

**CORPORATE DOSSIER**

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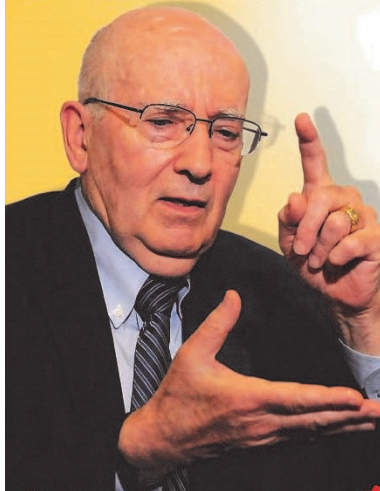
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Is the word 'consumer' redundant? Is Big Data a good investment? Uber guru Philip Kotler weighs in on the marketing dilemmas of three Indian CEOs

# MASTER'S CLASS



**Meinak Mitra**  
**A**sk any undergrad or a marketing professional or a chief executive. They will all agree that Dr Philip Kotler is the Wren and Martin of Marketing. Period. Among the octogenarian's many accomplishments is the 14th edition of the most authoritative textbook on marketing, simply named *Marketing Management*. Loved by students and revered by the best brains in business, Kotler's legacy is unparalleled. A product of the University of Chicago and the Massachusetts Institute of Technology, he was taught economics by three Nobel laureates—Milton Friedman, Paul Samuelson and Robert Solow. With a year's postdoctoral work in mathematics from Harvard University and behavioral science from University of Chicago, Kotler brings to the table a formidable combo of the arts and sciences and looks at economic theory ground up. Kotler, who recently co-authored *Market Your Way To Growth: 8 Steps To Win*, is also credited with a slew of new concepts in marketing, including social marketing, atmospherics, demarketing, megamarketing, turbomarketing and synchronomarketing. The SC Johnson & Son Distinguished Professor of International Marketing at the Kellogg B-School will be visiting India in March. CD requested three CEOs, Bharti Airtel's outgoing chief executive Sanjay Kapoor, McDonald's managing director (North and East), Vikram Bakshi, and Havells JI, managing director, Anil Rai Gupta, to put forward some questions to Professor Kotler. Here are his responses:



**SANJAY KAPOOR:** With the irreversible changes brought in by the social media landscape, is the word "consumer" redundant? Is "prosumer" an appropriate replacement? How will this change marketing in the next 10 years?  
**PHILIP KOTLER:** The word "consumer" presents us with a view of the customer as a passive person sitting and watching a commercial, or going into a store just to browse. We know that consumers today have access to a great deal of information; they can be "smart buyers." We know that many consumers are able to make some things they want rather than buy them. The word "prosumer" was intended to be an abbreviation of "productive consumer," consumers who make some things to meet their own needs. Many women do "prosuming" work when they design and knit their own sweaters or bake their own angel food cake from scratch rather than buying it from a bakery. Some entrepreneurs may want to approach prosumers as a market opportunity through supplying them with materials and instructions that facilitate self-making. I wish there was another word besides consumers and prosumers to reflect more active "consumers."

Manage the mix Continued on page 2.

**KOTLERNAME**

Name: Prof. Philip Kotler  
Born: May 27, 1911 in Chicago, Illinois  
Education: Master's degree in Economics from University of Chicago; PhD, from Massachusetts Institute of Technology

**KOTLERSPEAK**

Every company should work hard to obsolete its product line... before competitors do.

Markets always change faster than marketing.

Calling a market 'mature' is evidence of incompetence.

**SANJAY KAPOOR:** With the lines blurring between entities in the digital ecosystem (role of operator vs. over-the-top (OTT) players vs. content providers etc) the concept of "frenemies" is here to stay. Do you see a change in the way companies will engage with customers in the future?  
**PHILIP KOTLER:** It's a technical question and most readers won't understand "OTT," "frenemies," etc. Here is an answer to your general question. Companies know that they must learn more about their individual customers than just their names and demographics. They should in theory know each individual's interests, social media usage patterns and search habits if the company hopes to do precision marketing. The aim is to design and send tailored offers and messages to the right persons. We call this the Big Data problem. It would be like having access to all the information in Facebook and other social media. Small and medium size companies may not be able to afford a Big Data approach. They will have to decide whether a Big Data approach would be a good investment.

MASTER'S CLASS FROM PG 1

**VIKRAM BAKSHI:** Indian consumer is price sensitive and seeks value for money. Eating out is growing in India. Input costs are increasing for us but prices can't be increased in the same manner as it results in reduced guest count. How should the pricing strategy be balanced so that there is profit as well as growth in guest count?  
**PHILIP KOTLER:** There are a number of ways a company can handle rising input costs, but each has a weakness or risk.  
1. Search for cheaper suppliers, the risk being that these suppliers' quality may be lower and ultimately dissatisfy your consumer.  
2. Reduce the size of the portion, keeping the same price, the risk being consumer complaints and switching away to competitors.  
3. Raise the price by the smallest amount possible, but add something extra such as



faster service or a slightly larger portion. This carries the risk of losing the most price sensitive customers.

Instead of mentioning further steps, I have to say that each situation of rising input costs but high price sensitivity must be deeply analyzed and a judgment made by the proprietors who have experience and who have faced this common situation in the past.

**VIKRAM BAKSHI:** India is a country with great diversity. Food habits, types and cuisines change with every region. Indian consumer is opening up to world cuisine but wants the taste to be as per their palate, even in International food. It is a challenge creating a product that has a universal appeal across the country. How should the product strategy balance the need for local taste in a foreign concept like burgers? Should we adapt or create a new product range?  
**PHILIP KOTLER:** I start with the premise that all good marketing is local. In the old

days, people cooked at home the food they wanted or went to the nearest restaurant that excelled in meeting their tastes and budget. The rise of major food chains changed this. A major food chain succeeds by developing a standard menu that satisfies a large mass of people. At the beginning, it was enough to sell one hamburger type, or maybe two types. Then chicken and fish sandwiches were added, and later good salads. German consumers want beer and Japanese consumers want sake. All of these adaptations are warranted. One competitor advertised "Have it Your Way" which is a smart slogan if it can be done profitably. My guess is that each branch store within the chain group must be given enough freedom to modify its dishes or add local dishes to meet the appetites of the target local population.

**ANIL RAI GUPTA:** What shifts in marketing mix have you seen the successful MNCs companies do when they target

## MANAGE THE MIX



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the emerging markets?  
**PHILIP KOTLER:** Large MNCs from the West would be smart to localize their staff, offerings and messages. McDonalds had varied its sandwiches and appeals in different countries down to their local branches. It is not a case of offering one standard offering to emerging markets and another to developed markets. There is too much diversity not only between emerging countries but with in each emerging country down to the local neighborhood. The thing that I have noticed is the emergence of global multinationals from emerging countries and they probably will be in a better position to serve consumers in emerging countries than the Western multinationals. For example, Jolly-B, a Philippine hamburger company is giving strong competition to McDonalds in that country.

(www.kotlerinindia.com)  
Philip Kotler will be in India on March 14th, 2013