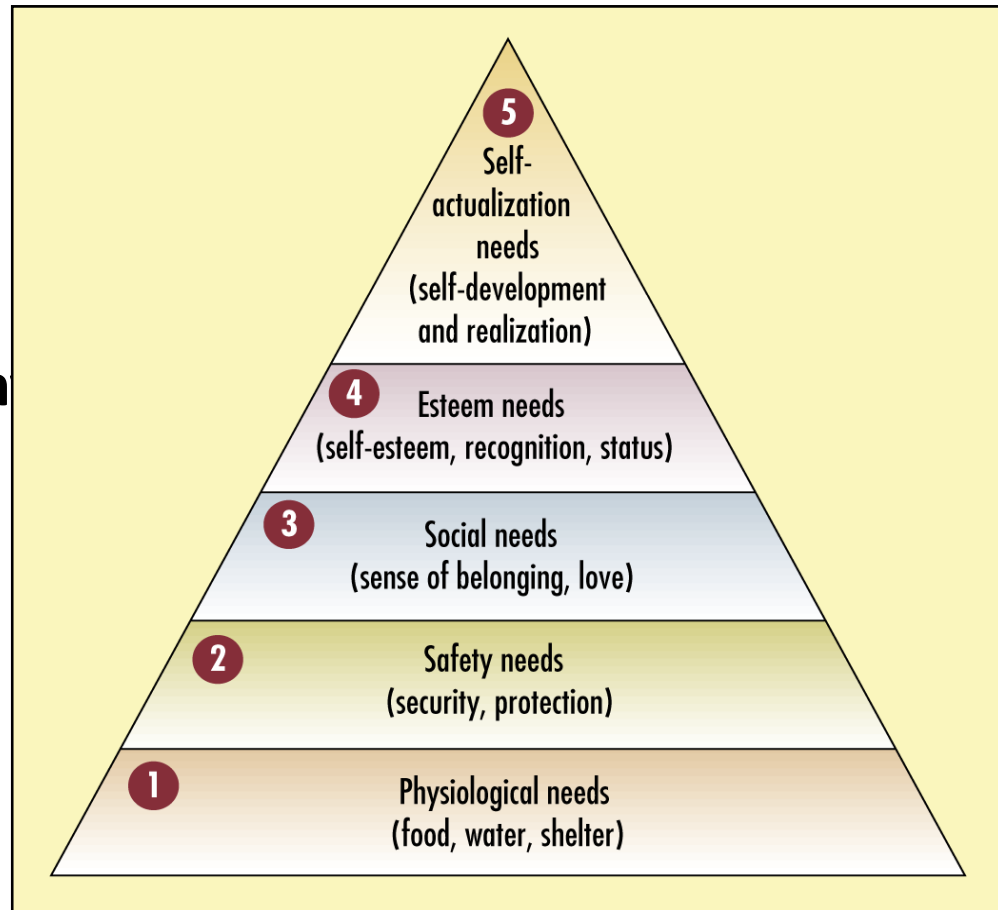
- Ernest Dichter's research found:
 - Consumers resist prunes because prunes are wrinkled looking and remind people of old age.
 - Men smoke cigars as an adult version of thumb sucking.
 - Women prefer vegetable shortening to animal fats because the latter arouse a sense of guilt over killing animals.
 - Women don't trust cake mixes unless they require adding an egg, because this helps them feel they are giving "birth."



Influencing Buyer Behavior

– Maslow's Theory

**Figure 7.3:
Maslow's Hierarchy
of Needs**



Influencing Buyer Behavior

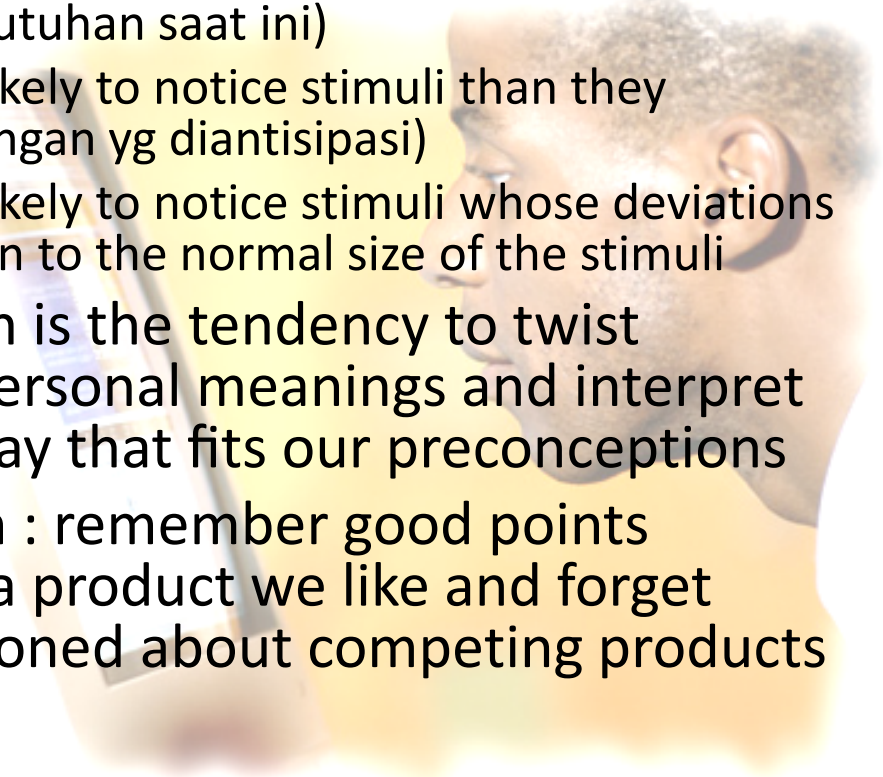
– Herzberg's Theory

- Dissatisfiers
- Satisfiers



Influencing Buyer Behavior

- Perception
 - Selective attention
 - People are more likely to notice stimuli than relate to a current need (kebutuhan saat ini)
 - People are more likely to notice stimuli than they anticipate (rangsangan yg diantisipasi)
 - People are more likely to notice stimuli whose deviations are large in relation to the normal size of the stimuli
 - Selective distortion is the tendency to twist information into personal meanings and interpret information in a way that fits our preconceptions
 - Selective retention : remember good points mentioned about a product we like and forget good points mentioned about competing products



Influencing Buyer Behavior

- Learning
 - Drive/dorongan
 - Cues
 - Discrimination
- Beliefs and Attitudes
 - Belief
 - Attitude

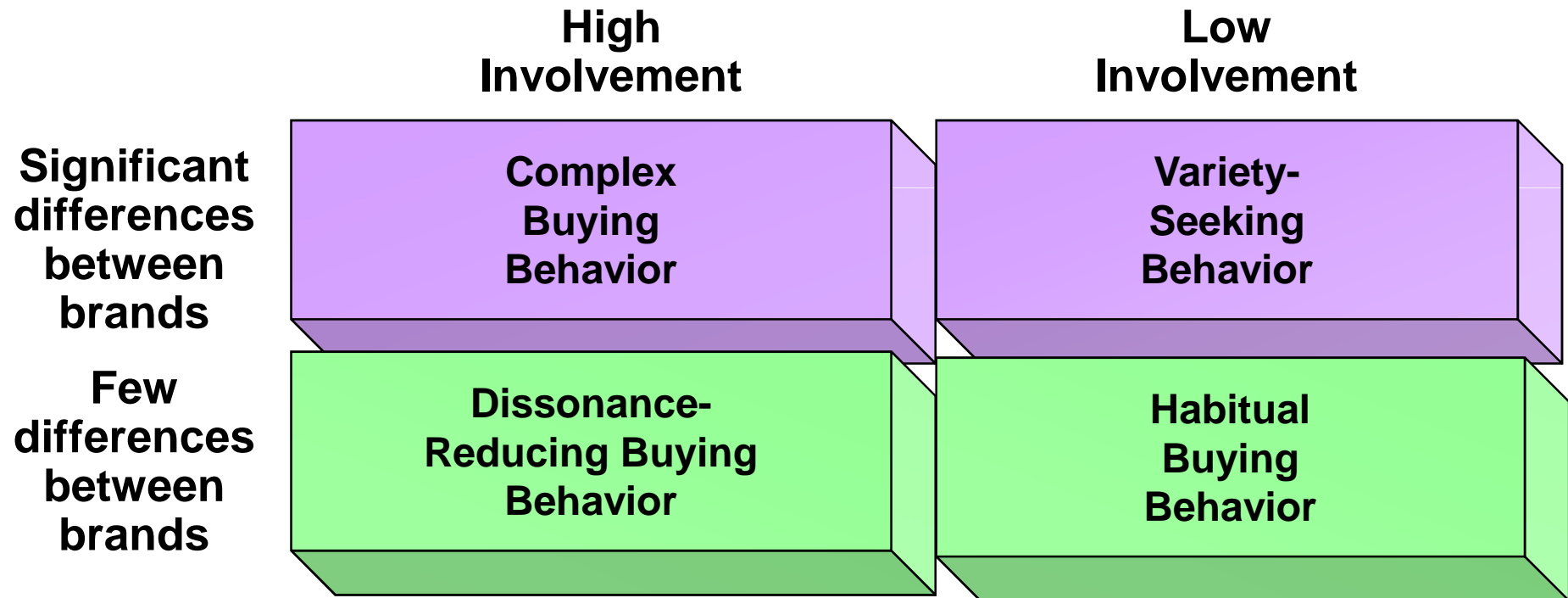


The Buying Decision Process

- Buying Roles
 - Initiator
 - Influencer
 - Decider
 - Buyer
 - User
- Buying behavior



Four Types of Buying Behavior



Stages in the Buying Decision Process

- How marketers learn about the stages:
 - Introspective method
 - Retrospective method
 - Prospective method
 - Prescriptive method
- Understanding by mapping the customer's
 - Consumption system
 - Customer activity cycle
 - Customer scenario
- Metamarket
- Metamediaries



Stages of the Buying Decision Process

- Problem recognition
- Information search
 - Personal sources
 - Commercial sources
 - Public sources
 - Experiential sources

Figure 7.4: Five-Stage Model of the Consumer Buying Process

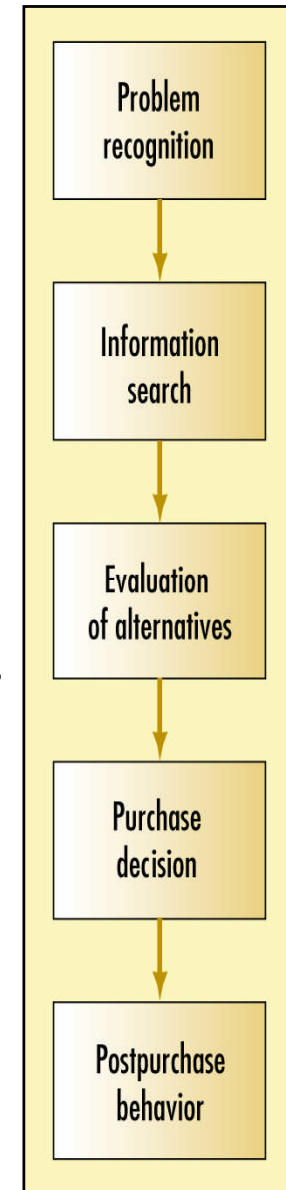
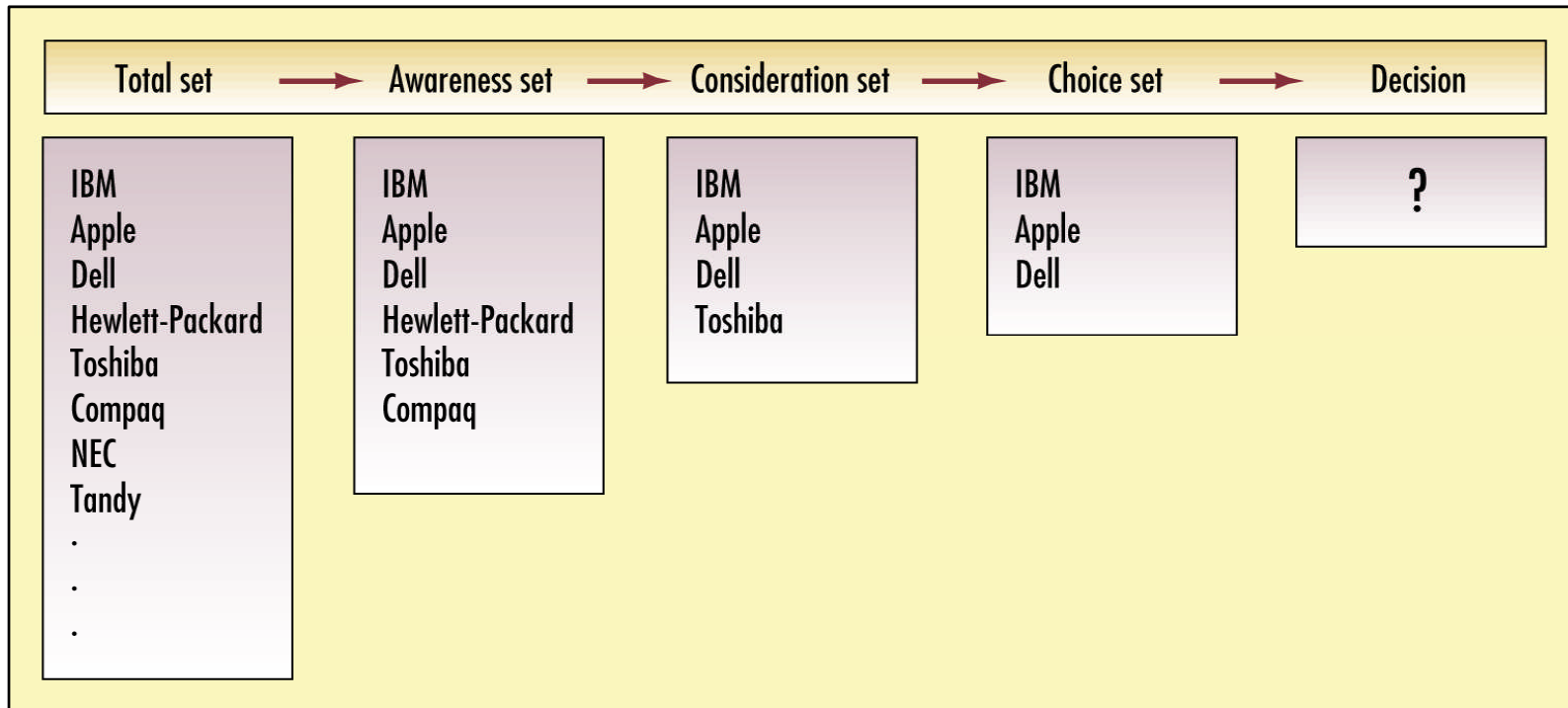


Figure 7.5: Successive Sets Involved in Customer Decision Making



The Buying Decision Process

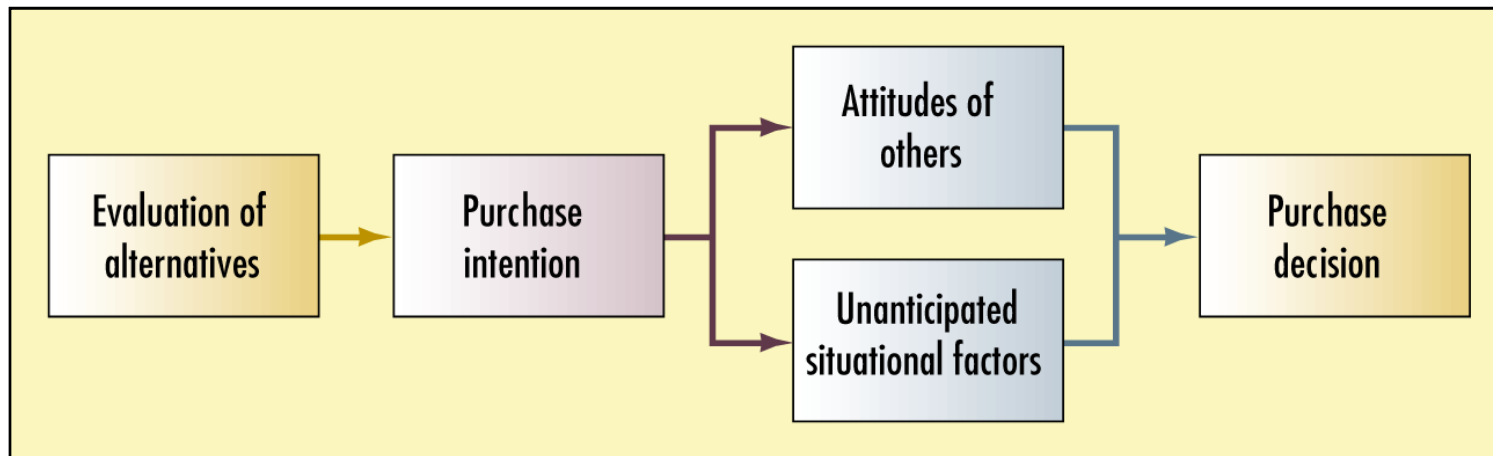
- Evaluation of Alternatives
 - Potential Attributes of interest
 - Cameras
 - Hotels
 - Mouthwash
 - Tires
 - Brand beliefs
 - Brand image



The Buying Decision Process

- Purchase Decision

Figure 7.6: Steps Between Evaluation of Alternatives and a purchase decision



The Buying Decision Process

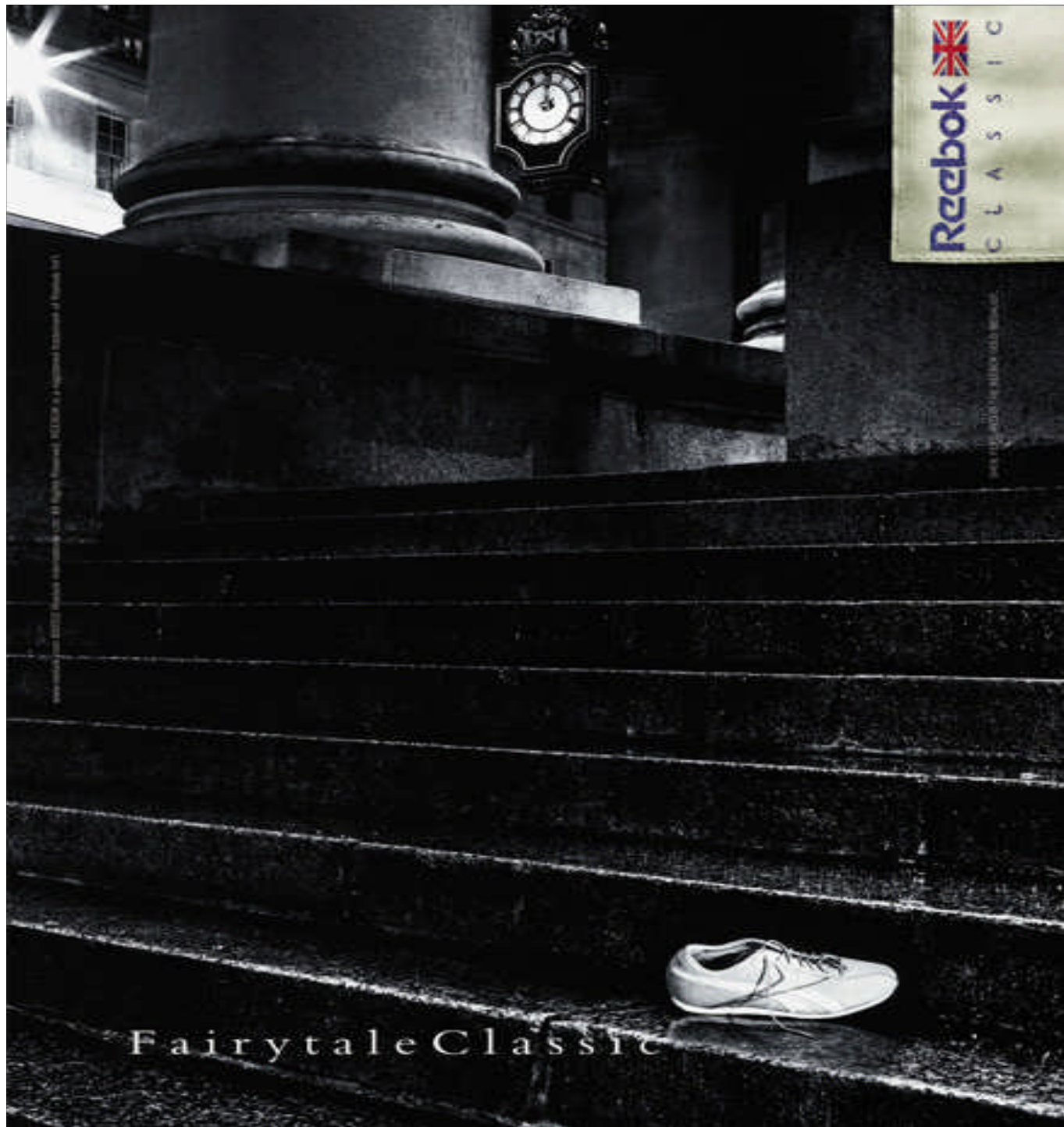
- Informediaries
 - Consumer Reports
 - Zagats
- Unanticipated situational factors
- Perceived risk
- Brand decision
- Vendor decision
- Quantity decision
- Timing decision
- Payment-method decision



The Buying Decision Process

- Postpurchase Behavior
 - Postpurchase Satisfaction
 - Disappointed
 - Satisfied
 - Delighted
- Postpurchase Actions
 - Postpurchase Use and Disposal





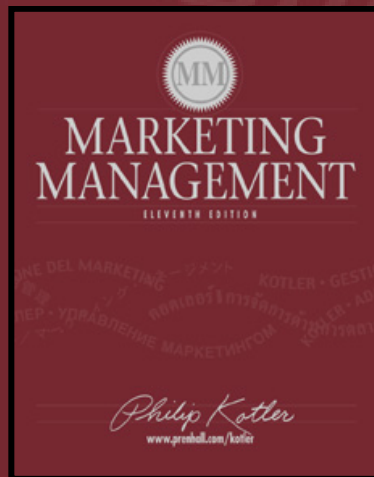
Persepsi
anda
terhadap
iklan ini?

Chapter 8

Analyzing Business Markets and Business Buying Behavior

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Kotler on Marketing

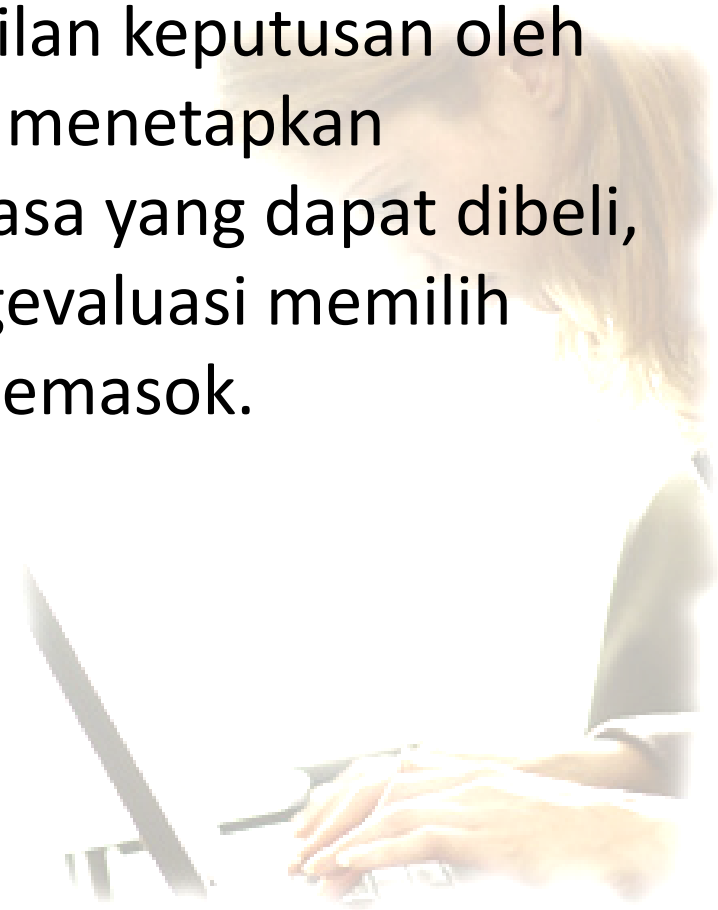
*Many businesses
are wisely
turning their
suppliers and
distributors into
valued partners.*



What is Organizational Buying?

- Organizational buying

Adalah proses pengambilan keputusan oleh organisasi formal dalam menetapkan kebutuhan barang dan jasa yang dapat dibeli, diidentifikasi, mengevaluasi memilih diantara alternatif dan pemasok.



Kajian Konsep (1)

- Pasar bisnis dan pasar konsumen mempunyai beberapa kemiripan
- Sebagai contoh, keduanya melibatkan orang-orang dalam peran pembelian yang membuat keputusan pembelian untuk memutuskan kebutuhan
- Tetapi pasar bisnis juga mempunyai banyak perbedaan dibandingkan pasar konsumen

Kajian Konsep (2)

- Satu hal yang jelas, pasar bisnis adalah pasar yang *sangat besar*, jauh lebih besar daripada pasar konsumen
- Di Amerika Serikat saja, pasar bisnis meliputi organisasi yang membeli barang dan jasa bernilai triliunan dolar setiap tahunnya

Perilaku Pembeli Bisnis

- *Perilaku pembeli bisnis* mengacu pada perilaku pembelian organisasi yang membeli barang dan jasa untuk digunakan dalam produksi produk atau jasa lain yang dijual, disewakan, atau dipasok ke pihak lain
- Perilaku pembeli bisnis juga mencakup perilaku perusahaan pengecer dan grosir yang mendapatkan barang untuk dijual kembali atau menyewakan barang kepada pihak lain untuk mendapatkan laba

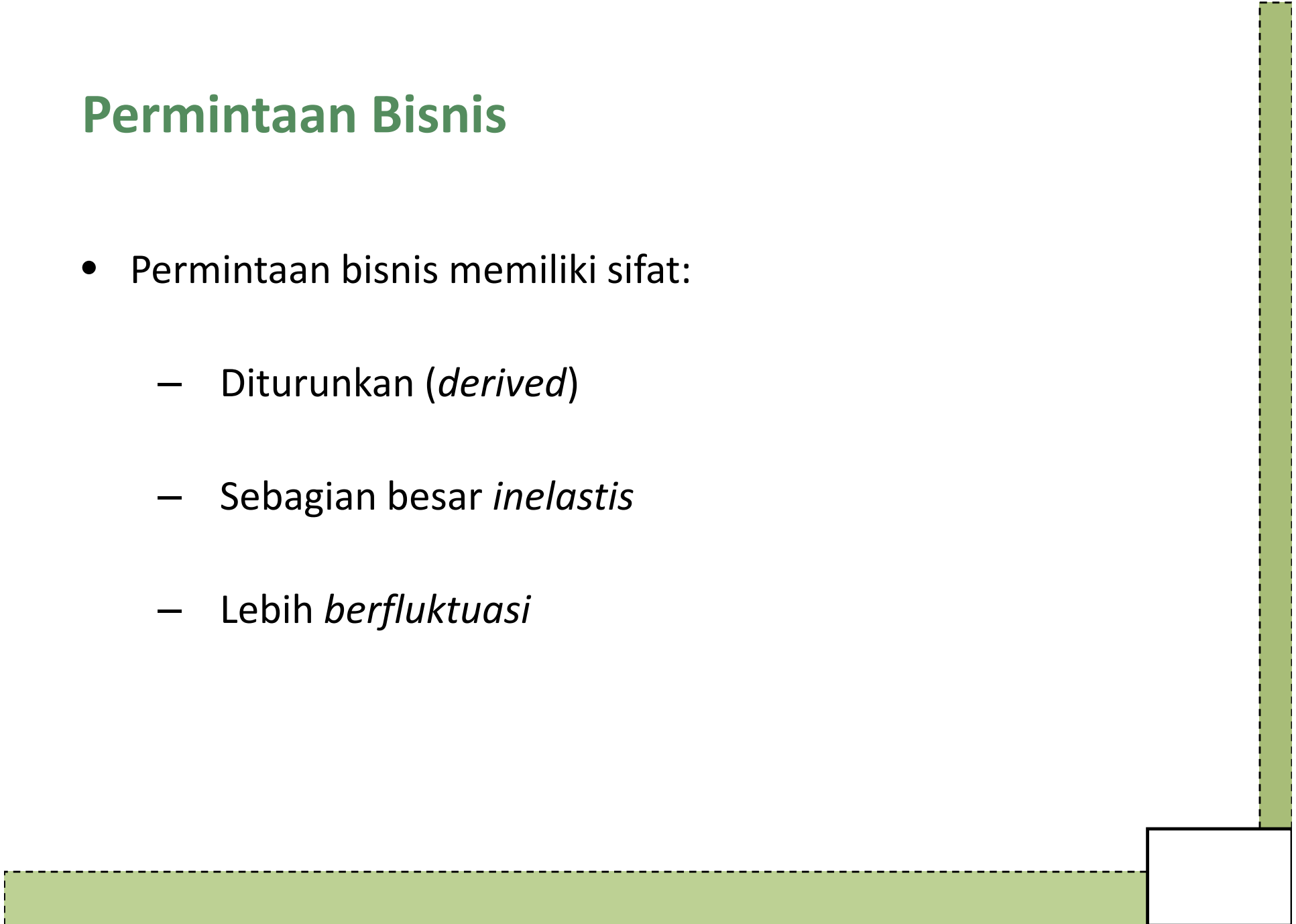
Pasar Bisnis

Jika dibandingkan dengan pasar konsumen, pasar bisnis biasanya mempunyai jumlah pembeli yang lebih sedikit, tetapi berkapasitas lebih besar, yang terkonsentrasi secara geografis



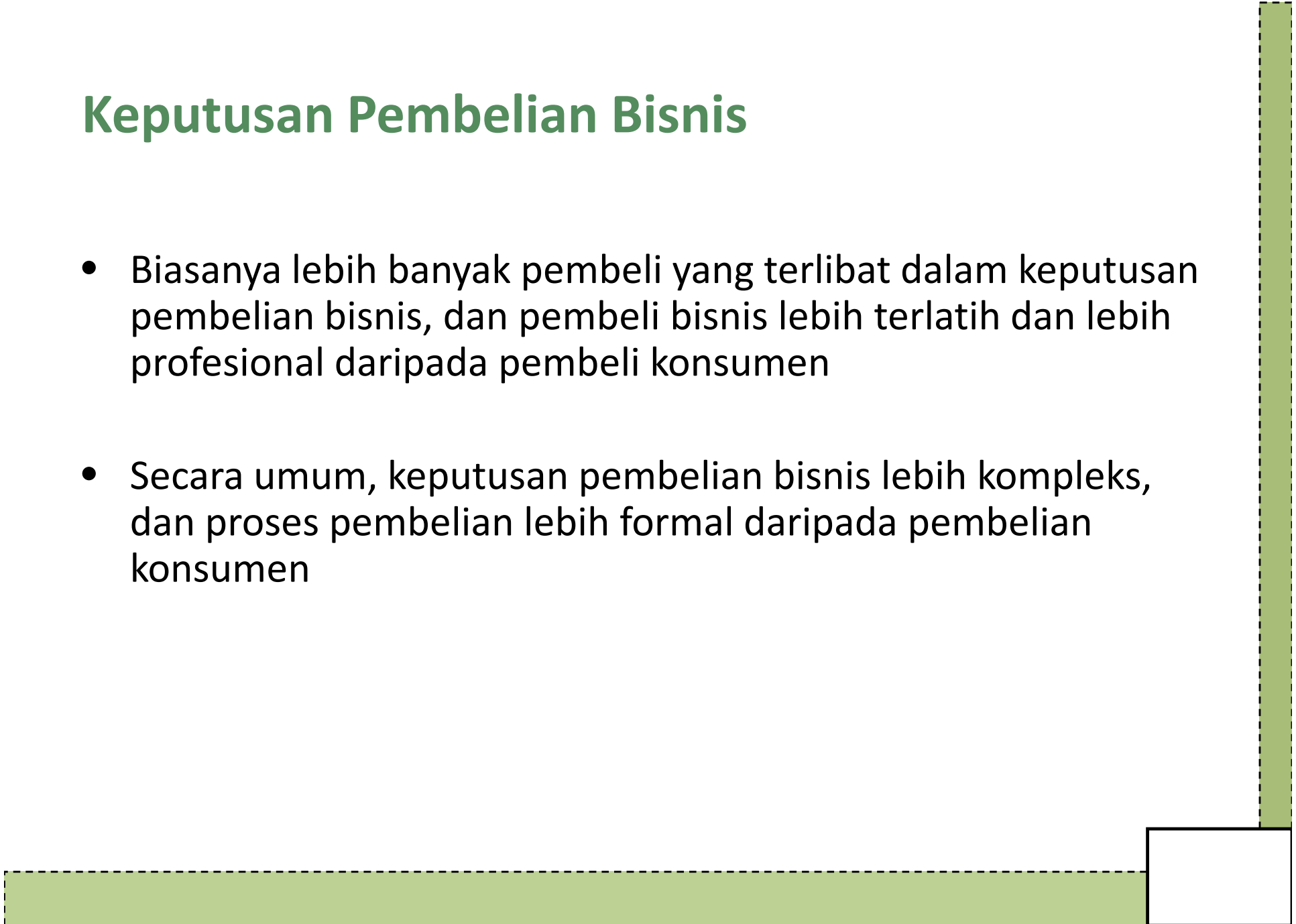
Permintaan Bisnis

- Permintaan bisnis memiliki sifat:
 - Diturunkan (*derived*)
 - Sebagian besar *inelastis*
 - Lebih *berfluktuasi*



Keputusan Pembelian Bisnis

- Biasanya lebih banyak pembeli yang terlibat dalam keputusan pembelian bisnis, dan pembeli bisnis lebih terlatih dan lebih profesional daripada pembeli konsumen
- Secara umum, keputusan pembelian bisnis lebih kompleks, dan proses pembelian lebih formal daripada pembelian konsumen



JENIS-JENIS PASAR BISNIS (PASAR ORGANISASIONAL)

1. Pasar Industri (*Industrial Market*)
2. Pasar Penjual Kembali (*Reseller Market*)
3. Pasar Pemerintah (*The Government Market*)
4. Pasar Institusi
5. Pasar Internasional

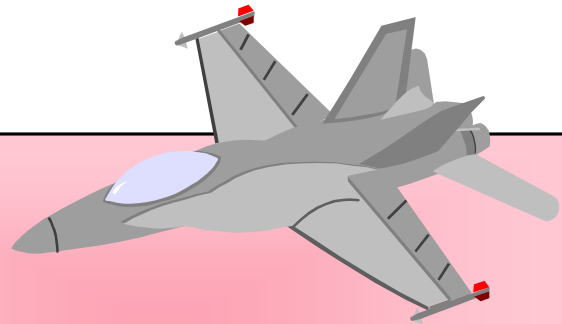


What is Organizational Buying?

Several buying influences

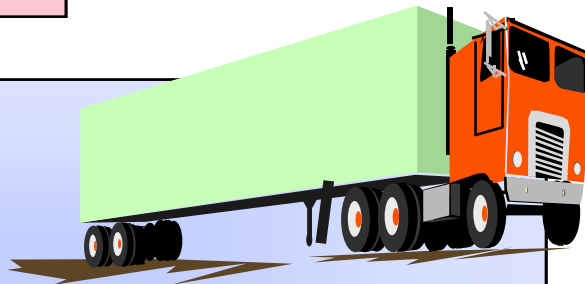
- Multiple sales calls
- Directed purchasing
- Reciprocity/imbak balik
- Leasing





New Task Buying

Custom furniture
Installed components
Buildings
Weapon systems



Modified Rebuy

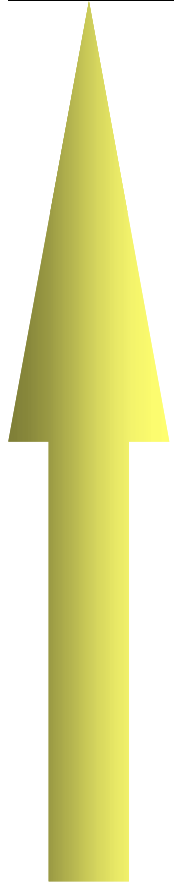
New vehicles
Elec. Equip
Consultants
Computer equip.

Utilities
Office Supplies
Bulk chemicals



Straight Rebuy

Involved Decision Making



What is Organizational Buying?

- Systems Buying and Selling
 - Systems buying
 - Turnkey solution
 - Systems selling



Participants in the Business Buying Process

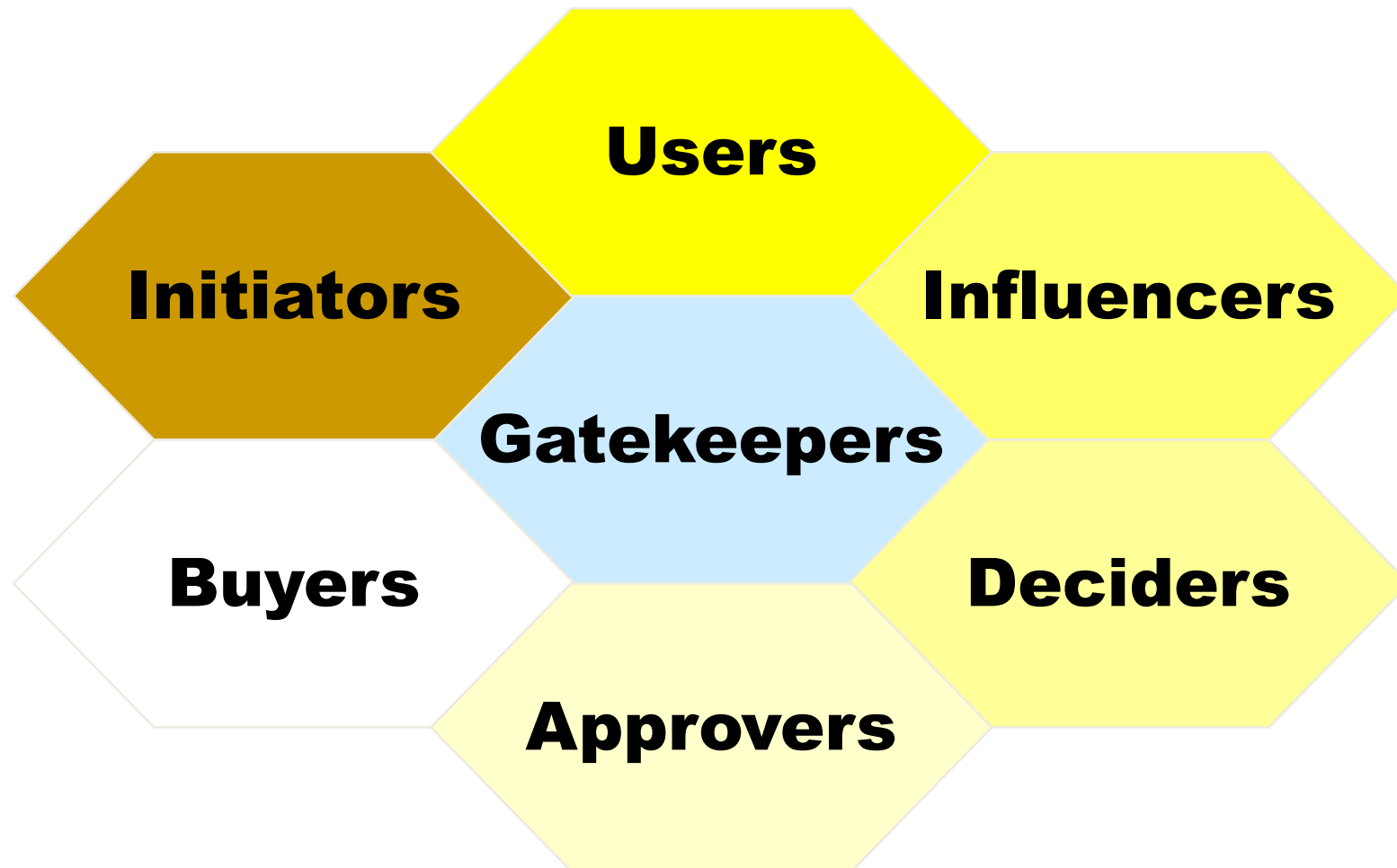
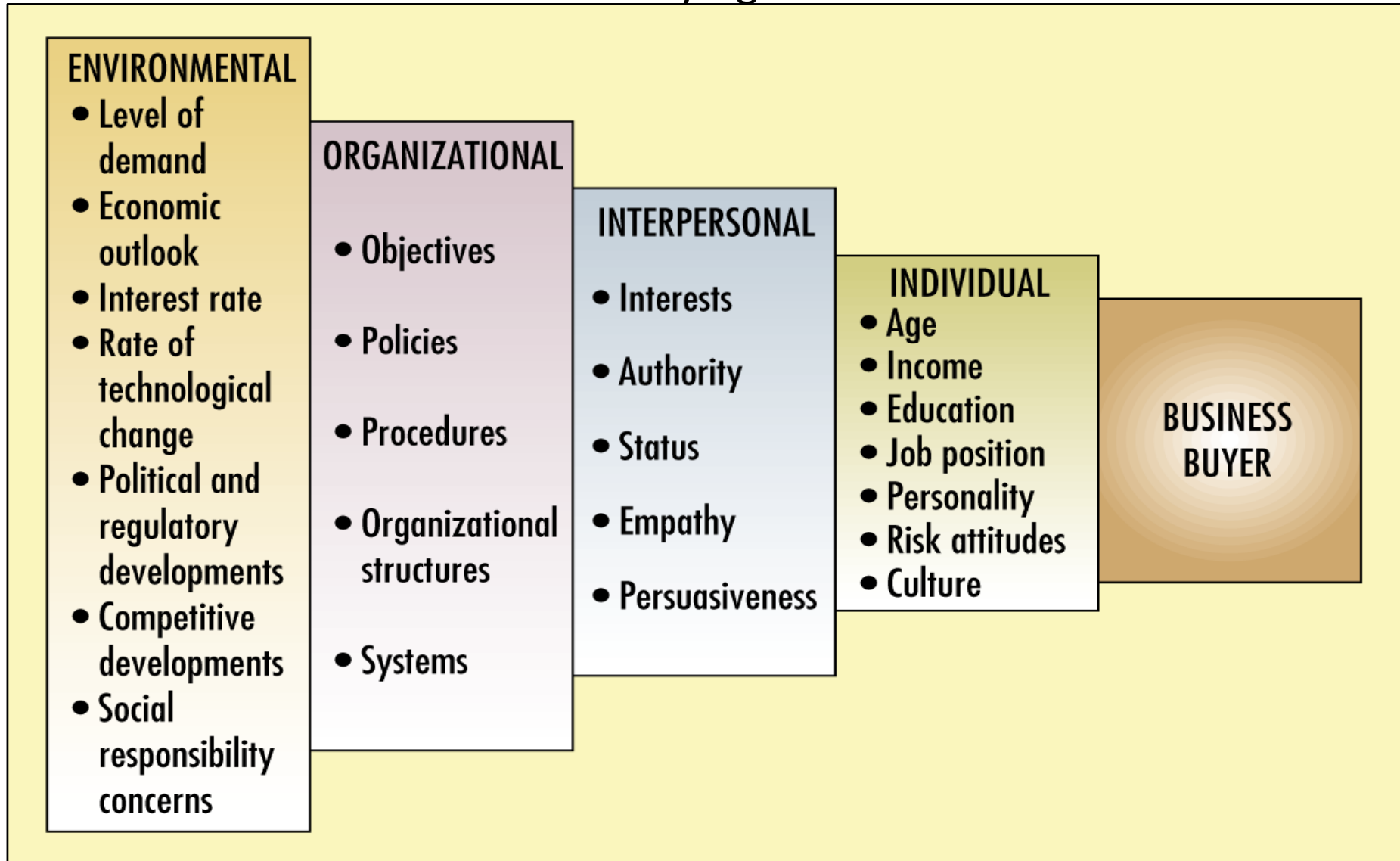


Figure 8-1: Major Influences on Industrial Buying Behavior



Major Influences on Buying Decisions

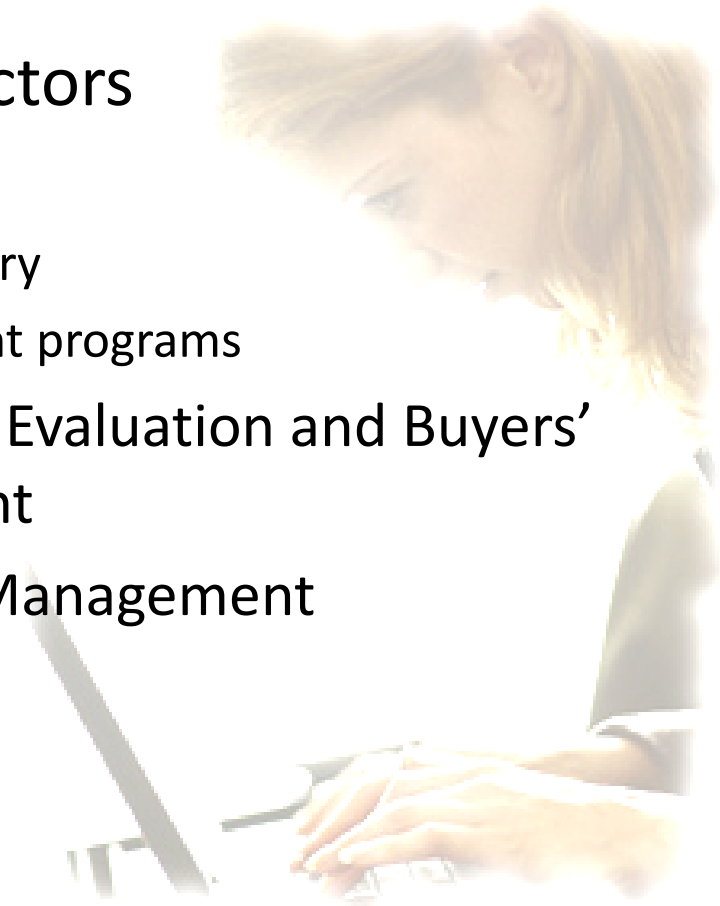
- Environmental Factors
- Organizational Factors
 - Purchasing-Department Upgrading
 - Cross-Functional Roles
 - Centralized Purchasing
 - Decentralized Purchasing of Small-Ticket Items
 - Internet Purchasing



Major Influences on Buying Decisions

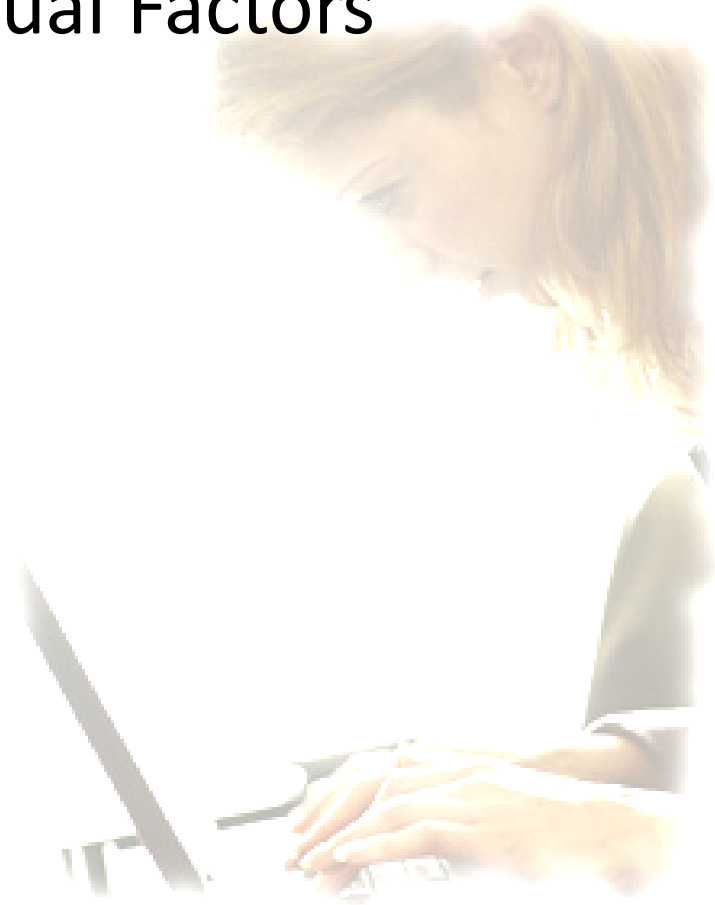
– Other Organizational Factors

- Long-Term Contracts
 - Vendor-managed inventory
 - Continuous replenishment programs
- Purchasing-Performance Evaluation and Buyers' Professional Development
- Improved Supply Chain Management
- Lean Production
 - Just-in-time



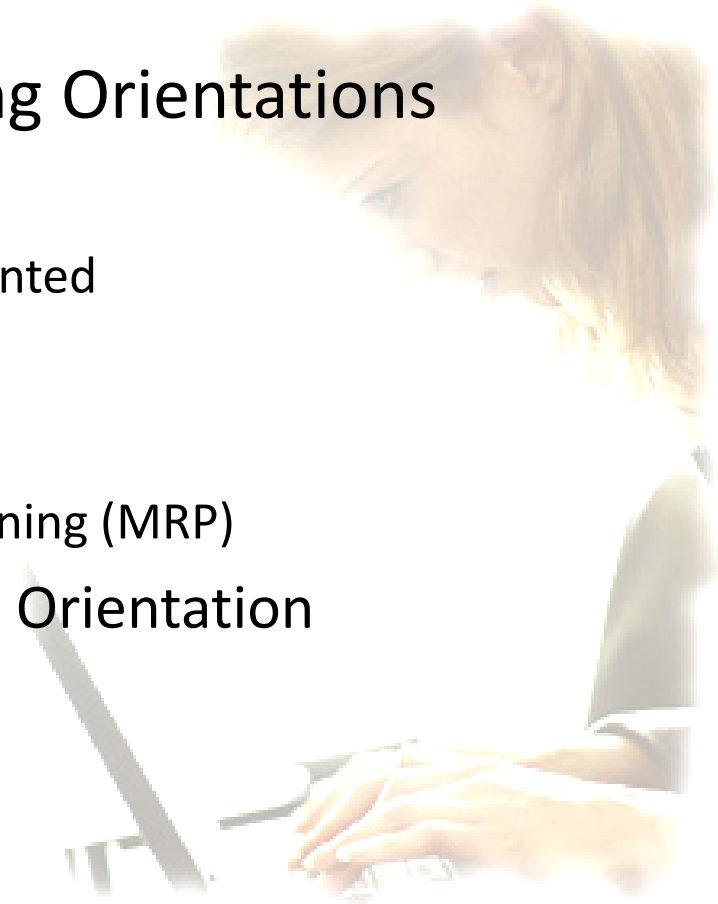
Major Influences on Buying Decisions

- Interpersonal and Individual Factors
- Cultural Factors
 - France
 - Germany
 - Japan
 - Korea
 - Latin America



The Purchasing/ Procurement Process

- Incentive to purchase
- Three Company Purchasing Orientations
 - Buying Orientation
 - Commoditization/price oriented
 - Multisourcing
 - Procurement Orientation
 - Materials requirement planning (MRP)
 - Supply Chain Management Orientation



**Need
Recognition**

Problem Recognition

General Need Description

**Info
Search/
Eval**

Product Specification

Supplier Search

Proposal Solicitation

Purchase

Supplier Selection

Order Routine Specification

**Post
Purchase**

Performance Review



The Purchasing/ Procurement Process

- Stages in the Buying Process

- Problem Recognition

- General Need Description and Product Specification

- Product value analysis

- Supplier Search

- Vertical hubs

- Functional hubs

- Direct external links to major suppliers

- Buying alliances

- Company buying sites

- Request for proposals (RFPs)



Table 8.1: Buygrid Framework: Major Stages (Buyphases) of the Industrial Buying Process in Relation to Major Buying Situations (Buyclasses)

		Buyclasses		
		New	Modified	Straight
Buyphases		Task	Rebuy	Rebuy
	1. Problem recognition	Yes	Maybe	No
	2. General need description	Yes	Maybe	No
	3. Product specification	Yes	Yes	Yes
	4. Supplier search	Yes	Maybe	No
	5. Proposal solicitation	Yes	Maybe	No
	6. Supplier selection	Yes	Maybe	No
	7. Order-routine specification	Yes	Maybe	No
	8. Performance review	Yes	Yes	Yes

The Purchasing/ Procurement Process

- General Need Description and Product Specification
 - Product value analysis
- Supplier Search
 - Vertical hubs
 - Functional hubs
 - Direct extranet links to major suppliers
 - Buying alliances
 - Company buying sites
 - Request for proposals (RFPs)



The Purchasing/ Procurement Process

- Proposal Solicitation
- Supplier Selection



Table 8-2: An Example of Vendor Analysis

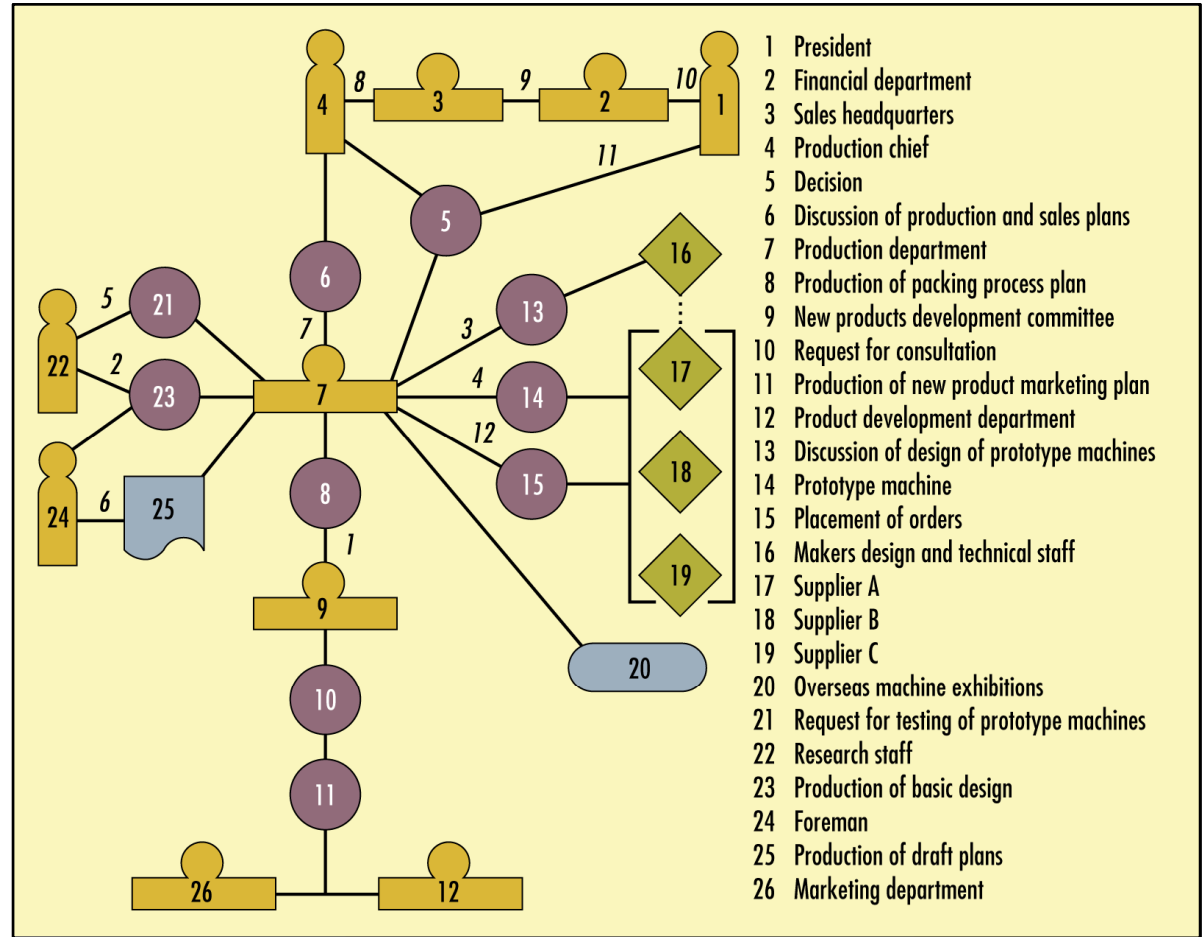
Attributes	Importance Weights	Rating Scale			
		Poor (1)	Fair (2)	Good (3)	Excellent (4)
Price	.30				x
Supplier reputation	.20			x	
Product reliability	.30				x
Service reliability	.10		x		
Supplier Flexibility	.10			x	
Total score: $.30(4) + .20(3) + .30(4) + .10(2) + .10(3) = 3.5$					

The Purchasing/ Procurement Process

- Customer value assessment
 - Routine-order products
 - Procedural-problem products
 - Political-problem products
- Order-Routine Specification
- Blanket contract
 - Stockless purchase plans
- Performance Review
- Buyflow map



Figure 8-2: Major Influences on Industrial Buying Behavior



Institutional Markets

```
graph TD; A[Institutional Markets] --> B[Low Budgets]; A --> C[Captive Patrons];
```

Low Budgets

Captive Patrons

Government Markets

```
graph TD; A[Government Markets] --> B[Domestic Suppliers]; A --> C[Cost Minimization]; A --> D[Paperwork]; A --> E[Open Bids]; A --> F[Public Review];
```

Domestic Suppliers

Cost Minimization

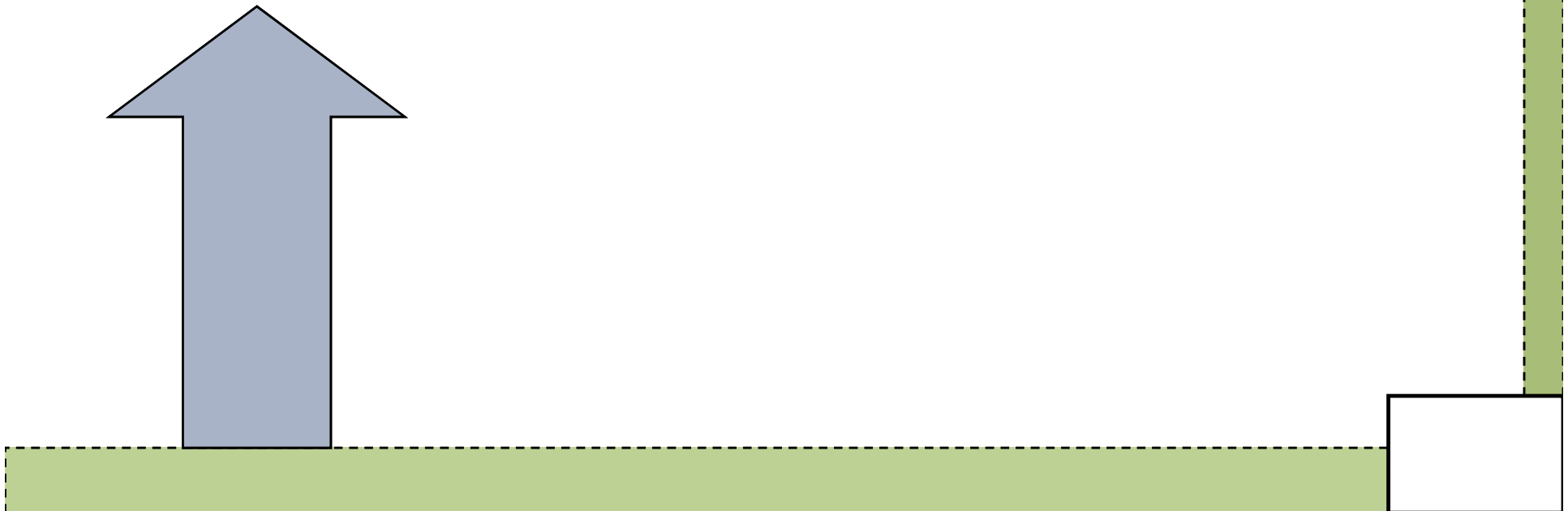
Paperwork

Open Bids

Public Review

E-Procurement

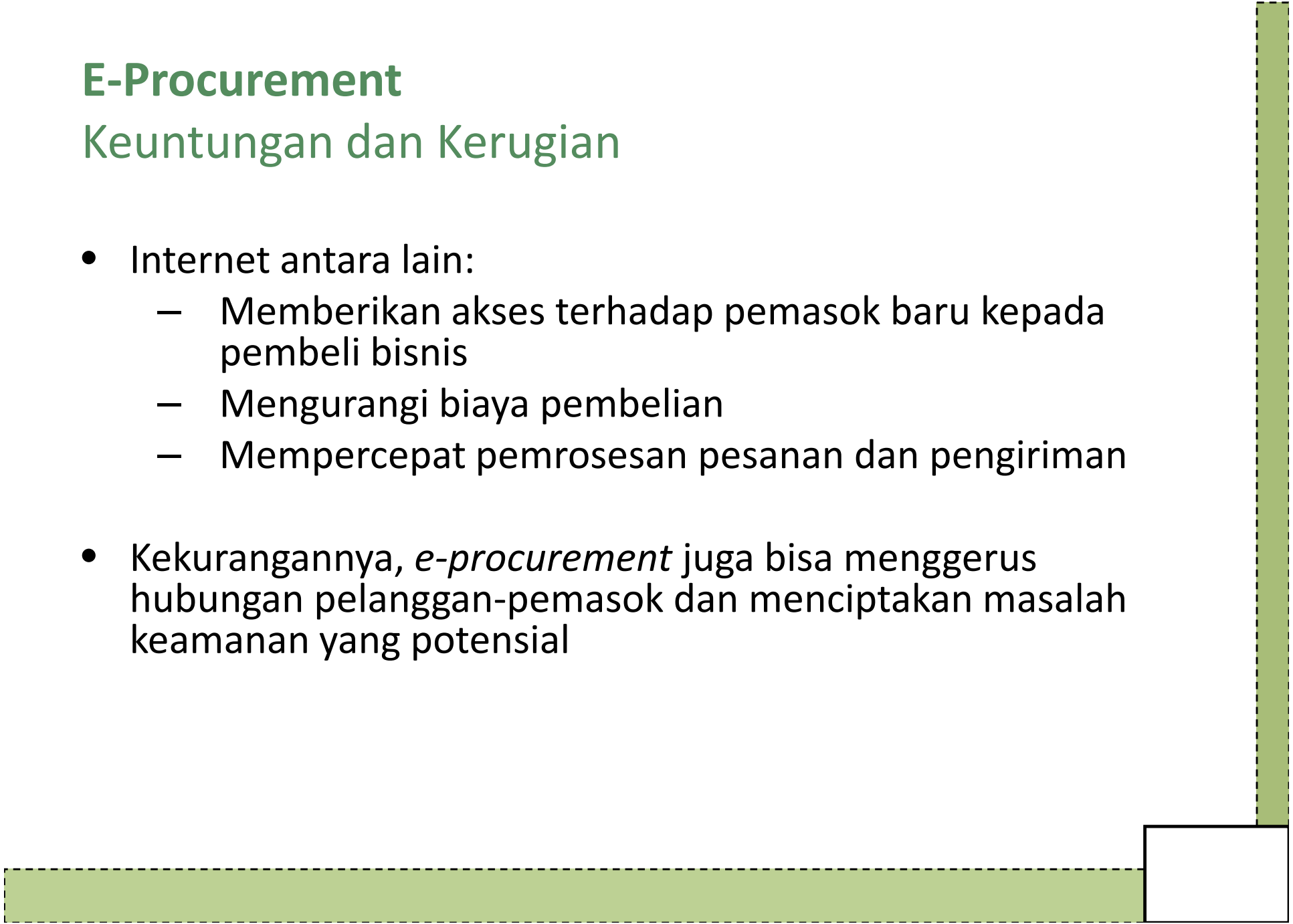
Kemajuan terbaru dalam teknologi informasi telah melahirkan "e-procurement," di mana pembeli bisnis membeli segala jenis produk dan jasa secara online



E-Procurement

Keuntungan dan Kerugian

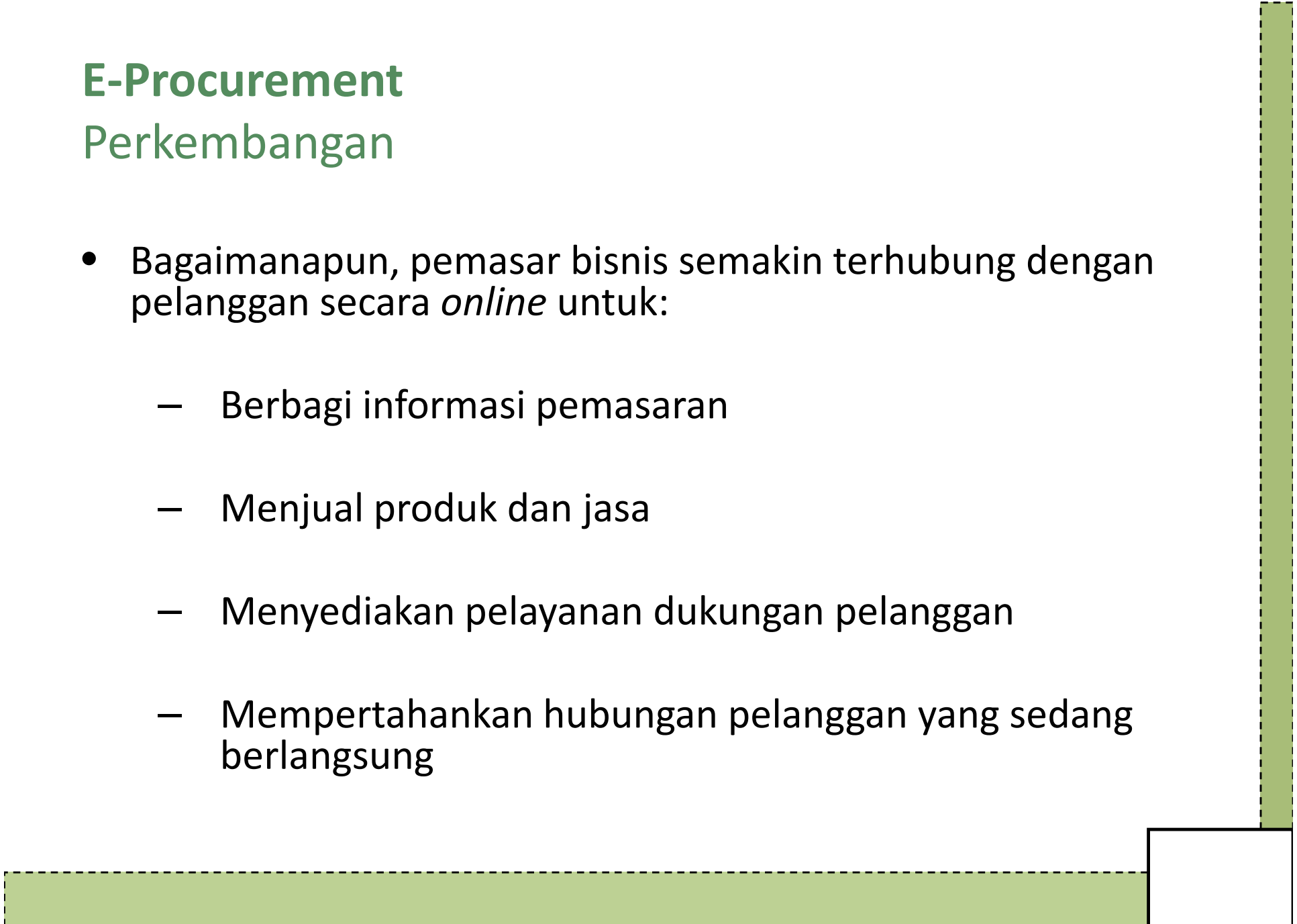
- Internet antara lain:
 - Memberikan akses terhadap pemasok baru kepada pembeli bisnis
 - Mengurangi biaya pembelian
 - Mempercepat pemrosesan pesanan dan pengiriman
- Kekurangannya, *e-procurement* juga bisa menggerus hubungan pelanggan-pemasok dan menciptakan masalah keamanan yang potensial



E-Procurement

Perkembangan

- Bagaimanapun, pemasar bisnis semakin terhubung dengan pelanggan secara *online* untuk:
 - Berbagi informasi pemasaran
 - Menjual produk dan jasa
 - Menyediakan pelayanan dukungan pelanggan
 - Mempertahankan hubungan pelanggan yang sedang berlangsung

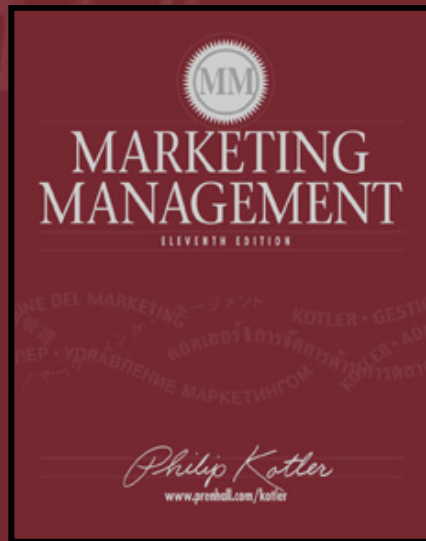


Chapter 9

Dealing with the Competition

by

Philip Kotler



**PowerPoint by
Milton M. Pressley
University of New Orleans**

Competitive Forces

Figure 9-1: Five Forces Determining Segment Structural Attractiveness

Threat of:

- 1. intense segment rivalry**
- 2. new entrants**
- 3. substitute products**
 - **buyers' growing bargaining power**
 - **suppliers' growing bargaining power**

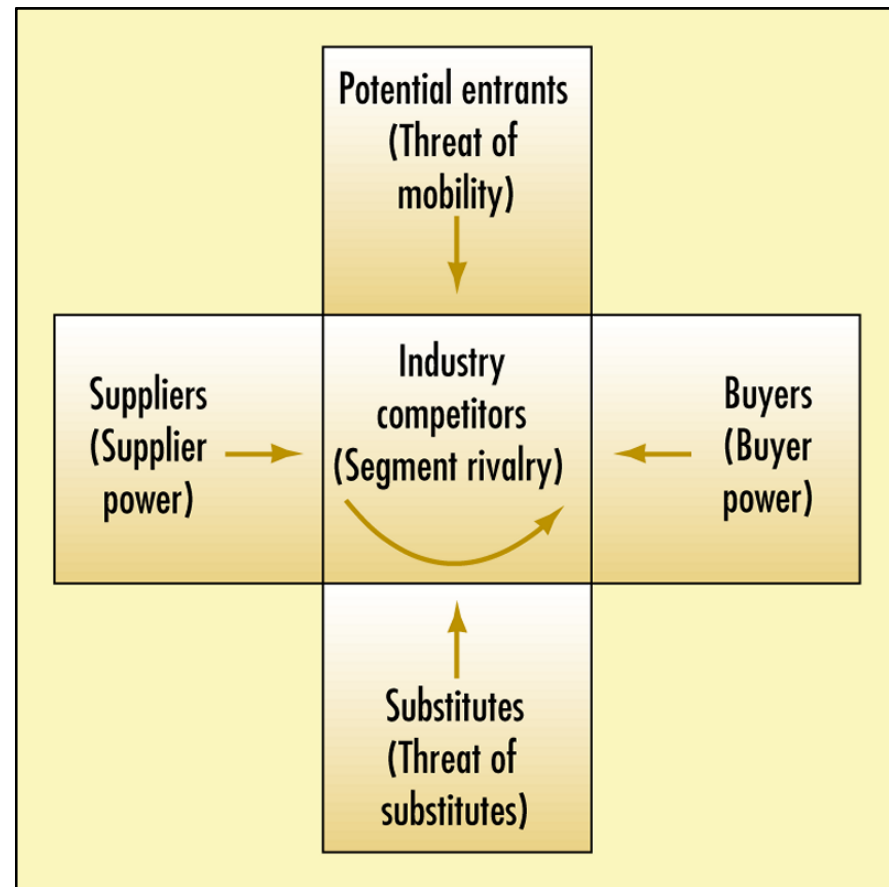


Figure 9-2: Barriers and Profitability

		Exit Barriers	
		Low	High
Entry Barriers	Low	Low, stable returns	Low, risky returns
	High	High, stable returns	High, risky returns

Identifying Competitors

- Industry Concept of Competition
 - Industry
 - Number of Sellers and Degree of Differentiation
 - Pure monopoly
 - Oligopoly
 - Pure oligopoly
 - Differentiated oligopoly
 - Monopolistic competition
 - Pure competition

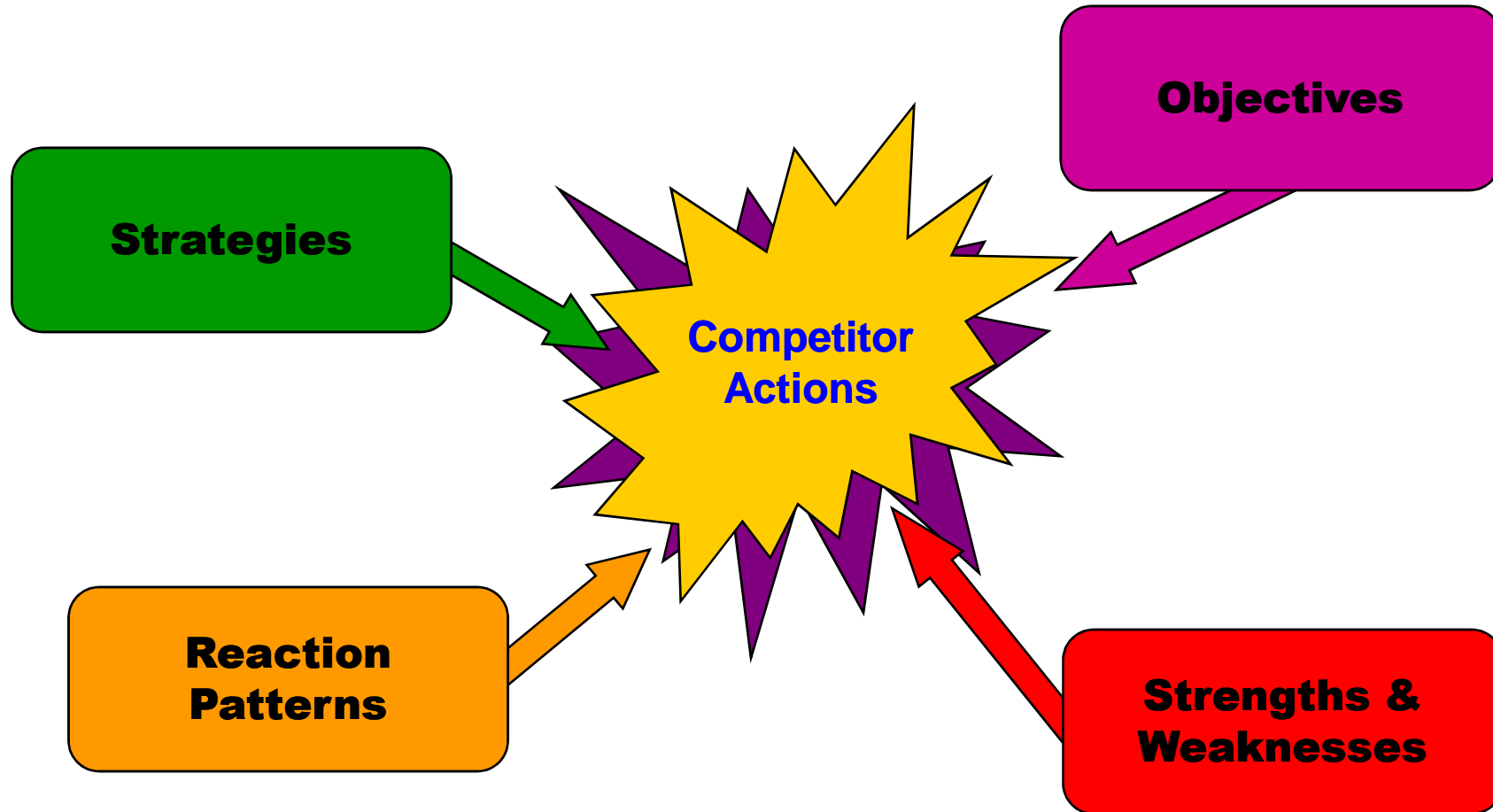


Identifying Competitors

- Entry, Mobility, Exit Barriers
 - Entry barriers
 - Mobility barriers
 - Exit barriers
- Cost Structure
- Degree of Vertical Integration
 - Vertical integration
- Degree of Globalization
- Market Concept of Competition



Analyzing Competitors



Analyzing Competitors

- Objectives

Figure 9-5: A Competitor's Expansion Plans

	Individual Users	Commercial and Industrial	Educational
Personal Computers	Dell		
Hardware Accessories			
Software			

Analyzing Competitors

- Strengths and Weaknesses
 - Dominant
 - Strong
 - Favorable
 - Tenable
 - Weak
 - Nonviable



Analyzing Competitors

- Three Variables to Monitor
When Analyzing Competitors:
 - Share of market
 - Share of mind
 - Share of heart



Analyzing Competitors

– Pola Reaksi:

- Pesaing yang santai
- Pesaing yang selektif
- Pesaing harimau
- Pesaing tak terduga



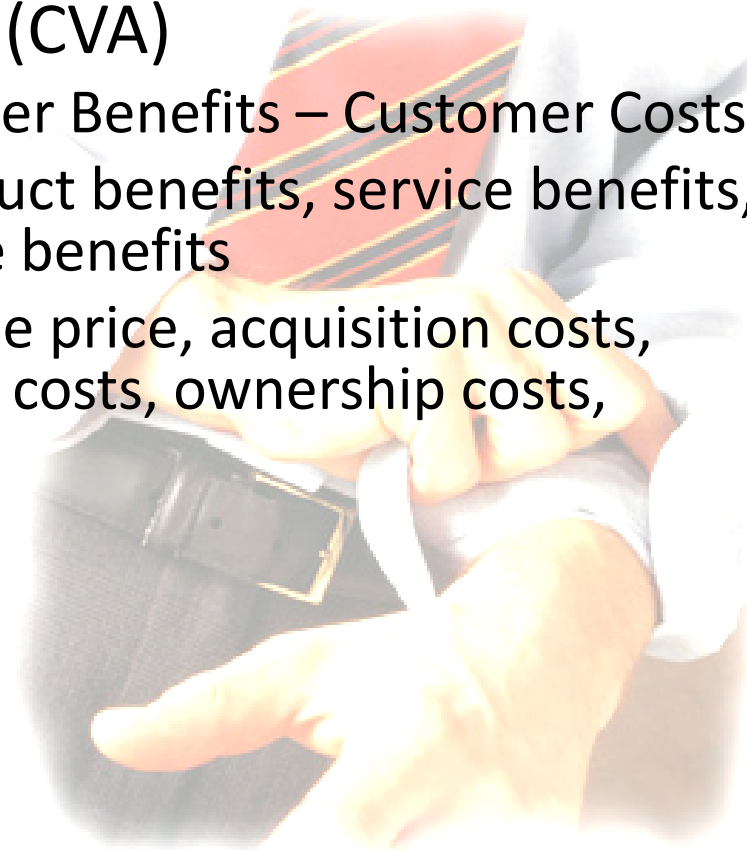
Designing The Competitive Intelligence System

- Four Main Steps
 - Setting Up the System
 - Collecting the Data
 - Evaluating and Analyzing the Data
 - Disseminating Information and Responding



Designing The Competitive Intelligence System

- Selecting Competitors
 - Customer Value Analysis (CVA)
 - Customer Value = Customer Benefits – Customer Costs
 - Customer Benefits = product benefits, service benefits, personnel benefits, image benefits
 - Customer Costs = purchase price, acquisition costs, usage costs, maintenance costs, ownership costs, disposal costs



Designing The Competitive Intelligence System

- Major Steps in Customer Value Analysis:
 1. identifikasi atribut utama yg dihargai pelanggan
 2. Menilai tingkat kepentingan kuantitatif atribut2 yg berbeda
 3. Menilai kinerja perusahaan dan pesaing
 4. Mengkaji bagaimana pelanggan dlm segmen tertentu membuat peringkat mengenai kinerja perusahaan dibanding pesaing utama tertentu
 5. Memantau nilai pelanggan dari waktu ke waktu

Designing The Competitive Intelligence System

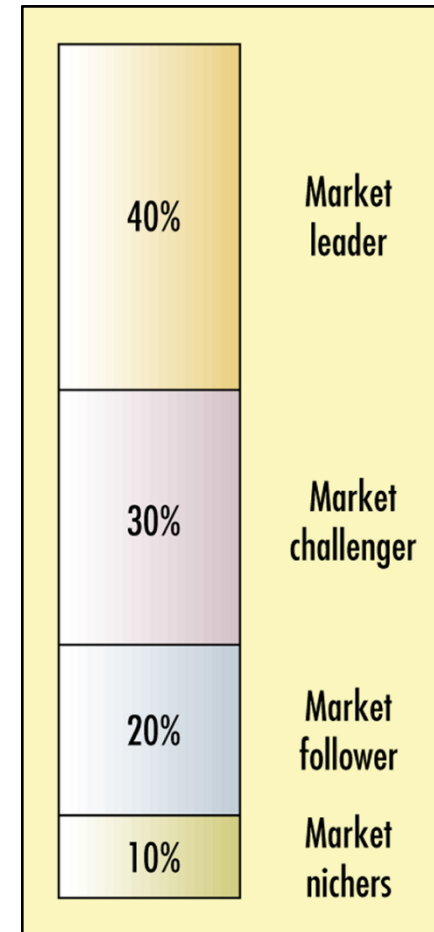
– Classes of Competitors

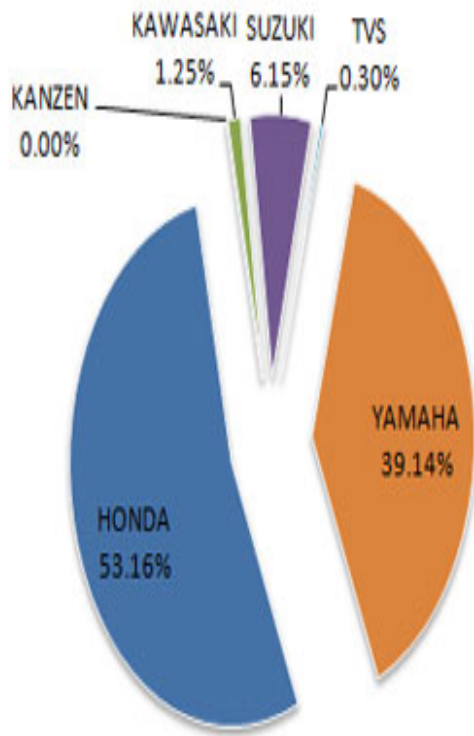
- Strong versus Weak
- Close versus Distant
- “Good” versus “Bad”



Designing Competitive Strategies

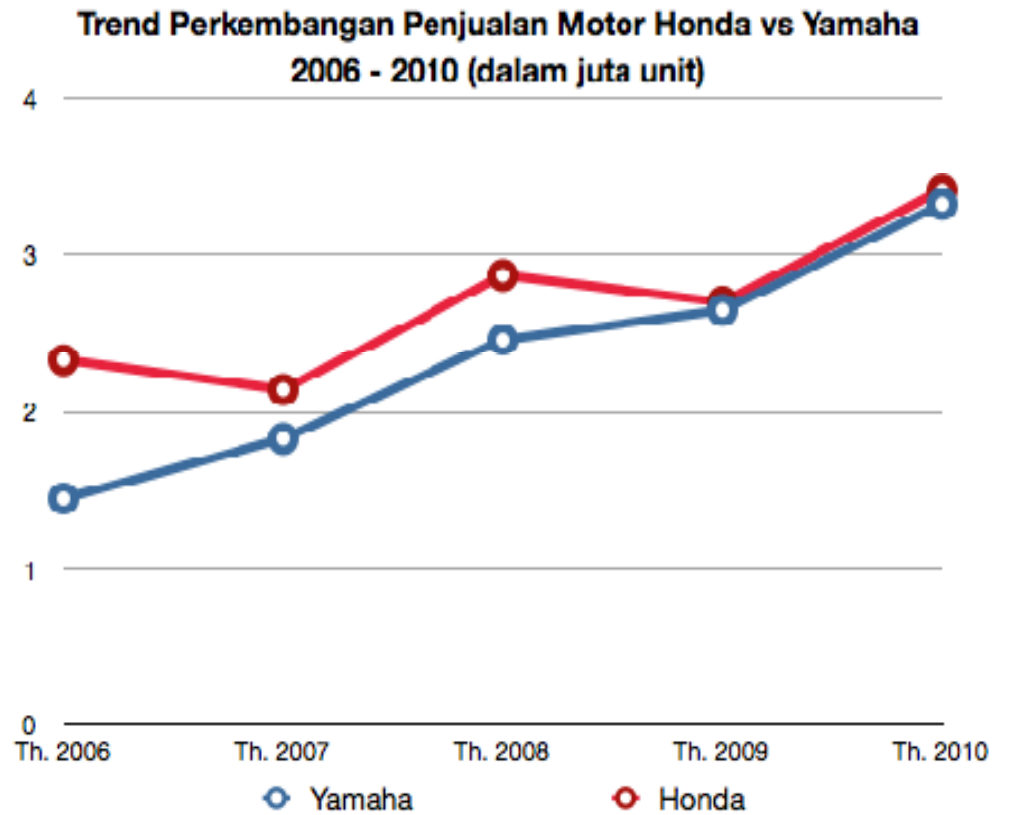
Figure 9-6:
Hypothetical
Market Structure





Distribution 2011

- HONDA
- KANZEN
- KAWASAKI
- SUZUKI
- TVS
- YAMAHA



Merek	Maret		Januari - Maret	
	Distribusi (unit)	Pangsa (%)	Distribusi (unit)	Pangsa (%)
Honda	325.642	52,2	1.063.695	55,1
Yamaha	246.203	39,7	709.388	36,7
Suzuki	36.35	5,9	127.061	6,6
Kawasaki	10.736	1,7	28.603	1,5
TVS*	1.000	0,2	3.183	0,2
Total*	619.931		1.931.930	

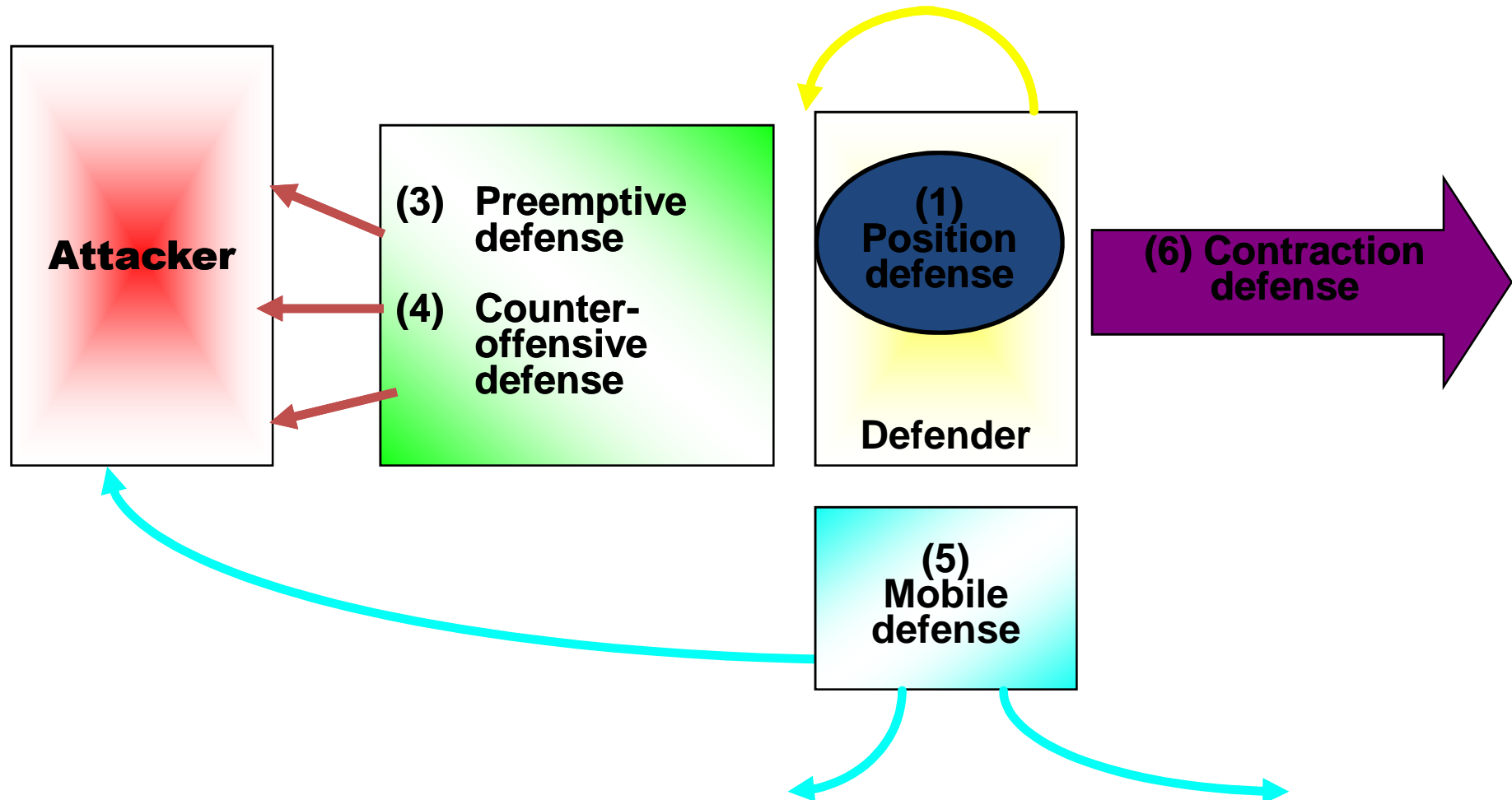
Designing Competitive Strategies

- Market-Leader Strategies
 - Expanding the Total Market
 - New Users
 - Market-penetration strategy
 - New-market segment strategy
 - Geographical-expansion strategy
 - New Uses
 - More Usage
 - Defending Market Share



Defense Strategies

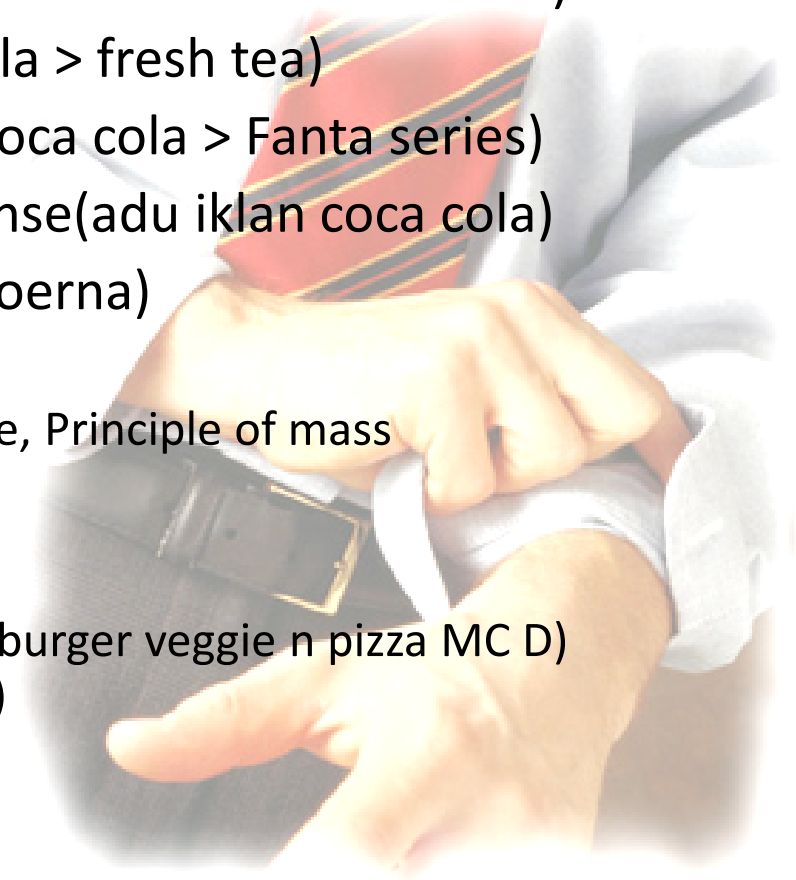
(2) Flank defense



Designing Competitive Strategies

– Defense Strategies

- Position Defense (coca cola akuisisi merk lokal)
- Flank Defense (coca cola > fresh tea)
- Preemptive Defense (coca cola > Fanta series)
- Counteroffensive Defense (adu iklan coca cola)
- Mobile Defense (sampoerna)
 - Market broadening
Principle of the objective, Principle of mass
 - Market diversification
- Contraction Defense
 - Planned contraction (burger veggie n pizza MC D)
(Strategic withdrawal)



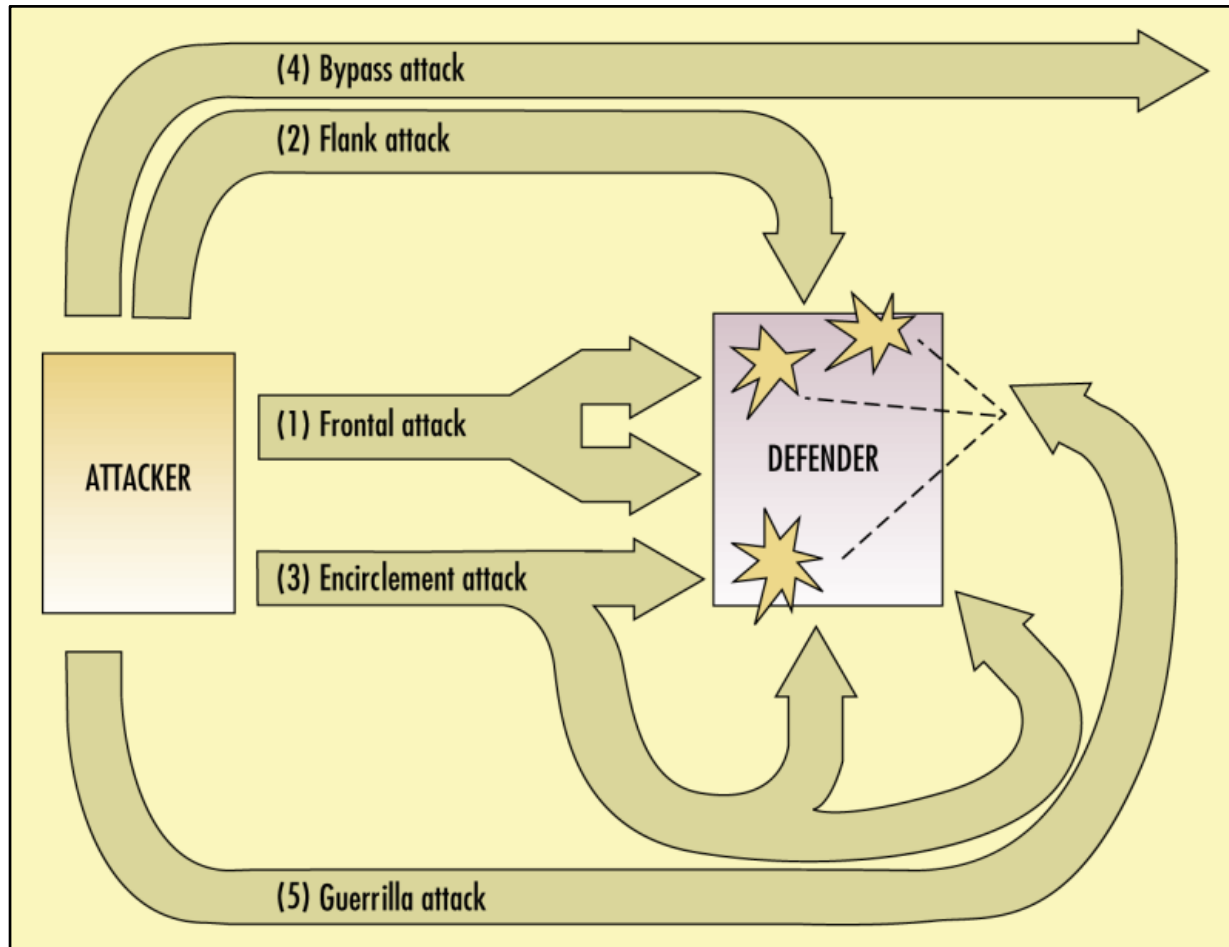
Designing Competitive Strategies

- Brand-extension strategy
- Multibrand strategy
- Heavy advertising and media pioneer
- Aggressive sales force
- Effective sales promotion
- Competitive toughness
- Manufacturing efficiency and cost cutting
- Brand-management system

Designing Competitive Strategies

- Market-Challenger Strategies
 - Defining the Strategic Objective and Opponent(s)
 - It can attack the market leader
 - It can attack firms of its own size that are not doing the job and are underfinanced
 - It can attack small local and regional firms
- Choosing a General Attack Strategy

Figure 9-10: Attack Strategies



Designing Competitive Strategies

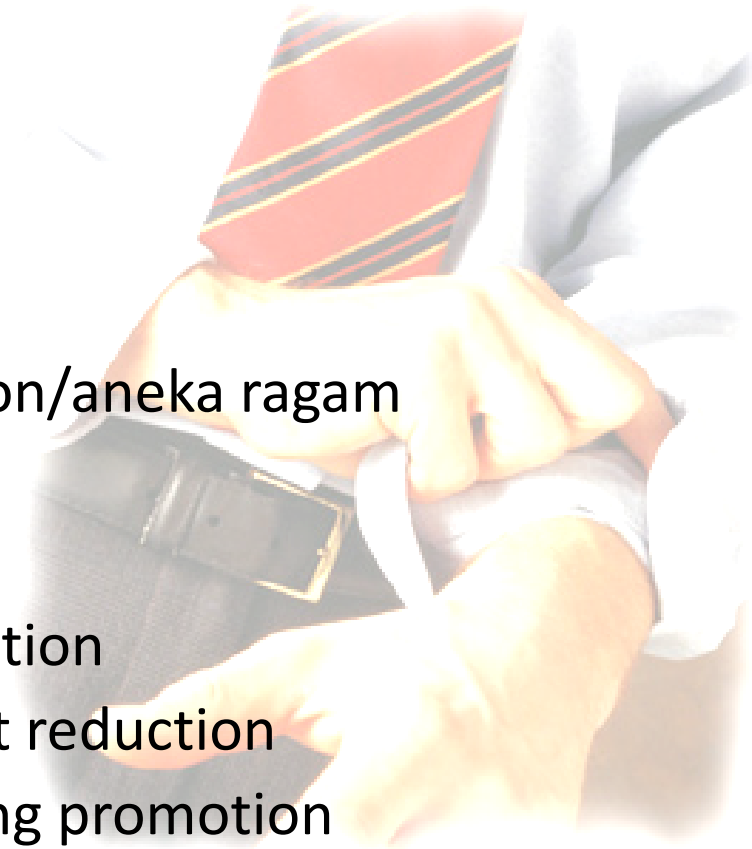
- Choosing a General Attack Strategy
 - Frontal Attack (Pepsi cola head 2 head)
 - Flanking Attack (telkomsel)
 - Encirclement Attack (Seiko, android)
 - Bypass Attack (Technologikal leapfrogging)
 - Guerilla Attack



Designing Competitive Strategies

– Choosing a Specific Attack Strategy

- Price-discount
- Lower price goods
- Prestige goods
- Product proliferation/aneka ragam
- Product innovation
- Improved services
- Distribution innovation
- Manufacturing cost reduction
- Intensive advertising promotion



Designing Competitive Strategies

- Market-Follower Strategies

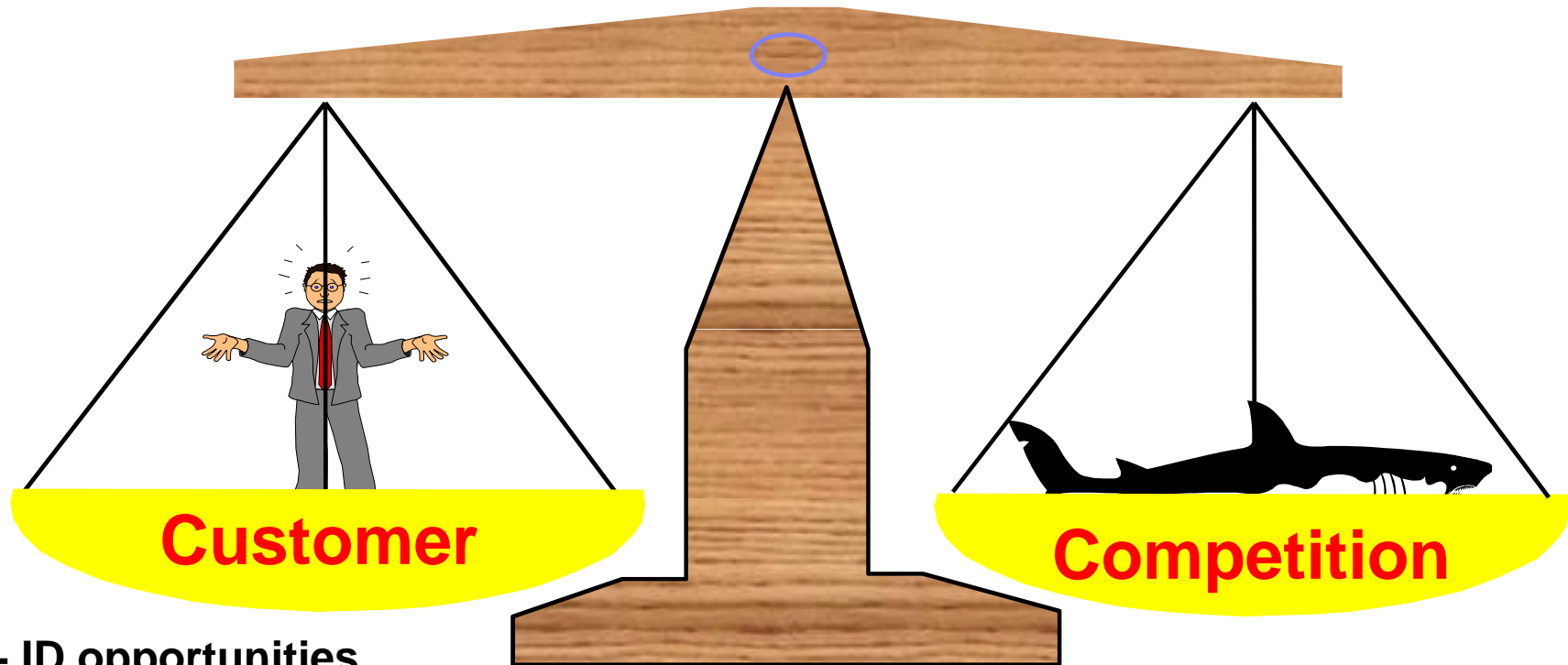
- Innovative imitation (Product imitation)
- Product innovation
- Four Broad Strategies:
 - Counterfeiter/pemalsu
 - Cloner
 - Imitator
 - Adapter



Designing Competitive Strategies

- Market-Nicher Strategies
 - High margin versus high volume
 - Nicher Specialist Roles
 - End-user specialist
 - Value-added reseller
 - Vertical-level specialist
 - Customer-size specialist
 - Specific-customer specialist
 - Geographic specialist
 - Product or product-line specialist
 - Product-feature specialist
 - Job-shop specialist
 - Quality-price specialist
 - Service specialist
 - Channel specialist

Balance



Customer

- + ID opportunities
- + Long-run profit
- + Emerging needs & groups

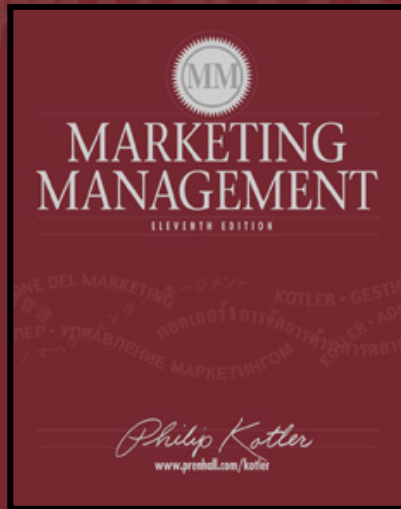
Competition

- + Fighter orientation
- + Alert
- + Exploit weaknesses
- Reactive

Market Offering Through the Product Life Cycle

by

Philip Kotler



PowerPoint by
Milton M. Pressley
University of New Orleans

Kotler on Marketing

*Watch the product
life cycle; but more
important, watch
the market life cycle.*

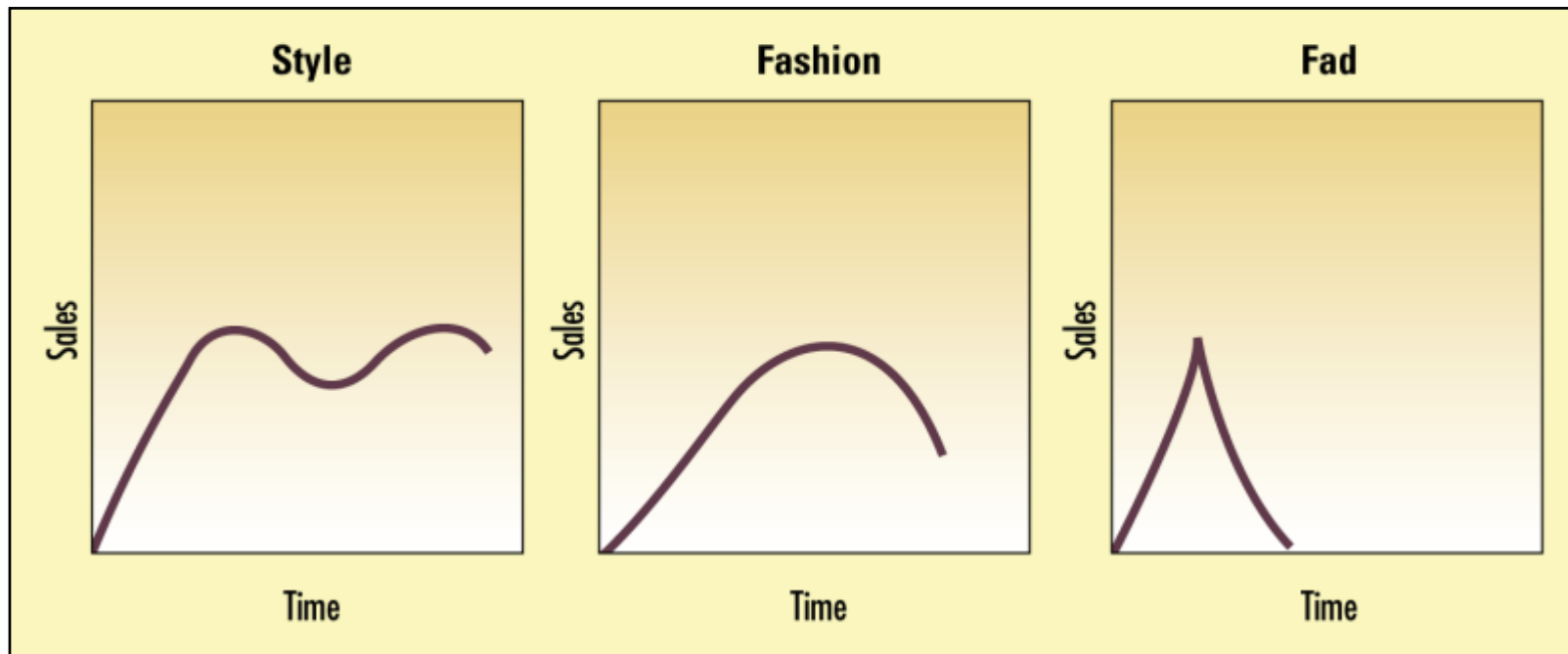


Product Life-Cycle Marketing Strategies

- To say that a product has a life cycle asserts four things
 1. Products have a limited life.
 2. Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
 3. Profits rise and fall at different stages of the product life cycle.
 4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life-cycle stage.
-

Product Life-Cycle Marketing Strategies

Figure 11.5: Style, Fashion, and Fad Life Cycles



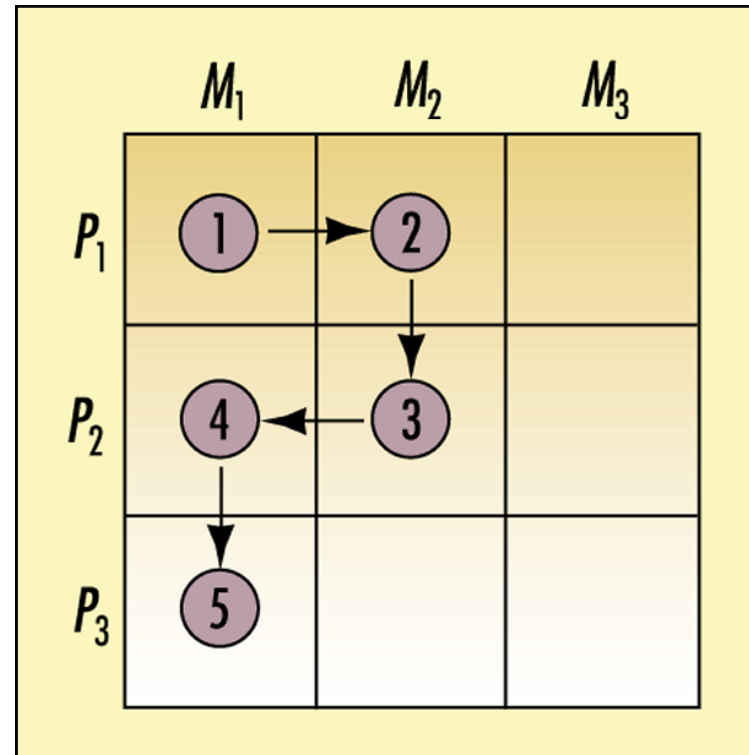
This PLC curve is typically divided into four stages:²⁰

- *Introduction:* A period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses incurred with product introduction.
- *Growth:* A period of rapid market acceptance and substantial profit improvement.
- *Maturity:* A period of a slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline because of increased competition.
- *Decline:* The period when sales show a downward drift and profits erode.

Product Life-Cycle Marketing Strategies

- Marketing Strategies: Introduction Stage
 - The Pioneer Advantage
 - Inventor
 - Product pioneer
 - Market pioneer

Figure 11.6:
Long-Range Product
Market Expansion
Strategy
(P = Product;
M = Market)



Product Life-Cycle Marketing Strategies

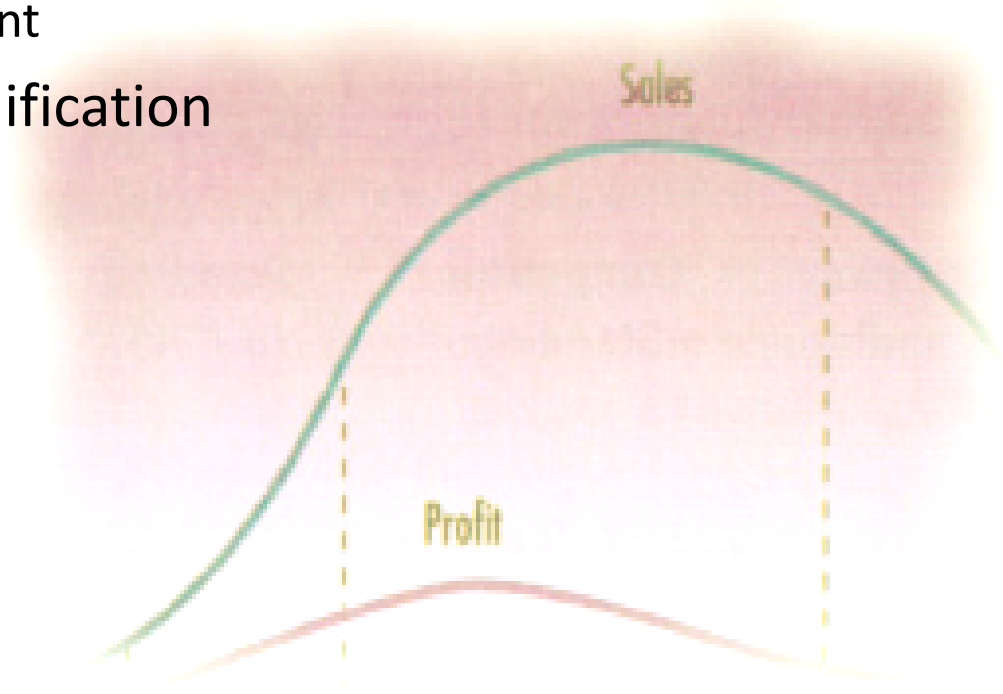
- Marketing Strategies: Growth Stage
 - Improve product quality and add new product features and improved styling
 - Add new models and flanker products
 - Enter new market segments
 - Increase distribution coverage and enter new distribution channels
 - Shift from product-awareness advertising to product-preference advertising
 - Lower prices to attract next layer of price-sensitive buyers

Product Life-Cycle Marketing Strategies

- Marketing Strategies: Maturity Stage
 - Market Modification
 - Expand number of brand users by:
 1. Converting nonusers
 2. Entering new market segments
 3. Winning competitors' customers
 - Convince current users to increase usage by:
 1. Using the product on more occasions
 2. Using more of the product on each occasion
 3. Using the product in new ways

Product Life-Cycle Marketing Strategies

- Product modification
 - Quality improvement
 - Feature improvement
- Marketing-Mix Modification
 - Prices
 - Distribution
 - Advertising
 - Sales promotion
 - Personal selling
 - Services



Product Life-Cycle Marketing Strategies

- Marketing Strategies: Decline Stage
 1. Increase firm's investment (to dominate the market and strengthen its competitive position)
 2. Maintain the firm's investment level until the uncertainties about the industry are resolved.
 3. Decrease the firm's investment level selectively by dropping unprofitable customer groups, while simultaneously strengthening the firm's investment in lucrative niches
 4. Harvesting ("milking") the firm's investment to recover cash quickly
 5. Divesting the business quickly by disposing of its assets as advantageously as possible.

Product Life-Cycle Marketing Strategies

- Product Life-Cycle Concept: Critique
- Market evolution



Table 3.7 Summary of Product Life Cycle Characteristics, Objectives, and Strategies

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number

Marketing Objectives

Create product awareness and trial

Maximize market share

Maximize profit while defending market share

Reduce expenditure and milk the brand

Strategies

Product

Offer a basic product

Offer product extensions, service, warranty

Diversify brands and items

Phase out weak models

Price

Charge cost-plus

Price to penetrate market

Price to match or best competitors'

Cut price

Distribution

Build selective distribution

Build intensive distribution

Build more intensive distribution

Go selective: phase out unprofitable outlets

Advertising

Build product awareness among early adopters and dealers

Build awareness and interest in the mass market

Stress brand differences and benefits

Reduce to level needed to retain hard-core loyals

Sales Promotion

Use heavy sales promotion to entice trial

Reduce to take advantage of heavy consumer demand

Increase to encourage brand switching

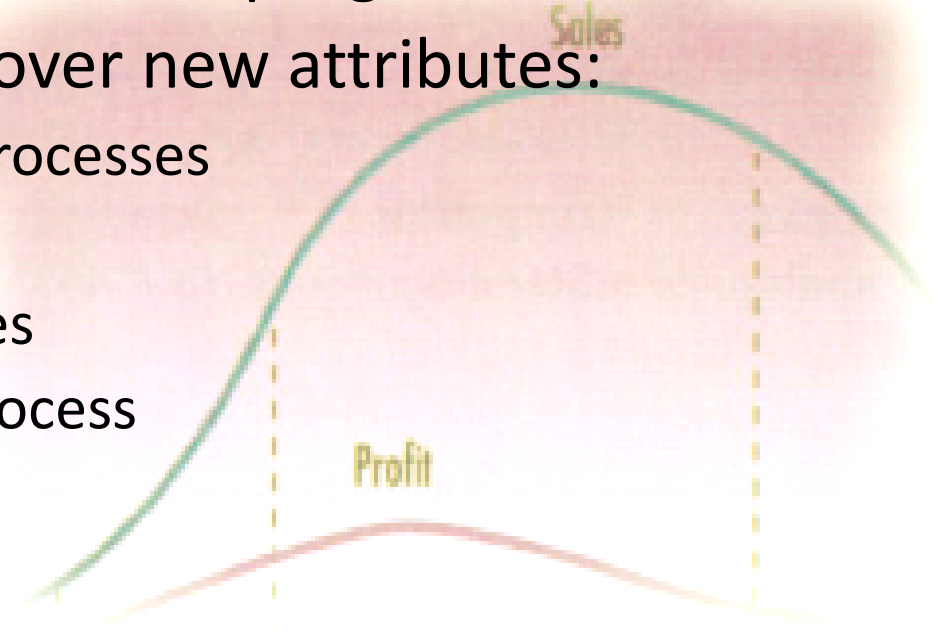
Reduce to minimal level

Market Evolution

- Diffused-preference market options
 - A single-niche strategy
 - A multiple-niche strategy
 - A mass-market strategy
- Growth
 - Market-growth stage options
 - Single-niche strategy
 - Mass-market strategy
 - Multiple-niche strategy
- Maturity

Market Evolution

- Decline
- An Example: The Paper-Towel Market
- Dynamics of Attribute Competition
 - Customer expectations are progressive
 - Approaches to discover new attributes:
 - Customer-survey processes
 - Intuitive processes
 - Dialectical processes
 - Needs-hierarchy process

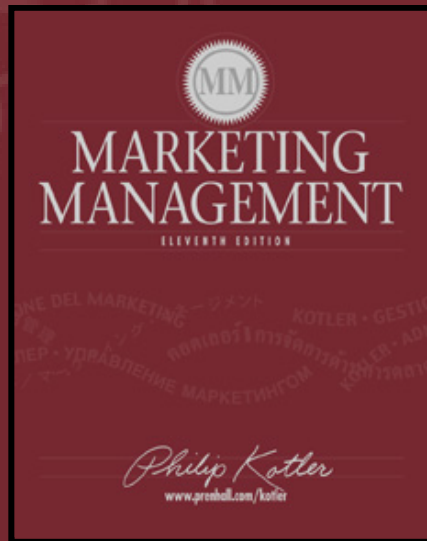


Chapter 12

Developing New Market Offerings

by

Philip Kotler



**PowerPoint by
Milton M. Pressley
University of New Orleans**

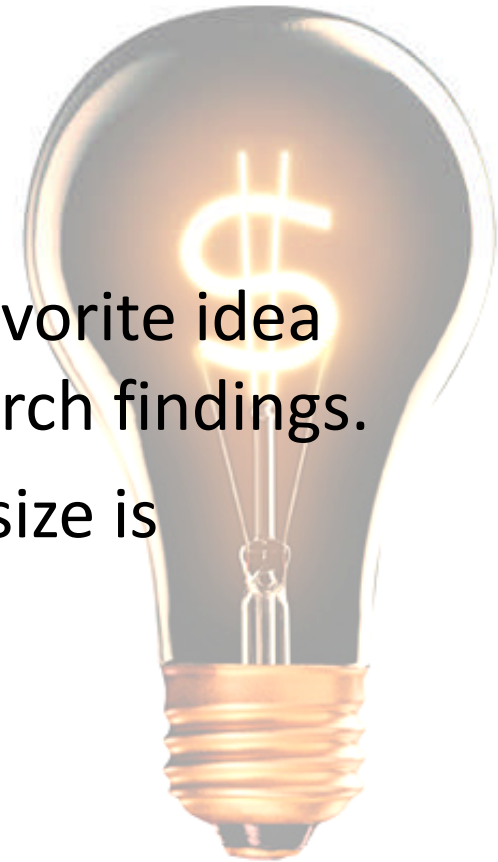
Developing New Market Offerings

- Six categories of new products
 1. New-to-the-world products
 2. New product lines
 3. Additions to existing product lines
 4. Improvements and revisions of existing products
 5. Repositioning
 6. Cost reductions



Challenges in New-Product Development

- Incremental innovation
- Disruptive technologies
- Why do new products fail?
 - A high-level executive pushes a favorite idea through in spite of negative research findings.
 - The idea is good, but the market size is overestimated.
 - The product is not well designed.



Challenges in New-Product Development

- The product is incorrectly positioned in the market, not advertised effectively, or overpriced.
- The product fails to gain sufficient distribution coverage or support.
- Development costs are higher than expected.
- Competitors fight back harder than expected.



Challenges in New-Product Development

- Factors that tend to hinder new-product development
 - Kekurangan gagasan mengenai produk baru yang penting di bidang tertentu
 - Fragmented markets
 - Social and governmental constraints
 - Cost of development
 - Capital shortages
 - Faster required development time
 - Shorter product life cycles



Organizational Arrangements

- New-product deployment requires specific criteria – one company established the following acceptance criteria
 - The product can be introduced within five years
 - The product has a market potential of at least \$50 million and a 15 percent growth rate.
 - The product would provide at least 30 percent return on sales and 40 percent on investment.
 - The product would achieve technical or market leadership.



Organizational Arrangements

- Budgeting For New Product Development
 - 3M's approach:
 - 15% rule
 - Each promising idea gets an “executive champion”
 - Expect some failures
 - Golden Step awards handed out each year



Table 12.1 Finding One Successful New Product (Starting with 64 New Ideas)

Stage	Number of Ideas	Pass Ratio	Cost per Product Idea	Total Cost
1. Idea screening	64	1:4	\$ 1,000	\$ 64,000
2. Concept testing	16	1:2	20,000	320,000
3. Product development	8	1:2	200,000	1,600,000
4. Test marketing	4	1:2	500,000	2,000,000
5. National launch	2	1:2	5,000,000	10,000,000
			<u>\$5,721,000</u>	<u>\$13,984,000</u>

Organizational Arrangements

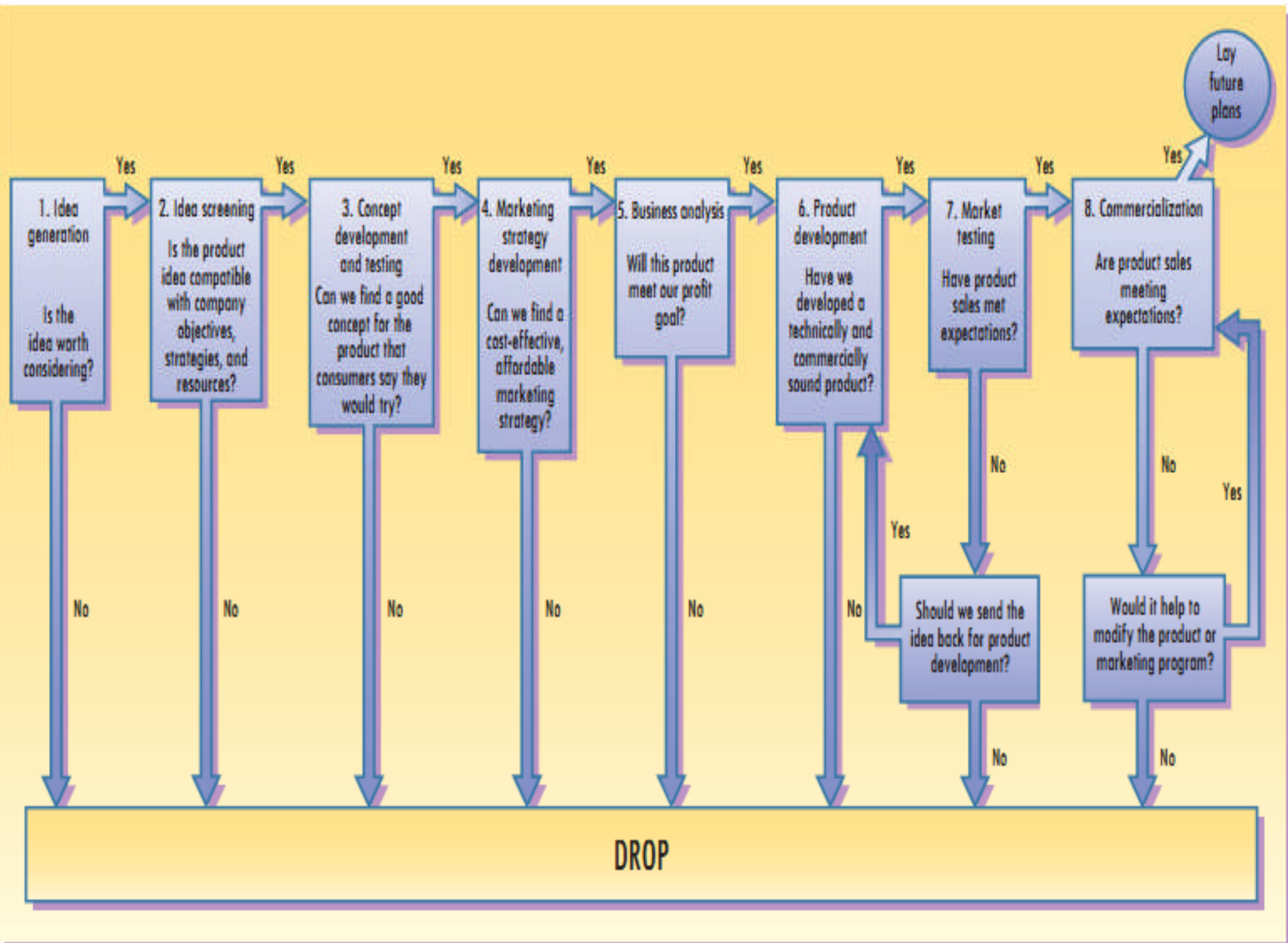
- Organizing New-Product Development
 - Product managers
 - New-product managers
 - High-level management committee
 - New product department
 - Venture teams



Organizational Arrangements

- Stage-gate system
 - Gatekeepers make one of four decisions:
 - Go
 - Kill
 - Hold
 - Recycle





Managing the Development Process: Ideas

- Idea Generation
 - Interacting with Others
 - Sales representatives
 - Intermediaries
 - Product champion



Managing the Development Process: Ideas

- Techniques for stimulating creativity in individuals and groups
 - Attribute listing
 - Forced relationships
 - Morphological analysis
 - Reverse assumption analysis
 - New contexts
 - Mind-mapping



Managing the Development Process: Ideas

- **Idea Screening**
 - **Idea manager**
 - **Idea committee**
 - **Two types of errors in screening ideas**
 - **DROP-error**
 - **GO-error**

Managing the Development Process: Concept to Strategy

- Concept Development and Testing
 - Product idea
 - Product concept
 - Concept development
 - Category concept
 - Product–positioning map
 - Brand concept



Managing the Development Process: Concept to Strategy

– Concept Testing

- Rapid prototyping
- Virtual reality
- Customer-driven engineering

– Questions to measure product dimensions

- Communicability and believability
- Need level
- Gap level
 - Need-gap score



Managing the Development Process: Concept to Strategy

- Perceived value
 - Purchase intention
 - User targets, purchase occasions, purchasing frequency
- Conjoint Analysis
- Example: five design elements
 - Three package designs
 - Three brand names
 - Three prices
 - Possible Good Housekeeping seal
 - Possible money-back guarantee



Managing the Development Process: Concept to Strategy

- **Marketing Strategy**
- **Business Analysis**
 - **Estimating Total Sales**

Managing the Development Process: Concept to Strategy

- Survival-age distribution
- Estimating Cost and Profits



Managing the Development Process: Concept to Strategy

- Break-even analysis
- Risk analysis



Managing The Development Process: Development to Commercialization

- Product Development
 - Quality Function Deployment (QFD)
 - Customer attributes (CAs)
 - Engineering attributes (EAs)



Lands' End Japan
Web site



Managing The Development Process: Development to Commercialization

- Customer tests
- Alpha testing
- Beta testing
- Consumer preference measures
 - Rank-order
 - Paired-comparison
 - Monadic-rating



Managing The Development Process: Development to Commercialization

- Market Testing
 - Consumer-Goods Market Testing
 - Seeks to estimate four variables
 - Trial
 - First repeat
 - Adoption
 - Purchase frequency
 - Sales wave research



Managing The Development Process: Development to Commercialization

- Simulated Test Marketing
- Controlled Test Marketing
- Test Markets
 - How many test cities?
 - Which cities?
 - Length of test?
 - What information?
 - What action to take?
- Business-Goods Market Testing

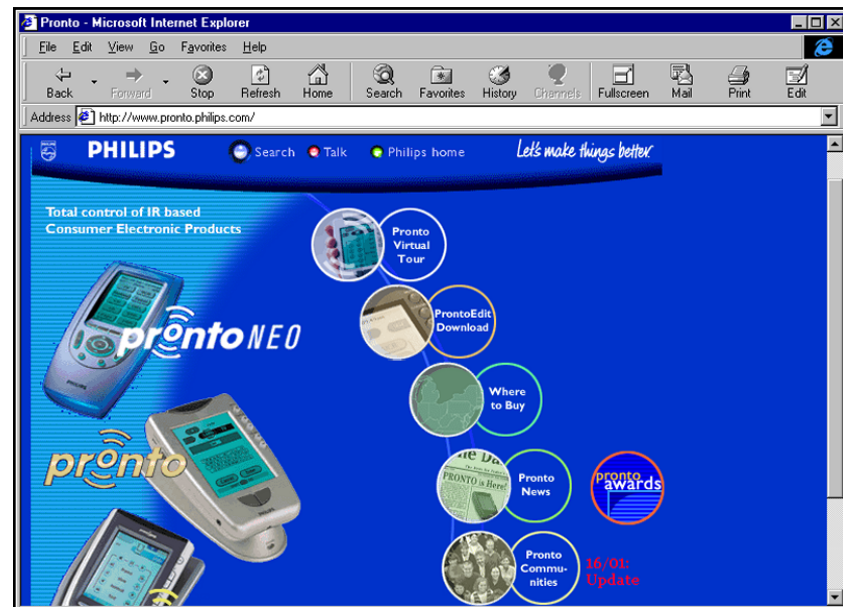


Managing The Development Process: Development to Commercialization

- Commercialization
 - When (Timing)
 1. First entry
 2. Parallel entry
 3. Late entry
 - Where (Geographic Strategy)



Philips' Pronto Web site



Managing The Development Process: Development to Commercialization

- To Whom (Target-Market Prospects)
- How (Introductory Market Strategy)
 - Critical path scheduling (CPS)

The iMac, launched with a dramatic countdown campaign



The Consumer-Adoption Process

- Adoption
 - Consumer-adoption process
 - Consumer-loyalty process
 - Mass-market approach
 - Heavy-usage target marketing
- Stages in the Adoption Process
 - Innovation
 - Innovation diffusion process

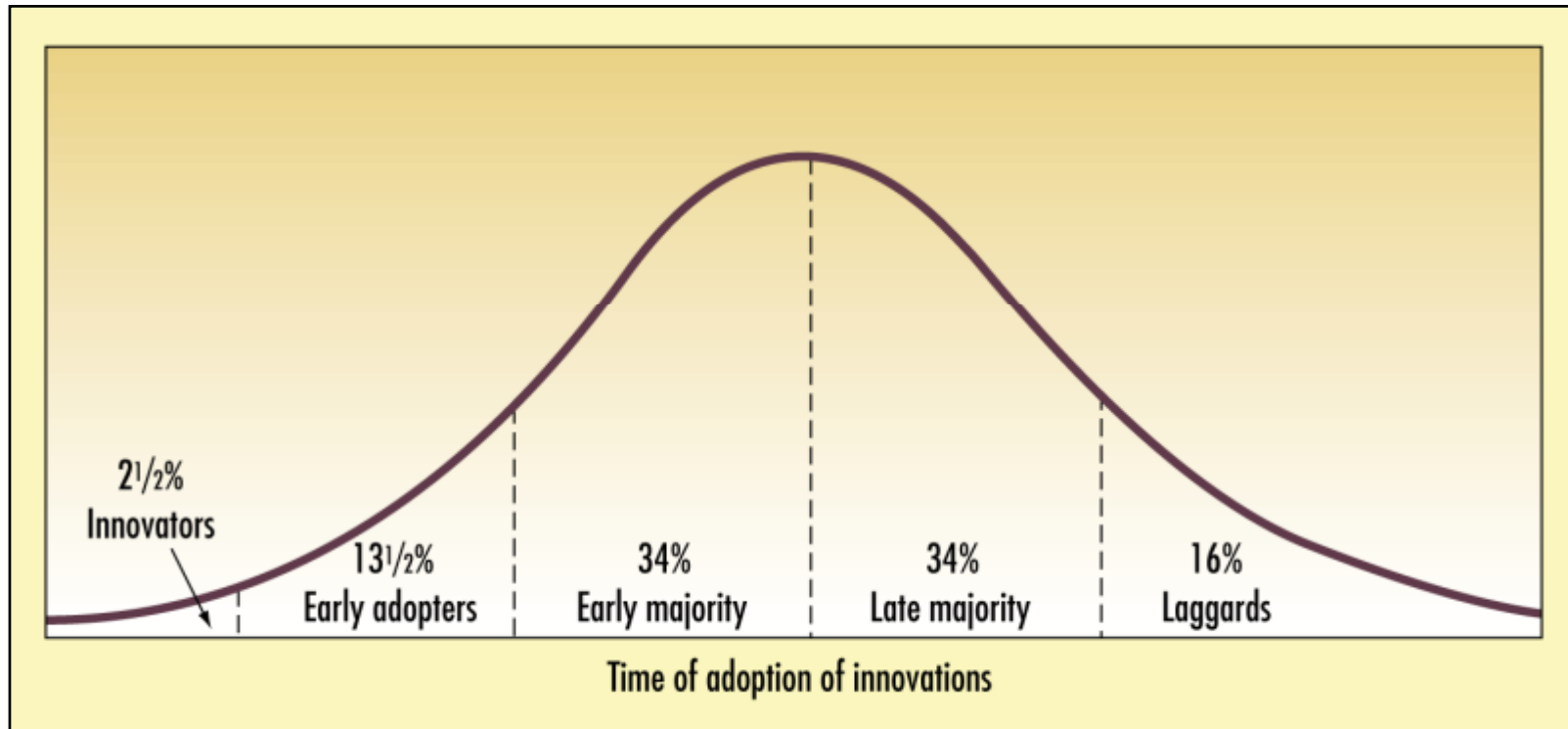


The Consumer-Adoption Process

- Adopters of new products move through five stages
 - Awareness
 - Interest
 - Evaluation
 - Trial
 - Adoption
- Factors Influencing the Adoption Process
 - Readiness to Try New Products and Personal Influence



Figure 12.7: Adopter Categorization on the Basis of Relative Time of Adoption of Innovation



The Consumer-Adoption Process

- Personal influence
- Characteristics of the Innovation
 - Relative advantage
 - Compatibility
 - Complexity
 - Divisibility
 - Communicability
- Organizations' Readiness to Adopt Innovations

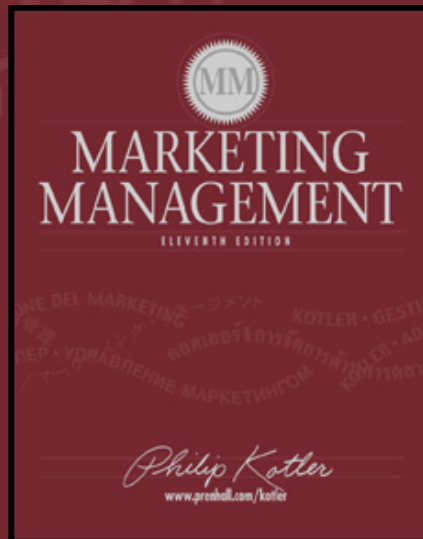


Chapter 13

Designing Global Market Offerings

by

Philip Kotler

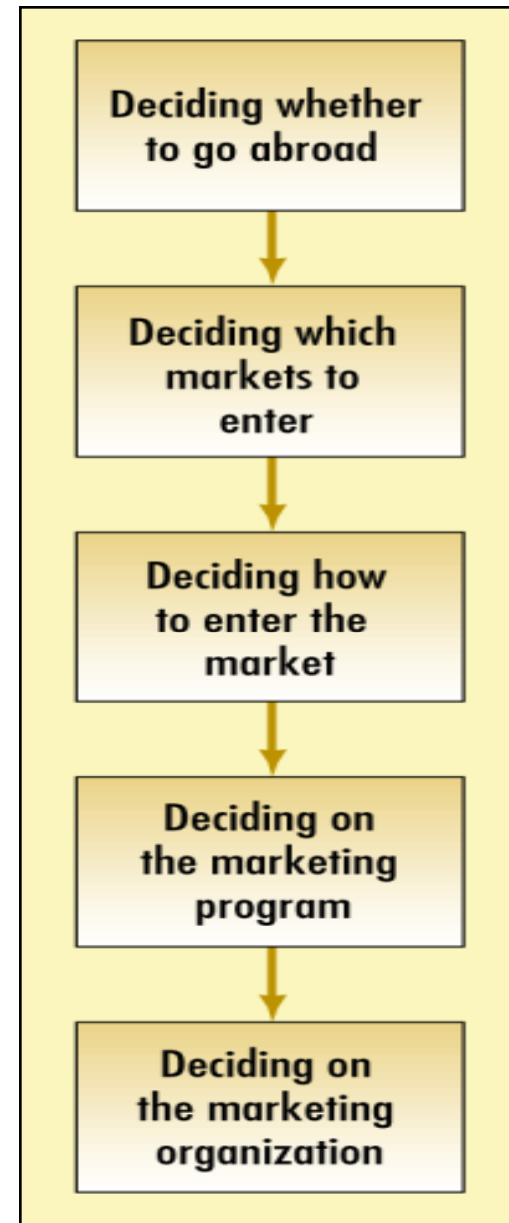


**PowerPoint by
Milton M. Pressley
University of New Orleans**

Competing on a Global Basis

- Global industry
- Global firm

Figure 13.1: Major Decisions in International Marketing



Deciding Whether To Go Abroad

- Factors drawing companies into the international arena:
 - Global firms offering better products or lower prices can attack the company's domestic market.
 - The company discovers that some foreign markets present higher profit opportunities than the domestic market.
 - The company needs a larger customer base to achieve economies of scale.
 - The company wants to reduce its dependence on any one market.
 - The company's customers are going abroad and need servicing.

Deciding Whether To Go Abroad

- Before going abroad, the company must weigh several risk:
 - The company might not understand foreign customer preferences and fail to offer a competitively attractive product.
 - The company might not understand the foreign country's business culture or know how to deal effectively with foreign nationals.
 - The company might underestimate foreign regulations and incur unexpected costs.
 - The company might realize that it lacks managers with international experience.
 - The foreign country might change its commercial laws, devalue its currency, or undergo a political revolution and expropriate property.

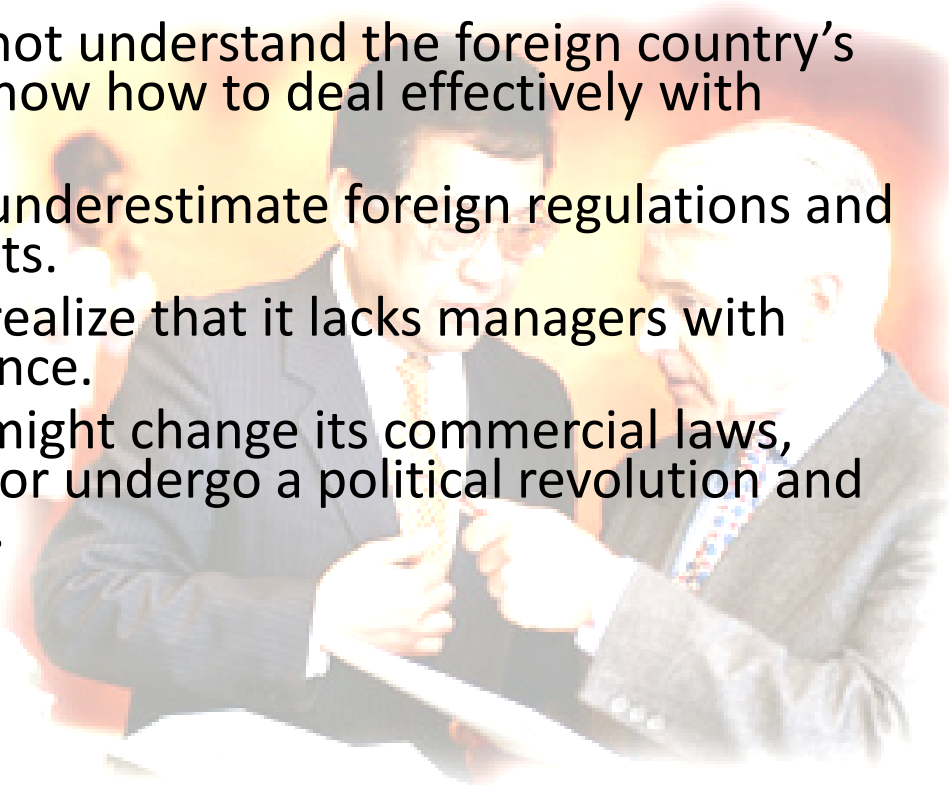


Table 13.1: Blunders in International Marketing

Hallmark cards failed when they were introduced in France. The French dislike syrupy sentiment and prefer writing their own cards.

Philips began to earn a profit in Japan only after it had reduced the size of its coffeemakers to fit into smaller Japanese kitchens and its shavers to fit smaller Japanese hands.

Coca-Cola had to withdraw its two-liter bottle in Spain after discovering that few Spaniards owned refrigerators with large enough compartments to accommodate it.

General Foods' Tang initially failed in France because it was positioned as a substitute for orange juice at breakfast. The French drink little orange juice and almost none at breakfast.

Kellogg's Pop-Tarts failed in Britain because the percentage of British homes with toasters was significantly lower than in the United States and the product was too sweet for British tastes.

See text for complete table

Deciding Which Markets to Enter

- How many markets to enter
 - Ayal and Zif contend that a company should enter fewer countries when:
 - Market entry and market costs are high
 - Product and communication costs are high
 - Population and income size and growth are high in the initial countries chosen
 - Dominant foreign firms can establish high barriers to entry

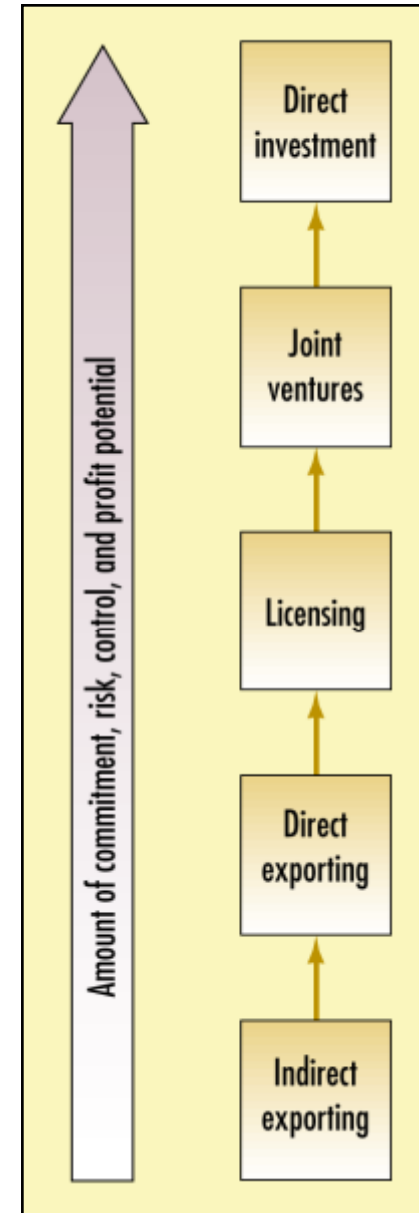
Deciding Which Markets to Enter

- Regional free trade zones
 - The European Union
 - NAFTA
 - MERCOSUL
 - APEC
- Evaluating potential markets
 - Psychic proximity



Deciding How to Enter the Market

**Figure 13.2:
Five Modes of Entry
into Foreign Markets**



Deciding How to Enter the Market

- Indirect and direct export
 - Occasional exporting
 - Active exporting
 - Indirect exporting
 - Domestic-based export merchants
 - Domestic-based export agents
 - Cooperative organizations
 - Export-management companies



Deciding How to Enter the Market

– Companies can carry on direct exporting in several ways

- Domestic-based export department or division
- Overseas sales branch or subsidiary
- Traveling export sales representatives
- Foreign-based distributors or agents



Deciding How to Enter the Market

- Licensing
 - Management contracts
 - Contract manufacturing
 - Franchising



Deciding How to Enter the Market

- Joint ventures
- Direct investment
- The Internationalization Process
 - Johanson and Wiedersheim-Paul identified four stages in the internationalization process:
 - No regular export activities
 - Export via independent representatives (agents)
 - Establishment of one or more sales subsidiaries
 - Establishment of production facilities abroad



Deciding on the Marketing Program

- Standardized marketing mix
- Adapted marketing mix



Deciding on the Marketing Program

- Product
 - Straight extension



Figure 13.3: Five International Product and Promotion Strategies

		Product		
		Do Not Change Product	Adapt Product	Develop New Product
Promotion	Do Not Change Promotion	Straight extension	Product adaptation	Product invention
	Adapt Promotion	Communication adaptation	Dual adaptation	

Deciding on the Marketing Program

- Product adaptation
- Product invention
 - Backward invention
 - Forward invention
- Promotion
 - Communication adaptation
 - Dual adaptation



Deciding on the Marketing Program

- Price

- Price escalation

- Companies have three choices

- Set a uniform price everywhere

- Set a market-based price in each country

- Set a cost-based price in each country

- Transfer price

- Dumping

- Arm's-length price

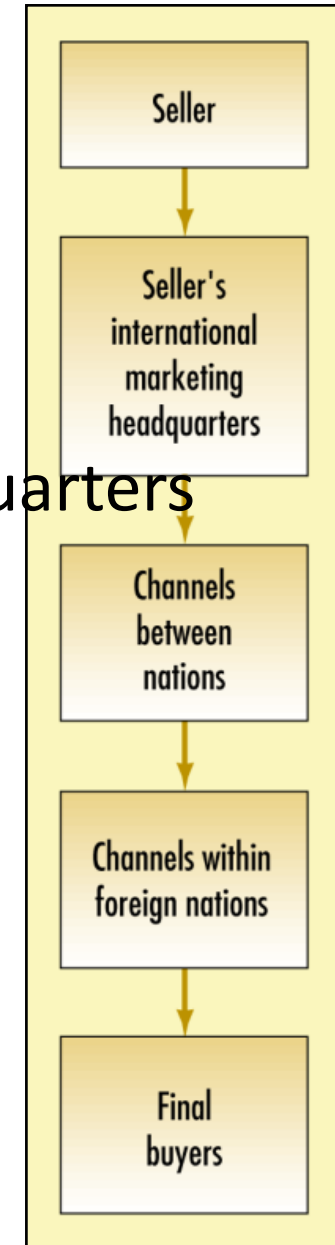
- Gray market



Deciding on the Marketing Program

- Place (distribution channels)
 - Seller's international marketing headquarters
 - Channels between nations
 - Channels within foreign nations

Figure 13.4:
Whole-Channel Concept for
International Marketing



Deciding on the Marketing Organization

- Export department
- International division
 - Geographical organizations
 - World product groups
 - International subsidiaries



Deciding on the Marketing Organization

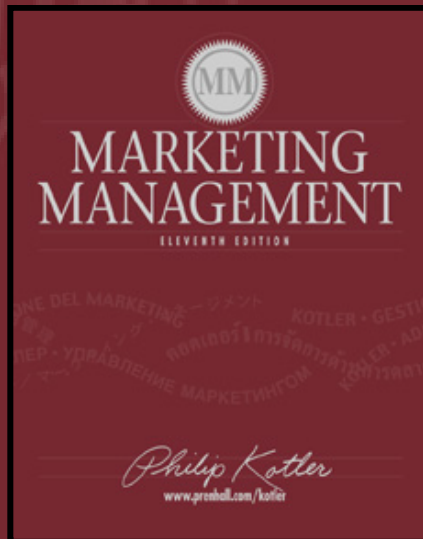
- Global organization
 - Bartlett and Ghoshal distinguish three organizational strategies:
 - A global strategy treats the world as a single market.
 - A multinational strategy treats the world as a portfolio of national opportunities.
 - A “glocal” strategy standardizes certain core elements and localizes other elements.

Chapter 15

Designing and Managing Services

by

Philip Kotler



PowerPoint by
Milton M. Pressley
University of New Orleans

Kotler on Marketing

*Every business is a
service business.
Does your service
put a smile on the
customer's face?*



The Nature of Services

- Categories of Service Mix
 - Pure tangible good
 - Tangible good with accompanying services
 - Hybrid
 - Major service with accompanying minor goods and services
 - Pure service



The Nature of Services

- Characteristics of Services and Their Marketing Implications
 - Intangibility
 - Service positioning strategy can be made tangible through:
 - Place
 - People
 - Equipment
 - Communication material
 - Symbols
 - Price



The Nature of Services

- Inseparability
- Variability
 - Quality control by:
 - Good hiring and training procedures
 - Service blueprint
 - Monitoring customer satisfaction

The Nature of Services

- Perishability
 - Strategies for better matching between demand and supply in a service business
 - Differential pricing
 - Nonpeak demand
 - Complementary services
 - Reservation systems
 - Part-time employees
 - Peak-time efficiency
 - Increased consumer participation
 - Shared services
 - Facilities for future expansion



*Marketing Relevant
Differences Between
Goods and Services*

Defining the Essence of a Service

- An act or performance offered by one party to another
- An economic activity that does not result in ownership
- A process that creates benefits by facilitating a desired change in:
 - customers themselves
 - physical possessions
 - intangible assets

Distinguishing Characteristics of Services

- Pelanggan tidak memperoleh kepemilikan dari jasa
- Proses pelayanan dibatasi oleh waktu dan tidak dapat disimpan
- Unsur intangible mendominasi penciptaan nilai/jasa
- Keterlibatan pelanggan lebih besar dalam proses produksi
- Orang mungkin terlibat dalam membentuk bagian dari pengalaman jasa
- Variabilitas lebih besar pada input dan output operasional
- Jasa sulit untuk dievaluasi pelanggan
- Faktor waktu menjadi lebih penting—kecepatan menjadi faktor kunci
- Sistem pengiriman meliputi alur elektronik dan fisik

Marketing Implications - 1

- **No ownership**

- Customers obtain temporary rentals, hiring of personnel, or access to facilities and systems
- Pricing often based on time
- Customer choice criteria may differ for renting vs. purchase--may include convenience, quality of personnel
- Can't own people (no slavery!) but can hire expertise and labor

- **Services cannot be inventoried after production**

- Service performances are ephemeral—transitory, perishable
Exception: some information-based output can be recorded in electronic/printed form and re-used many times
- Balancing demand and supply may be vital marketing strategy
- Key to profits: target right segments at right times at right price
- Need to determine whether *benefits* are perishable or durable

Marketing Implications - 2

- **Customers may be involved in production process**
 - Customer involvement includes self-service and cooperation with service personnel
 - Think of customers in these settings as “partial employees”
 - Customer behavior and competence can help or hinder productivity, so marketers need to educate/train customers
 - Changing the delivery process may affect role played by customers
 - Design service facilities, equipment, and systems with customers in mind: user-friendly, convenient locations/schedules
- **Intangible elements dominate value creation**
 - Understand value added by labor and expertise of personnel
 - Effective HR management is critical to achieve service quality
 - Make highly intangible services more “concrete” by creating and communicating physical images or metaphors and tangible clues

Marketing Implications - 3

- **Other people are often part of the service product**
 - Achieve competitive edge through perceived quality of employees
 - Ensure job specs and standards for frontline service personnel reflect both marketing and operational criteria
 - Recognize that appearance and behavior of other customers can influence service experience positively or negatively
 - Avoid inappropriate mix of customer segments at same time
 - Manage customer behavior (the customer is *not* always right!)
- **Greater variability in operational inputs and outputs**
 - Must work hard to control quality and achieve consistency
 - Seek to improve productivity through standardization, and by training both employees and customers
 - Need to have effective service recovery policies in place because it is more difficult to shield customers from service failures

Marketing Implications - 4

- **Often difficult for customers to evaluate services**
 - Educate customers to help them make good choices, avoid risk
 - Tell customers what to expect, what to look for
 - Create trusted brand with reputation for considerate, ethical behavior
 - Encourage positive word-of-mouth from satisfied customers
- **Time factor assumes great importance**
 - Offer convenience of extended service hours up to 24/7
 - Understand customers' time constraints and priorities
 - Minimize waiting time
 - Look for ways to compete on speed
- **Distribution channels take different forms**
 - Tangible activities must be delivered through physical channels
 - Use electronic channels to deliver intangible, information-based elements instantly and expand geographic reach

*Important Differences Exist
among Services*

Four Categories of Services

Employing Different Underlying Processes

What is the Nature of the Service Act?

Who or What is the Direct Recipient of the Service?

DIRECTED AT PEOPLE

DIRECTED AT POSSESSIONS

TANGIBLE
ACTS

People Processing

Possession Processing

e.g., airlines, hospitals,
haircutting, restaurants hotels,
fitness centers

e.g., freight, repair,
cleaning, landscaping,
retailing, recycling

INTANGIBLE
ACTS

*Mental Stimulus
Processing*

*Information Processing
(directed at intangible assets)*

e.g., broadcasting, consulting,
education, psychotherapy

e.g., accounting, banking,
insurance, legal, research

Implications of Service Processes

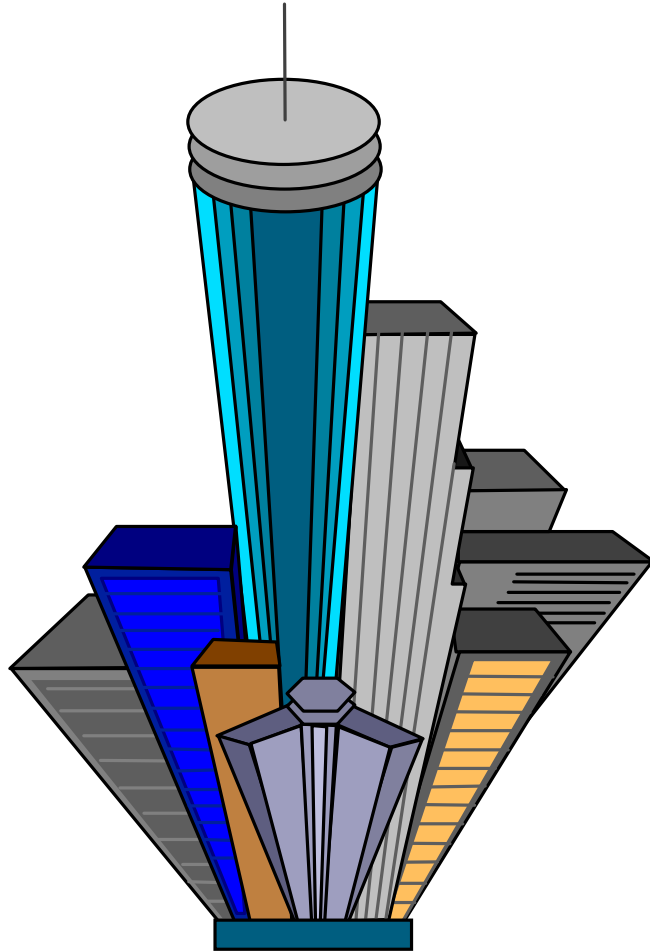
(1) Seeking Efficiency May Lower Satisfaction

*Processes determine how services are created/delivered—
process change may affect customer satisfaction*

- Imposing new processes on customers, especially replacing people by machines, may cause dissatisfaction
- New processes that improve efficiency by cutting costs may hurt service quality
- Best new processes deliver benefits desired by customers
 - Faster
 - Simpler
 - More conveniently
- Customers may need to be educated about new procedures and how to use them

Implications of Service Processes:

(2) Designing the Service Factory



People-processing services require customers to visit the “service factory,” so:

- Think of facility as a “stage” for service performance
- Design process around customer
- Choose convenient location
- Create pleasing appearance, avoid unwanted noises, smells
- Consider customer needs--info, parking, food, toilets, etc.

Implications of Service Processes:

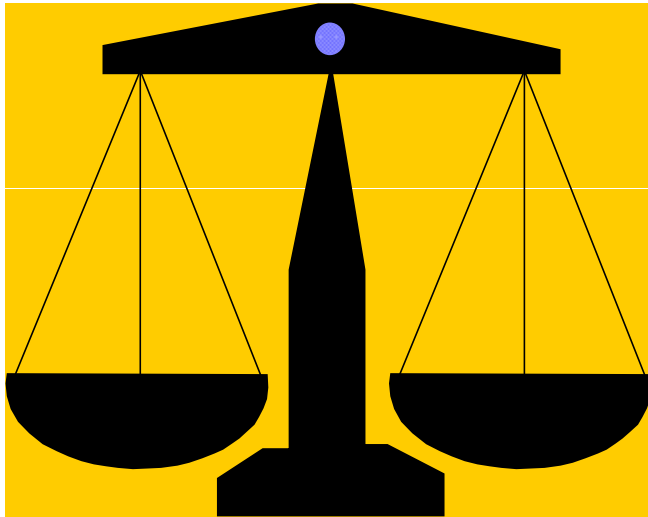
(3) Evaluating Alternative Delivery Channels

For possession-processing, mental-stimulus processing, or information processing services, alternatives include:

1. Customers come to the service factory
2. Customers come to a retail office
3. Service employees visit customer's home or workplace
4. Business is conducted at arm's length through
 - physical channels (e.g., mail, courier service)
 - electronic channels (e.g., phone, fax, email, Web site)

Implications of Service Processes:

(4) Balancing Demand and Capacity



When capacity to serve is limited and demand varies widely, problems arise because service output can't be stored:

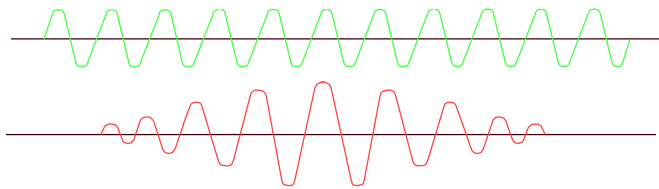
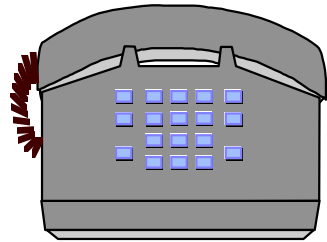
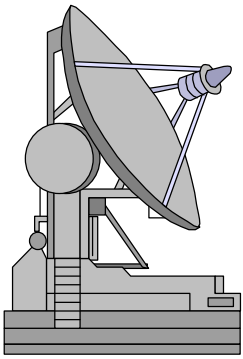
1. If demand is high and exceeds supply, business may be lost
2. If demand is low, productive capacity is wasted

Potential solutions:

- Manage demand
- Manage capacity

Implications of Service Processes:

(5) Applying Information Technology

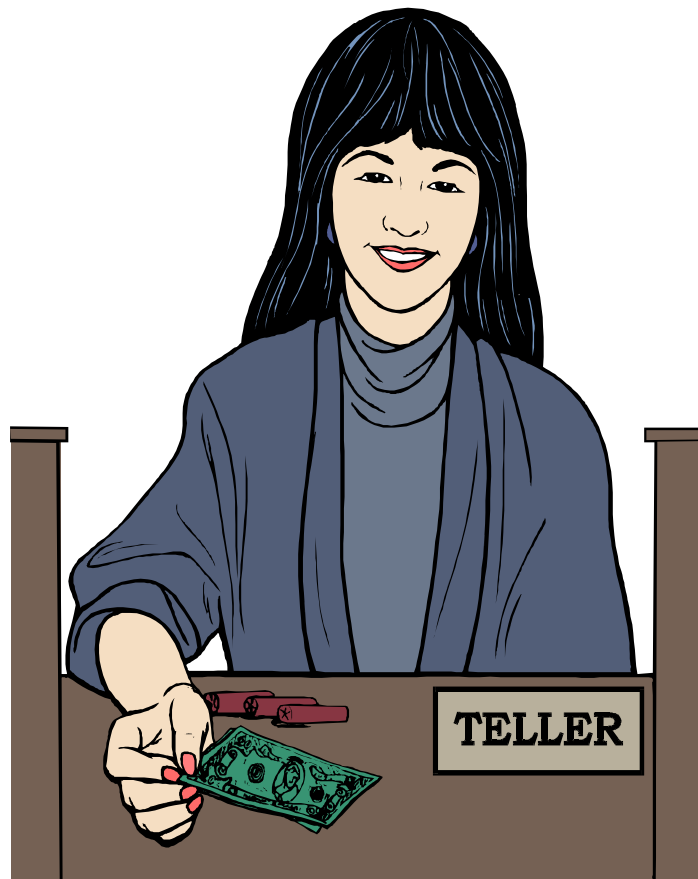


All services can benefit from IT, but mental-stimulus processing and information-processing services have the most to gain:

- Remote delivery of information-based services “anywhere, anytime”
- New service features through websites, email, and internet (e.g., information, reservations)
- More opportunities for self-service
- New types of services

Implications of Service Processes:

(6) Including People as Part of the Product



Involvement in service delivery often entails contact with other people

- Managers should be concerned about employees' appearance, social skills, technical skills
- Other customers may enhance or detract from service experience--need to manage customer behavior

*The Services
Marketing Mix*

Elements of The Services Marketing Mix: “7Ps” vs. the Traditional “4Ps”

Rethinking the original 4Ps

- Product elements
- Place and time
- Promotion and education
- Price and other user outlays

Adding Three New Elements

- Physical environment/evidence
- Process
- People

The 7Ps:

(1) Product Elements

All Aspects of Service Performance that Create Value

- Core product features—both tangible and intangible elements
- Bundle of supplementary service elements
- Performance levels relative to competition
- Benefits delivered to customers (customers don't buy a hotel room, they buy a good night's sleep)
- Guarantees

The 7Ps:

(2) Place and Time

Delivery Decisions: Where, When, and How

- Geographic locations served
- Service schedules
- Physical channels
- Electronic channels
- Customer control and convenience
- Channel partners/intermediaries

The 7Ps:

(3) Promotion and Education

Informing, Educating, Persuading, and Reminding Customers

- Marketing communication tools
 - media elements (print, broadcast, outdoor, retail, Internet, etc.)
 - personal selling, customer service
 - sales promotion
 - publicity/PR
- Imagery and recognition
 - branding
 - corporate design
- Content
 - information, advice
 - persuasive messages
 - customer education/training

The 7Ps:

(4) Price and Other User Outlays

Marketers Must Recognize that Customer Outlays Involve

More than the Price Paid to Seller

Traditional Pricing Tasks

- Selling price, discounts, premiums
- Margins for intermediaries (if any)
- Credit terms

Identify and Minimize Other Costs Incurred by Users

- Additional monetary costs associated with service usage (e.g., travel to service location, parking, phone, babysitting, etc.)
- Time expenditures, especially waiting
- Unwanted mental and physical effort
- Negative sensory experiences

The 7Ps:

(5) Physical Environment

Designing the Servicescape and providing tangible evidence of service performances

- Create and maintaining physical appearances
 - buildings/landscaping
 - interior design/furnishings
 - vehicles/equipment
 - staff grooming/clothing
 - sounds and smells
 - other tangibles
- Select tangible metaphors for use in marketing communications

7Ps:

(6) Process

Method and Sequence in Service Creation and Delivery

- Design of activity flows
- Number and sequence of actions for customers
- Providers of value chain components
- Nature of customer involvement
- Role of contact personnel
- Role of technology, degree of automation

The 7Ps:

(7) People

Managing the Human Side of the Enterprise

- The right customer-contact employees performing tasks well
 - job design
 - recruiting/selection
 - training
 - motivation
 - evaluation/rewards
 - empowerment/teamwork
- The right customers for the firm's mission
 - fit well with product/processes/corporate goals
 - appreciate benefits and value offered
 - possess (or can be educated to have) needed skills (co-production)
 - firm is able to manage customer behavior

Managing the 7Ps Requires Collaboration between Marketing, Operations, and HR Functions (Fig. 1.7)

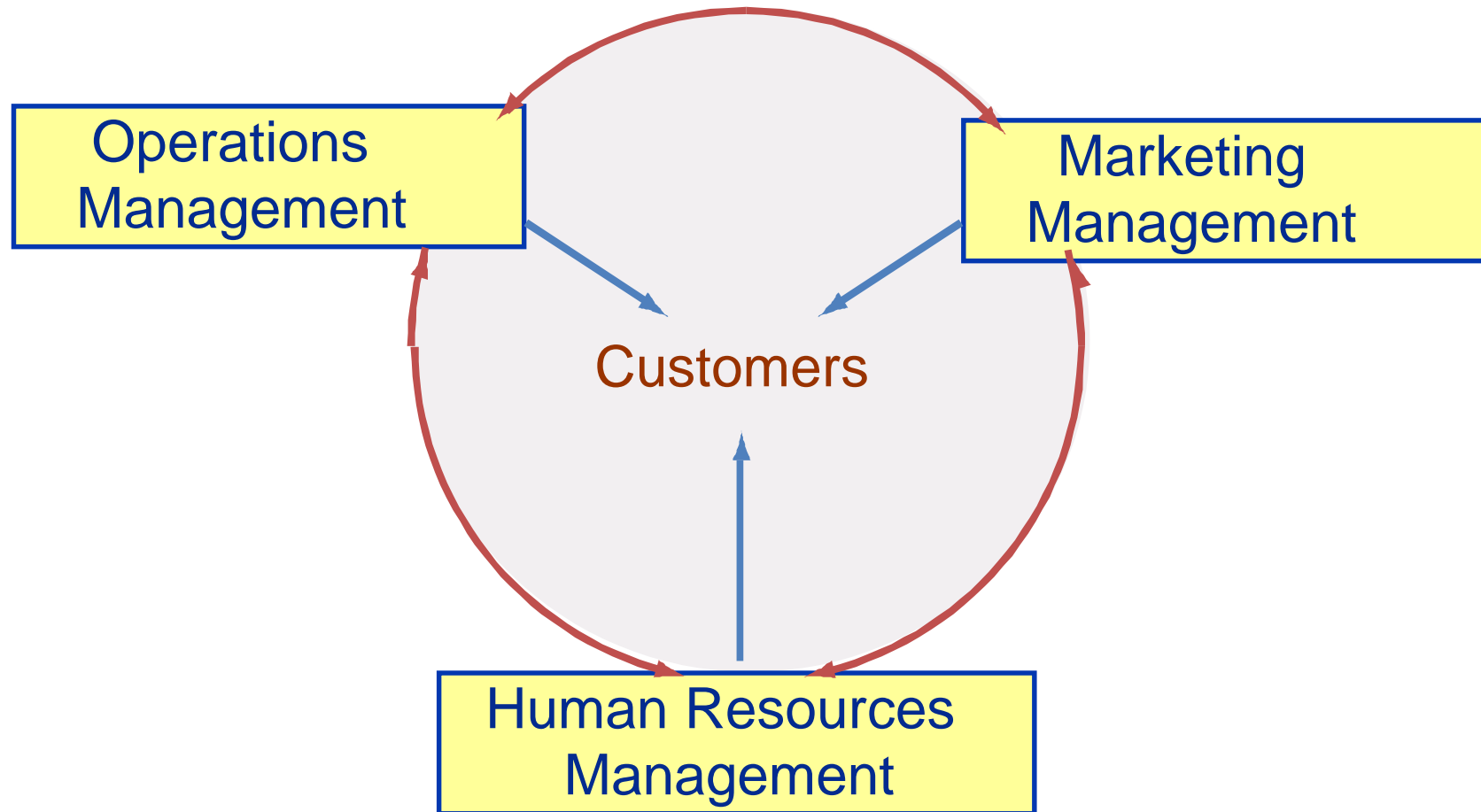
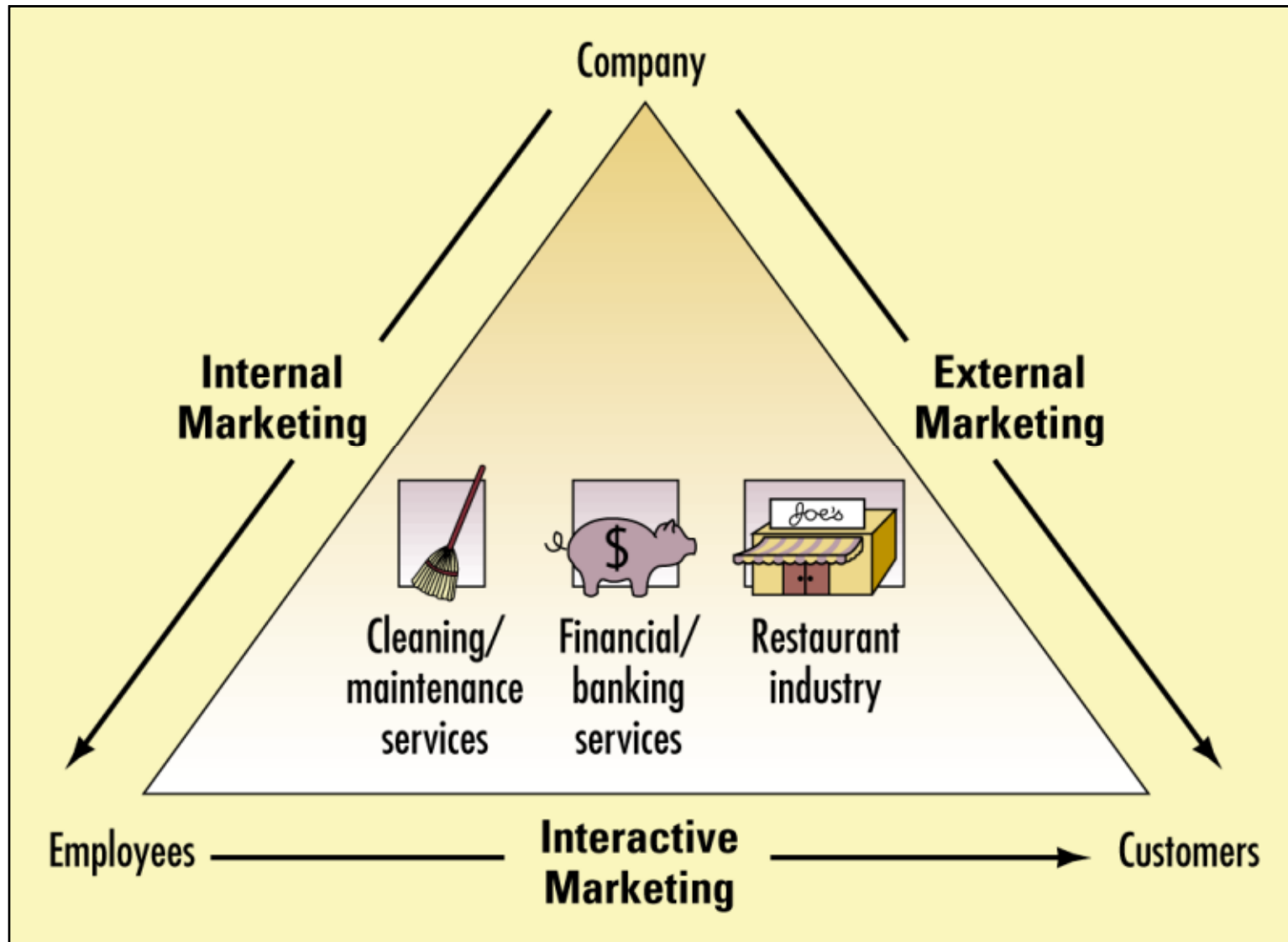
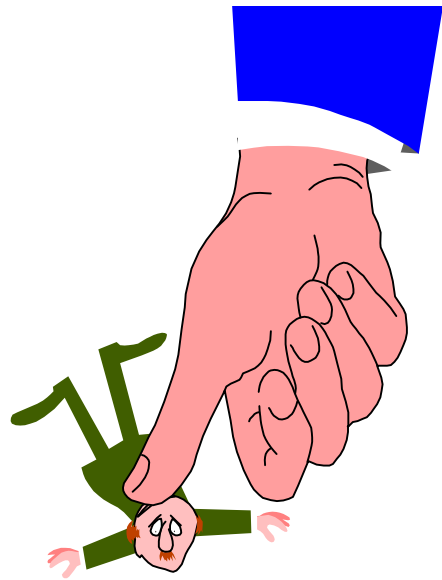


Figure 15.3: Three Types of Marketing in Service Industries

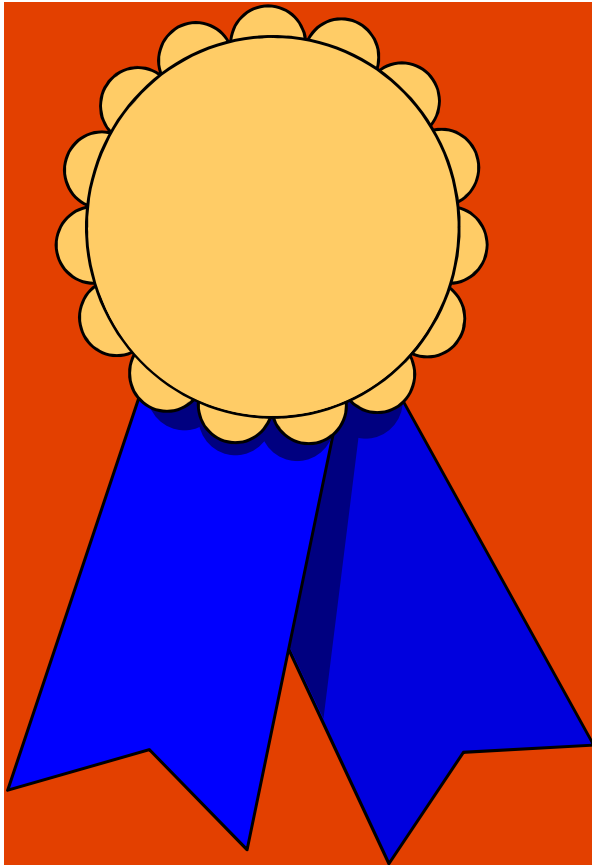


Perceived Risks in Purchasing and Using Services



- **Functional** – unsatisfactory performance outcomes
- **Financial** – monetary loss, unexpected extra costs
- **Temporal** – wasted time, delays lead to problems
- **Physical** – personal injury, damage to possessions
- **Psychological** – fears and negative emotions
- **Social** – how others may think and react
- **Sensory** – unwanted impacts to any of five senses

Dimensions of Service Quality



- Tangibles
- Reliability
- Responsiveness
- Assurance
 - competence,
 - courtesy
 - credibility
 - security
- Empathy
 - access
 - communication
 - understanding of customer

Perspectives on Service Quality

Transcendental: Quality = excellence. Recognized only through experience

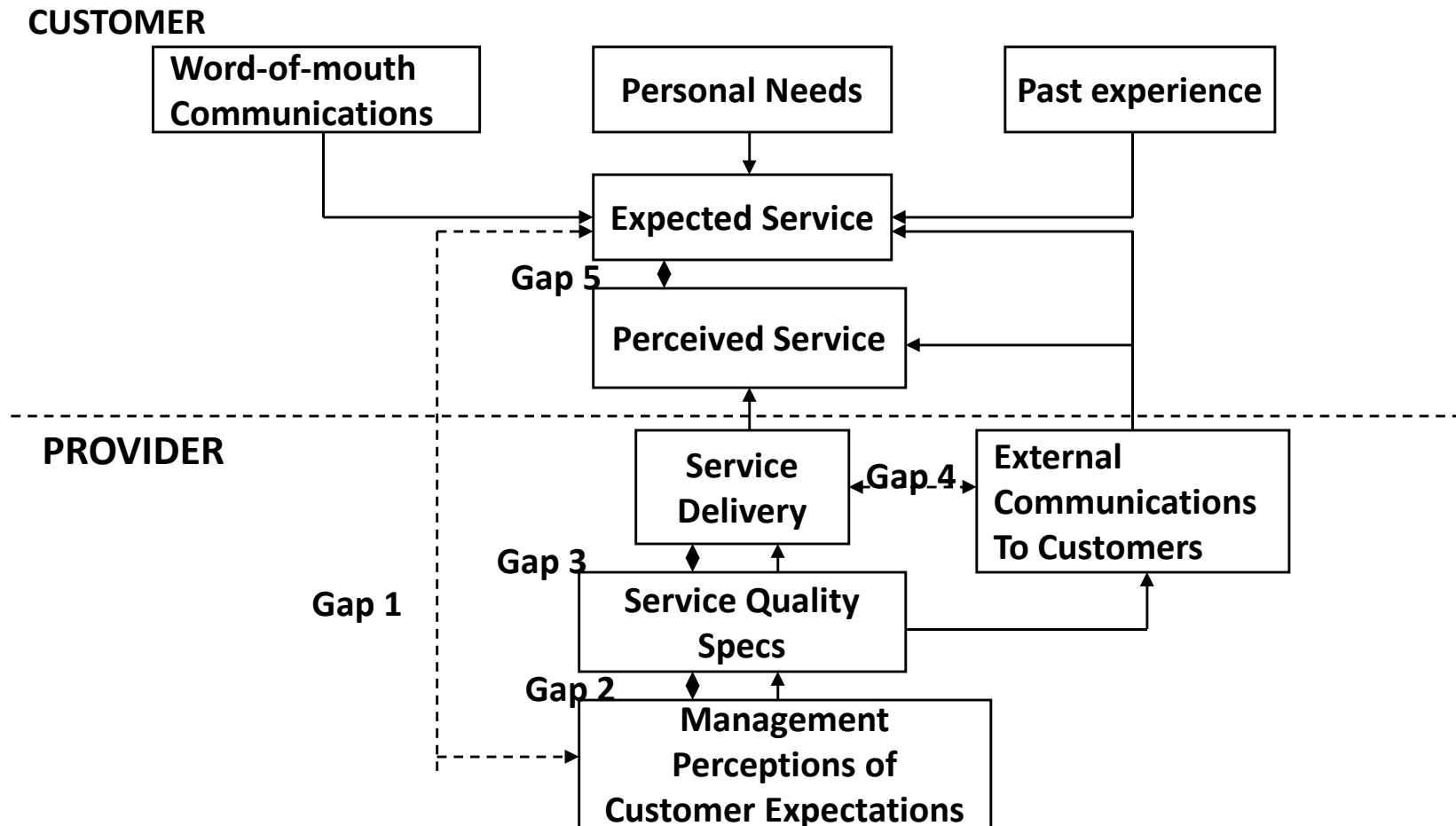
Product-Based: Quality is precise and measurable

User-Based: Quality lies in the eyes of the beholder

Manufacturing-Based: Quality is conformance to the firm's developed specifications

Value-Based: Quality is a trade-off between price and value

Conceptual Model of Service Quality



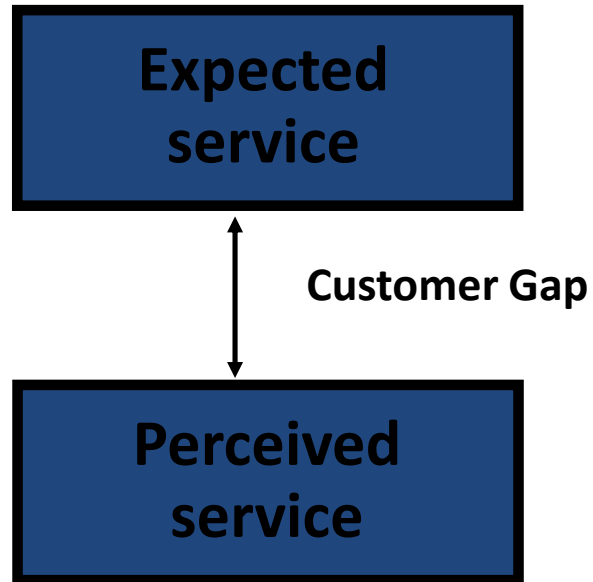
The Gaps Model of Service Quality

- Introduce a framework, called the gaps model of service quality.
- Demonstrate that the most critical service quality gap to close is the customer gap, the difference between customer expectations and perceptions.
- Show that four gaps that occur in companies, which we call provider gaps, are responsible for the customer gap.
- Identify the factors responsible for each of the four provider gaps.

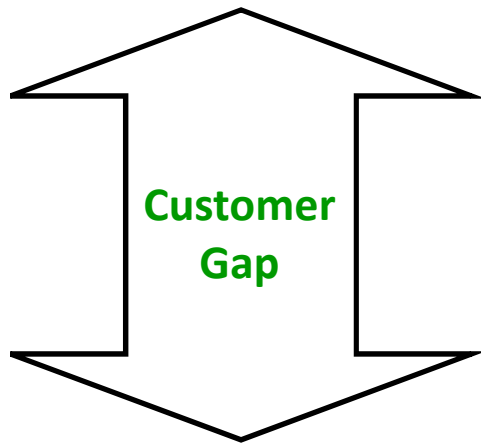
Gaps Model of Service Quality

- Customer Gap:
 - difference between customer expectations and perceptions
- Provider Gap 1 (**The Knowledge Gap**):
 - not knowing what customers expect
- Provider Gap 2 (**The Service Design & Standards Gap**):
 - not having the right service designs and standards
- Provider Gap 3 (**The Service Performance Gap**):
 - not delivering to service standards
- Provider Gap 4 (**The Communication Gap**):
 - not matching performance to promises

The Customer Gap



Key Factors Leading to the Customer Gap



Customer
Expectations

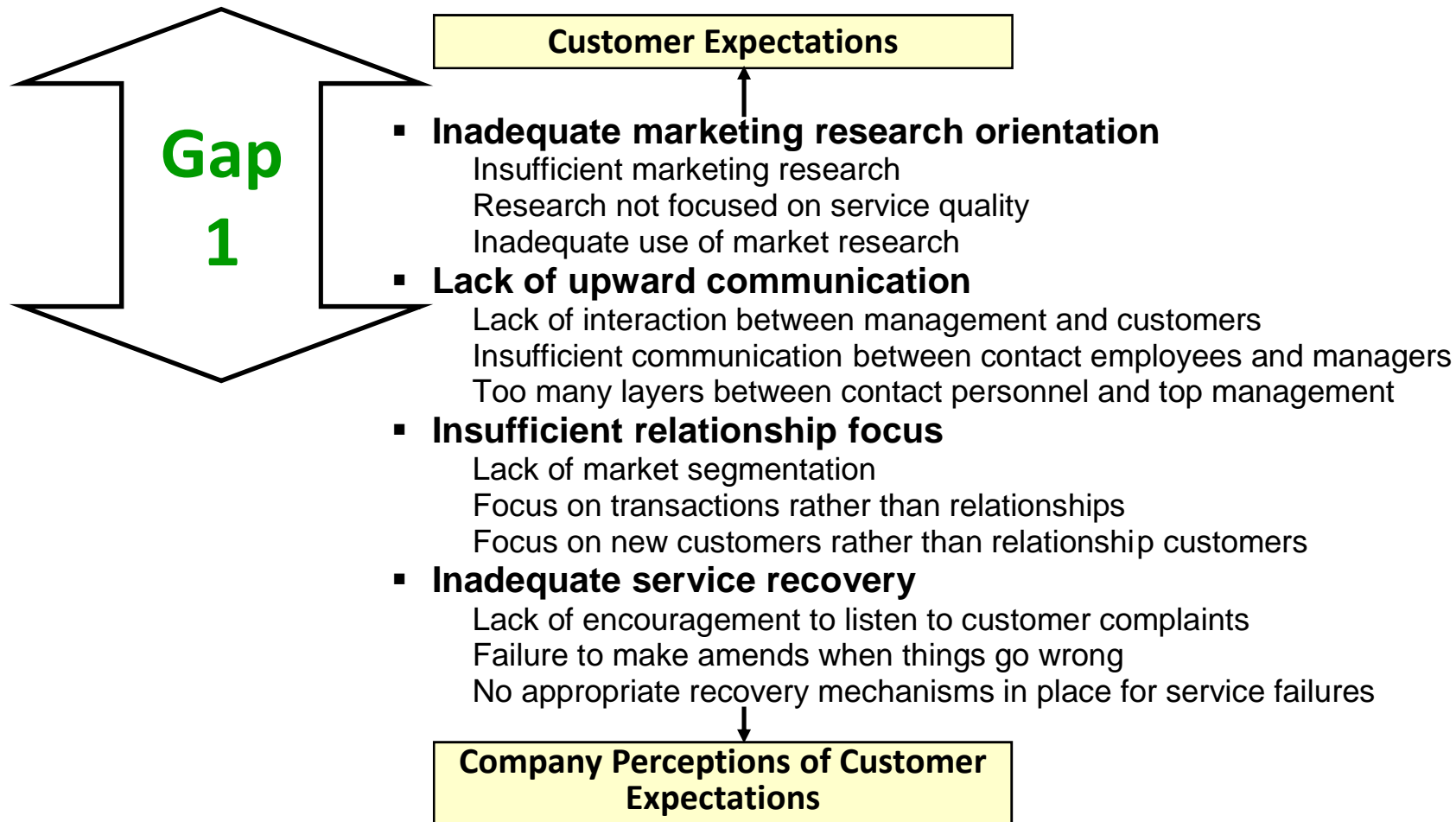


- **Provider Gap 1:** Not knowing what customers expect
- **Provider Gap 2:** Not selecting the right service designs and standards
- **Provider Gap 3:** Not delivering to service standards
- **Provider Gap 4:** Not matching performance to promises

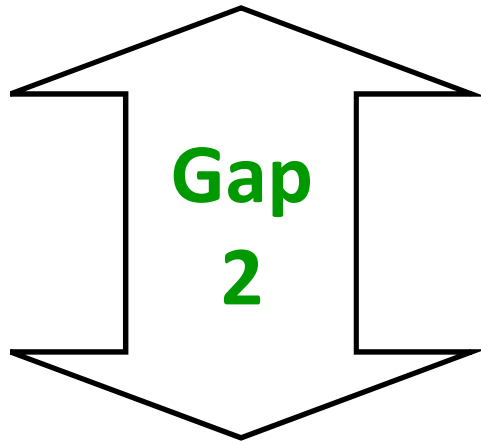


Customer
Perceptions

Key Factors Leading to Provider Gap 1



Key Factors Leading to Provider Gap 2

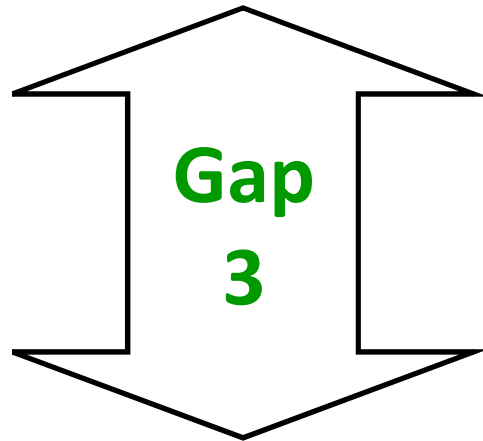


Customer-Driven Service Designs
and Standards

- **Poor service design**
 - Unsystematic new service development process
 - Vague, undefined service designs
 - Failure to connect service design to service positioning
- **Absence of customer-driven standards**
 - Lack of customer-driven service standards
 - Absence of formal process for setting service quality goals
- **Inappropriate physical evidence and servicescape**
 - Failure to develop tangibles in line with customer expectations
 - Servicescape design that does not meet customer and employee needs
 - Inadequate maintenance and updating of the servicescape

Management Perceptions of
Customer Expectations

Key Factors Leading to Provider Gap 3



Customer-Driven Service Designs
and Standards

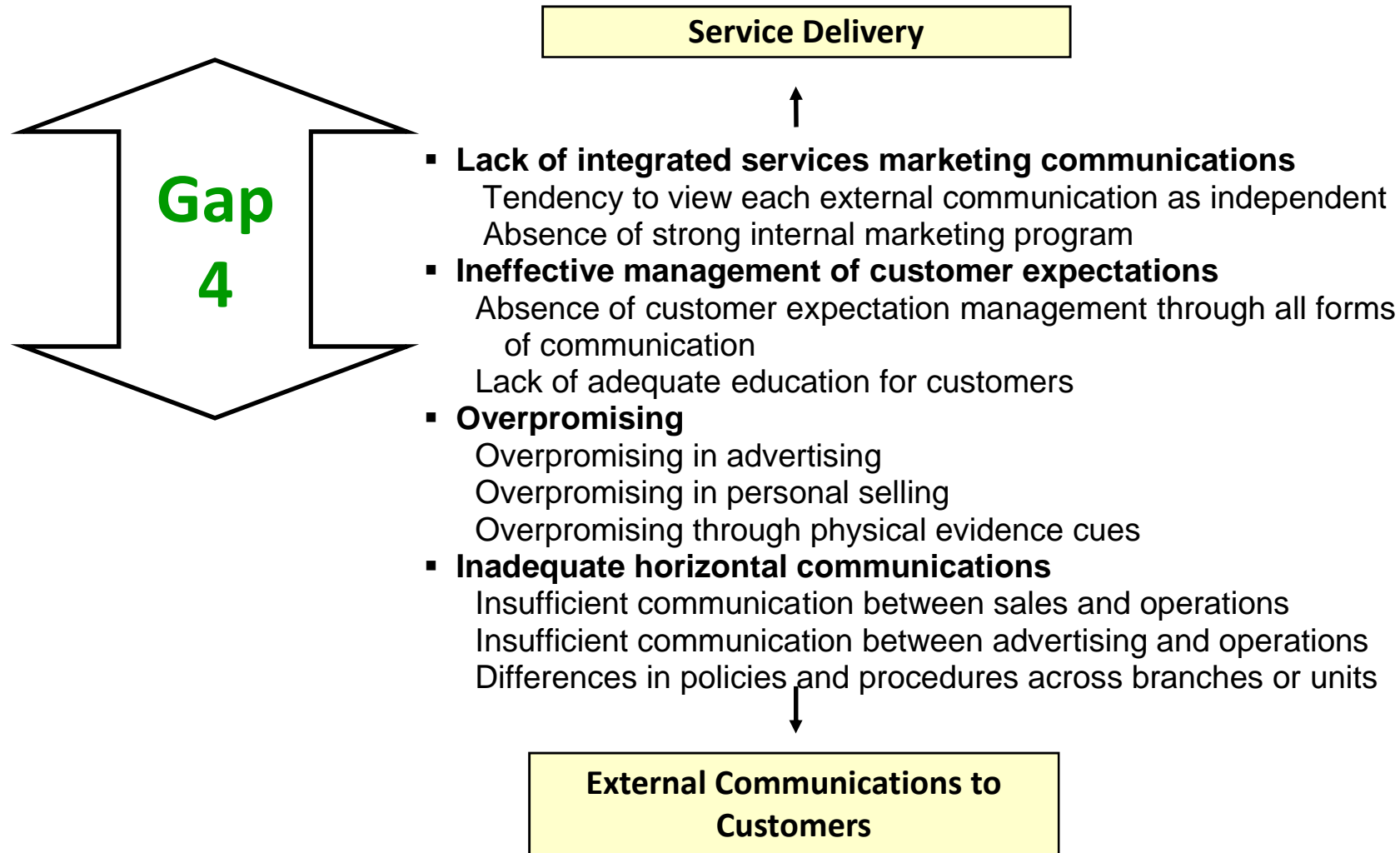


- **Deficiencies in human resource policies**
 - Ineffective recruitment
 - Role ambiguity and role conflict
 - Inappropriate evaluation and compensation systems
 - Lack of empowerment, perceived control, and teamwork
- **Customers who do not fulfill roles**
 - Customers who lack knowledge of their roles and responsibilities
 - Customers who negatively impact each other
- **Problems with service intermediaries**
 - Channel conflict over objectives and performance
 - Difficulty controlling quality and consistency
 - Tension between empowerment and control
- **Failure to match supply and demand**
 - Failure to smooth peaks and valleys of demand

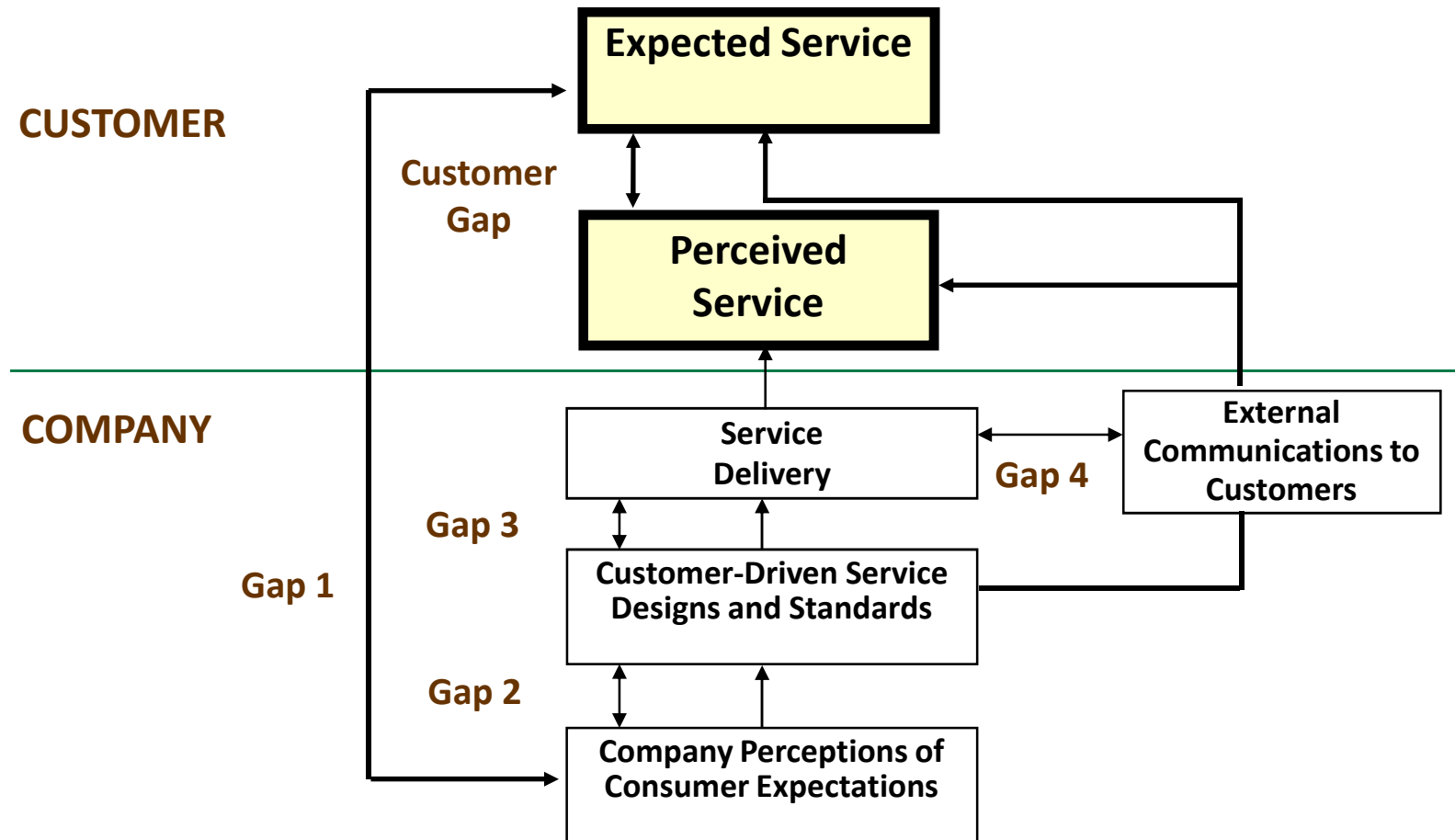


Service Delivery

Key Factors Leading to Provider Gap 4

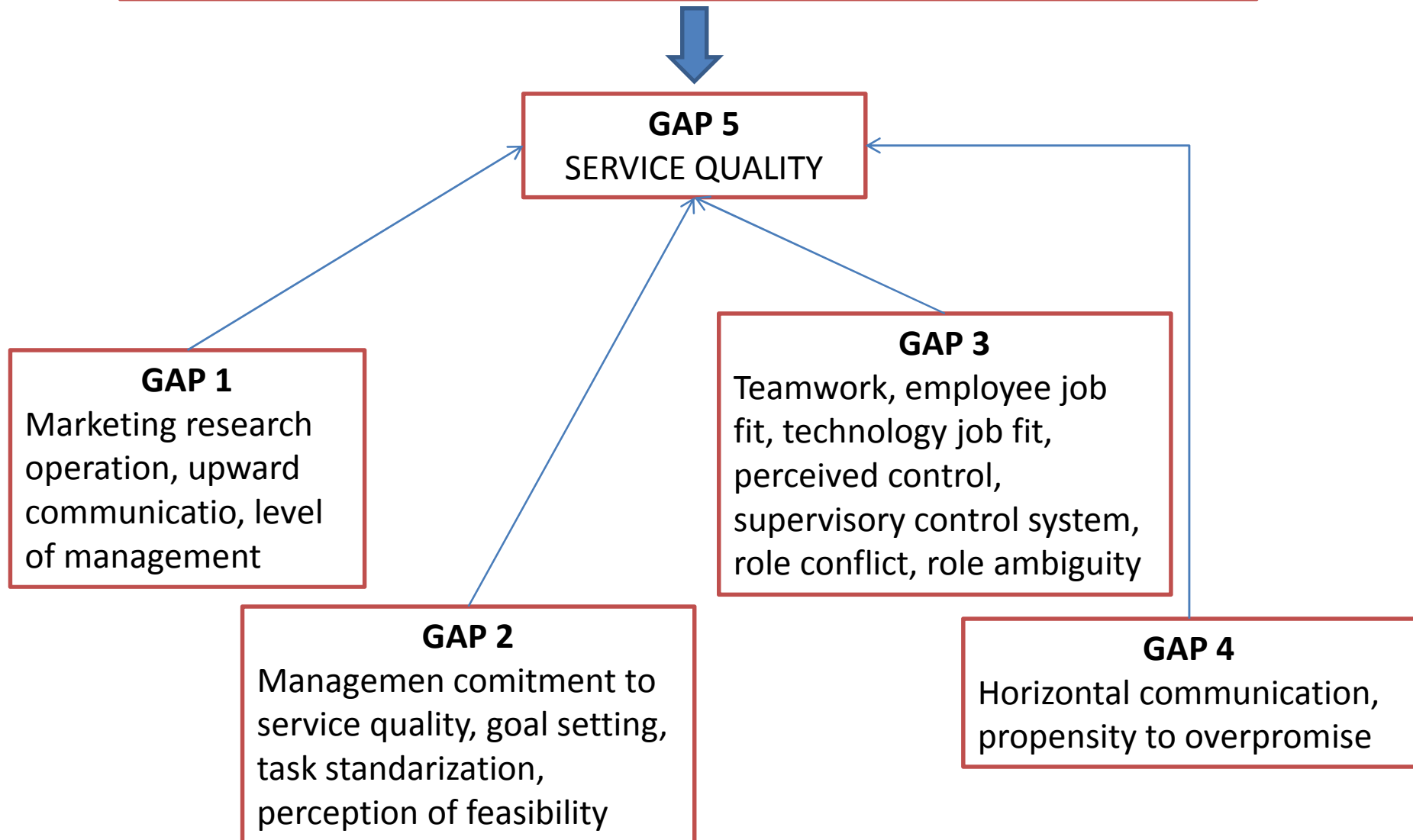


Gaps Model of Service Quality



Model Servqual yg diperluas

TANGIBLE-EMPATHY-RELIABILITY-RESPONSIVENESS-ASSURANCE

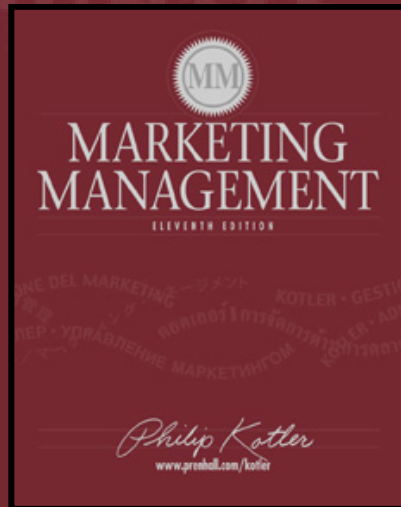


Chapter 18

Managing Retailing, Wholesaling, and Market Logistics

by

Philip Kotler



**PowerPoint by
Milton M. Pressley
University of New Orleans**

Retailing

- Types of Retailers
 - Retail life cycle



Table 18.1: Major Retailer Types

Specialty Store: Narrow product line with a deep assortment. A clothing store would be a *single-line* store; a men's clothing store would be a *limited-line* store; and a men's custom-shirt store would be a *superspecialty* store. **Examples:** Athlete's Foot, Tall Men, The Limited, The Body Shop.

Department Store: Several product lines—typically clothing, home furnishings, and household goods—with each line operated as a separate department managed by specialist buyers or merchandisers. **Examples:** Sears, JCPenney, Nordstrom, Bloomingdale's.

Supermarket: Relatively large, low-cost, low-margin, high volume, self-service operation designed to serve total needs for food, laundry, and household products. **Examples:** Kroger, Food Emporium, Jewel.

Convenience Store: Relatively small store located near residential area, open long hours, seven days a week, and carrying a limited line of high-turnover convenience products at slightly higher prices, plus takeout sandwiches, coffee, soft drinks. **Examples:** 7-Eleven, Circle K.

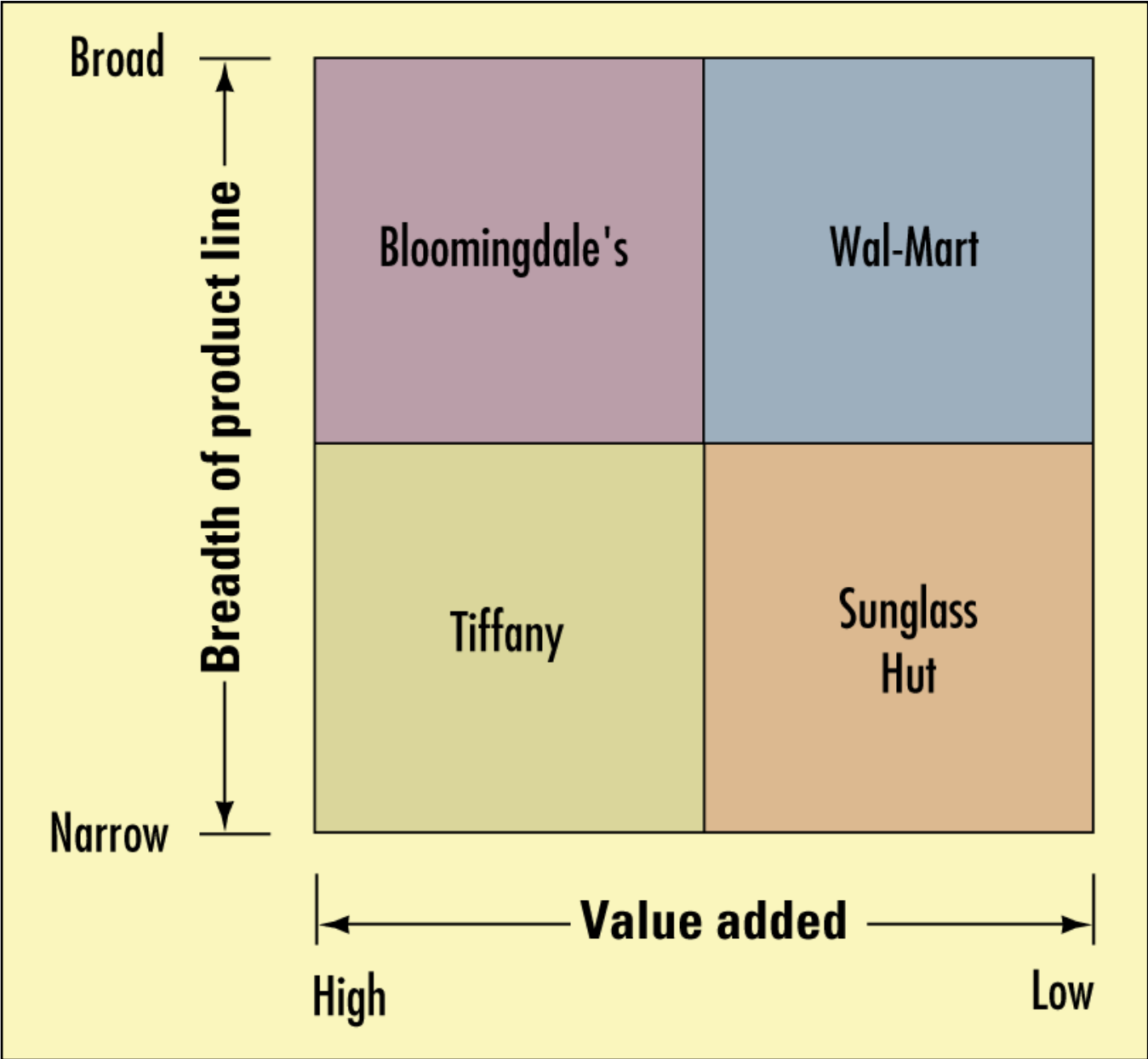
See text for complete table

Retailing

- Levels of Service
 - Wheel-of-retailing
 - Four levels of service:
 - Self-service
 - Self-selection
 - Limited service
 - Full service



Figure 18.1:
Retail
Positioning
Map



Retailing

- Nonstore retailing
- Categories of nonstore retailing
 - Direct selling
 - Direct marketing
 - » Telemarketing
 - » Television direct-response marketing
 - » Electronic shopping
 - Automatic vending
 - Buying service
- Corporate Retailing



Table 18.2: Major Types of Retail Organizations

Corporate Chain Store: Two or more outlets commonly owned and controlled, employing central buying and merchandising, and selling similar lines of merchandise. Their size allows them to buy in large quantities at lower prices, and they can afford to hire corporate specialists to deal with pricing, promotion, merchandising, inventory control, and sales forecasting. *Examples:* Tower Records, GAP, Pottery Barn.

Voluntary Chain: A wholesaler-sponsored group of independent retailers engaged in bulk buying and common merchandising. *Examples:* Independent Grocers Alliance (IGA), True Value Hardware.

Retailer Cooperative: Independent retailers who set up a central buying organization and conduct joint promotion efforts. *Examples:* Associated Grocers, ACE Hardware.

Consumer Cooperative: A retail firm owned by its customers. In consumer coops residents contribute money to open their own store, vote on its policies, elect a group to manage it, and receive patronage dividends.

See text for complete table

Retailing

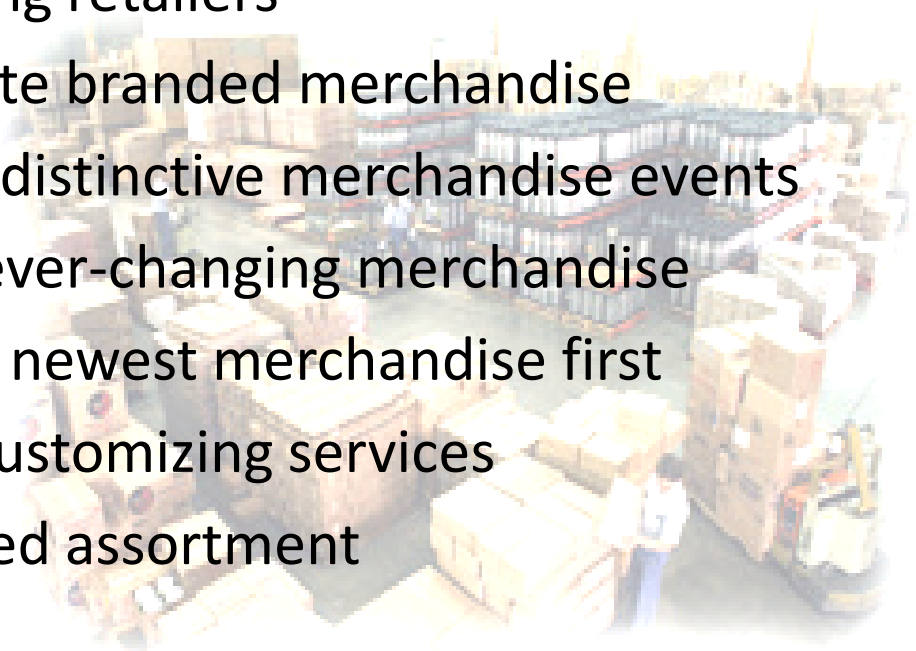
- Marketing Decisions
- Target Market
- Product Assortment and Procurement
 - Breadth
 - Depth



Retailing

– Product-differentiation Strategy Possibilities

- Feature exclusive national brands that are not available at competing retailers
- Feature mostly private branded merchandise
- Feature blockbuster distinctive merchandise events
- Feature surprise or ever-changing merchandise
- Feature the latest or newest merchandise first
- Offer merchandise customizing services
- Offer a highly targeted assortment



Retailing

- Merchandise managers
- Direct product profitability (DPP)
- Services and Store Atmosphere
 - Prepurchase services include accepting telephone and mail orders, etc.
 - Postpurchase services include shipping and delivery, etc.
 - Ancillary services include general information, check cashing, parking, etc.
- Price Decision
 - High-markup, lower volume
 - Low-markup, high volume



Retailing

- Promotion Decision
- Place Decision
 - General business districts
 - Regional shopping centers
 - Community centers
 - Strip malls (a.k.a. shopping strips)
 - A location within a larger store



Retailing

- Trends in Retailing
 1. New retail forms and combinations
 2. Growth of intertype competition
 3. Growth of giant retailers
 4. Growing investment in technology
 5. Global presence of major retailers
 6. Selling an experience, not just goods
 7. Competition between store-based and non-store-based retailing



Wholesaling

– Wholesalers' functions:

- Selling and promoting
- Buying and assortment building
- Bulk breaking
- Warehousing
- Transportation
- Financing
- Risk bearing
- Market information
- Management services and counseling

- The Growth and Types of Wholesaling



Table 18.3: Major Wholesaler Types

Merchant Wholesalers: Independently owned businesses that take title to the merchandise they handle. They are called *jobbers*, *distributors*, or *mill supply houses* and fall into two categories: full service and limited service.

Full-Service Wholesalers: Carry stock, maintain a sales force, offer credit, make deliveries, and provide management assistance. There are two types of full-service wholesalers: (1) Wholesale merchants sell primarily to retailers and provide a full range of services. General-merchandise wholesalers carry several merchandise lines. General-line wholesalers carry one or two lines. Specialty wholesalers carry only part of a line. (2) Industrial distributors sell to manufacturers rather than to retailers and provide several services—carrying stock, offering credit, and providing delivery.

See text for complete table

Wholesaling

- Wholesaler Marketing Decisions
 - Target Market
 - Product Assortment and Services
 - Price Decision
 - Promotion Decision
 - Place Decision



Wholesaling

- Trends in Wholesaling
 - Narus and Anderson identified four ways to strengthen relationships with manufacturers
 - Sought clear agreement about their expected function in the marketing channel
 - Gained insight into the manufacturers' requirements by visiting their plants
 - Fulfilled commitments by meeting volume targets
 - Identified and offered value-added services to help their suppliers



Market Logistics

- Supply chain management (SCM)
- Value network
- Demand chain planning
- Market logistics
 - Market logistics planning has four steps:
 - » Deciding on the company's value proposition to its customers
 - » Deciding on the best channel design and network strategy for reaching the customers
 - » Developing operational excellence in sales forecasting, warehouse management, transportation management, and materials management
 - » Implementing the solution with the best information systems, equipment, policies, and procedures
- Integrated logistics systems (ILS)

Market Logistics

- Market-logistics Objectives
- Market-logistics Decisions
 - Order Processing
 - Order-to-payment cycle
 - Warehousing
 - Storage warehouses
 - Distribution warehouses
 - Automated warehouses



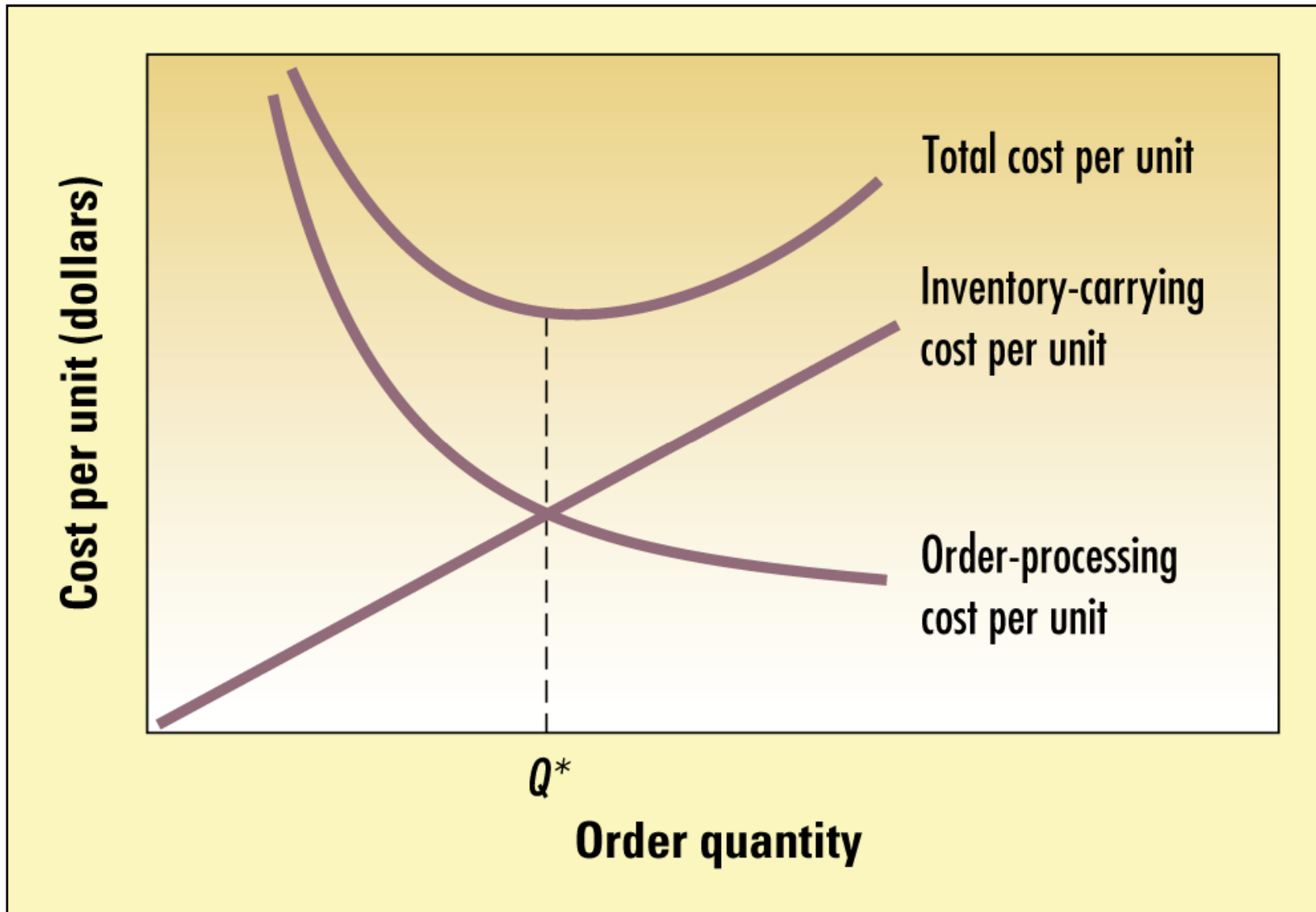
Market Logistics

– Inventory

- Inventory cost increases at an accelerating rate as the customer service level approaches 100%
- Order (reorder) point
- Order-processing costs
- Inventory-carrying costs



Figure 18.2: Determining Optimal Order Quantity



Market Logistics

- Just-In-Time production (JIT)
- Transportation
 - Containerization
 - Piggyback
 - Fishyback
 - Trainship
 - Airtruck
 - Private carrier
 - Contract carrier
 - Common carrier



Market Logistics

– Organizational Lessons

- Companies should appoint a senior vice president of logistics to be the single point of contact for all logistical elements
- The senior vice president of logistics should hold periodic meetings with sales and operations people to review inventory, etc.
- New software and systems are the key to achieving competitively superior logistics performance in the future