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MARKETING MANAGEMENT

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Marketing Management

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broadcast, to kick off a three-day biannual gathering of its marketing teams. The Moth team broke down the structure of a story, identified the parts that were particularly meaningful, and had Beam employees tell tales to one another. This approach enabled the company to come up with a compelling story articulating its customer value proposition.³¹

Some researchers see *narrative branding* as based on deep metaphors that connect to people's memories, associations, and stories.³² They identify five elements of narrative branding: the brand story in terms of words and metaphors; the consumer journey or the way consumers engage with the brand over time, and touch points where they come into contact with the brand; the visual language or expression for the brand; the manner in which the narrative is expressed experientially or the brand engages the senses; and the role the brand plays in the lives of consumers. Based on literary convention and brand experience, they also identify four key aspects of a brand story: (1) setting (the time, place, and context), (2) cast (the brand as a character, including its role in the life of the audience, its relationships and responsibilities, and its history or creation myth), (3) narrative arc (the way the narrative logic unfolds over time, including actions, desired experiences, defining events, and the moment of epiphany), and (4) language (the authenticating voice, metaphors, symbols, themes, and leitmotifs).

A related concept referred to as “primal branding” views brands as complex belief systems. Proponents of primal branding argue that diverse brands such as Google, MINI Cooper, the U.S. Marine Corps, Starbucks, Apple, UPS, and Aveda all have a “primal code” or DNA that resonates with their customers and generates their passion and fervor. There are seven assets that make up this belief system or primal code: a creation story, creed, icon, rituals, sacred words, a way of dealing with nonbelievers, and a good leader.³³

marketing INSIGHT

Positioning a Start-Up

Building brands is a challenge for a small business with limited resources and budgets. Nevertheless, numerous success stories exist of entrepreneurs who have built their brands up essentially from scratch to become powerhouse brands. When resources are limited, focus and consistency in marketing programs become critically important. Creativity is also paramount—finding new ways to market new ideas about products to consumers. Here are some specific branding guidelines for small businesses:

- *Find a compelling product or service performance advantage.* As for any brand, demonstrable, meaningful differences in product or service performance can be the key to success. Dropbox has carved out a strong position in the face of a slew of competitors that also offer consumers a means to conveniently store massive amounts of documents, photos, videos, and other files, in part by virtue of its convenient single-folder approach to accommodate multiple devices for a user.³⁴
- *Focus on building one or two strong brands based on one or two key associations.* Small businesses often must rely on only one or two brands and key associations as points of difference for them. These associations must be consistently reinforced across the marketing program and over time. Rooted in the snowboarding and surfing cultures, Volcom has adopted a “Youth Against Establishment” credo that has resulted in steady sales of its music, athletic apparel, and jewelry.
- *Encourage product or service trial in any way possible.* A successful small business has to distinguish itself in ways consumers can learn about and experience. One way is to encourage trial through sampling, demonstrations, or any means to engage consumers with the brand. See’s Candies allows walk-in customers to sample any piece of candy in the shop they choose. As one senior executive noted, “That’s the best marketing we have, if people try it, they love it.” See’s uses all fresh ingredients and no added preservatives to create its enticing flavors.³⁵
- *Develop a cohesive digital strategy to make the brand “bigger and better.”* Social media, online advertising, and e-commerce allow small firms to have a larger profile than they might otherwise. Urbane Apartments, a property investment and management company in Royal Oak, Michigan, has a virtual prominence that far exceeds its real-world scope. The company boasts a resident-penned blog touting favorite Royal Oak destinations, its own Urbane Lobby social networking site for tenants, and active YouTube, Facebook, and Twitter profiles.³⁶ Mobile marketing can be especially important given the local nature of many small businesses.
- *Create buzz and a loyal brand community.* Small businesses often must rely on word of mouth to establish their positioning, but they can find public relations,

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marketing insight *(continued)*

social networking, and low-cost promotions and sponsorship to be inexpensive alternatives. Creating a vibrant brand community among current and prospective customers can also be a cost-effective way to reinforce loyalty and help spread the word to new prospects. Evernote has several dozen “power users” who serve as passionate ambassadors to spread the word about the personal-organization application brand touted by the online company as the everything-in-one-place “external brain” for its customers.³⁷

- **Employ a well-integrated set of brand elements.** Tactically, it is important for small businesses to maximize the contribution of all types of brand-equity drivers. In particular, they should develop a distinctive, well-integrated set of brand elements—brand names, logos, packaging—that enhances both brand awareness and brand image. Brand elements should be memorable and meaningful, with as much creative potential as possible. Innovative packaging can substitute for ad campaigns by capturing attention at the point of purchase. SMARTFOOD introduced its first product without any advertising by means of both a unique package that served as a strong visual symbol

on the shelf and an extensive sampling program that encouraged trial. Proper names or family names, which often characterize small businesses, may provide some distinctiveness but can suffer in terms of pronounceability, meaningfulness, memorability, or other branding considerations.

- **Leverage as many secondary associations as possible.** Secondary associations—any persons, places, or things with potentially relevant associations—are often a cost-effective shortcut to building brand equity, especially those that help to signal quality or credibility. In 1996, J. Darius Bickoff launched an electrolyte-enhanced line of bottled water called Smartwater, followed in two years by the introduction of Vitaminwater, a vitamin-enhanced and flavored alternative to plain bottled water, and by Fruitwater two years after that. Clever marketing (including endorsement deals with rapper 50 Cent, singer Kelly Clarkson, actress Jennifer Aniston, and football star Tom Brady) helped drive success. Less than 10 years after its launch, Bickoff’s Energy Brands company, also known as Glacéau, was sold to the Coca-Cola company for \$4.2 billion.³⁸

summary

1. A key aspect of marketing strategy is the development of a value proposition and positioning a company’s offering to target customers. By clearly articulating its value proposition and positioning, companies can deliver high customer value and satisfaction, which lead to high repeat purchases and ultimately to greater company profitability.
2. Depending on the needs of consumers, an offering can create value across three domains: *functional value*, which consists of the benefits and costs that are directly related to an offering’s performance; *psychological value*, which encompasses the psychological benefits and costs associated with the offering; and *monetary value*, which includes the financial benefits and costs associated with the offering. Across all three dimensions, consumer value is the difference between the consumers’ evaluation of all the benefits and costs of an offering and their evaluation of the benefits and costs of the perceived alternatives.
3. The *value proposition* consists of the whole cluster of benefits the company promises to deliver. It is based on the difference between benefits customers get and costs they assume with respect to the company’s offering. The value proposition is customer specific; customer segments with different needs require distinct value propositions.
4. *Positioning* is the act of designing a company’s offering and image to occupy a distinctive place in the minds of the target customers. Unlike the value proposition, which articulates all benefits and costs of the offering, the positioning zeroes in on the key benefits that will provide consumers with a reason to choose the company’s offering.
5. Consumers determine the value of an offering relative to a *frame of reference* used to assess its benefits and costs. An offering can be viewed as attractive in comparison to an inferior offering, and the same offering can be perceived as unattractive when compared to a superior offering. Marketers must carefully select a frame of reference that highlights the value of their offering.
6. A key component of developing a positioning strategy is identifying the *points of difference*—attributes or benefits that are unique to the company’s offering—and the *points of parity*—attributes or benefits that the company’s offering has in common with the competition. Three criteria determine whether a brand association can truly function as a point of difference: desirability, deliverability, and differentiability.
7. *Competitive advantage* is a company’s ability to perform in one or more ways that competitors cannot or will not match. An offering’s competitive advantage gives customers a reason to choose this offering rather than the available alternatives. The competitive advantage reflects the offering’s points of difference that are valued by customers. Any product or service benefit that is sufficiently desirable, deliverable, and differentiating can serve as a point of difference and hence create a competitive advantage.
8. Three core strategies are integral to designing a value proposition that makes an offering stand out from the

competition and creates a competitive advantage. These strategies are differentiating on an existing attribute, introducing a new attribute, and building a strong brand.

9. Once marketers have designed an offering's positioning strategy, they develop a *positioning statement* to communicate this positioning to everyone in the organization

marketing SPOTLIGHT

Unilever: Axe and Dove

Unilever—manufacturer of home care, food, and personal-care brands—effectively uses marketing communication strategies to target specific age groups, demographics, and lifestyles. The company has developed some of the most successful brands in the world, including Axe, a male grooming brand, and Dove, a personal-care brand aimed at women.

The Axe brand (known as Lynx in the UK, Ireland, Australia, and China) launched in 1983, was introduced in the United States in 2002, and is now sold in over 70 different countries. Axe offers young male consumers a wide range of personal-care products such as body sprays, body gel, deodorant, and shampoo, which come in a variety of different scents. Today, Axe is the most popular male grooming brand in the world. Axe effectively broke through the clutter by finding the right target group and luring these customers with personal marketing messages that hit home.

Unilever categorized the male population into several different profile groups and decided that the biggest opportunity existed in the segment—dubbed “The Insecure Novice”—composed of geeks and nerds who needed help attracting the opposite sex and could easily be persuaded to buy products to help their appearance. Most Axe ads targeting this segment use humor and sex, often featuring skinny, average guys attracting beautiful girls by the dozens, hundreds, or even thousands after dousing themselves with Axe. The result: the brand is aspirational and approachable, and the light-hearted tone hits home with young men.

Axe has won numerous advertising awards not only for its creativity but also for its effective use of unconventional media channels. From edgy online videos to video games, mating game tool kits, chat rooms, and mobile apps, the Axe brand engages young adult males at relevant times, locations, and environments. In Colombia, for example, a female Axe Patrol scopes out the bar and club scene and sprays men with Axe body sprays. Unilever marketing director Kevin George explained, “This is all about going beyond the 30-second TV commercial to create a deeper bond with our guy.”

Axe knows where to reach its consumers. It advertises only on male-dominated networks such as MTV, ESPN, Spike, and Comedy Central. It partners with the NBA and NCAA, which draw in young male audiences, and also runs ads during big sporting events. Print ads appear in

and ensure that it guides their market actions. The key aspects of crafting an effective positioning statement include communicating an offering's category membership and points of parity and points of difference, and developing a narrative to convey the offering's positioning.



HELPING 40 MILLION
YOUNG PEOPLE
BUILD SELF-ESTEEM

From 2004 to 2010 Dove is helping young people build self-esteem through our educational programmes. Download our tools for free at dove.com/selfesteem



Source: Retro AdArchives/Alamy Stock Photo

Playboy, *Rolling Stone*, *GQ*, and *Maxim*. Axe's online efforts via Facebook and Twitter help drive consumers back to its website, TheAxeEffect.com.

Unilever understands that it must keep the brand fresh, relevant, and cool in order to stay current with its fickle young audience. As a result, the company launches a new fragrance annually and refreshes its online and advertising communications constantly, realizing that new males enter and exit its target market each year. Perhaps even more important than updating its product line is keeping the brand relevant and in tune with the social trends. As a result, in a matter of just a few years, Axe has made a U-turn, moving away from celebrating male stereotypes to forcefully opposing them.

The “Is It OK for Guys?” commercial that is part of Axe's “Find Your Magic” campaign is urging men to scrap traditional male stereotypes and instead embrace a more contemporary version of masculinity. The ad depicts guys who privately struggle with masculinity asking questions such as *Is it OK to be a virgin? Is it OK to experiment with other guys? Is it OK to be the little spoon in bed?* The questions, which are based on actual Google searches, underscore the degree to which young men feel anxious about adhering to, as well as straying from, societal stereotypes of masculinity. The campaign aims to let customers know they're not alone

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in questioning the boundaries of the traditional image of manhood and thus establishes an emotional connection with the brand.

On the other side of the personal marketing spectrum, Unilever's Dove brand speaks to women with a different tone and message. In 2003, Dove shifted away from its historical advertising, which touted the brand's benefit of one-quarter moisturizing cream, and launched the "Dove Campaign for Real Beauty." "Real Beauty" celebrated "real" women and spoke personally to women about the notion that beauty comes in all shapes, sizes, ages, and colors. The campaign arose from research revealing that only 4 percent of women worldwide think they are beautiful.

The first phase of the "Real Beauty" campaign featured nontraditional female models and asked viewers to judge their looks online and decide whether they were 'Wrinkled or Wonderful?' or 'Oversized or Outstanding?' The personal questions shocked many but created such a large PR buzz that Dove continued the campaign. The second phase of the campaign featured candid and confident images of curvy, full-bodied women. Again, the Dove brand smashed stereotypes of what usually appeared in advertising and, as a result, touched a chord with the majority of women worldwide. The third phase of the campaign, called "Pro-Age," featured older, nude women and asked questions like "Does beauty have an age limit?" Immediately, the company heard positive feedback from its older consumers. Dove also started a Self-Esteem Fund, aimed at helping women feel better about their looks.

As part of the "Real Beauty" campaign, Dove released a series of short Dove Films, one of which, *Evolution*, won both a Cyber and a film Grand Prix at the International Advertising Festival in Cannes in 2007. The film shows a rapid-motion view of an ordinary-looking woman transformed by makeup artists, hairdressers, lighting, and digital retouching to end up looking like a billboard supermodel. The end tagline is "No wonder our perception of beauty is distorted." The film instantly became a viral hit.

Dove followed up with *Onslaught*, a short film that showed a young, innocent, fresh-faced girl being bombarded with images of sexy, half-dressed women and promises of products to make her look "smaller," "softer," "firmer," and "better." Dove's 2013 film called *Sketches* featured a police sketch artist who drew two pictures of the same woman. In one, the woman described herself to the sketch artist from behind a curtain, and in the other picture a total stranger described the woman she had just met to the sketch artist. The difference in language and descriptions revealed how women are often their own harshest beauty critics and ended with the tagline "You are more beautiful than you think." The *Sketches* film has become the most watched video advertisement of all time and attracted over 175 million views in its first year alone.

Although the Axe and Dove campaigns couldn't be more different, and both have sparked much controversy and debate, the two brands have been credited with effectively targeting their consumer base with personal marketing strategies and spot-on messages. Axe's success in personal marketing has lifted the brand to become the leader in what many had thought was the mature deodorant category. And, in the 15 years that Dove focused on changing the attitudes of women and promoting positive self-esteem, sales jumped from \$2.5 billion to \$6 billion.³⁹

Questions

1. What are the customer value propositions for Dove and Axe? What are the similarities and differences between the brands?
2. Is there a conflict in the way Unilever markets to women and the way it markets to young men? Is making women sex symbols in Axe ads undoing all the good that might be done in the "Dove Campaign for Real Beauty"?
3. How should Unilever manage these brands in the future? Should it try to find a universal positioning that fits both brands?

marketing SPOTLIGHT

First Direct

Back in the 1980s, banking in the United Kingdom was dominated by four conservative and traditional big banks. Getting a loan or mortgage or discussing an overdraft meant a visit to your local branch and an interview with a manager, who was often seen as a rather intimidating authority figure by many customers. Noticing that some customers rarely or never visited their branch, which removed the opportunity for upselling and cross-selling, the UK-based Midland



Source: Craig Stennett/Alamy Stock Photo

Bank assembled a team to find out why. They discovered that many people simply didn't like queuing for service or arranging meetings with unfriendly managers. Inspired by the telephone banking services that were emerging in the United States, they created First Direct, a new telephone-only bank.

When launching a new brand, deciding on the optimum positioning strategy is essential. The service was initially aimed at young professionals who would not be afraid of the new concept, with customer service quality as the main positioning factor. Staff were recruited and trained with top-quality service in mind. Customer service representatives had access to the client's information, and more importantly they had the ability and the authority to deal with questions and requests directly. The original mission statement was "pioneering amazing service," which was drilled in while inducting new employees to encourage a spirit of innovation and excellence in customer service. Unlike all other UK banks at the time, First Direct was open all day, every day. On the first Christmas Day after the launch in 1989, the bank received many calls from people who just wanted to check that they were, in fact, open when almost every other retail and service business was closed.

To communicate their positioning as a high-quality service that was innovative, individual, and convenient, corporate identity and advertising were deliberately unconventional and provocative. The simple black and white logo was unlike that of any other financial service, and their advertising was quirky and thought-provoking. For example, posters showed an everyday household object with the tagline "Banking without branches. It's extraordinary." Within two months of the launch, surveys gave First Direct the highest brand awareness of any bank in the United Kingdom. By rigorously upholding high service standards and maintaining quirky marketing communications, the bank grew rapidly, achieving half a million users by 1995.

First Direct was quick to embrace and promote new technology as it arrived. It began testing internet banking in 1997, when there were very few internet subscribers and access was via slow telephone-line modems. By 2000, it had fully adopted the new system. Text message alerts by SMS were introduced in 1999. In 2006, First Direct (now part of HSBC) was the first bank in the United Kingdom to join Monilink, an international mobile telephone banking system that predated mobile apps. By 2019, 98 percent of interactions with First Direct customers were taking place by digital means—by website, email, text messages, and mobile app—and only 2 percent were still done by telephone, the original medium.

Customer satisfaction scores were high from the start and consistently remained at or near the top of independent charts, such as those by the consumer group Which? and KPMG Nunwood's Customer Experience Excellence ranking. First Direct has also been named "Britain's Most Trusted Financial Provider" six times in the annual Moneywise Customer Service Awards. Loyalty is high; according to First Direct, it still has more than 80 percent of the customers

who joined them in its first year of operation. The Which? consumer organization has recommended First Direct to its members for the last 11 years and consistently rated the bank at or near the top of its annual survey of current account customer satisfaction.

While still committed to providing the best possible service and user experience for clients, First Direct has found that service is no longer the relevant differentiator it once was. Great service has become the norm, and consumers no longer see it as the main differentiating factor. In addition to the shifting customer expectations, First Direct discovered that it needed to stress the range and quality of its products after surveys revealed lower-than-expected awareness. While best known for their current-account services, First Direct also provides loans, mortgages, credit cards, insurance, and other services, all of which can be effectively promoted to current-account holders.

Accordingly, First Direct initiated the transition away from a service positioning, and in 2017, it started to position itself instead as a modern digital bank. A communications campaign was designed to promote the benefits of its First Direct mobile app, its incentives for changing over to First Direct, and the bank's innovative use of technology. The advertising, still in black and white, showed an astronaut leaping around the United Kingdom as if in low gravity, a message about how different the bank continues to be.

First Direct has continued to realign its positioning strategy since then. Building on the "modern digital bank" identity, in 2019, its marketing communications introduced the concept of financial wellness, based on the then-fashionable interest in personal wellness and healthy living. The #money-wellness campaign launched in January 2020 included outdoor, digital, press, PR, and social channels. Based on detailed questionnaires, First Direct will provide customers with a Financial Wellness Index intended to help them be more aware of their financial "health."

First Direct has consistently used well-planned, strategic brand positioning throughout its evolution. The bank has been profitable every year since 1995 and has more than 1.45 million customers today, making it the 16th largest in the United Kingdom. The clarity and sense of purpose behind their positioning decisions has surely contributed to their continued growth and success.⁴⁰

Questions

1. Recently, First Direct has moved away from using service quality as their main differentiator, choosing instead to emphasize their high-quality, innovative digital offerings. Create a positioning grid for First Direct and any other UK bank, and explain your choice of vertical and horizontal parameters.
2. Why was it necessary for First Direct to move away from using service as its main positioning factor? Comment on its switch to the positioning of a modern digital bank.

Designing and Managing Products



Tesla's Model 3 set out to prove that mass-produced, environmentally sound electric cars can successfully and profitably pilfer market share from producers of traditional gasoline-powered vehicles.

Source: imageBROKER/
Alamy Stock Photo

At the heart of a great brand is a great product. To achieve market leadership, firms must offer products and services of superior quality that provide unsurpassed customer value. Tesla has conquered the electric car market in the United States, thanks in part to a relentless focus on product innovation and performance.

>>> In March 2016, Tesla revealed the long-awaited Model 3, the vehicle that the company hopes will ultimately take the electric car to the mass consumer. Priced starting at \$35,000 (after \$8,000 credits and fuel savings were factored in), Model 3 aimed to disrupt the auto industry by proving that mass producing an environmentally friendly vehicle is both feasible and profitable. Tesla's new mass market car created a lot of excitement, generating over half a million pre-orders, 100,000 of which were placed before the Model 3 was revealed. The customer appeal of Model 3 stemmed from several factors. Perhaps the most important was the lack of direct competition. The combination of Tesla's image as a luxury brand and the (relatively) low price point made it the only option for customers who were looking for an all-electric sedan priced around \$40,000. To achieve its goal of building 5,000 vehicles a week, Tesla invested close to \$1 billion to build its first Gigafactory—a lithium-ion battery and vehicle assembly factory near Reno, Nevada. Tesla's efforts to scale up