

BRIEF CONTENTS

Guided tour	xx	Part five Product	535
Guided tour: student resources on the website	xxii	Chapter 13 Product and branding strategy	537
Preface	xxiv	Chapter 14 New-product development and product life-cycle strategies	579
Acknowledgements	xxvii	Chapter 15 Marketing services	621
About the authors	xxxiii		
Part one Marketing now	1	Part six Price	659
Chapter 1 Marketing now	3	Chapter 16 Pricing	661
Chapter 2 Strategic marketing	47		
Part two The marketing setting	83	Part seven Promotion	715
Chapter 3 The marketing environment	85	Chapter 17 Integrated marketing communication strategy	717
Chapter 4 Marketing in the Internet age	125	Chapter 18 Advertising, sales promotion and public relations	759
Chapter 5 Marketing and society: social responsibility and marketing ethics	167	Chapter 19 Personal selling and direct marketing	807
Chapter 6 The global marketplace	209		
Part three Markets	251	Part eight Place	853
Chapter 7 Consumer markets	253	Chapter 20 Managing marketing channels	855
Chapter 8 Business-to-business marketing	299		
Chapter 9 Marketing research	335	Glossary	905
		Subject index	925
Part four Core strategy	387	Company index	947
Chapter 10 Segmentation and positioning	389		
Chapter 11 Relationship marketing	459		
Chapter 12 Competitive strategy	491		

CONTENTS

Guided tour	xx	Marketing in the noughties	20
Guided tour: student resources on the website	xxii	Marketing Insights 1.2 A new dawn?	21
Preface	xxiv	The marketing process	24
Acknowledgements	xxvii	■ Strategy, marketing and planning	24
About the authors	xxxiii	■ The marketing setting	25
		■ Markets	29
		■ Strategic marketing	31
		■ The marketing mix	33
Part one Marketing now	1	Summary	36
Chapter one Marketing now	3	Discussing the issues	37
Chapter objectives	3	Applying the concepts	38
Prelude case Nike	4	References	39
Introduction	5	Concluding concepts 1 KitKat: Have a break . . .	40
What is marketing?	6		
■ Needs, wants and demands	8	Chapter two Strategic marketing	47
■ The market offering – products, services and experiences	9	Chapter objectives	47
■ Value, satisfaction and quality	10	Prelude case Poor little rich brands	48
■ Exchange, transactions and relationships	10	Introduction	49
■ Markets	11	Strategic planning	49
■ Marketing	12	■ Overview of planning	49
Marketing management	13	■ The planning process	50
■ Demand management	13	The strategic plan	51
■ Building profitable customer relationships	13	■ The mission	51
■ Marketing management practice	13	■ From mission to strategic objectives	53
Marketing management philosophies	14	■ Strategic audit	54
■ The production concept	14	Marketing Insights 2.1 Albumart.com:	
■ The product concept	15	But will we make money?	56
■ The selling concept	15	■ SWOT analysis	58
■ The marketing concept	16	■ The business portfolio	60
■ The societal marketing concept	17		
Marketing Insights 1.1 The citizen brands	20		

Marketing Insights 2.2 KISS (Keep It Simple Stupid)	64	■ Economic environment	102
■ Developing growth strategies	65	■ Natural environment	104
Marketing within strategic planning	66	■ Technological environment	107
■ Planning functional strategies	66	■ Political environment	109
■ Marketing's role in strategic planning	67	■ Cultural environment	111
■ Marketing and the other business functions	67	Marketing Insights 3.2 Marimekko:	
The marketing plan	68	Simplicity sells!	114
■ Executive summary	68	Responding to the marketing environment	115
■ Marketing audit	69	Summary	117
■ SWOT analysis	69	Discussing the issues	118
■ Objectives and issues	71	Applying the concepts	118
■ Marketing strategy	72	References	119
■ Marketing mix	72	Concluding concepts 3 Toyota Prius: green or geek machine?	121
■ Action programmes	72		
■ Budgets	72	Chapter four Marketing in the Internet age	125
■ Controls	72	Chapter objectives	125
■ Implementation	72	Prelude case Cool Diamonds: are they forever?	126
Marketing organisation	73	Introduction	128
Marketing control	73	Major forces shaping the Internet age	128
■ Implementing marketing	74	■ Digitalisation and connectivity	129
Summary	76	■ The Internet explosion	129
Discussing the issues	77	■ New forms of intermediaries	131
Applying the concepts	78	■ Customisation and customerisation	131
References	78	Marketing Insights 4.1 The new dotcom landscape	132
Concluding concepts 2 Starbucks	80	Marketing strategy in the new digital age	134
		■ E-business, e-commerce and e-marketing	134
Part two The marketing setting	83	■ Benefits to buyers	135
Chapter three The marketing environment	85	■ Benefits to sellers	136
Chapter objectives	85	E-commerce domains	136
Prelude case Big food has a lot on its plate	86	■ B2C (business to consumer)	137
Introduction	87	■ B2B (business to business)	138
The company's microenvironment	88	■ C2C (consumer to consumer)	140
■ The company	88	■ C2B (consumer to business)	141
■ Suppliers	89	Conducting e-commerce	142
■ Marketing intermediaries	89	■ Click-only versus click-and-mortar e-marketers	142
■ Customers	89	■ Setting up an e-marketing presence	144
■ Competitors	90	Marketing Insights 4.2 Viral boosters for Virgin	150
■ Publics	90	The promise and challenges of e-commerce	154
The company's macroenvironment	91	■ The continuing promise of e-commerce	154
■ Demographic environment	91		
Marketing Insights 3.1 We have a say!	92		

Contents

■ The Web's darker side	154	Introduction	211
Summary	157	Global marketing in the twenty-first century	211
Discussing the issues	158	Looking at the global marketing environment	213
Applying the concepts	159	■ Understanding the global environment	213
References	159	Deciding whether to go international	222
Concluding concepts 4 eBay: connecting in China	162	Deciding which markets to enter	222
Chapter five Marketing and society: social responsibility and marketing ethics	167	Marketing Insights 6.1 Emerging markets: going east	224
Chapter objectives	167	Deciding how to enter the market	226
Prelude case NSPCC: misunderstood	168	■ Exporting	226
Introduction	169	■ Joint venturing	227
Social criticisms of marketing	170	■ Direct investment	228
■ Marketing's impact on individual consumers	170	Deciding on the global marketing programme	229
■ Marketing's impact on society as a whole	177	■ Standardisation or adaptation for international markets?	229
Marketing's impact on other businesses	180	Marketing Insights 6.2 McDonald's French-style!	232
Marketing Insights 5.1 Microsoft: a giant against the world	181	■ Product	233
Citizen and public actions to regulate marketing	183	■ Promotion	236
■ Consumerism	183	■ Price	238
■ Environmentalism	184	■ Distribution channels	239
■ Public actions to regulate marketing	190	Deciding on the global marketing organisation	239
Business actions towards socially responsible marketing	191	■ Export department	240
■ Enlightened marketing	191	■ International division	240
■ Marketing ethics	195	■ Global organisation	240
Marketing Insights 5.2 From Plato's <i>Republic</i> to supermarket slavery	196	Summary	241
Summary	200	Discussing the issues	242
Discussing the issues	201	Applying the concepts	242
Applying the concepts	202	References	243
References	202	Concluding concepts 6 Making the global triple: soil, climate, aspect and mystique	246
Concluding concepts 5 Nestlé: singled out again and again	205	Part three Markets	251
Chapter six The global marketplace	209	Chapter seven Consumer markets	253
Chapter objectives	209	Chapter objectives	253
Prelude case Jägermeister: Schnapps goes to college	210	Prelude case Sheba: the pets' St Valentine's Day	254
		Introduction	255
		Models of consumer behaviour	255
		Characteristics affecting consumer behaviour	256
		■ Cultural factors	256
		■ Social factors	259

■ Personal factors	262	Business buyer behaviour	307
■ Psychological factors	268	■ What buying decisions do business buyers make?	307
Marketing Insights 7.1 'Touchy-feely' research into consumer motivations	270	■ Who participates in the business buying process?	309
Consumer decision process	276	■ What are the main influences on business buyers?	311
Types of buying decision behaviour	276	Marketing Insights 8.1 International marketing manners matter	313
■ Complex buying behaviour	276	■ How do business buyers make their buying decisions?	317
■ Dissonance-reducing buying behaviour	277	Business buying on the Internet	320
■ Habitual buying behaviour	278	Institutional and government markets	321
■ Variety-seeking buying behaviour	278	■ Institutional markets	321
The buyer decision process	279	■ Government markets	322
■ Need recognition	279	Marketing Insights 8.2 Political graft: wheeze or sleaze?	323
Marketing Insights 7.2 Pong: marketing's final frontier	280	Summary	327
■ Information search	281	Discussing the issues	327
■ Evaluation of alternatives	282	Applying the concepts	328
■ Purchase decision	284	References	328
■ Postpurchase behaviour	285	Concluding concepts 8 Biofoam: just peanuts?	331
The buyer decision process for new products	287	Chapter nine Marketing research	335
■ Stages in the adoption process	287	Chapter objectives	335
■ Individual differences in innovativeness	287	Prelude case Market researching AIDS in Africa: a little achieves the unimaginable	336
■ Role of personal influence	289	Introduction	337
■ Influence of product characteristics on rate of adoption	289	The marketing information system	337
Consumer behaviour across international borders	290	Developing information	338
Summary	291	■ Internal records	338
Discussing the issues	292	■ Marketing intelligence	339
Applying the concepts	292	■ Competitor intelligence	339
References	293	■ Marketing research	343
Concluding concepts 7 Sony Aibo ERS-7c: Grandma's best friend?	296	■ The marketing research process	344
Chapter eight Business-to-business marketing	299	Marketing Insights 9.1 Marketing research on the Internet	353
Chapter objectives	299	■ Demand estimation	361
Prelude case Concorde is dead. Long live the busjets!	300	Defining the market	362
Introduction	302	Measuring current market demand	363
Business markets	302	■ Estimating total market demand	363
■ Characteristics of business markets	303	■ Estimating actual sales and market shares	365
■ A model of business buyer behaviour	306		

Contents

Forecasting future demand	365	Segmenting international markets	410
■ Buyers' intentions	367	Multivariate segmentation	412
■ Composite of sales force opinions	367	■ Simple multivariate segmentation	412
■ Expert opinion	367	■ Advanced multivariate segmentation	413
Marketing Insights 9.2 Sometimes 'expert opinion' isn't all it should be	368	■ Multistage segmentation	413
■ Test-market method	370	Developing market segments	414
■ Time-series analysis	370	■ Requirements for effective segmentation	414
■ Leading indicators	371	Market targeting	415
■ Statistical demand analysis	371	■ Evaluating market segments	416
■ Information analysis	372	■ Segment attractiveness	416
Distributing information	373	■ Business strengths	416
International studies	373	■ Selecting market segments	417
Marketing research in small businesses and non-profit organisations	375	Segment strategy	418
Market research ethics	375	■ Undifferentiated marketing	418
■ Intrusions on consumer privacy	376	■ Differentiated marketing	419
■ Misuse of research findings	376	■ Concentrated marketing	420
Summary	377	■ Choosing a market-coverage strategy	420
Discussing the issues	378	Core strategy	421
Applying the concepts	378	Differentiation	421
References	379	Marketing Insights 10.2 Schott: positioning for success	422
Concluding concepts 9 Judy Greene Pottery	382	■ Differentiating markets	424
Part four Core strategy	387	Product positioning	432
Chapter ten Segmentation and positioning	389	Positioning strategies	435
Chapter objectives	389	Marketing Insights 10.3 The place is the thing	440
Prelude case <i>drivedreamcars.com</i>	390	Choosing and implementing a positioning strategy	442
Introduction	391	■ Selecting the right competitive advantages	443
Market segmentation	391	■ Communicating and delivering the chosen position	446
■ Levels of market segmentation	392	Summary	447
Marketing Insights 10.1 If it will digitise, it will customise	396	Discussing the issues	448
Segmenting consumer markets	398	Applying the concepts	448
■ Geographic segmentation	398	References	448
■ Demographic segmentation	400	Concluding concepts 10 Coffee-Mate	452
■ Geodemographics	402	Chapter eleven Relationship marketing	459
■ Psychographic segmentation	403	Chapter objectives	459
■ Behavioural segmentation	405	Prelude case 'The most important part of a car is the distributor'	460
Segmenting business markets	408		

Introduction	462	Competitive strategies	503
Satisfying customer needs	463	■ Competitive positions	503
Defining customer value and satisfaction	463	■ Competitive moves	505
■ Customer value	464	■ Market-leader strategies	506
■ Customer satisfaction	465	■ Market-challenger strategies	514
■ Tracking customer satisfaction	467	■ Market-follower strategies	519
Marketing Insights 11.1 Cold turkey has got me on the run	468	■ Market-nicher strategies	520
Delivering customer value and satisfaction	469	Marketing Insights 12.2 Concentrated marketing: nice niches	521
■ Value chain	469	Balancing customer–competitor orientations	525
■ Total quality management	471	Summary	526
Customer value	473	Discussing the issues	527
■ Customer retention	475	Applying the concepts	527
Relationship marketing	476	References	528
Marketing Insights 11.2 Network marketing: we are not alone . . .	478	Concluding concepts 12 The mobile maelstrom	530
■ Customer relationship management	481		
■ When to use relationship marketing	483	Part five Product	535
Summary	485	Chapter thirteen Product and branding strategy	537
Discussing the issues	485	Chapter objectives	537
Applying the concepts	486	Prelude case L’Oréal: are you worth it?	538
References	486	Introduction	539
Concluding concepts 11 National Gummi AB	488	What is a product?	539
		■ Levels of product	539
Chapter twelve Competitive strategy	491	■ Product classifications	540
Chapter objectives	491	Product decisions	545
Prelude case PS2 meets the X-box: certainly not all fun and games	492	■ Individual product decisions	545
Introduction	494	■ Product-line decisions	552
Competitor analysis	494	■ Product-mix decisions	555
■ Identifying the company’s competitors	495	Branding strategy: building strong brands	555
■ Determining competitors’ objectives	497	Brand equity	555
■ Identifying competitors’ strategies	498	Marketing Insights 13.1 Brands: what are they worth?	557
■ Assessing competitors’ strengths and weaknesses	498	Marketing Insights 13.2 Trademarks worth fighting for!	562
Marketing Insights 12.1 The singing Swedes	499	■ Managing brands	567
■ Estimating competitors’ reaction patterns	501	Additional product considerations	568
■ Selecting competitors to attack and avoid	501	■ Product decisions and social responsibility	568
■ Designing the competitive intelligence system	502	■ International product decisions	569
		Summary	570
		Discussing the issues	571

Contents

Applying the concepts	572	Concluding concepts 14 Red Bull: waking a new market	618
References	573		
Concluding concepts 13 Colgate: one squeeze too many?	575	Chapter fifteen Marketing services	621
Chapter fourteen New-product development and product life-cycle strategies	579	Chapter objectives	621
Chapter objectives	579	Prelude case Stena Line: sailing out of troubled waters	622
Prelude case Nokia: game's on but not having fun!	580	Introduction	624
Introduction	582	Nature and characteristics of a service	625
Innovation and new-product development strategy	582	■ Defining services and the service mix	625
■ Risks and returns in new-product development	583	■ Service characteristics	626
■ Why do new products fail?	585	Marketing strategies for service firms	633
■ What influences new-product success?	585	■ The service-profit chain	634
Marketing Insights 14.1 3M: champions of innovation	587	■ Managing differentiation	636
New-product development process	589	Marketing Insights 15.1 British Airways: no long haul for callers!	639
■ New-product strategy	589	■ Managing service quality	640
■ Idea generation	589	■ Managing productivity	644
■ Idea screening	592	International services marketing	645
■ Concept development and testing	593	Marketing Insights 15.2 Office Tiger	648
■ Marketing strategy development	595	Summary	651
■ Business analysis	596	Discussing the issues	652
■ Product development	596	Applying the concepts	652
■ Test marketing	597	References	653
■ Commercialisation	601	Concluding concepts 15 The Ritz	656
■ Organising for new-product development	603	Part six Price	659
Product life-cycle strategies	604	Chapter sixteen Pricing	661
■ Introduction stage	606	Chapter objectives	661
■ Growth stage	607	Prelude case The Oresund Bridge: over or under, down and out, again and again	662
■ Maturity stage	607	Introduction	664
■ Decline stage	609	What is price?	664
Marketing Insights 14.2 Smile! Leica takes you back to the good old days	610	Factors to consider when setting prices	665
Summary	614	■ Internal factors affecting pricing decisions	666
Discussing the issues	614	■ External factors affecting pricing decisions	673
Applying the concepts	615	Marketing Insights 16.1 Economic Value Added	678
References	616	General pricing approaches	680
		■ Cost-based pricing	681

■ Value-based pricing	683	■ The need for integrated marketing communications	725
■ Competition-based pricing	685	A view of the communication process	727
New-product pricing strategies	688	Steps in developing effective communication	730
■ Market-skimming pricing	689	■ Identifying the target audience	730
■ Market-penetration pricing	690	■ Determining the communication objectives	730
Product-mix pricing strategies	690	■ Designing a message	732
■ Product line pricing	691	■ Choosing media	737
■ Optional-product pricing	691	■ Collecting feedback	739
■ Captive-product pricing	691	Setting the total promotion budget and mix	739
■ By-product pricing	692	■ Setting the total promotion budget	740
■ Product-bundle pricing	693	■ Setting the promotion mix	741
Price-adjustment strategies	693	■ Integrating the promotion mix	746
■ Discount and allowance pricing	693	Socially responsible marketing communication	747
■ Segmented pricing	694	■ Advertising and sales promotion	747
Marketing Insights 16.2 Back to the future: pricing on the Web	695	Marketing Insights 17.2 Promoting health on the Internet: for whose eyes only?	748
■ Psychological pricing	697	■ Personal selling	749
■ Promotional pricing	698	Summary	750
■ Geographical pricing	700	Discussing the issues	751
■ International pricing	701	Applying the concepts	752
Price changes	702	References	753
■ Initiating price changes	702	Concluding concepts 17 Absolut Vodka: Samantha and the Hunk on the Level	754
■ Responding to price changes	703	Chapter eighteen Advertising, sales promotion and public relations	759
Summary	706	Chapter objectives	759
Discussing the issues	707	Prelude case Procter & Gamble: feeling the heat	760
Applying the concepts	708	Introduction	762
References	708	Advertising	762
Concluding concepts 16 easyJet: easy come, easy go	712	Important decisions in advertising	763
Part seven Promotion	715	■ Setting advertising objectives	763
Chapter seventeen Integrated marketing communication strategy	717	■ Setting the advertising budget	764
Chapter objectives	717	■ Developing advertising strategy	766
Prelude case Cadbury's Dairy Milk: staying at the top of the chocolate tree	718	Marketing Insights 18.1 Why pay with hard cash? Bartering will do!	775
Introduction	719	■ Evaluating advertising	777
Integrated marketing communications	720	Other advertising considerations	779
■ The changing communications environment	720	■ Organising for advertising	779
Marketing Insights 17.1 Outdoor campaigns staying 'cool' after all this time	723		

Contents

■ International advertising decisions	780	Benefits and growth of direct marketing	831
Sales promotion	785	■ The benefits of direct marketing	831
■ Rapid growth of sales promotion	786	■ The growth of direct marketing	832
■ Setting sales promotion objectives	786	Customer databases and direct marketing	832
■ Major sales promotion tools	787	Marketing Insights 19.2 Database growth:	
■ Developing the sales promotion programme	791	a wealth of information, but a poverty of	
Public relations	793	customer attention	835
■ The role and impact of public relations	793	Forms of direct marketing	837
■ Major public relations tools	794	■ Telephone marketing	837
Marketing Insights 18.2 Samsung's cool		■ Direct-mail marketing	838
'matrix' values	796	■ Catalogue marketing	838
Summary	800	■ Direct-response television marketing	839
Discussing the issues	801	■ Integrated direct marketing	841
Applying the concepts	801	■ Public policy and ethical issues in direct	
References	802	marketing	841
Concluding concepts 18 Ninety per cent of		Summary	844
spend wasted!	804	Discussing the issues	845
		Applying the concepts	846
		References	847
		Concluding concepts 19 Britcraft Jetprop:	
		whose sale is it anyhow?	849
Chapter nineteen Personal selling			
and direct marketing	807		
Chapter objectives	807	Part eight Place	853
Prelude case MD Foods <small>AMBA</small> : rethinking		Chapter twenty Managing	
its sales force strategy and structure	808	marketing channels	855
Introduction	809	Chapter objectives	855
Personal selling	809	Prelude case Dell Corporation	856
■ The nature of personal selling	809	Introduction	857
■ The role of the sales force	810	Supply chains and the value delivery network	857
Managing the sales force	812	The nature and importance of marketing	
■ Setting sales force objectives	812	channels	858
■ Designing sales force strategy and structure	813	■ How channel members add value	859
■ Recruiting and selecting salespeople	817	■ Number of channel levels	860
■ Training salespeople	818	Channel behaviour and organisation	861
■ Supervising salespeople	819	■ Channel behaviour	862
■ Evaluating salespeople	822	■ Channel organisation	863
The personal selling process	823	Marketing Insights 20.1 Mail Box Etc:	
■ Steps in the selling process	823	signed, sealed and delivered	867
■ Personal selling and customer relationship		Channel design decisions	871
management	825	■ Analysing customer service needs	871
Marketing Insights 19.1 Cross-cultural		■ Setting channel objectives	872
selling: in search of universal values	826		
Direct marketing	829		
■ The new direct-marketing model	830		

■ Identifying major alternatives	872	Channel trends	891
■ Evaluating the main alternatives	880	■ Retailing and wholesaling trends	891
■ Designing international distribution channels	881	Marketing Insights 20.2 Retail giants: coming to terms with the global marketplace	895
Channel management decisions	882	Summary	897
■ Selecting channel members	882	Discussing the issues	898
■ Managing and motivating channel members	882	Applying the concepts	899
■ Evaluating channel members	883	References	900
Marketing logistics and supply chain management	883	Concluding concepts 20 Pieta luxury chocolates	902
■ The nature and importance of marketing logistics	883	Glossary	905
■ Goals of the logistics system	884	Subject index	925
■ Major logistics functions	885	Company index	947
■ Integrated logistics management	888		