# Readings

## Rethinking the 4 P’s

B2B world, 4Ps yield narrow, product-focused strategies instead of solutions

4 P’s model undercuts B2B marketers in 3 ways:

* Leads marketing/sales to stress product technology/quality which are cost of entry, not differentiators
* Underemphasizes need to build a robust case for the superior value of solutions.
* Distracts from leveraging advantage as a trusted source of diagnostics, advice, and problem solving.

SAVE

* Products => Solutions
* Place => Access
* Price => Value
* Promotion => Education

Motorola Use case – Management must:

* Encourage a solutions mind-set; difficult for technology/eng companies; focus on feature superiority
* Design of the marketing organization reflects and reinforces the customer-centric focus.
* Create collaboration between marketing and sales and with the development and delivery teams.

## What Makes Strategic Decisions Different

Advances in our understanding of decision making have not been matched by improvements in practice; executives fail to learn from these lessons. Why: Bulk of decision making research applies to type 1 decisions; not the most challenging for managers (strategic decisions with heavy consequences).

Term decision is applied routine small-stakes bets as well as complex deliberation for high-stakes commitments (ex: choosing a cereal or company how to enter new market)

Decisions have 2 dimensions:

* Control: Degree of influence on decision/outcome.
  + Choice of options or shape outcome?
  + More control downstream of decision of fatalist?
* Performance: How to measure success: Do our best or benchmark do better than others. Is Performance Absolute or relative

Every decision falls within one of 4 quadrants based on control and performance:

* + Making routine choices and judgments (groceries, buying stock):
  + Goal: do well, not finish first
  + Absolute performance: make the choice that suites you best regardless of others (for investment aim for high returns but not benchmarked)
  + Have no control to shape the choices given
  + Decisions this manner do not conform to economic reality; example: gambler’s fallacy

1. Influencing Outcomes:
   * Optimism is important
   * Deliberate Practice: shifting from first and second field: objective and deliberate thinking before and event, positive thinking while taking the action and dispassionate analysis after the event
2. Placing competitive bets:
   * Success measured relative to others
   * Decisions must anticipate moves of others (essence of strategic thinking)
   * Art of outdoing an adversary is knowing that the adversary is doing the same to you
   * Guidance comes form game theory
   * Players cannot alter the terms of the game: Gains and costs can’t be changed
3. Managing for strategic success:
   * Can influence outcomes and success means better than rivals
   * Ex: politics (voter 1st quadrant, campaign in 4th)
   * Because of complexity, not suited for research/experiments
   * Only those who seem to go beyond what seems reasonable will succeed

Discriminant and Versatility

Before making a decision, determine in which field it is

If can’t influence outcomes and don’t consider competition: implement well known lessons and avoid common biases

Decision makers are composed of:

* Tactician: Play competitive game; sense actions of rivals anticipate countermove and plan response
* Psychologist: Shape outcome, inspire others, set goals, encourage, offer clear feedback
* Riverboat gambler: outcome is not just probabilities, need to read opponents and decide when to raise stakes/fold/bluff

# Review Questions:

These questions are not unlike those you may face on a quiz.

#### Marketing is a boundary-spanning function. Explain.

Marketing spans well beyond the boundaries of the marketing departments. For example:

* Marketers depend on solid IT infrastructure to capture data on customers and perform market analysis.
* Front line staff (sales/service) can bring valuable insights on customer behaviors/trends and provide feedback on product performance
* Product developments is dependent on RnD capabilities/Engineering departments.
* Entire marketing of brand/products depends on adequate funding provided by finance

A great practical example is GE’s matrix marketing environment, where the core marketing department is lean and generates cross functional teams with members from various departments to define and tackle various opportunities.

The boundary-spanning function of marketing most likely let to the development of the holistic marketing concept, which acknowledges that everything matters in marketing.

Holistic Marketing:

* Internal Marketing:
  + Marketing department
  + Sr Management
  + Other departments
* Integrated marketing:
  + Communications
  + Products/Services
  + Channels
* Performance marketing:
  + Ethics
  + Environment
  + Legal
  + Community
* Relationship Marketing:
  + Customers
  + Channels
  + Partners

#### Internal records supply results data; marketing intelligence supplies [happenings] data.

Marketing mangers rely on **internal reports** on orders, prices, costs, inventory levels, receivables, payables, and so on. By analyzing this information, they can spot important opportunities and problems.

A marketing intelligence system is a set of procedures and sources which managers use to obtain everyday **information about developments in the marketing environment**. Marketing managers collect marketing intelligence by reading books, newspapers, and trade publications; talking to customers, suppliers, and distributors and meeting with other company managers.

#### Unobtrusive analysis of purchase records falls in which category of research approaches

5 categories: Observation, focus groups, surveys, behavioral data, experiments

Behavioral research: Customers leave traces of their purchasing behaviors in store scanning data, customer databases, online behaviors.

Observation is also unobtrusive, but observes the individuals, not the purchase records.