

Brief Contents

Preface xxi

Part 1 Defining Marketing and the Marketing Process 2

- 1 Marketing: Managing Profitable Customer Relationships 2
- 2 Company and Marketing Strategy: Partnering to Build Customer Relationships 34

Part 2 Understanding the Marketplace and Consumers 62

- 3 The Marketing Environment 62
- 4 Managing Marketing Information 94
- 5 Consumer Markets and Consumer Buyer Behavior 128
- 6 Business Markets and Business Buyer Behavior 158

Part 3 Designing a Customer-Driven Marketing Strategy and Integrated Marketing Mix 182

- 7 Customer-Driven Marketing Strategy: Creating Value for Target Customers 182
- 8 Product, Services, and Branding Strategy 216
- 9 New-Product Development and Product Life-Cycle Strategies 250
- 10 Pricing Products: Understanding and Capturing Customer Value 282
- 11 Pricing Products: Pricing Strategies 306
- 12 Marketing Channels and Supply Chain Management 332
- 13 Retailing and Wholesaling 364
- 14 Communicating Customer Value: Integrated Marketing Communications Strategy 396
- 15 Advertising and Public Relations 424
- 16 Personal Selling and Sales Promotion 450
- 17 Direct and Online Marketing: Building Direct Customer Relationships 478

Part 4 Extending Marketing 514

- 18 Creating Competitive Advantage 514
- 19 The Global Marketplace 540
- 20 Marketing Ethics and Social Responsibility 570

Appendix 1 Marketing Plan A-1

Appendix 2 Marketing by the Numbers A-11

Appendix 3 Careers in Marketing A-27

References R-1

Glossary G-1

Credits C-1

Index I-1

Contents

Preface xxi

Part 1 ■ Defining Marketing and the Marketing Process 2

Chapter 1 Marketing: Managing Profitable Customer Relationships 2

What Is Marketing? 4

Marketing Defined 5 ■ The Marketing Process 5

Understanding the Marketplace and Customer Needs 6

Customer Needs, Wants, and Demands 6 ■ Market Offerings—Products, Services, and Experiences 6 ■ Customer Value and Satisfaction 7 ■ Exchanges and Relationships 7 ■ Markets 7

Designing a Customer-Driven Marketing Strategy 8

Selecting Customers to Serve 8 ■ Choosing a Value Proposition 9 ■ Marketing Management Orientations 9

Preparing an Integrated Marketing Plan and Program 12

Building Customer Relationships 12

Customer Relationship Management 13 ■ The Changing Nature of Customer Relationships 16 ■ Partner Relationship Management 18

Capturing Value from Customers 19

Creating Customer Loyalty and Retention 20 ■ Growing Share of Customer 20 ■ Building Customer Equity 21

The New Marketing Landscape 23

The New Digital Age 23 ■ Rapid Globalization 25 ■ The Call for More Ethics and Social Responsibility 26 ■ The Growth of Not-for-Profit Marketing 27

So, What Is Marketing? Pulling It All Together 28

Reviewing the Concepts 29 ■ Reviewing the Key Terms 30 ■ Discussing the Concepts 30 ■ Applying the Concepts 31 ■ Focus on Technology 31 ■ Focus on Ethics 31

Video Case: Dunkin' Donuts 31

Company Case: Build-A-Bear: Build-A-Memory 32

Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships 34

Companywide Strategic Planning: Defining Marketing's Role 36

Defining a Market-Oriented Mission 37 ■ Setting Company Objectives and Goals 38 ■ Designing the Business Portfolio 39

Planning Marketing: Partnering to Build Customer Relationships 44

Partnering with Other Company Departments 45 ■ Partnering with Others in the Marketing System 46

Marketing Strategy and the Marketing Mix 47

Customer-Driven Marketing Strategy 48 ■ Developing an Integrated Marketing Mix 50

Managing the Marketing Effort 52

Marketing Analysis 52 ■ Marketing Planning 52 ■ Marketing Implementation 53 ■ Marketing Department Organization 54 ■ Marketing Control 55

Measuring and Managing Return on Marketing Investment 56

Reviewing the Concepts 57 ■ Reviewing the Key Terms 58 ■ Discussing the Concepts 59 ■ Applying the Concepts 59 ■ Focus on Technology 59 ■ Focus on Ethics 59

Video Case: Harley-Davidson 60

Company Case: Trap-Ease America: The Big Cheese of Mousetraps 60

Part 2 ■ Understanding the Marketplace and Consumers 62

Chapter 3 The Marketing Environment 62

The Company's Microenvironment 64

The Company 65 ■ Suppliers 65 ■ Marketing Intermediaries 65 ■ Customers 66 ■ Competitors 66 ■ Publics 67

The Company's Macroenvironment 67

Demographic Environment 68 ■ Economic Environment 77 ■ Natural Environment 79 ■ Technological Environment 80 ■ Political Environment 82 ■ Cultural Environment 86

Responding to the Marketing Environment 89

Reviewing the Concepts 90 ■ Reviewing the Key Terms 90 ■ Discussing the Concepts 90 ■ Applying the Concepts 91 ■ Focus on Technology 91 ■ Focus on Ethics 91

Video Case: American Express 91

Company Case: Prius: Leading a Wave of Hybrids 92

Chapter 4 Managing Marketing Information 94

Assessing Marketing Information Needs 97

Developing Marketing Information 98

Internal Data 98 ■ Marketing Intelligence 99

Marketing Research 100

Defining the Problem and Research Objectives 101 ■ Developing the Research Plan 101 ■ Gathering

- Secondary Data 102 ■ Primary Data Collection 103 ■ Implementing the Research Plan 110 ■ Interpreting and Reporting the Findings 111
- Analyzing Marketing Information 111**
 - Customer Relationship Management (CRM) 112
- Distributing and Using Marketing Information 113**
- Other Marketing Information Considerations 113**
 - Marketing Research in Small Businesses and Nonprofit Organizations 114 ■ International Marketing Research 117 ■ Public Policy and Ethics in Marketing Research 118 ■ Reviewing the Concepts 122 ■ Reviewing the Key Terms 123 ■ Discussing the Concepts 123 ■ Applying the Concepts 123 ■ Focus on Technology 123 ■ Focus on Ethics 124
- Video Case: Burke 124**
- Company Case: Enterprise Rent-A-Car: Measuring Service Quality 124**

Consumer Markets and Consumer Buyer Behavior 128

- Model of Consumer Behavior 130**
- Characteristics Affecting Consumer Behavior 131**
 - Cultural Factors 131 ■ Social Factors 134 ■ Personal Factors 139 ■ Psychological Factors 142
- Types of Buying Decision Behavior 145**
 - Complex Buying Behavior 145 ■ Dissonance-Reducing Buying Behavior 146 ■ Habitual Buying Behavior 146 ■ Variety-Seeking Buying Behavior 147
- The Buyer Decision Process 147**
 - Need Recognition 147 ■ Information Search 147 ■ Evaluation of Alternatives 148 ■ Purchase Decision 148 ■ Postpurchase Behavior 149
- The Buyer Decision Process for New Products 150**
 - Stages in the Adoption Process 150 ■ Individual Differences in Innovativeness 151 ■ Influence of Product Characteristics on Rate of Adoption 152
- Consumer Behavior Across International Borders 153**
 - Reviewing the Concepts 153 ■ Reviewing the Key Terms 154 ■ Discussing the Concepts 154 ■ Applying the Concepts 154 ■ Focus on Technology 155 ■ Focus on Ethics 155
- Video Case: Wild Planet 155**
- Company Case: Victoria's Secret Pink: Keeping the Brand Hot 156**

Business Markets and Business Buyer Behavior 158

- Business Markets 160**
 - Market Structure and Demand 161 ■ Nature of the Buying Unit 162 ■ Types of Decisions and the Decision Process 162
- Business Buyer Behavior 162**
 - Major Types of Buying Situations 163 ■ Participants in the Business Buying Process 166 ■ Major Influences on Business Buyers 167 ■ The Business Buying Process 169 ■ E-Procurement: Buying on the Internet 172

- Institutional and Government Markets 174**
 - Institutional Markets 174 ■ Government Markets 174 ■ Reviewing the Concepts 176 ■ Reviewing the Key Terms 177 ■ Discussing the Concepts 177 ■ Applying the Concepts 177 ■ Focus on Technology 177 ■ Focus on Ethics 178

Video Case: Eaton 178

Company Case: Kodak: Changing the Picture 178

Part 3 Designing a Customer-Driven Marketing Strategy and Integrated Marketing Mix 182

Customer-Driven Marketing Strategy: Creating Value for Target Customers 182

- Market Segmentation 185**
 - Segmenting Consumer Markets 185 ■ Segmenting Business Markets 192 ■ Segmenting International Markets 193 ■ Requirements for Effective Segmentation 194
- Market Targeting 195**
 - Evaluating Market Segments 195 ■ Selecting Target Market Segments 195 ■ Socially Responsible Target Marketing 202
- Differentiation and Positioning 203**
 - Positioning Maps 203 ■ Choosing a Differentiation and Positioning Strategy 203 ■ Communicating and Delivering the Chosen Position 210 ■ Reviewing the Concepts 211 ■ Reviewing the Key Terms 211 ■ Discussing the Concepts 212 ■ Applying the Concepts 212 ■ Focus on Technology 212 ■ Focus on Ethics 212
- Video Case: Procter & Gamble 213**
- Company Case: Saturn: An Image Makeover 213**

Product, Services, and Branding Strategy 216

- What Is a Product? 218**
 - Products, Services, and Experiences 218 ■ Levels of Product and Services 219 ■ Product and Service Classifications 220
- Product and Service Decisions 223**
 - Individual Product and Service Decisions 223 ■ Product Line Decisions 228 ■ Product Mix Decisions 229
- Branding Strategy: Building Strong Brands 230**
 - Brand Equity 230 ■ Building Strong Brands 231 ■ Managing Brands 238 ■
- Services Marketing 239**
 - Nature and Characteristics of a Service 239 ■ Marketing Strategies for Service Firms 240 ■ Reviewing the Concepts 245 ■ Reviewing the Key Terms 246 ■ Discussing the Concepts 246 ■ Applying the Concepts 246 ■ Focus on Technology 247 ■ Focus on Ethics 247
- Video Case: Accenture 247**
- Company Case: Converse: We Love You, Chucks! 248**

Strategic New-Product Development and Product Life-Cycle Strategies 250

New-Product Development Strategy 253

The New-Product Development Process 254

Idea Generation 254 ■ Idea Screening 256 ■ Concept Development and Testing 257 ■ Marketing Strategy Development 258 ■ Business Analysis 259 ■ Product Development 259 ■ Test Marketing 260 ■ Commercialization 262

Managing New-Product Development 263

Customer-Centered New-Product Development 263 ■ Team-Based New-Product Development 264 ■ Systematic New-Product Development 264

Product Life-Cycle Strategies 267

Introduction Stage 269 ■ Growth Stage 270 ■ Maturity Stage 270 ■ Decline Stage 271

Additional Product and Service

Considerations 274

Product Decisions and Social Responsibility 274 ■ International Product and Services Marketing 275 ■ Reviewing the Concepts 276 ■ Reviewing the Key Terms 277 ■ Discussing the Concepts 277 ■ Applying the Concepts 277 ■ Focus on Technology 277 ■ Focus on Ethics 278

Video Case: eGO Bikes 278

Company Case: Sony: Betting It All on Blu-Ray 278

Strategic Pricing Products: Understanding and Capturing Customer Value 282

What Is a Price? 284

Factors to Consider When Setting Prices 285

Value-Based Pricing 285 ■ Company and Product Costs 288 ■ Other Internal and External Considerations Affecting Price Decisions 288 ■ Reviewing the Concepts 300 ■ Reviewing the Key Terms 300 ■ Discussing the Concepts 301 ■ Applying the Concepts 301 ■ Focus on Technology 301 ■ Focus on Ethics 301

Video Case: Song 302

Company Case: Southwest Airlines: Waging War in Philly 302

Strategic Pricing Products: Pricing Strategies 306

New-Product Pricing Strategies 308

Market-Skimming Pricing 308 ■ Market-Penetration Pricing 309

Product Mix Pricing Strategies 309

Product Line Pricing 309 ■ Optional-Product Pricing 310 ■ Captive-Product Pricing 310 ■ By-Product Pricing 311 ■ Product Bundle Pricing 312

Price-Adjustment Strategies 312

Discount and Allowance Pricing 312 ■ Segmented Pricing 312 ■ Psychological Pricing 314 ■ Promotional Pricing 316 ■ Geographical Pricing 317 ■ Dynamic Pricing 318 ■ International Pricing 320

Price Changes 320

Initiating Price Changes 320 ■ Responding to Price Changes 322

Public Policy and Pricing 323

Pricing Within Channel Levels 324 ■ Pricing Across Channel Levels 324 ■ Reviewing the Concepts 327 ■ Reviewing the Key Terms 327 ■ Discussing the Concepts 328 ■ Applying the Concepts 328 ■ Focus on Technology 328 ■ Focus on Ethics 328 ■

Video Case: GE 329

Company Case: ExxonMobil: Achieving Big Profits During Hard Times 329

Strategic Marketing Channels and Supply Chain Management 332

Supply Chains and the Value Delivery Network 334

The Nature and Importance of Marketing Channels 335

How Channel Members Add Value 336 ■ Number of Channel Levels 338

Channel Behavior and Organization 338

Channel Behavior 339 ■ Vertical Marketing Systems 340 ■ Horizontal Marketing Systems 343 ■ Multichannel Distribution Systems 343 ■ Changing Channel Organization 344

Channel Design Decisions 346

Analyzing Consumer Needs 347 ■ Setting Channel Objectives 347 ■ Identifying Major Alternatives 348 ■ Evaluating the Major Alternatives 349 ■ Designing International Distribution Channels 349

Channel Management Decisions 350

Selecting Channel Members 350 ■ Managing and Motivating Channel Members 350 ■ Evaluating Channel Members 351

Public Policy and Distribution Decisions 351

Marketing Logistics and Supply Chain Management 352

Nature and Importance of Marketing Logistics 352 ■ Goals of the Logistics System 353 ■ Major Logistics Functions 354 ■ Integrated Logistics Management 356 ■ Reviewing the Concepts 358 ■ Reviewing the Key Terms 359 ■ Discussing the Concepts 359 ■ Applying the Concepts 359 ■ Focus on Technology 360 ■ Focus on Ethics 360 ■

Video Case: Hasbro 360

Company Case: Zara: The Technology Giant of the Fashion World 361

Strategic Retailing and Wholesaling 364

Retailing 367

Types of Retailers 367 ■ Retailer Marketing Decisions 374 ■ The Future of Retailing 381

Wholesaling 385

Types of Wholesalers 386 ■ Wholesaler Marketing Decisions 388 ■ Trends in Wholesaling 389 ■ Reviewing the Concepts 390 ■ Reviewing the Key Terms 391 ■ Discussing the Concepts 391 ■ Applying the

Concepts 391 ■ Focus on Technology 391 ■ Focus on Ethics 392

Video Case: Wellbeing 392

Company Case: Peapod: Thriving in the World of Online Groceries 392



Communicating Customer Value: Integrated Marketing Communications Strategy 396

The Promotion Mix 398

Integrated Marketing Communications 399

The New Marketing Communications Landscape 399 ■
The Shifting Marketing Communications Model 399 ■
The Need for Integrated Marketing Communications 400

A View of the Communication Process 402

Steps in Developing Effective Communication 404

Identifying the Target Audience 404 ■ Determining
the Communication Objectives 404 ■ Designing
a Message 405 ■ Choosing Media 407 ■ Selecting
the Message Source 409 ■ Collecting Feedback 411

Setting the Total Promotion Budget and Mix 412

Setting the Total Promotion Budget 412 ■ Shaping the
Overall Promotion Mix 413 ■ Integrating the Promotion
Mix 417

Socially Responsible Marketing Communication 418

Advertising and Sales Promotion 418 ■ Personal
Selling 419 ■ Reviewing the Concepts 419 ■ Reviewing
the Key Terms 420 ■ Discussing the Concepts 420 ■
Applying the Concepts 420 ■ Focus on Technology 420 ■
Focus on Ethics 420

Video Case: Motorola 421

Company Case: Burger King: Promoting a Food Fight 421



Advertising and Public Relations 424

Advertising 426

Setting Advertising Objectives 426 ■ Setting the
Advertising Budget 428 ■ Developing Advertising
Strategy 428 ■ Evaluating Advertising Effectiveness and
Return on Advertising Investment 438 ■ Other
Advertising Considerations 439

Public Relations 441

The Role and Impact of Public Relations 441 ■ Major
Public Relations Tools 442 ■ Reviewing the
Concepts 445 ■ Reviewing the Key Terms 445 ■
Discussing the Concepts 445 ■ Applying the
Concepts 446 ■ Focus on Technology 446 ■ Focus on
Ethics 446

Video Case: DDB Worldwide 446

Company Case: Pepsi: Promoting Nothing 447



Personal Selling and Sales Promotion 450

Personal Selling 452

The Nature of Personal Selling 452 ■ The Role of the
Sales Force 453

Managing the Sales Force 454

Designing Sales Force Strategy and Structure 454 ■
Recruiting and Selecting Salespeople 459 ■ Training
Salespeople 460 ■ Compensating Salespeople 461

Supervising and Motivating Salespeople 462

Evaluating Salespeople and Sales-Force Performance 464

The Personal Selling Process 466

Steps in the Selling Process 466 ■ Personal Selling and
Customer Relationship Management 468

Sales Promotion 468

Rapid Growth of Sales Promotion 469 ■ Sales Promotion
Objectives 469 ■ Major Sales Promotion Tools 470 ■
Developing the Sales Promotion Program 473 ■
Reviewing the Concepts 473 ■ Reviewing the Key
Terms 474 ■ Discussing the Concepts 474 ■ Applying
the Concepts 475 ■ Focus on Technology 475 ■ Focus on
Ethics 475

Video Case: Nudie 475

Company Case: Personal Selling at the Lear
Corporation 476



Direct and Online Marketing: Building Direct Customer Relationships 478

The New Direct-Marketing Model 480

Growth and Benefits of Direct Marketing 481

Benefits to Buyers 482 ■ Benefits to Sellers 482

Customer Databases and Direct Marketing 483

Forms of Direct Marketing 484

Direct-Mail Marketing 484 ■ Catalog Marketing 485 ■
Telephone Marketing 487 ■ Direct-Response Television
Marketing 488 ■ Kiosk Marketing 491 ■ New Digital
Direct Marketing Technologies 491

Online Marketing 493

Marketing and the Internet 493 ■ Online Marketing
Domains 494 ■ Types of Online Marketers 496 ■ Setting
Up an Online Marketing Presence 498 ■ The Promise and
Challenges of Online Marketing 504

Integrated Direct Marketing 505

Public Policy Issues in Direct Marketing 506

Irritation, Unfairness, Deception, and Fraud 506 ■
Invasion of Privacy 507 ■ A Need for Action 508 ■
Reviewing the Concepts 509 ■ Reviewing the Key Terms
510 ■ Discussing the Concepts 510 ■ Applying the
Concepts 510 ■ Focus on Technology 510 ■ Focus on
Ethics 511

Video Case: NineMSN 511

Company Case: StubHub: Ticket Scalping Becomes
Respectable 511

Part 4 ■ Extending Marketing 514



Creating Competitive Advantage 514

Competitor Analysis 516

Identifying Competitors 517 ■ Assessing
Competitors 518 ■ Selecting Competitors to Attack
and Avoid 520 ■ Designing a Competitive Intelligence
System 522

Competitive Strategies 522
 Approaches to Marketing Strategy 522 ■ Basic Competitive Strategies 523 ■ Competitive Positions 527 ■ Market Leader Strategies 527 ■ Market Challenger Strategies 530 ■ Market Follower Strategies 531 ■ Market Nicher Strategies 531

Balancing Customer and Competitor Orientations 535
 Reviewing the Concepts 534 ■ Reviewing the Key Terms 535 ■ Discussing the Concepts 535 ■ Applying the Concepts 535 ■ Focus on Technology 535 ■ Focus on Ethics 536

Video Case: Nike 536

Company Case: Bose: Competing by Being Truly Different 536

Chapter 15 The Global Marketplace 540

Global Marketing Today 542

Looking at the Global Marketing Environment 544
 The International Trade System 544 ■ Economic Environment 546 ■ Political-Legal Environment 548 ■ Cultural Environment 548

Deciding Whether to Go Global 551

Deciding Which Markets to Enter 552

Deciding How to Enter the Market 552
 Exporting 552 ■ Joint Venturing 553 ■ Direct Investment 555

Deciding on the Global Marketing Program 555
 Product 556 ■ Promotion 559 ■ Price 561 ■ Distribution Channels 562

Deciding on the Global Marketing Organization 563
 Reviewing the Concepts 563 ■ Reviewing the Key Terms 564 ■ Discussing the Concepts 564 ■ Applying

the Concepts 564 ■ Focus on Technology 564 ■ Focus on Ethics 565

Video Case: Nivea 565

Company Case: Wal-Mart Takes On the World 565

Chapter 16 Marketing Ethics and Social Responsibility 568

Social Criticisms of Marketing 571
 Marketing's Impact on Individual Consumers 571 ■ Marketing's Impact on Society as a Whole 577 ■ Marketing's Impact on Other Businesses 580

Citizen and Public Actions to Regulate Marketing 581
 Consumerism 581 ■ Environmentalism 582 ■ Public Actions to Regulate Marketing 585

Business Actions toward Socially Responsible Marketing 586
 Enlightened Marketing 586 ■ Marketing Ethics 591 ■ Reviewing the Concepts 595 ■ Reviewing the Key Terms 596 ■ Discussing the Concepts 596 ■ Applying the Concepts 596 ■ Focus on Technology 596 ■ Focus on Ethics 596

Video Case: NFL 597

Company Case: Vitango: Fighting Malnutrition 597

Appendix 1: Marketing Plan A-1

Appendix 2: Marketing by the Numbers A-11

Appendix 3: Careers in Marketing A-27

References R-1

Glossary G-1

Credits C-1

Index I-1