Contents

Preface xvi

PART 1 Understanding Marketing Management 2

CHAPTER 1 Defining Marketing for the 21st Century 2

The Importance of Marketing 3
The Scope of Marketing 5
What Is Marketing? 5
What Is Marketed? 5
Who Markets? 7
Core Marketing Concepts 9
Needs, Wants, and Demands 9
Target Markets, Positioning, and Segmentation 10
Offerings and Brands 10
Value and Satisfaction 10
Marketing Channels 11
Supply Chain 11
Competition 11
Marketing Environment 11
The New Marketing Realities 12
Major Societal Forces 12
New Company Capabilities 14
Marketing in Practice 15

MARKETING INSIGHT Marketing in an Age of Turbulence 16

Company Orientation toward the
Marketplace 17
The Production Concept 18
The Product Concept 18
The Selling Concept 18
The Marketing Concept 18
The Holistic Marketing Concept 18

MARKETING MEMO Marketing Right and Wrong 19
Relationship Marketing 20
Integrated Marketing 20
Internal Marketing 21
Performance Marketing 22
The New Four Ps 25
Marketing Management Tasks 26
Developing Marketing Strategies and Plans 26
Capturing Marketing Insights 26

MARKETING MEMO Marketers’ Frequently Asked Questions 26
Connecting with Customers 27

Summary 28
Applications 28
Sample Marketing Plan: Pegasus Sports International 60

CHAPTER 2 Developing Marketing Strategies and Plans 32

Marketing and Customer Value 33
The Value Delivery Process 33
The Value Chain 34
Core Competencies 35
A Holistic Marketing Orientation and Customer Value 36
The Central Role of Strategic Planning 36

Corporate and Division Strategic Planning 37
Defining the Corporate Mission 38
Establishing Strategic Business Units 39
Assigning Resources to Each SBU 42
Assessing Growth Opportunities 42
Organization and Organizational Culture 45
Marketing Innovation 45

MARKETING INSIGHT Creating Innovative Marketing 46

Business Unit Strategic Planning 47
The Business Mission 48
SWOT Analysis 48
Goal Formulation 50
Strategic Formulation 50

MARKETING MEMO Checklist for Performing Strengths/Weaknesses Analysis 52
Program Formulation and Implementation 53
Feedback and Control 53

Product Planning: The Nature and Contents of a Marketing Plan 54

MARKETING MEMO Marketing Plan Criteria 55
The Role of Research 55
The Role of Relationships 55
From Marketing Plan to Marketing Action 55

Summary 56
Applications 56
Sample Marketing Plan: Pegasus Sports International 60
### PART 2  Capturing Marketing Insights 66

#### CHAPTER 3  Collecting Information and Forecasting Demand 66

<table>
<thead>
<tr>
<th>Components of a Modern Marketing Information System 67</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Records 70</td>
</tr>
<tr>
<td>The Order-to-Payment Cycle 70</td>
</tr>
<tr>
<td>Sales Information Systems 70</td>
</tr>
<tr>
<td>Databases, Data Warehousing, and Data Mining 71</td>
</tr>
<tr>
<td>Marketing Intelligence 71</td>
</tr>
<tr>
<td>The Marketing Intelligence System 71</td>
</tr>
<tr>
<td>Collecting Marketing Intelligence on the Internet 72</td>
</tr>
<tr>
<td>Communicating and Acting on Marketing Intelligence 73</td>
</tr>
<tr>
<td>Analyzing the Macroenvironment 74</td>
</tr>
<tr>
<td>Needs and Trends 74</td>
</tr>
<tr>
<td>Identifying the Major Forces 74</td>
</tr>
<tr>
<td>The Demographic Environment 75</td>
</tr>
<tr>
<td><strong>MARKETING INSIGHT</strong> Finding Gold at the Bottom of the Pyramid 76</td>
</tr>
<tr>
<td>The Economic Environment 77</td>
</tr>
<tr>
<td>The Sociocultural Environment 78</td>
</tr>
<tr>
<td>The Natural Environment 80</td>
</tr>
<tr>
<td>The Technological Environment 81</td>
</tr>
<tr>
<td><strong>MARKETING INSIGHT</strong> The Green Marketing Revolution 82</td>
</tr>
<tr>
<td>The Political-Legal Environment 84</td>
</tr>
<tr>
<td>Forecasting and Demand</td>
</tr>
<tr>
<td>Measurement 85</td>
</tr>
<tr>
<td>The Measures of Market Demand 85</td>
</tr>
<tr>
<td>A Vocabulary for Demand Measurement 86</td>
</tr>
<tr>
<td>Estimating Current Demand 88</td>
</tr>
<tr>
<td>Estimating Future Demand 90</td>
</tr>
<tr>
<td><strong>Summary</strong> 92</td>
</tr>
<tr>
<td><strong>Applications</strong> 92</td>
</tr>
</tbody>
</table>

### PART 3  Connecting with Customers 122

#### CHAPTER 5  Creating Long-term Loyalty Relationships 122

<table>
<thead>
<tr>
<th>Building Customer Value, Satisfaction, and Loyalty 123</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Perceived Value 124</td>
</tr>
<tr>
<td>Total Customer Satisfaction 128</td>
</tr>
<tr>
<td>Monitoring Satisfaction 128</td>
</tr>
<tr>
<td><strong>MARKETING INSIGHT</strong> Net Promoter and Customer Satisfaction 129</td>
</tr>
<tr>
<td>Product and Service Quality 131</td>
</tr>
</tbody>
</table>

---

| Step 1: Define the Problem, the Decision Alternatives, and the Research Objectives 99 |
| Step 2: Develop the Research Plan 100                                                   |
| **MARKETING MEMO** Conducting Informative Focus Groups 102                              |
| **MARKETING MEMO** Questionnaire Dos and Don’ts 104                                     |
| **MARKETING INSIGHT** Getting into the Heads of Consumers 106                           |
| **MARKETING INSIGHT** Understanding Brain Science 108                                   |
| Step 3: Collect the Information 110                                                     |
| Step 4: Analyze the Information 111                                                     |
| Step 5: Present the Findings 111                                                        |
| Step 6: Make the Decision 111                                                           |
| **MARKETING INSIGHT** Bringing Marketing Research to Life with Personas 112            |
| Overcoming Barriers to the Use of Marketing Research 112                                |
| Measuring Marketing Productivity 114                                                    |
| Marketing Metrics 114                                                                   |
| Marketing-Mix Modeling 116                                                               |
| Marketing Dashboards 116                                                                 |
| **MARKETING INSIGHT** Marketing Dashboards to Improve Effectiveness and Efficiency 117 |
| **Summary** 118                                                                         |
| **Applications** 119                                                                    |
## New Technology and Business

- Customers 204
- Institutional and Government Markets 205

### Summary 207

### Applications 208

### CHAPTER 8  Identifying Market Segments and Targets 212

**Bases for Segmenting Consumer Markets**
- Geographic Segmentation 214
- Demographic Segmentation 216

**MARKETING INSIGHT** Trading Up, Down, and Over 218
- Psychographic Segmentation 225
- Behavioral Segmentation 227

**Bases for Segmenting Business Markets** 230

**Market Targeting** 231
- Effective Segmentation Criteria 231
- Evaluating and Selecting the Market Segments 232

**MARKETING INSIGHT** Chasing the Long Tail 235

### Summary 236

### Applications 237

### PART 4  Building Strong Brands 240

### CHAPTER 9  Creating Brand Equity 240

**What Is Brand Equity?** 241
- The Role of Brands 242
- The Scope of Branding 243
- Defining Brand Equity 243
- Brand Equity Models 245

**MARKETING INSIGHT** Brand Bubble Trouble 248

**Building Brand Equity** 249
- Choosing Brand Elements 250
- Designing Holistic Marketing Activities 251
- Leveraging Secondary Associations 252
- Internal Branding 253
- Brand Communities 253
- Measuring Brand Equity 255

**MARKETING INSIGHT** The Brand Value Chain 255

**MARKETING INSIGHT** What Is a Brand Worth? 257

**Managing Brand Equity** 258
- Brand Reinforcement 258
- Brand Revitalization 259

**Devising a Branding Strategy** 260
- Branding Decisions 261
- Brand Portfolios 262
- Brand Extensions 263

**Customer Equity** 267

**MARKETING MEMO** Twenty-First-Century Branding 267

### Summary 268

### Applications 269

### CHAPTER 10  Crafting the Brand Positioning 274

**Developing and Establishing a Brand Positioning** 275
- Determining a Competitive Frame of Reference 276

**MARKETING INSIGHT** High Growth Through Value Innovation 278
- Identifying Optimal Points-of-Difference and Points-of-Parity 280
- Choosing POPs and PODs 283
- Brand Mantras 284
- Establishing Brand Positioning 286

**MARKETING MEMO** Constructing a Brand Positioning Bull’s-eye 287

**Differentiation Strategies** 289
- Alternative Approaches to Positioning 291

**Positioning and Branding a Small Business** 293

### Summary 294

### Applications 294

### CHAPTER 11  Competitive Dynamics 298

**Competitive Strategies for Market Leaders** 299

**MARKETING INSIGHT** When Your Competitor Delivers More for Less 300
PART 5 Shaping the Market Offerings 324

CHAPTER 12 Setting Product Strategy 324

Product and Services Differentiation 328
  Product Differentiation 329
  Services Differentiation 330

Design 332

Product and Brand Relationships 333

MARKETING INSIGHT Marketing Luxury Brands 334
  The Product Hierarchy 336
  Product Systems and Mixes 336
  Product Line Analysis 337
  Product Line Length 337

MARKETING INSIGHT When Less Is More 339
  Product Mix Pricing 342
  Co-Branding and Ingredient Branding 344

MARKETING MEMO Product-Bundle Pricing Considerations 344

Packaging, Labeling, Warranties, and Guarantees 346
  Packaging 346
  Labeling 348
  Warranties and Guarantees 349

Summary 349

Applications 350

CHAPTER 13 Designing and Managing Services 354

The Nature of Services 355
  Service Industries Are Everywhere 356
  Categories of Service Mix 356
  Distinctive Characteristics of Services 358

The New Services Realities 361
  A Shifting Customer Relationship 362

Achieving Excellence in Services
  Marketing 365
  Marketing Excellence 365
  Best Practices of Top Service Companies 366
  Differentiating Services 368

MARKETING INSIGHT Improving Company Call Centers 369

Managing Service Quality 370

MARKETING MEMO Recommendations for Improving Service Quality 372
Managing the Development Process: Concept to Strategy 579
- Concept Development and Testing 579
- Marketing Strategy Development 582
- Business Analysis 583

Managing the Development Process: Development to Commercialization 585
- Product Development 585
- Market Testing 585
- Commercialization 588

The Consumer-Adoption Process 589
- Stages in the Adoption Process 589
- Factors Influencing the Adoption Process 589

Summary 590
Applications 591

CHAPTER 21 Tapping into Global Markets 594

Competition on a Global Basis 595
- Deciding Whether to Go Abroad 597
- Deciding Which Markets to Enter 597
  - How Many Markets to Enter 598
  - Developed versus Developing Markets 598

MARKETING INSIGHT Spotlight on Key Developing Markets 600
- Evaluating Potential Markets 602

- Deciding How to Enter the Market 603
  - Indirect and Direct Export 603
  - Licensing 604
  - Joint Ventures 605
  - Direct Investment 605

- Deciding on the Marketing Program 606
  - Global Similarities and Differences 606
  - Marketing Adaptation 607

MARKETING MEMO The Ten Commandments of Global Branding 608
- Global Product Strategies 608
- Global Communication Strategies 610
- Global Pricing Strategies 611
- Global Distribution Strategies 613

Country-of-Origin Effects 614
- Building Country Images 614
- Consumer Perceptions of Country of Origin 614

- Deciding on the Marketing Organization 616
  - Export Department 616
  - International Division 616
  - Global Organization 616

Summary 617
Applications 617

CHAPTER 22 Managing a Holistic Marketing Organization for the Long Run 620

Trends in Marketing Practices 621
- Internal Marketing 623
  - Organizing the Marketing Department 623

MARKETING MEMO Characteristics of Company Departments That Are Truly Customer Driven 624
- Relationships with Other Departments 627
- Building a Creative Marketing Organization 628

MARKETING INSIGHT The Marketing CEO 628

Socially Responsible Marketing 629
- Corporate Social Responsibility 630

MARKETING INSIGHT The Rise of Organic 633
- Socially Responsible Business Models 634
- Cause-Related Marketing 634

MARKETING MEMO Making a Difference: Top 10 Tips for Cause Branding 637
- Social Marketing 638
- Marketing Implementation and Control 640
  - Marketing Implementation 640
  - Marketing Control 641
    - Annual-Plan Control 641
    - Profitability Control 642
    - Efficiency Control 642
    - Strategic Control 643

- The Future of Marketing 643

MARKETING MEMO Major Marketing Weaknesses 647

Summary 648
Applications 648
Appendix Tools for Marketing Control 650

Appendix Sonic Marketing Plan A1
Endnotes E1
Glossary G1
Image Credits C1
Name Index I1
Company, Brand, and Organization Index I4
Subject Index I14