Contents

List of case studies xiii Preface xv Acknowledgements xvii Walk through tour xviii About the website xxi

Part one Concepts and Contexts ₂

1 Managing the exchange process 4

Learning objectives 5 Introduction 5 Preview case Mitchells and Butlers 6 Definitions of Marketing 6 The Marketing Concept 8 Marketing in Practice Fairtrade 9 Customer Needs 13 What Marketers Do 15 Marketing in Practice Drink Up! 17 Antecedents of Marketing 18 The Scope of Marketing 23 Marketing in Practice Spar Wholesalers 24 Summary 26 Chapter review questions 26 Preview case revisited Mitchells and Butlers 27 Case study The Lynx Effect 28

2 The marketing environment 30

Learning objectives 31 Introduction 31 Preview case Leopard Rock 32 Classifying Environmental Factors 32 Macro- versus Micro-environment 33 Marketing in Practice The European Union 36 Marketing in Practice The Atkins Diet 41 Marketing in Practice Intervention by Regulators 47 The Micro-environment 48 Marketing in Practice Airbus Industrie 53 Internal Environment 54 Summary 56 Chapter review questions 56 Preview case revisited Leopard Rock 57 Case study Nordbrand 57

3 Marketing domains 59

Learning objectives 60 Introduction 60 Preview case The Retired Greyhound Trust 61 Non-Profit Marketing 61 Marketing in Practice Canadian Identity 64 Internal Marketing 66 Marketing in Practice Southwest Airlines 67 Internal Communications Media 74 E-Marketing in Practice Labyrinth Solutions Ltd 76 Social Responsibility and Ethics 77 Use of Environmentally Friendly Components and Ingredients 84 Marketing in Practice Recycling 86 Services Marketing 87 Branding 88 Marketing in Practice The Pepsi Challenge 90 Brands and Semiotics 92 Summary 94 Chapter review questions 94 Preview case revisited Retired Greyhound Trust 95 Case study Morris Minor Owners' Club 96

Part two

Markets and People 100

4 Consumer behaviour 102

Learning objectives 103 Introduction 103 Preview case Cheap Shops 104 The Decision-making Process 104 Pre-purchase Activities 107 E-Marketing in Practice Tesco 110 Consumption of the Product 114

Marketing in Practice Granite Rock 119 Marketing in Practice Trade-In 120 Disposal 120 Influences on the Buying Decision 121 Drive, Motivation and Hedonism 121 Involvement 123 E-Marketing in Practice Manchester United 124 Learning and Perception 125 Marketing in Practice KLM Flying Dutchman 130 Peer and Reference Groups and the Family 135 Marketing in Practice Tribalism 137 The Family 140 Self-Concept 143 Summary 144 Chapter review questions 144 Preview case revisited Cheap Shops 145 Case study Comparison Websites 145

5 Organisational buying behaviour 150

Learning objectives 151 Introduction 151 The Decision-Making Unit 151 **Preview case** Westinghouse Brakes 152 Marketing in Practice Bribery 156 Classifying Business Customers 158 Marketing in Practice Ocean Rainwear 160 E-Marketing in Practice Bowers & Wilkins Group 161 Marketing in Practice The European Union 163 Buyers' Techniques 164 The Buygrid Framework 166 Value Analysis 167 Evaluating Supplier Capability 168 Evaluating Supplier Performance 169 Summary 170 Chapter review questions 171 Preview case revisited Westinghouse Brakes 171 Case study Way Industry 172

6 Segmentation, targeting and positioning 174

Learning objectives 175 Introduction 175 **Preview case** Leger Holidays 176 Segmentation 176 Segmenting the Market 178 **Marketing in Practice** Dutch Cheese 182 **Marketing in Practice** Pink Pound Travel 188 **Marketing in Practice** Frizzell Insurance 192 Segmenting Business Markets 192 Targeting 199 Positioning 201 Re-Positioning 204 Summary 205 Preview case revisited Leger Holidays 205 Case study Heinz Salad Cream 206

7 Marketing information and research 209

Learning objectives 210 Introduction 210 Preview case LabOUR 211 Types of Marketing Research 211 Applied Marketing Research 213 Marketing Information Systems 214 Data Types 215 Planning for Research 216 Obtaining Information: Secondary Sources 218 Obtaining Information: Primary Sources 218 Marketing in Practice Mintel 219 Marketing in Practice Sports Council for Wales 222 **Observation and Experiment 228** Marketing in Practice Loyalty Cards 229 Marketing in Practice Fisher-Price 230 Analysing and Interpreting Quantitative Data 234 **Oualitative Research** 236 Marketing in Practice Biasing Respondents 238 Ethics in Marketing Research 241 Summary 242 Chapter review questions 242 Preview case revisited LabOUR 243 **Case study** Counter Intelligence Retail 243

8 Communications theories 246

Learning objectives 247 Introduction 247 Preview case Citroën C4 248 Attitude Formation and Change 248 Communication 254 The Hierarchy of Communication Effects 257 E-Marketing in Practice Search Engines 258 Signs and Meaning 259 Miscommunication 262 Disruption 264 Elements of the Communications Mix 268 Structuring the Communication Mix 270 Mechanisms of Personal Influence 271 E-Marketing in Practice Viral Marketing 272 Formulating a Strategy 272 Push vs Pull Strategies 272 Planning the Campaign 275 Tactical Considerations 275 Putting it All Together 276

Integration of Marketing Communications 278 International Marketing Communications 280 Researching the Effectiveness of Communications 282 **Marketing in Practice** HSBC 283 Summary 286 Chapter review questions 286 **Preview case revisited** Citroën C4 287 **Case study** Smart Cart 288

9 International marketing 291

Learning objectives 292 Introduction 292 Globalisation of Trade 292 Preview case Euro RSCG 293 International Business Perspectives 295 Assessing Market Attractiveness 296 Marketing in Practice Tjaereborg 297 Global Strategy 302 Culture 305 **E-Marketing in Practice** Watch Your Language! 306 E-Marketing in Practice Global E-tailing 310 Market Entry Tactics 311 Payment for Goods 317 Marketing in Practice McDonnell Douglas 318 Summary 319 Chapter review questions 319

Preview case revisited Euro RSCG Revisited 320 **Case study** International Herald Tribune 320

Part three

Strategy 324

10 Creating competitive advantage 326

Learning objectives 327 Introduction 327 **Preview case** Chardonnay 328 Defining Strategy 328 The Nature of Strategy 329 Marketing Strategy and Corporate Strategy 331 Strategic Planning 333 The Written Document 335 Setting Objectives 336 Complexity and Objective Setting 337 Market Strategies 338 **Marketing in Practice** Dover Loyalty Card 340 Competitive Positions 342 **E-Marketing in Practice** BMI Baby 344 Competitive Moves 344 Collaborating with Competitors 349 Growth Strategies 350 Value-based Marketing 352 Does Strategy Matter? 353 Summary 357 Chapter review questions 357 **Preview case revisited** Chardonnay 358 **Case study** Standard Chartered Group 359

11 Building customer relationships 362

Learning objectives 363 Introduction 363 The Value Chain 363 Preview case New Zealand Telecom 364 **Building Relationships** 367 E-Marketing in Practice Eurotunnel 368 Quality, Value and Service 371 E-Marketing in Practice VSDA 373 Managing the Relationship in Consumer Markets 375 Marketing in Practice Brand Relationships 377 Customer Retention Strategies 378 Marketing in Practice IKEA 381 Customer Winback 382 Summary 384 Chapter review questions 385 Preview case revisited New Zealand Telecom 385 Case study Metflex 386

Part four Marketing in Practice 390

12 Product portfolio 393

Learning objectives 394 Introduction 394 The Product Life Cycle 394 **Preview case** Sony 395 Managing Product Portfolios 398 The Boston Consulting Group Matrix 399 The General Electric Market Attractiveness-Competitive Position Model 402 Positives and Problems with Grid Analysis 404 Service Products 404 **Marketing in Practice** Sixt Car Rentals 407 **Marketing in Practice** Paying for Services 408 Industrial Product Strategy 409 Packaging 411 Summary 413 Chapter review questions 413 **Preview case revisited** Sony 414 **Case study** Ovaltine 414

13 New product development 417

Learning objectives 418 Introduction 418 **Preview case** The Flying Car 419 Types of New Product 419 Marketing in Practice James Dyson 423 The New Product Development (NPD) Process 423 Sources of Ideas 425 Organising for New Product Development 426 E-Marketing in Practice Gadget Shop 427 Diffusion of Innovation 431 **E-Marketing in Practice** The Spidercatcher 434 Influences on the Diffusion Process 437 Summary 439 Chapter review questions 440 **Preview case revisited** The Flying Car 440 Case study Yahoo! 442

14 Pricing 445

Learning objectives 446 Introduction 446 Price and the Bottom Line 446 Preview case Aldi 447 The Pricing Process 449 Pricing Objectives 450 Pricing Strategy 450 E-Marketing in Practice Crossing the Channel 451 Marketing in Practice Tesco and Levi's 453 **Determining Demand – Customer** Perceptions of Price 454 Price Sensitivity 455 Costs 456 Competition 457 Pricing Methods 457 E-Marketing in Practice Last-minute Holidavs 460 Customer-Based Pricing Methods 461 Pricing in International Markets 467 Pricing Policies in Business-to-Business Markets 469 Legality of Pricing Policies 470 Transfer Pricing 470 Competitive Bidding 471 Credit 473 Summary 473

Chapter review questions 474 **Preview case revisited** Aldi 474 **Case study** Auctionair 475

15 Advertising 477

Learning objectives 478 Introduction 478 How Advertising Works 478 Preview case L'Oreal 479 Developing an Advertising Strategy 480 Marketing in Practice David Ogilvy 483 Types of Media 484 E-Marketing in Practice The London Underground 501 Transport Advertising 501 Marketing in Practice Baconinflate 503 Internet Advertising 505 E-Marketing in Practice thisismoney.com 506 Consumer Responses to Advertising 507 Summary 508 Chapter review questions 508 Preview case revisited L'Oreal 509 Case study Vegemite 509

16 Public relations and sponsorship 513

Learning objectives 514 Introduction 514 PR and External Communication 514 **Preview case** Friends of the Earth 515 Tools of Public Relations 517 Creating and Managing a Reputation 520 Marketing in Practice Best-Laid Plans 523 Image 523 Corporate Image and Added Value 524 Risk Management 526 Marketing in Practice Bhopal 527 The Role of PR in the Organisation 528 Internal Communications Media 529 Sponsorship 531 Marketing in Practice Lincoln Mercury 533 Using Outside Agencies to Build Corporate Image 535 Developing a Brief 537 Measuring Outcomes 538 Word-of-Mouth 539 Product Placement 539 Summary 540 Chapter review questions 541 **Preview case revisited** Friends of the Earth 541 Case study Brecon Jazz Festival 542

17 Selling and key account management 545

Learning objectives 546 Introduction 546 Preview case Jewson 547 The Role of Personal Selling 548 E-Marketing in Practice Handbag.com 549 A Marketer's View 550 The Salesperson's Eye View 551 Types of Salesperson 554 E-Marketing in Practice Mitsubishi-Tokyo Pharmaceuticals 556 The Selling Cycle 557 The Sales Presentation 558 Key Account Selling 564 The KAM/PPF Model 567 Negotiation 569 Managing the Salesforce 572 Summary 575 Chapter review questions 575 Preview case revisited Jewson 576 Case study Snap-On Tools 576

18 Exhibitions and sales promotion 579

Learning objectives 580 Introduction 580 Exhibitions and Trade Fairs as Communication 580 **Preview case** Sixth China International Auto Supplies Sourcing Fair 581 Research Into Exhibitions 582 Visitor Expectations 584 Exhibitions and Key Account Management 586 Marketing in Practice ExpoInter 587 Why Exhibitions Fail 589 Planning for Exhibitions 590 Managing the Exhibition Stand 591 Alternatives to Exhibitions 593 Private exhibitions 594 Sales Promotion 595 Marketing in Practice Goldwell 596 Categories of Sales Promotion 597 Sales Promotion Techniques 598 Marketing in Practice Hoover 600 Integrating Sales Promotions with other Communications Tools 601 Summary 602 Chapter review questions 603 Preview case revisited China International Auto Supplies Sourcing Fair 603 Case study HSBC in the UAE 604

19 Direct and online marketing 607

Learning objectives 608 Introduction 608 Preview case Arabella Miller 609 The Basis of Direct Marketing 609 Marketing in Practice Garden Organic 611 Database Marketing 611 Managing Direct Marketing 616 Marketing in Practice Heist 618 Tools of Direct Marketing 619 Internet Marketing 629 E-Marketing in Practice Boo.com 634 Internationalisation and the Internet 635 Buyer Behaviour and the Internet 636 Barriers to Use of the Internet 638 Summary 640 Chapter review questions 641 Preview case revisited Arabella Miller 641 Case study Betterware 642

20 Managing channels 645

Learning objectives 646 Introduction 646 Functions of Intermediaries 646 Preview case First Scotrail and Unipart 647 Intermediaries in Industrial Channels 649 Marketing in Practice Tyron 650 Channel Strategy 651 E-Marketing in Practice Dell Computers 653 Distribution Intensity 653 Selecting a Distributor 656 Managing Distribution Channels 659 Logistics and the Supply Chain 662 Managing the Supply Chain 666 Establishing and Maintaining Relationships 667 Channel System Orientation 668 Inventory Management 669 International Trade 671 E-Marketing in Practice Little Old Wine-Drinker Me 672 Transportation Methods 673 Summary 675 Chapter review questions 675 Preview case revisited First Scotrail and Unipart 676 Case study Sri Lankan Tea 676

21 Intermediaries 679

Learning objectives 680 Introduction 680 Categorising Intermediaries 680 **Preview case** Gift House International 681 Marketing in Practice Holiday Inns 686 Retailers 689 Shopping Behaviour 690 Non-Store Retailing 692 Marketing in Practice Party Time! 693 Service Levels 695 Merchandise Levels 696 Marketing in Practice Tie Rack 697 Strategic Decisions in Retailing 697 Competitive Positioning for Retailers 699 Layout and Display Strategies 700 Summary 702 Chapter review questions 702 Preview case revisited Gift House International 703 Case study Argos 703

Preview case Thomas Cook 707 Marketing in Practice Credit Card Tarts 710 People 711 Marketing in Practice IKEA's Co-Workers 713 Process 715 Physical Evidence 719 Marketing in Practice Vidal Sassoon 720 Summary 723 Chapter review questions 723 Preview case revisited Thomas Cook 724 Case study Capita 724

Glossary 727 Index 735

22 People, process and physical evidence 705

Learning objectives 706 Introduction 706 Services Marketing 706