Contents

List of case studies xv
List of boxes xvii
List of figures xix
List of tables xxii
Preface xxiii

1 Development of a strategic approach to marketing: its culture; internal macro- and external micro-environmental issues 1

Introduction 2
The origin and development of marketing 2
Marketing orientation 9
Marketing management 12
The need for a strategic approach to marketing 16
The concept of strategic business units 17
Strategic marketing planning 19
Steps and inputs to developing a strategic marketing plan 21
Trends and developments in marketing concepts and applications 29
Summary 33
Key terms 34
Case Study 35
References 37
## 2 Markets and customers: consumer and organizational buyer behaviour and marketing strategy

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>40</td>
</tr>
<tr>
<td>The scope and complexity of buyer behaviour</td>
<td>40</td>
</tr>
<tr>
<td>Buyer behaviour models</td>
<td>42</td>
</tr>
<tr>
<td>Researching buyer behaviour</td>
<td>43</td>
</tr>
<tr>
<td>Consumer buyer behaviour</td>
<td>46</td>
</tr>
<tr>
<td>Organizational buying behaviour</td>
<td>55</td>
</tr>
<tr>
<td>Trends in organizational purchasing</td>
<td>59</td>
</tr>
<tr>
<td>Strategic implications of buyer behaviour</td>
<td>62</td>
</tr>
<tr>
<td>Summary</td>
<td>65</td>
</tr>
<tr>
<td>Key terms</td>
<td>66</td>
</tr>
<tr>
<td>Case Study</td>
<td>67</td>
</tr>
<tr>
<td>References</td>
<td>68</td>
</tr>
</tbody>
</table>

## 3 Markets and customers: market boundaries; target marketing

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>70</td>
</tr>
<tr>
<td>The concept of a market: defining market boundaries</td>
<td>70</td>
</tr>
<tr>
<td>Customer functions, technology and customer group-based definitions</td>
<td>74</td>
</tr>
<tr>
<td>Market segmentation, targeting and positioning</td>
<td>77</td>
</tr>
<tr>
<td>Advantages of target marketing: criteria for effective segmentation</td>
<td>79</td>
</tr>
<tr>
<td>Steps in target marketing</td>
<td>81</td>
</tr>
<tr>
<td>Developments in consumer segmentation techniques: databases, one-to-one marketing and the Internet</td>
<td>92</td>
</tr>
<tr>
<td>Bases for segmenting organizational/industrial markets</td>
<td>93</td>
</tr>
<tr>
<td>Segment evaluation: choice of targeting strategies and market targets</td>
<td>97</td>
</tr>
<tr>
<td>Targeting strategies</td>
<td>98</td>
</tr>
<tr>
<td>Product positioning and market development</td>
<td>99</td>
</tr>
<tr>
<td>Repositioning within existing segments</td>
<td>102</td>
</tr>
<tr>
<td>Summary</td>
<td>103</td>
</tr>
<tr>
<td>Key terms</td>
<td>103</td>
</tr>
<tr>
<td>Case Study</td>
<td>104</td>
</tr>
<tr>
<td>References</td>
<td>105</td>
</tr>
</tbody>
</table>

## 4 Product and innovation strategies

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>108</td>
</tr>
<tr>
<td>Elements of product strategy</td>
<td>108</td>
</tr>
</tbody>
</table>
5 Pricing strategies

Introduction 160
The economist’s view of pricing 160
A framework for pricing decisions: key inputs 161
Cost considerations 169
Competitor considerations 172
Pricing methods 173
Pricing/marketing strategies for different competitive positions 182
Pricing of services 184
Clues to effective pricing strategies 184
Developments and further issues in pricing concepts and practice 185
Summary 186
Key terms 187
Case Study 187
References 188

6 Channels of distribution and logistics

Introduction 191
The consumer wants cycle 191
The producer–user gap 191
Demand stimulus 191
Distribution system design 192
7 **Communications strategy**

- Introduction 235
- Understanding marketing communications 235
- Implications of the communications process 235
- Marketing communications 237
- Planning marketing communications strategies 238
- Advertising 245
- Sales promotion 258
- Public relations and sponsorship 265
- Summary 268
- Key terms 268
- Case Study 269
- References 270

8 **Sales management**

- Introduction 273
- Role of the sales force 273
- Types of sales force 274
- Types of selling job 275
- Role of selling within marketing 276
- Recruitment and selection of salespeople 277
- Training 280
- The sales sequence: the seven steps model 286
9 Customer care and relationship marketing

Introduction
Customer care
Steps in establishing a customer care programme
Customer care and the marketing process
Customer care and quality
Customer care and customer service
Relationship marketing
Relationship marketing and transactional marketing compared and contrasted
Branding and relationship marketing
The implications of relationship marketing
Summary
Key terms
Case Study
References

10 Direct marketing

Introduction
Objectives of direct marketing
Scope of direct marketing
Direct mail
Direct response advertising
Practical aspects of database marketing
Consumer direct mail
Business direct mail
Mail order
11 Sales forecasting

Introduction 350
Aid to marketing planning 350
Short, medium and long-term forecasting 351
Corporate objectives 352
Functional objectives 354
Sales budgets and their uses 356
Need for profit planning and its derivation 357
Techniques of forecasting 358
Appropriateness of technique chosen 363
Measures of value or volume? 363
Importance of accurate forecasts 364
The sales forecasting system 364
The time factor 366
Summary 367
Key terms 367
Case Study 368
References 368

12 Marketing information systems and research

Introduction 370
Information requirements 370
Inputs to the MkIS 373
The market intelligence system 375
The marketing research system 380
Industrial marketing research (B2B) 384
International marketing research 385
The research brief and the research proposal 386
Need for an MkIS 387
13 Analysing the environment: (opportunities and threats) and appraising resources (strengths and weaknesses) 394

Introduction 395
Importance of analysing the environment 395
Range and level of environmental factors 397
Intra-firm environment 398
Micro-environment 398
Macro-environment 399
Environmental scanning 401
Strategic decision making 404
Forecasting the future 405
Assessing the impact of environmental trends 405
Traditional view of competitive industry structures 407
Strategic group analysis 410
The concept of value chains 420
Profiling systems in evaluating strengths and weaknesses 423
Relationship to other areas of strategic marketing planning 426
Summary 428
Key terms 429
Case Study 430
References 431

14 Evaluating and controlling strategic marketing 432

Introduction 433
The essentials of the control process 434
The control process in action 435
Key areas for control in marketing 438
The marketing audit 448
Summary 454
Key terms 454
Case Study 455
References 455
15 Strategic marketing planning tools

Introduction 457
Porter’s model of industry/market evolution 457
Arthur D. Little’s industry maturity/competitive position matrix 459
The experience curve effect in strategic marketing planning 461
Comprehensive tools of strategic marketing planning 464
The Boston Consulting Group’s (BCG) growth/share matrix 465
The McKinsey/General Electric business screen 468
The Shell directional policy matrix 473
The product life cycle portfolio matrix 475
Profit impact of marketing strategy (PIMS) 478
Green portfolio analysis 480
Summary 481
Key terms 482
Case Study 482
References 483

16 Global marketing

Introduction 485
The growth of international/global marketing 485
International marketing definitions: levels of involvement in international marketing 488
International marketing management: differences and special issues 490
Cultural and social forces in international marketing 490
International marketing strategies and decisions 493
The extent of involvement and commitment to international markets 494
Methods of market entry 495
The marketing mix strategies to be used 496
Marketing organization and implementation for developing international markets 499
International marketing research and information systems 500
Summary 501
Key terms 501
Case Study 502
References 502

17 Services marketing and not-for-profit marketing

Introduction 504
Services marketing 504
Case studies

Chapter 1
Beckett Organics 35

Chapter 2
Six to Seven 67

Chapter 3
Bon Voyage 104

Chapter 4
Novelty Creations 156

Chapter 5
ACME Engineering 187

Chapter 6
Starfish (channels of distribution) 231
Radiance Products (logistics) 232

Chapter 7
Global International plc 269
Case studies

Chapter 8
Shakesheff Web Design 300

Chapter 9
Infotech 324

Chapter 10
Woodvale Products Ltd 347

Chapter 11
Scalar Products 368

Chapter 12
Dashdish 392

Chapter 13
Pathological Investigations Ltd 430

Chapter 14
Helensgate Glass Ltd 455

Chapter 15
Breakdown Products plc 482

Chapter 16
Fashionista Mode 502

Chapter 17
Marine Services Ltd 517
Boxes

Chapter 1
Driving a Hard Bargain 7
Cutting Back on Expenses 33

Chapter 2
Keeping a Cutting Edge 42
Kettling 44
A Shocking Example 54

Chapter 3
Taking the Mickey 72
Given the Boot 73
Salt of the Earth 79
Stuck for Choice 80

Chapter 4
Keep Taking the Tablets 115
Life After Death 124
Project SAPPHO 128
The McKinsey Report 129

Chapter 5
All’s Fair 165
## Chapter 6
Woolly Thinking  203  
Bare Bellies Update  208  

## Chapter 7
Rubbermaid  257  
Have One On Me  264  

## Chapter 8
McDonald's  278  
Selling to the Sellers  280  
The Devil's in the Detail  291  
Looking up to ‘Big Blue’  297  

## Chapter 9
Spread the Word – But Be Careful!  307  

## Chapter 10
Book a Place in History  336  

## Chapter 11
Back to Your Roots  351  

Figures

1.1 The distinction between sales and market orientations 10
1.2 Traditional organisation chart 13
1.3 The place of marketing in the modern organisation 14
1.4 The strategic marketing planning process 28
2.1 A ‘black box’ model 43
2.2 Simplified model of consumer buying behaviour 47
2.3 Maslow’s hierarchy of needs 52
2.4 Organizational buying process 56
2.5 Influences on organizational buying 58
2.6 Knowledge of consumer behaviour facilitates development of successful marketing strategies 63
3.1 A ‘business problem analysis function’ 74
3.2 Market boundary definition 76
3.3 An illustrative market cell 76
3.4 The meaning of market segments 78
3.5 Segmenting the market for hi-fi by income 82
3.6 Further segmentation of each income group based on age 82
3.7 Complete market segmentation 83
3.8 An approach to segmenting industrial markets 95
3.9 A ‘nested’ approach to industrial market segmentation 96
3.10 Examples of objective attributes 100
3.11 Examples of subjective attributes 100
3.12 Hypothetical positioning map: instant coffee market 101
4.1 A hypothetical product mix for Personal Products Ltd 111
4.2 The product life cycle concept (PLC) 112
4.3 Alternative product life cycle patterns 116
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4</td>
<td>Company objectives and the range of product strategies</td>
<td>118</td>
</tr>
<tr>
<td>4.5</td>
<td>Sales/profit cycles</td>
<td>120</td>
</tr>
<tr>
<td>4.6</td>
<td>Gap analysis</td>
<td>120</td>
</tr>
<tr>
<td>4.7</td>
<td>Extending product life cycles</td>
<td>122</td>
</tr>
<tr>
<td>4.8</td>
<td>The continuum of product innovation</td>
<td>127</td>
</tr>
<tr>
<td>4.9</td>
<td>Trend extrapolation forecasting</td>
<td>135</td>
</tr>
<tr>
<td>4.10</td>
<td>A relevance tree for improved health care</td>
<td>136</td>
</tr>
<tr>
<td>4.11</td>
<td>An entry strategy performance model</td>
<td>148</td>
</tr>
<tr>
<td>4.12</td>
<td>Adoption theory</td>
<td>149</td>
</tr>
<tr>
<td>4.13</td>
<td>Product development cycle and quality function deployment (QFD) key events</td>
<td>151</td>
</tr>
<tr>
<td>4.14</td>
<td>Sequential (A) versus overlapping (B and C) phases of new product development</td>
<td>152</td>
</tr>
<tr>
<td>5.1</td>
<td>Examples of simple demand curves</td>
<td>163</td>
</tr>
<tr>
<td>5.2</td>
<td>Oligopoly</td>
<td>164</td>
</tr>
<tr>
<td>5.3</td>
<td>Possible shapes of demand curves</td>
<td>169</td>
</tr>
<tr>
<td>5.4</td>
<td>Simple breakeven chart</td>
<td>170</td>
</tr>
<tr>
<td>5.5</td>
<td>Breakeven versus different prices</td>
<td>170</td>
</tr>
<tr>
<td>6.1</td>
<td>Channel relationships</td>
<td>193</td>
</tr>
<tr>
<td>6.2</td>
<td>A typical example of structure for consumer goods</td>
<td>200</td>
</tr>
<tr>
<td>6.3</td>
<td>The economics of intermediary systems</td>
<td>201</td>
</tr>
<tr>
<td>6.4</td>
<td>Marketing flows in channels</td>
<td>203</td>
</tr>
<tr>
<td>6.5</td>
<td>Stages in the channel co-ordination process</td>
<td>205</td>
</tr>
<tr>
<td>6.6</td>
<td>The demand-creating role of physical distribution efforts</td>
<td>218</td>
</tr>
<tr>
<td>6.7</td>
<td>The relationship between materials management, physical distribution and logistics</td>
<td>219</td>
</tr>
<tr>
<td>6.8</td>
<td>Designing the business logistics system</td>
<td>225</td>
</tr>
<tr>
<td>6.9</td>
<td>Contribution vs revenue and costs</td>
<td>226</td>
</tr>
<tr>
<td>7.1</td>
<td>Model of elements and process of communication</td>
<td>236</td>
</tr>
<tr>
<td>7.2</td>
<td>Steps in planning communication strategies</td>
<td>239</td>
</tr>
<tr>
<td>7.3</td>
<td>Examples of audience response repertoires</td>
<td>241</td>
</tr>
<tr>
<td>7.4</td>
<td>Managing advertising: a systematic approach</td>
<td>249</td>
</tr>
<tr>
<td>7.5</td>
<td>Marketing communications and brand equity</td>
<td>256</td>
</tr>
<tr>
<td>8.1</td>
<td>Types of selling categories</td>
<td>276</td>
</tr>
<tr>
<td>8.2</td>
<td>Salesperson appraisal form</td>
<td>282</td>
</tr>
<tr>
<td>8.3</td>
<td>Market share analysis</td>
<td>291</td>
</tr>
<tr>
<td>9.1</td>
<td>The relationship marketing ladder of loyalty</td>
<td>306</td>
</tr>
<tr>
<td>10.1</td>
<td>Direct marketing</td>
<td>329</td>
</tr>
<tr>
<td>10.2</td>
<td>Principle of multi-level marketing (MLM) showing team originator receiving downstream commission from those lower in the network</td>
<td>345</td>
</tr>
<tr>
<td>11.1</td>
<td>Sales budgetary procedure</td>
<td>357</td>
</tr>
<tr>
<td>11.2</td>
<td>Company growth curves</td>
<td>360</td>
</tr>
<tr>
<td>11.3</td>
<td>The cost/sophistication trade-off</td>
<td>365</td>
</tr>
<tr>
<td>Chapter</td>
<td>Section</td>
<td>Title</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>11.4</td>
<td></td>
<td>The sales forecasting system</td>
</tr>
<tr>
<td>12.1</td>
<td></td>
<td>Marketing information system</td>
</tr>
<tr>
<td>13.1</td>
<td></td>
<td>Layers in the environment</td>
</tr>
<tr>
<td>13.2</td>
<td></td>
<td>Environment appraisal and strategic planning</td>
</tr>
<tr>
<td>13.3</td>
<td></td>
<td>Opportunity matrix</td>
</tr>
<tr>
<td>13.4</td>
<td></td>
<td>Threat matrix</td>
</tr>
<tr>
<td>13.5</td>
<td></td>
<td>Traditional view of competitive industry structure</td>
</tr>
<tr>
<td>13.6</td>
<td></td>
<td>The Porter model of competitive industry structure</td>
</tr>
<tr>
<td>13.7</td>
<td></td>
<td>Strategic groups in the UK brewing industry</td>
</tr>
<tr>
<td>13.8</td>
<td></td>
<td>The value chain</td>
</tr>
<tr>
<td>13.9</td>
<td></td>
<td>Key attributes scale</td>
</tr>
<tr>
<td>14.1</td>
<td></td>
<td>An overview of the control process</td>
</tr>
<tr>
<td>14.2</td>
<td></td>
<td>Steps in the control process</td>
</tr>
<tr>
<td>14.3</td>
<td></td>
<td>The hierarchy of sales analysis and control</td>
</tr>
<tr>
<td>14.4</td>
<td></td>
<td>Measuring market share: the UK tyre market</td>
</tr>
<tr>
<td>14.5</td>
<td></td>
<td>Breaking down sales force expenses</td>
</tr>
<tr>
<td>15.1</td>
<td></td>
<td>Industry life cycle and strategic position</td>
</tr>
<tr>
<td>15.2</td>
<td></td>
<td>The A.D. Little competitive position/industry maturity matrix</td>
</tr>
<tr>
<td>15.3</td>
<td></td>
<td>A typical experience curve</td>
</tr>
<tr>
<td>15.4</td>
<td></td>
<td>BCG’s growth/share matrix</td>
</tr>
<tr>
<td>15.5</td>
<td></td>
<td>Example of a completed BCG matrix</td>
</tr>
<tr>
<td>15.6</td>
<td></td>
<td>GE/McKinsey matrix</td>
</tr>
<tr>
<td>15.7</td>
<td></td>
<td>Strategy guidelines from the GE matrix</td>
</tr>
<tr>
<td>15.8</td>
<td></td>
<td>The Shell directional policy matrix</td>
</tr>
<tr>
<td>15.9</td>
<td></td>
<td>Barksdale and Harris combined PLC/BCG matrix</td>
</tr>
<tr>
<td>15.10</td>
<td></td>
<td>Product life cycle portfolio matrix</td>
</tr>
<tr>
<td>15.11</td>
<td></td>
<td>The ‘green’ business portfolio</td>
</tr>
<tr>
<td>17.1</td>
<td></td>
<td>A continuum of tangibility and intangibility: business product/service classifications</td>
</tr>
</tbody>
</table>