

Contents

Preface xvi

Part I	UNDERSTANDING MARKETING MANAGEMENT	1
1.	Defining Marketing for the Twenty-First Century	1
	The Importance of Marketing	2
	The Scope of Marketing	2
	<i>What Is Marketing?</i>	2
	<i>What Is Marketed?</i>	3
	<i>What Is a Market?</i>	4
	<i>Who Markets?</i>	5
	<i>How Is Marketing Done?</i>	5
	Core Marketing Concepts	6
	<i>Needs, Wants, and Demands</i>	6
	<i>Target Markets, Positioning, and Segmentation</i>	7
	<i>Offerings and Brands</i>	7
	<i>Value and Satisfaction</i>	8
	<i>Marketing Channels</i>	8
	<i>Supply Chain</i>	8
	<i>Competition</i>	8
	<i>Marketing Environment</i>	9
	The New Marketing Realities	9
	<i>Major Societal Forces</i>	9
	<i>New Consumer Capabilities</i>	10
	<i>New Company Capabilities</i>	10
	Company Orientation Toward the Marketplace	10
	<i>The Production Concept</i>	10
	<i>The Product Concept</i>	11
	<i>The Selling Concept</i>	11
	<i>The Marketing Concept</i>	11
	<i>The Holistic Marketing Concept</i>	12
	Marketing Management Tasks	16
	Executive Summary	17
	Notes	18

2. **Developing and Implementing Marketing Strategies and Plans 20**

Marketing and Customer Value	21
<i>The Value Delivery Process</i>	21
<i>The Value Chain</i>	22
<i>Core Competencies</i>	23
<i>A Holistic Marketing Orientation and Customer Value</i>	23
<i>The Central Role of Strategic Planning</i>	25
Corporate and Division Strategic Planning	26
<i>Defining the Corporate Mission</i>	26
<i>Defining the Business</i>	27
<i>Assigning Resources to SBUs</i>	28
<i>Assessing Growth Opportunities</i>	28
<i>Organization, Organizational Culture, and Innovation</i>	29
Business Unit Strategic Planning	29
<i>Business Mission</i>	29
<i>SWOT Analysis</i>	30
<i>Goal Formulation</i>	31
<i>Strategy Formulation</i>	31
<i>Program Formulation and Implementation</i>	32
<i>Feedback and Control</i>	32
The Marketing Plan and Marketing Performance	33
<i>Contents of a Marketing Plan</i>	33
<i>Measuring Marketing Performance</i>	33
Executive Summary	35
Notes	36

3. **Understanding Markets, Market Demand, and the Marketing Environment 38**

Marketing Information, Intelligence, and Research	39
<i>Internal Records</i>	39
<i>Marketing Intelligence System</i>	40
<i>Marketing Research System</i>	40
Forecasting and Demand Measurement	46
<i>Which Market to Measure?</i>	46
<i>Demand Measurement</i>	47
<i>Company Demand and Sales Forecast</i>	48
<i>Estimating Current Demand</i>	48
<i>Estimating Future Demand</i>	50

Macroenvironmental Trends and Forces	50
<i>Demographic Environment</i>	51
<i>Economic Environment</i>	53
<i>Social-Cultural Environment</i>	53
<i>Natural Environment</i>	54
<i>Technological Environment</i>	55
<i>Political-Legal Environment</i>	56
Executive Summary	56
Notes	57

Part II CONNECTING WITH CUSTOMERS 59

**4. Creating Customer Value, Satisfaction,
and Loyalty 59**

Building Customer Value and Satisfaction	60
<i>Customer Perceived Value</i>	60
<i>Total Customer Satisfaction</i>	62
<i>Monitoring Satisfaction</i>	62
<i>Product and Service Quality</i>	64
Maximizing Customer Lifetime Value	64
<i>Customer Profitability</i>	64
<i>Measuring Customer Lifetime Value</i>	66
Cultivating Customer Relationships	67
<i>Attracting and Retaining Customers</i>	67
<i>Building Loyalty</i>	68
Customer Databases and Database Marketing	70
<i>Data Warehouses and Datamining</i>	71
<i>The Downside of Database Marketing and CRM</i>	72
Executive Summary	72
Notes	73

5. Analyzing Consumer Markets 76

What Influences Consumer Behavior?	77
<i>Cultural Factors</i>	77
<i>Social Factors</i>	77
<i>Personal Factors</i>	79
Key Psychological Processes	81
<i>Motivation: Freud, Maslow, Herzberg</i>	81
<i>Perception</i>	82
<i>Learning</i>	83
<i>Memory</i>	83

The Buying Decision Process: The Five-Stage Model	85
<i>Problem Recognition</i>	85
<i>Information Search</i>	85
<i>Evaluation of Alternatives</i>	87
<i>Purchase Decisions</i>	88
<i>Postpurchase Behavior</i>	88
Executive Summary	90
Notes	90

6. Analyzing Business Markets 94

What Is Organizational Buying?	95
<i>The Business Market versus the Consumer Market</i>	95
<i>Institutional and Organizational Markets</i>	95
<i>Buying Situations</i>	97
<i>Systems Buying and Selling</i>	98
<i>Participants in the Business Buying Process</i>	98
<i>The Buying Center</i>	98
<i>Buying Center Influences</i>	99
<i>Buying Center Targeting</i>	100
Stages in the Buying Process	101
<i>Problem Recognition</i>	101
<i>General Need Description and Product Specification</i>	101
<i>Supplier Search</i>	102
<i>Proposal Solicitation</i>	103
<i>Supplier Selection</i>	103
<i>Order-Routine Specification</i>	104
<i>Performance Review</i>	104
<i>Building Business Relationships</i>	104
Executive Summary	106
Notes	107

7. Identifying Market Segments and Targets 110

Levels of Market Segmentation	111
<i>Segment Marketing</i>	111
<i>Niche Marketing</i>	111
<i>Local Marketing</i>	112
<i>Individual Marketing</i>	112
Segmenting Consumer and Business Markets	113
<i>Bases for Segmenting Consumer Markets</i>	114
<i>Bases for Segmenting Business Markets</i>	119

Market Targeting	120
<i>Effective Segmentation Criteria</i>	121
<i>Evaluating and Selecting Market Segments</i>	122
<i>Additional Considerations</i>	124
Executive Summary	125
Notes	125

Part III BUILDING STRONG BRANDS 128

8. Creating Brand Equity 128

What is Brand Equity?	129
<i>The Role of Brands</i>	129
<i>The Scope of Branding</i>	129
<i>Defining Brand Equity</i>	130
<i>Brand Equity as a Bridge</i>	131
Building Brand Equity	131
<i>Choosing Brand Elements</i>	132
<i>Designing Holistic Marketing Activities</i>	133
<i>Leveraging Secondary Associations</i>	134
Measuring and Managing Brand Equity	135
<i>Brand Audits and Brand Tracking</i>	135
<i>Brand Valuation</i>	136
<i>Managing Brand Equity</i>	136
Brand Strategy and Customer Equity	137
<i>Branding Decisions</i>	138
<i>Brand Extensions</i>	139
<i>Brand Portfolios</i>	140
<i>Customer Equity</i>	141
Executive Summary	142
Notes	142

9. Crafting the Brand Positioning and Dealing with Competition 147

Developing and Communicating a Positioning Strategy	148
<i>Competitive Frame of Reference</i>	149
<i>Points-of-Parity and Points-of-Difference</i>	149
<i>Establishing Category Membership</i>	150
<i>Choosing POPs and PODs</i>	151
<i>Creating POPs and PODs</i>	151

Differentiation Strategies	152
<i>Product Differentiation</i>	152
<i>Services Differentiation</i>	153
<i>Other Dimensions of Differentiation</i>	154
Competitive Forces and Competitors	154
<i>Identifying Competitors</i>	155
<i>Industry and Market Views of Competition</i>	155
Analyzing Competitors	157
<i>Strategies</i>	157
<i>Objectives</i>	158
<i>Strengths and Weaknesses</i>	158
<i>Selecting Competitors</i>	158
Competitive Strategies	159
<i>Market-Leader Strategies</i>	159
<i>Other Competitive Strategies</i>	161
<i>Balancing Customer and Competitor Orientations</i>	163
Executive Summary	164
Notes	165

Part IV SHAPING THE MARKET OFFERINGS 168

10. Setting Product Strategy and Marketing through the Life Cycle 168

Product Characteristics and Classifications	169
<i>Product Levels</i>	169
<i>Product Classifications</i>	170
Product and Brand Relationships	171
<i>Product-Line Analysis</i>	172
<i>Product-Line Length</i>	172
<i>Line Modernization, Featuring, and Pruning</i>	172
<i>Co-Branding and Ingredient Branding</i>	173
Packaging, Labeling, Warranties, and Guarantees	173
<i>Packaging</i>	173
<i>Labeling</i>	174
<i>Warranties and Guarantees</i>	174
Managing New Products	175
<i>Why New Products Fail—and Succeed</i>	175
<i>New Product Development</i>	175

	The Consumer Adoption Process	181
	<i>Stages in the Adoption Process</i>	182
	<i>Factors Influencing Adoption</i>	182
	Marketing Through the Product Life Cycle	183
	<i>Product Life Cycles</i>	183
	<i>Marketing Strategies: Introduction Stage and the Pioneer Advantage</i>	184
	<i>Marketing Strategies: Growth Stage</i>	184
	<i>Marketing Strategies: Maturity Stage</i>	185
	<i>Marketing Strategies: Decline Stage</i>	185
	<i>Critique of the Product Life-Cycle Concept</i>	186
	Executive Summary	187
	Notes	187
11.	Designing and Managing Services	191
	The Nature of Services	192
	<i>Categories of Service Mix</i>	192
	<i>Distinctive Characteristics of Services</i>	193
	Marketing Strategies for Service Firms	194
	<i>A Shifting Customer Relationship</i>	195
	<i>Holistic Marketing for Services</i>	196
	Managing Service Quality	198
	<i>Customer Expectations</i>	198
	<i>Best Practices of Service-Quality Management</i>	200
	Managing Service Brands	202
	<i>Differentiating Services</i>	202
	<i>Developing Brand Strategies for Services</i>	202
	Managing Product Support Services	203
	<i>Identifying and Satisfying Customer Needs</i>	203
	<i>Post-Sale Service Strategy</i>	204
	Executive Summary	204
	Notes	205
12.	Developing Pricing Strategies and Programs	209
	Understanding Pricing	210
	<i>A Changing Pricing Environment</i>	210
	<i>How Companies Price</i>	210
	<i>Consumer Psychology and Pricing</i>	211
	Setting The Price	212
	<i>Step 1: Selecting the Pricing Objective</i>	212

	<i>Step 2: Determining Demand</i>	213
	<i>Step 3: Estimating Costs</i>	214
	<i>Step 4: Analyzing Competitors' Costs, Prices, and Offers</i>	216
	<i>Step 5: Selecting a Pricing Method</i>	216
	<i>Step 6: Selecting the Final Price</i>	221
Adapting the Price		221
	<i>Geographical Pricing</i>	222
	<i>Price Discounts and Allowances</i>	222
	<i>Promotional Pricing</i>	222
	<i>Differentiated Pricing</i>	223
	<i>Product-Mix Pricing</i>	224
Initiating and Responding to Price Changes		225
	<i>Initiating Price Cuts</i>	225
	<i>Initiating Price Increases</i>	225
	<i>Responding to Competitors' Price Changes</i>	226
Executive Summary		227
Notes		227

Part V DELIVERING VALUE 230

13. Designing and Managing Integrated Marketing Channels 230

Marketing Channels and Value Networks		231
	<i>The Importance of Channels</i>	231
	<i>Value Networks</i>	232
The Role of Marketing Channels		232
	<i>Channel Functions and Flows</i>	232
	<i>Channel Levels</i>	234
	<i>Service Sector Channels</i>	235
Channel-Design Decisions		235
	<i>Analyzing Customers' Desired Service Output Levels</i>	235
	<i>Establishing Objectives and Constraints</i>	235
	<i>Identifying Major Channel Alternatives</i>	236
	<i>Evaluating the Major Alternatives</i>	237
Channel-Management Decisions		238
	<i>Selecting Channel Members</i>	238
	<i>Training and Motivating Channel Members</i>	238
	<i>Evaluating Channel Members</i>	238
	<i>Modifying Channel Arrangements</i>	239

Channel Integration and Systems	240
<i>Vertical Marketing Systems</i>	240
<i>The New Competition in Retailing</i>	241
<i>Conflict, Cooperation, and Competition</i>	241
<i>Legal and Ethical Issues in Channel Relations</i>	243
E-Commerce Marketing Practices	244
<i>Pure-Click Companies</i>	244
<i>Brick-and-Click Companies</i>	245
<i>M-Commerce</i>	245
Executive Summary	245
Notes	246

14. **Managing Retailing, Wholesaling, and Logistics** 248

Retailing	249
<i>Types of Retailers</i>	249
<i>The New Retail Environment</i>	250
<i>Retailer Marketing Decisions</i>	251
Private Labels	254
<i>House Brands</i>	254
<i>The Private Label Threat</i>	255
Wholesaling	255
<i>Trends in Wholesaling</i>	257
<i>Strengthening Channel Relationships</i>	257
Market Logistics	257
<i>Integrated Logistics Systems</i>	258
<i>Market-Logistics Objectives</i>	259
<i>Market-Logistics Decisions</i>	260
<i>Market Logistics Lessons</i>	262
Executive Summary	262
Notes	263

Part VI COMMUNICATING VALUE 265

15. **Designing and Managing Integrated Marketing Communications** 265

The Role of Marketing Communications	266
<i>The Changing Marketing Communications Environment</i>	266
<i>Marketing Communications, Brand Equity, and Sales</i>	267
<i>Communications Process Models</i>	267

Developing Effective Communications	268
<i>Identify the Target Audience</i>	270
<i>Determine the Communications Objectives</i>	270
<i>Design the Communications</i>	271
<i>Select the Communications Channels</i>	272
<i>Establish the Total Marketing Communications Budget</i>	274
Deciding on the Marketing Communications Mix	275
<i>Characteristics of the Marketing Communications Mix</i>	275
<i>Factors in Setting the Marketing Communications Mix</i>	276
<i>Measuring Communication Results</i>	277
Managing the Integrated Marketing Communications Process	277
<i>Coordinating Media</i>	278
<i>Implementing IMC</i>	278
Executive Summary	279
Notes	279

16. Managing Mass Communications 282

Developing and Managing an Advertising Program	283
<i>Setting the Objectives</i>	283
<i>Deciding on the Advertising Budget</i>	284
<i>Developing the Advertising Campaign</i>	284
<i>Deciding on Media and Measuring Effectiveness</i>	285
Sales Promotion	289
<i>Sales Promotion Objectives</i>	289
<i>Advertising versus Promotion</i>	290
<i>Major Decisions</i>	290
Events and Experiences	293
<i>Events Objectives</i>	293
<i>Major Sponsorship Decisions</i>	294
<i>Creating Experiences</i>	294
Public Relations	295
<i>Marketing Public Relations</i>	295
<i>Major Decisions in Marketing PR</i>	296
Executive Summary	297
Notes	297

17. **Managing Personal Communications 302**

Direct Marketing 303

The Benefits of Direct Marketing 303

Direct Mail 303

Catalog Marketing 304

Telemarketing 304

Other Media for Direct-Response Marketing 305

Public and Ethical Issues in Direct Marketing 305

Interactive Marketing 305

Word-of-Mouth 308

Buzz and Viral Marketing 308

Opinion Leaders 308

Blogs 310

Measuring the Effects of Word-of-Mouth 311

Personal Selling and the Sales Force 311

Personal Selling and Relationship Marketing 311

Designing the Sales Force 312

Sales Force Objectives and Strategy 313

Sales Force Structure 313

Sales Force Size 314

Sales Force Compensation 314

Managing the Sales Force 314

Recruiting and Selecting Sales Representatives 315

Training and Supervising Sales Representatives 315

Sales Rep Productivity 316

Motivating Sales Representatives 316

Evaluating Sales Representatives 317

Executive Summary 317

Notes 318

Part VII CREATING SUCCESSFUL LONG-TERM GROWTH 323

18. **Managing Marketing in the Global Economy 323**

Competing on a Global Basis 324

Deciding Whether to Go Abroad 325

Deciding Which Markets to Enter 325

Deciding How to Enter the Market 326

Deciding on the Marketing Program 327

Country-of-Origin Effects 328

Internal Marketing	329
<i>Organizing the Marketing Department</i>	<i>329</i>
<i>Relations with Other Departments</i>	<i>331</i>
Managing the Marketing Process	331
<i>Evaluation and Control</i>	<i>331</i>
<i>The Marketing Audit</i>	<i>333</i>
Socially Responsible Marketing	334
<i>Ethical, Legal, and Social Responsibility Behavior</i>	<i>334</i>
<i>Cause-Related Marketing</i>	<i>334</i>
<i>Sustainability</i>	<i>335</i>
Executive Summary	335
Notes	336
Glossary	341
Index	347