

# Brief Contents

**Preface 17**

**PART 1 Understanding Marketing Management 24**

**Chapter 1** Defining Marketing for the New Realities 25  
**Chapter 2** Developing Marketing Strategies and Plans 57

**PART 2 Capturing Marketing Insights 88**

**Chapter 3** Collecting Information and Forecasting Demand 89  
**Chapter 4** Conducting Marketing Research 121

**PART 3 Connecting with Customers 148**

**Chapter 5** Creating Long-Term Loyalty Relationships 149  
**Chapter 6** Analyzing Consumer Markets 179  
**Chapter 7** Analyzing Business Markets 211  
**Chapter 8** Tapping into Global Markets 239

**PART 4 Building Strong Brands 266**

**Chapter 9** Identifying Market Segments and Targets 267  
**Chapter 10** Crafting the Brand Positioning 297  
**Chapter 11** Creating Brand Equity 321  
**Chapter 12** Addressing Competition and Driving Growth 357

**PART 5 Creating Value 388**

**Chapter 13** Setting Product Strategy 389  
**Chapter 14** Designing and Managing Services 421  
**Chapter 15** Introducing New Market Offerings 451  
**Chapter 16** Developing Pricing Strategies and Programs 483

**PART 6 Delivering Value 514**

**Chapter 17** Designing and Managing Integrated Marketing Channels 515  
**Chapter 18** Managing Retailing, Wholesaling, and Logistics 549

**PART 7 Communicating Value 578**

**Chapter 19** Designing and Managing Integrated Marketing Communications 579  
**Chapter 20** Managing Mass Communications: Advertising, Sales Promotions, Events and Experiences, and Public Relations 607  
**Chapter 21** Managing Digital Communications: Online, Social Media, and Mobile 637  
**Chapter 22** Managing Personal Communications: Direct and Database Marketing and Personal Selling 657

**PART 8 Conducting Marketing Responsibly for Long-Term Success 678**

**Chapter 23** Managing a Holistic Marketing Organization for the Long Run 679

**Appendix: Sonic Marketing Plan and Exercises A1**

**Endnotes E1**

**Glossary G1**

**Name Index I1**

**Company, Brand, and Organization Index I5**

**Subject Index I18**

# Contents

Preface 17

---

## **PART 1 Understanding Marketing Management 24**

---

### **Chapter 1 Defining Marketing for the New Realities 25**

#### **The Value of Marketing 25**

Marketing Decision Making 25

Winning Marketing 26

#### **The Scope of Marketing 27**

What Is Marketing? 27

What Is Marketed? 27

Who Markets? 29

#### **Core Marketing Concepts 31**

Needs, Wants, and Demands 31

Target Markets, Positioning, and  
Segmentation 31

Offerings and Brands 32

Marketing Channels 32

Paid, Owned, and Earned Media 32

Impressions and Engagement 32

Value and Satisfaction 33

Supply Chain 33

Competition 34

Marketing Environment 34

#### **The New Marketing Realities 35**

Technology 35

Globalization 36

Social Responsibility 36

#### **MARKETING INSIGHT Getting to Marketing 3.0 37**

#### **A Dramatically Changed Marketplace 38**

New Consumer Capabilities 38

New Company Capabilities 39

Changing Channels 41

Heightened Competition 41

#### **Marketing in Practice 41**

Marketing Balance 41

#### **MARKETING MEMO Reinventing Marketing at Coca-Cola 42**

Marketing Accountability 42

Marketing in the Organization 42

#### **Company Orientation toward the**

Marketplace 42

The Production Concept 42

The Product Concept 43

The Selling Concept 43

The Marketing Concept 43

The Holistic Marketing Concept 43

Updating the Four Ps 47

#### **MARKETING INSIGHT Understanding the 4 As of Marketing 48**

#### **Marketing Management Tasks 49**

Developing Marketing Strategies and  
Plans 49

Capturing Marketing Insights 50

Connecting with Customers 50

Building Strong Brands 50

#### **MARKETING MEMO Marketers' Frequently Asked Questions 50**

Creating Value 51

Delivering Value 51

Communicating Value 51

Conducting Marketing Responsibly for  
Long-Term Success 51

#### **Summary 51**

#### **Applications 52**

**MARKETING EXCELLENCE** Nike 52

**MARKETING EXCELLENCE** Google 54

---

## **Chapter 2 Developing Marketing Strategies and Plans 57**

#### **Marketing and Customer Value 57**

The Value Delivery Process 57

The Value Chain 58

Core Competencies 58

The Central Role of Strategic Planning 59

#### **Corporate and Division Strategic Planning 60**

#### **MARKETING MEMO What Does It Take to Be a Successful CMO? 61**

Defining the Corporate Mission 61

Establishing Strategic Business Units 64

Assigning Resources to Each SBU 64

Assessing Growth Opportunities 64

Organization and Organizational Culture 68

Marketing Innovation 69

#### **MARKETING INSIGHT Creating Innovative Marketing 69**

#### **Business Unit Strategic Planning 70**

The Business Mission 71

SWOT Analysis 71

**MARKETING MEMO** Checklist for Evaluating Strengths/Weaknesses Analysis 73

Goal Formulation 74  
Strategic Formulation 74  
Program Formulation and Implementation 75

**MARKETING INSIGHT** Businesses Charting a New Direction 76

Feedback and Control 77

**The Nature and Contents of a Marketing Plan** 77

**MARKETING MEMO** Marketing Plan Criteria 77

The Role of Research 78  
The Role of Relationships 78  
From Marketing Plan to Marketing Action 79

**Summary** 79

**Applications** 80

**MARKETING EXCELLENCE** Electrolux 80

**MARKETING EXCELLENCE** Emirates 81  
Sample Marketing Plan: Pegasus Sports International 83

---

## **PART 2 Capturing Marketing Insights** 88

---

### **Chapter 3 Collecting Information and Forecasting Demand** 89

**Components of a Modern Marketing Information System** 89

**Internal Records** 91  
The Order-to-Payment Cycle 91  
Sales Information Systems 91  
Databases, Data Warehousing, and Data Mining 91

**MARKETING INSIGHT** Digging Into Big Data 92

**Marketing Intelligence** 92  
The Marketing Intelligence System 92  
Collecting Marketing Intelligence on the Internet 94  
Communicating and Acting on Marketing Intelligence 94

**Analyzing the Macroenvironment** 94  
Needs and Trends 95  
Identifying the Major Forces 95  
The Demographic Environment 96

**MARKETING MEMO** Finding Gold at the Bottom of the Pyramid 97

The Economic Environment 99  
The Sociocultural Environment 100  
The Natural Environment 101

**MARKETING INSIGHT** The Green Marketing Revolution 103

The Technological Environment 104  
The Political-Legal Environment 105

**MARKETING INSIGHT** Watching Out for Big Brother 107

**Forecasting and Demand Measurement** 107  
The Measures of Market Demand 108  
A Vocabulary for Demand Measurement 109  
Estimating Current Demand 111  
Estimating Future Demand 113

**Summary** 115

**Applications** 116

**MARKETING EXCELLENCE** Microsoft 116

**MARKETING EXCELLENCE** Ferrero 117

---

## **Chapter 4 Conducting Marketing Research** 121

**The Scope of Marketing Research** 121  
Importance of Marketing Insights 121  
Who Does Marketing Research? 122  
Overcoming Barriers to the Use of Marketing Research 123

**The Marketing Research Process** 124  
Step 1: Define the Problem, the Decision Alternatives, and the Research Objectives 124  
Step 2: Develop the Research Plan 125

**MARKETING MEMO** Conducting Informative Focus Groups 127

**MARKETING MEMO** Marketing Questionnaire Dos And Don'ts 130

**MARKETING INSIGHT** Getting into the Heads of Consumers 131

**MARKETING INSIGHT** Understanding Brain Science 133

Step 3: Collect the Information 135  
Step 4: Analyze the Information 135  
Step 5: Present the Findings 135

**MARKETING INSIGHT** Bringing Marketing Research to Life with Personas 136

Step 6: Make the Decision	136
Measuring Marketing Productivity	137
Marketing Metrics	137
<b>MARKETING MEMO</b> Measuring Social Media ROI	139
Marketing-Mix Modeling	140
Marketing Dashboards	140
<b>MARKETING MEMO</b> Designing Effective Marketing Dashboards	141
<b>Summary</b>	143
<b>Applications</b>	143
<b>MARKETING EXCELLENCE</b> IDEO	144
<b>MARKETING EXCELLENCE</b> Intuit	146

---

## **PART 3 Connecting with Customers 148**

---

### **Chapter 5 Creating Long-Term Loyalty Relationships 149**

Building Customer Value, Satisfaction, and Loyalty	149
Customer-Perceived Value	150
Total Customer Satisfaction	153
Monitoring Satisfaction	155
Product and Service Quality	156
<b>MARKETING INSIGHT</b> Net Promoter and Customer Satisfaction	157
Maximizing Customer Lifetime Value	158
Customer Profitability	159
Measuring Customer Lifetime Value	160
Attracting and Retaining Customers	160
<b>MARKETING MEMO</b> Calculating Customer Lifetime Value	161
Building Loyalty	164
Brand Communities	165
Win-Backs	168
Cultivating Customer Relationships	168
Customer Relationship Management	168
<b>MARKETING INSIGHT</b> The Behavioral Targeting Controversy	169
<b>Summary</b>	174
<b>Applications</b>	174
<b>MARKETING EXCELLENCE</b> Audi	175
<b>MARKETING EXCELLENCE</b> Harley-Davidson	176

### **Chapter 6 Analyzing Consumer Markets 179**

What Influences Consumer Behavior?	179
Cultural Factors	179
Social Factors	181
Personal Factors	183
<b>MARKETING MEMO</b> The Average U.S. Consumer Quiz	184
Key Psychological Processes	187
Motivation	187
Perception	189
<b>MARKETING MEMO</b> The Power of Sensory Marketing	189
Learning	191
Emotions	192
Memory	193
The Buying Decision Process: The Five-Stage Model	194
Problem Recognition	195
Information Search	196
Evaluation of Alternatives	197
Purchase Decision	198
Postpurchase Behavior	200
Moderating Effects on Consumer Decision Making	202
Behavioral Decision Theory and Behavioral Economics	202
Decision Heuristics	203
Framing	204
<b>Summary</b>	205
<b>Applications</b>	205
<b>MARKETING EXCELLENCE</b> Disney	206
<b>MARKETING EXCELLENCE</b> IKEA	207

---

### **Chapter 7 Analyzing Business Markets 211**

What is Organizational Buying?	211
The Business Market versus the Consumer Market	211
Buying Situations	214
Participants in the Business Buying Process	215
The Buying Center	216
Buying Center Influences	216
Targeting Firms and Buying Centers	217
<b>MARKETING INSIGHT</b> Big Sales to Small Businesses	218
The Purchasing/Procurement Process	219
Stages in the Buying Process	220
Problem Recognition	220

- General Need Description and Product Specification 221
- Supplier Search 221
- Proposal Solicitation 223
- Supplier Selection 223

**MARKETING MEMO** Developing Compelling Customer Value Propositions 224

- Order-Routine Specification 226
- Performance Review 226

**Developing Effective Business-to-Business Marketing Programs** 226

- Communication and Branding Activities 226
- Systems Buying and Selling 228

**MARKETING MEMO** Spreading the Word with Customer Reference Programs 229

- Role of Services 229

**Managing Business-to-Business Customer Relationships** 230

- The Benefits of Vertical Coordination 230

**MARKETING INSIGHT** Establishing Corporate Trust, Credibility, and Reputation 231

- Risks and Opportunism in Business Relationships 231

**Institutional and Government Markets** 233

**Summary** 234

**Applications** 235

**MARKETING EXCELLENCE** Accenture 235

**MARKETING EXCELLENCE** GE 236

- Global Communication Strategies 257
- Global Pricing Strategies 257
- Global Distribution Strategies 259

**Country-of-Origin Effects** 260

- Building Country Images 260
- Consumer Perceptions of Country of Origin 261

**Summary** 262

**Applications** 263

**MARKETING EXCELLENCE** Twitter 263

**MARKETING EXCELLENCE** L'Oréal 264

---

## **PART 4 Building Strong Brands 266**

---

### **Chapter 9 Identifying Market Segments and Targets 267**

**Bases for Segmenting Consumer**

**Markets** 268

- Geographic Segmentation 268
- Demographic Segmentation 271
- Psychographic Segmentation 280
- Behavioral Segmentation 281

**How Should Business Markets Be Segmented?** 283

**Market Targeting** 284

**Effective Segmentation Criteria** 285

- Evaluating and Selecting the Market Segments 286

**MARKETING INSIGHT** Chasing the Long Tail 289

**MARKETING MEMO** Protecting Kids Online 291

**Summary** 291

**Applications** 292

**MARKETING EXCELLENCE** HSBC 292

**MARKETING EXCELLENCE** BMW 294

---

### **Chapter 10 Crafting the Brand Positioning 297**

**Developing a Brand Positioning** 297

- Understanding Positioning and Value Propositions 297

**Choosing a Competitive Frame of**

**Reference** 298

- Identifying Potential Points-of-Difference and Points-of-Parity 300

---

### **Chapter 8 Tapping into Global Markets 239**

**Competing on a Global Basis** 239

**Deciding Whether to Go Abroad** 241

**Deciding Which Markets to Enter** 242

- How Many Markets to Enter 242
- Evaluating Potential Markets 243
- Succeeding in Developing Markets 243

**Deciding How to Enter the Market** 248

- Indirect and Direct Export 249
- Licensing 249
- Joint Ventures 250
- Direct Investment 250
- Acquisition 250

**Deciding on the Marketing Program** 251

- Global Similarities and Differences 252
- Marketing Adaptation 253
- Global Product Strategies 254

Choosing Specific POPs and PODs 304  
Brand Mantras 307

Establishing a Brand Positioning 309

**MARKETING MEMO** Constructing a Brand  
Positioning Bull's-eye 309

Alternative Approaches to Positioning 313  
Brand Narratives and Storytelling 313  
Cultural Branding 314

Positioning and Branding for A Small  
Business 314

**Summary 317**

**Applications 317**

**MARKETING EXCELLENCE**  
Nespresso 318

**MARKETING EXCELLENCE**  
Philips 319

---

## **Chapter 11 Creating Brand Equity 321**

How Does Branding Work? 321  
The Role of Brands 322  
The Scope of Branding 323

Defining Brand Equity 324  
Brand Equity Models 326

**MARKETING INSIGHT** Brand Bubble  
Trouble 328

Building Brand Equity 331

**MARKETING MEMO** The Marketing Magic of  
Characters 332

Designing Holistic Marketing Activities 332  
Leveraging Secondary Associations 334  
Internal Branding 336

Measuring Brand Equity 337

**MARKETING INSIGHT** The Brand Value  
Chain 337

**MARKETING INSIGHT** What Is a Brand  
Worth? 339

Managing Brand Equity 340  
Brand Reinforcement 340  
Brand Revitalization 341

Devising a Branding Strategy 343  
Branding Decisions 344  
Brand Portfolios 345  
Brand Extensions 347

Customer Equity 350

**MARKETING MEMO** Twenty-First-Century  
Branding 351

**Summary 352**

**Applications 352**

**MARKETING EXCELLENCE** McDonald's 353

**MARKETING EXCELLENCE**  
Procter & Gamble 354

---

## **Chapter 12 Addressing Competition and Driving Growth 357**

Growth 357

Growth Strategies 357  
Growing the Core 358

Competitive Strategies for Market

Leaders 359

Expanding Total Market Demand 360  
Protecting Market Share 361  
Increasing Market Share 363

Other Competitive Strategies 364

Market-Challenger Strategies 364  
Market-Follower Strategies 366

**MARKETING INSIGHT** The Costs and  
Benefits of Fast Fashion 367

Market-Nicher Strategies 368

**MARKETING MEMO** Niche Specialist  
Roles 370

Product Life-Cycle Marketing Strategies 370

Product Life Cycles 370  
Style, Fashion, and Fad Life Cycles 371  
Marketing Strategies: Introduction Stage and  
the Pioneer Advantage 373

**MARKETING INSIGHT** Understanding  
Double Jeopardy 374

Marketing Strategies: Growth Stage 375  
Marketing Strategies: Maturity Stage 376  
Marketing Strategies: Decline Stage 377

**MARKETING MEMO** Managing a Marketing  
Crisis 378

Evidence for the Product Life-Cycle  
Concept 380  
Critique of the Product Life-Cycle  
Concept 381  
Market Evolution 381

Marketing in a Slow-Growth Economy 381

Explore the Upside of Increasing  
Investment 381  
Get Closer to Customers 382  
Review Budget Allocations 382  
Put Forth the Most Compelling Value  
Proposition 382  
Fine-Tune Brand and Product Offerings 383

**Summary 384**

**Applications 384**

**MARKETING EXCELLENCE**

Samsung 385

**MARKETING EXCELLENCE SABIC 386**

---

**PART 5 Creating Value 388**

---

**Chapter 13 Setting Product Strategy 389**

Product Characteristics and

Classifications 389

Product Levels: The Customer-Value

Hierarchy 389

Product Classifications 391

Differentiation 392

Product Differentiation 393

Services Differentiation 394

Design 396

Design Leaders 396

Power of Design 397

Approaches to Design 397

Luxury Products 398

Characterizing Luxury Brands 398

Growing Luxury Brands 398

Marketing Luxury Brands 399

Environmental Issues 400

**MARKETING MEMO** A Sip or A Gulp:

Environmental Concerns in the Water  
Industry 401

Product and Brand Relationships 401

The Product Hierarchy 402

Product Systems and Mixes 402

Product Line Analysis 403

Product Line Length 404

**MARKETING INSIGHT** When Less Is  
More 405

Product Mix Pricing 408

Co-Branding and Ingredient  
Branding 409

**MARKETING MEMO** Product-Bundle Pricing  
Considerations 410

Packaging, Labeling, Warranties, and

Guarantees 412

Packaging 412

Labeling 414

Warranties and Guarantees 415

**Summary 415**

**Applications 416**

**MARKETING EXCELLENCE**

Nivea 416

**MARKETING EXCELLENCE**

Toyota 418

---

**Chapter 14 Designing and Managing  
Services 421**

The Nature of Services 421

Service Industries Are Everywhere 421

Categories of Service Mix 422

Distinctive Characteristics of Services 424

The New Services Realities 428

A Shifting Customer Relationship 428

**MARKETING MEMO** Lights! Cameras!

Customer Service Disasters! 430

Achieving Excellence In Services

Marketing 431

Marketing Excellence 431

Technology and Service

Delivery 432

Best Practices of Top Service

Companies 433

Differentiating Services 435

**MARKETING INSIGHT** Improving Company

Call Centers 436

Managing Service Quality 439

Managing Customer Expectations 440

**MARKETING MEMO** Recommendations for  
Improving Service Quality 441

Incorporating Self-Service Technologies  
(SSTS) 443

Managing Product-Support Services 444

Identifying and Satisfying Customer  
Needs 444

Postsale Service Strategy 445

**Summary 445**

**Applications 446**

**MARKETING EXCELLENCE**

Club Med 446

**MARKETING EXCELLENCE**

Parkway Group Hotels 448

---

**Chapter 15 Introducing New Market  
Offerings 451**

New-Product Options 451

Make or Buy 451

Types of New Products 452

## Challenges in New-Product

### Development 453

The Innovation Imperative 454

New-Product Success 454

New-Product Failure 455

### Organizational Arrangements 456

Budgeting for New-Product Development 456

Organizing New-Product Development 457

### Managing the Development Process: Ideas 460

Generating Ideas 460

### MARKETING MEMO Ten Ways to Find Great

New-Product Ideas 460

### MARKETING INSIGHT P&G'S Connect +

Develop Approach to Innovation 461

### MARKETING MEMO Seven Ways to Draw

New Ideas from Your Customers 462

### MARKETING MEMO How to Run a

Successful Brainstorming Session 464

Using Idea Screening 465

### Managing the Development Process: Concept to Strategy 467

Concept Development and Testing 467

Marketing Strategy Development 470

Business Analysis 470

### Managing the Development Process:

Development to Commercialization 472

Product Development 472

Market Testing 473

Commercialization 475

### The Consumer-Adoption Process 476

Stages in the Adoption Process 476

Factors Influencing the Adoption

Process 476

### Summary 478

### Applications 479

### MARKETING EXCELLENCE Apple 479

### MARKETING EXCELLENCE

Salesforce.com 481

### Setting the Price 489

Step 1: Selecting the Pricing Objective 489

### MARKETING INSIGHT Trading Up, Down, and Over 490

Step 2: Determining Demand 492

Step 3: Estimating Costs 494

### MARKETING MEMO How to Cut Costs 496

Step 4: Analyzing Competitors' Costs, Prices,  
and Offers 496

Step 5: Selecting a Pricing Method 497

Step 6: Selecting the Final Price 502

### MARKETING INSIGHT Stealth Price

Increases 503

### Adapting the Price 504

Geographical Pricing (Cash, Countertrade,  
Barter) 504

Price Discounts and Allowances 504

Promotional Pricing 505

Differentiated Pricing 506

### Initiating and Responding to Price

Changes 507

Initiating Price Cuts 507

Initiating Price Increases 508

Anticipating Competitive Responses 508

Responding to Competitors' Price

Changes 509

### Summary 510

### Applications 510

### MARKETING EXCELLENCE eBay 511

### MARKETING EXCELLENCE

Air Arabia 512

---

## PART 6 Delivering Value 514

---

### Chapter 17 Designing and Managing Integrated Marketing Channels 515

#### Marketing Channels and Value

##### Networks 516

The Importance of Channels 516

Multichannel Marketing 516

Integrating Multichannel Marketing  
Systems 517

Value Networks 519

The Digital Channels Revolution 520

##### The Role of Marketing Channels 521

Channel Functions and Flows 522

Channel Levels 523

Service Sector Channels 524

---

## Chapter 16 Developing Pricing Strategies and Programs 483

### Understanding Pricing 483

Pricing in a Digital World 484

A Changing Pricing Environment 484

### MARKETING INSIGHT Giving It All Away 485

How Companies Price 486

Consumer Psychology and Pricing 487



**Summary 384**

**Applications 384**

**MARKETING EXCELLENCE**

Samsung 385

**MARKETING EXCELLENCE SABIC 386**

---

**PART 5 Creating Value 388**

---

**Chapter 13 Setting Product Strategy 389**

Product Characteristics and

Classifications 389

Product Levels: The Customer-Value  
Hierarchy 389

Product Classifications 391

Differentiation 392

Product Differentiation 393

Services Differentiation 394

Design 396

Design Leaders 396

Power of Design 397

Approaches to Design 397

Luxury Products 398

Characterizing Luxury Brands 398

Growing Luxury Brands 398

Marketing Luxury Brands 399

Environmental Issues 400

**MARKETING MEMO** A Sip or A Gulp:

Environmental Concerns in the Water  
Industry 401

Product and Brand Relationships 401

The Product Hierarchy 402

Product Systems and Mixes 402

Product Line Analysis 403

Product Line Length 404

**MARKETING INSIGHT** When Less Is  
More 405

Product Mix Pricing 408

Co-Branding and Ingredient

Branding 409

**MARKETING MEMO** Product-Bundle Pricing  
Considerations 410

Packaging, Labeling, Warranties, and

Guarantees 412

Packaging 412

Labeling 414

Warranties and Guarantees 415

**Summary 415**

**Applications 416**

**MARKETING EXCELLENCE**

Nivea 416

**MARKETING EXCELLENCE**

Toyota 418

---

**Chapter 14 Designing and Managing  
Services 421**

The Nature of Services 421

Service Industries Are Everywhere 421

Categories of Service Mix 422

Distinctive Characteristics of Services 424

The New Services Realities 428

A Shifting Customer Relationship 428

**MARKETING MEMO** Lights! Cameras!

Customer Service Disasters! 430

Achieving Excellence In Services

Marketing 431

Marketing Excellence 431

Technology and Service

Delivery 432

Best Practices of Top Service

Companies 433

Differentiating Services 435

**MARKETING INSIGHT** Improving Company

Call Centers 436

Managing Service Quality 439

Managing Customer Expectations 440

**MARKETING MEMO** Recommendations for

Improving Service Quality 441

Incorporating Self-Service Technologies  
(SSTS) 443

Managing Product-Support Services 444

Identifying and Satisfying Customer

Needs 444

Postsale Service Strategy 445

**Summary 445**

**Applications 446**

**MARKETING EXCELLENCE**

Club Med 446

**MARKETING EXCELLENCE**

Parkway Group Hotels 448

---

**Chapter 15 Introducing New Market  
Offerings 451**

New-Product Options 451

Make or Buy 451

Types of New Products 452

## Challenges in New-Product

### Development 453

The Innovation Imperative 454

New-Product Success 454

New-Product Failure 455

### Organizational Arrangements 456

Budgeting for New-Product Development 456

Organizing New-Product Development 457

### Managing the Development Process: Ideas 460

Generating Ideas 460

### MARKETING MEMO Ten Ways to Find Great

New-Product Ideas 460

### MARKETING INSIGHT P&G'S Connect +

Develop Approach to Innovation 461

### MARKETING MEMO Seven Ways to Draw

New Ideas from Your Customers 462

### MARKETING MEMO How to Run a

Successful Brainstorming Session 464

Using Idea Screening 465

### Managing the Development Process: Concept

to Strategy 467

Concept Development and Testing 467

Marketing Strategy Development 470

Business Analysis 470

### Managing the Development Process:

Development to Commercialization 472

Product Development 472

Market Testing 473

Commercialization 475

### The Consumer-Adoption Process 476

Stages in the Adoption Process 476

Factors Influencing the Adoption

Process 476

### Summary 478

### Applications 479

### MARKETING EXCELLENCE Apple 479

### MARKETING EXCELLENCE

Salesforce.com 481

---

## Chapter 16 Developing Pricing Strategies and Programs 483

### Understanding Pricing 483

Pricing in a Digital World 484

A Changing Pricing Environment 484

### MARKETING INSIGHT Giving It All Away 485

How Companies Price 486

Consumer Psychology and Pricing 487

### Setting the Price 489

Step 1: Selecting the Pricing Objective 489

### MARKETING INSIGHT Trading Up, Down, and Over 490

Step 2: Determining Demand 492

Step 3: Estimating Costs 494

### MARKETING MEMO How to Cut Costs 496

Step 4: Analyzing Competitors' Costs, Prices, and Offers 496

Step 5: Selecting a Pricing Method 497

Step 6: Selecting the Final Price 502

### MARKETING INSIGHT Stealth Price

Increases 503

### Adapting the Price 504

Geographical Pricing (Cash, Countertrade, Barter) 504

Price Discounts and Allowances 504

Promotional Pricing 505

Differentiated Pricing 506

### Initiating and Responding to Price

Changes 507

Initiating Price Cuts 507

Initiating Price Increases 508

Anticipating Competitive Responses 508

Responding to Competitors' Price

Changes 509

### Summary 510

### Applications 510

### MARKETING EXCELLENCE eBay 511

### MARKETING EXCELLENCE

Air Arabia 512

---

## PART 6 Delivering Value 514

---

### Chapter 17 Designing and Managing Integrated Marketing Channels 515

#### Marketing Channels and Value

##### Networks 516

The Importance of Channels 516

Multichannel Marketing 516

Integrating Multichannel Marketing Systems 517

Value Networks 519

The Digital Channels Revolution 520

##### The Role of Marketing Channels 521

Channel Functions and Flows 522

Channel Levels 523

Service Sector Channels 524

<b>Channel-Design Decisions</b>	<b>525</b>
Analyzing Customer Needs and Wants	525
<b>MARKETING INSIGHT</b> Understanding the Showrooming Phenomena	525
Establishing Objectives and Constraints	526
Identifying Major Channel Alternatives	527
Evaluating Major Channel Alternatives	529
<b>Channel-Management Decisions</b>	<b>530</b>
Selecting Channel Members	530
Training and Motivating Channel Members	530
Evaluating Channel Members	531
Modifying Channel Design and Arrangements	532
Channel Modification Decisions	532
Global Channel Considerations	532
<b>Channel Integration and Systems</b>	<b>534</b>
Vertical Marketing Systems	534
Horizontal Marketing Systems	536
<b>E-Commerce Marketing Practices</b>	<b>536</b>
Pure-Click Companies	536
Brick-and-Click Companies	537
<b>M-Commerce Marketing Practices</b>	<b>538</b>
Changes in Customer and Company Behavior	539
M-Commerce Marketing Practices	539
Privacy	540
<b>Conflict, Cooperation, and Competition</b>	<b>540</b>
Types of Conflict and Competition	541
Causes of Channel Conflict	541
Managing Channel Conflict	541
Dilution and Cannibalization	543
Legal and Ethical Issues in Channel Relations	543

#### **Summary 543**

#### **Applications 544**

#### **MARKETING EXCELLENCE**

Amazon.com 544

#### **MARKETING EXCELLENCE** Tesco 546

---

### **Chapter 18 Managing Retailing, Wholesaling, and Logistics 549**

#### **Retailing 549**

Types of Retailers 550

#### **MARKETING MEMO** Innovative Retail Organizations 551

The Modern Retail Marketing Environment 554

#### **MARKETING INSIGHT** The Growth of Shopper Marketing 556

Marketing Decisions 557

#### **MARKETING MEMO** Helping Stores to Sell 562

#### **Private Labels 563**

Role of Private Labels 564

Private-Label Success Factors 564

#### **MARKETING INSIGHT** Manufacturer's Response to the Private-Label Threat 565

#### **Wholesaling 565**

Trends in Wholesaling 567

#### **Market Logistics 567**

Integrated Logistics Systems 568

Market-Logistics Objectives 569

Market-Logistics Decisions 570

#### **Summary 573**

#### **Applications 574**

#### **MARKETING EXCELLENCE** Zara 574

#### **MARKETING EXCELLENCE** Best Buy 576

---

## **PART 7 Communicating Value 578**

---

### **Chapter 19 Designing and Managing Integrated Marketing Communications 579**

#### **The Role of Marketing Communications 580**

The Changing Marketing Communications Environment 580

#### **MARKETING INSIGHT** Don't Touch That Remote 580

#### **Marketing Communications Mix 581**

#### **How Do Marketing Communications Work? 583**

The Communications Process Models 584

#### **Developing Effective Communications 586**

Identify the Target Audience 586

Set the Communications Objectives 587

Design the Communications 587

Select the Communications Channels 590

#### **MARKETING MEMO** Celebrity

Endorsements as a Message

Strategy 591

#### **MARKETING INSIGHT** Playing Tricks to Build a Brand 593

Establish the Total Marketing Communications Budget 594

**Selecting the Marketing Communications Mix 595**

- Characteristics of the Marketing Communications Mix 596
- Factors in Setting the Marketing Communications Mix 597
- Measuring Communication Results 599

**Managing the Integrated Marketing Communications Process 599**

- Coordinating Media 601
- Implementing IMC 601

**MARKETING MEMO** How Integrated Is Your IMC Program? 601

**Summary 602**

**Applications 603**

**MARKETING EXCELLENCE** Red Bull 603

**MARKETING EXCELLENCE** L'Oreal 604

---

**Chapter 20 Managing Mass Communications: Advertising, Sales Promotions, Events and Experiences, and Public Relations 607**

**Developing and Managing an Advertising Program 608**

- Setting the Advertising Objectives 609
- Deciding on the Advertising Budget 609
- Developing the Advertising Campaign 610

**MARKETING MEMO** Print Ad Evaluation Criteria 612

**MARKETING INSIGHT** Off-Air Ad Battles 614

- Choosing Media 615

**MARKETING INSIGHT** Playing Games with Brands 618

**MARKETING MEMO** Winning The Super Bowl of Advertising 619

- Evaluating Advertising Effectiveness 621

**Sales Promotion 622**

- Advertising Versus Promotion 622
- Major Decisions 623

**Events and Experiences 626**

- Events Objectives 626
- Major Sponsorship Decisions 627

**MARKETING MEMO** Measuring High-Performance Sponsorship Programs 628

- Creating Experiences 628

**Public Relations 629**

- Marketing Public Relations 629
- Major Decisions in Marketing PR 630

**Summary 631**

**Applications 632**

**MARKETING EXCELLENCE** Evian 632

**MARKETING EXCELLENCE** Gillette 634

---

**Chapter 21 Managing Digital Communications: Online, Social Media, and Mobile 637**

**Online Marketing 637**

- Advantages and Disadvantages of Online Marketing Communications 638
- Online Marketing Communication Options 639

**MARKETING MEMO** How to Maximize the Marketing Value of E-mails 642

**Social Media 642**

- Social Media Platforms 643
- Using Social Media 644

**Word of Mouth 645**

- Forms of Word of Mouth 646
- Creating Word-of-Mouth Buzz 646

**MARKETING MEMO** How to Start a Buzz Fire 648

**MARKETING INSIGHT** Tracking Online Buzz 649

- Measuring the Effects of Word of Mouth 650

**Mobile Marketing 650**

- The Scope of Mobile Marketing 650
- Developing Effective Mobile Marketing Programs 651
- Mobile Marketing across Markets 651

**Summary 652**

**Applications 653**

**MARKETING EXCELLENCE** Facebook 653

**MARKETING EXCELLENCE** Unilever (Axe and Dove) 654

---

## **Chapter 22 Managing Personal Communications: Direct and Database Marketing and Personal Selling 657**

### **Direct Marketing 657**

- The Benefits of Direct Marketing 658
- Direct Mail 659
- Catalog Marketing 660
- Telemarketing 660
- Other Media for Direct-Response Marketing 661
- Public and Ethical Issues in Direct Marketing 661

### **Customer Databases and Database**

#### **Marketing 662**

- Customer Databases 662
- Data Warehouses and Data Mining 662
- The Downside of Database Marketing 664

### **Designing the Sales Force 664**

- Sales Force Objectives and Strategy 666
- Sales Force Structure 667

### **MARKETING INSIGHT Major Account Management 668**

- Sales Force Size 668
- Sales Force Compensation 668

### **Managing the Sales Force 669**

- Recruiting and Selecting Representatives 669
- Training and Supervising Sales Representatives 669
- Sales Rep Productivity 670
- Motivating Sales Representatives 670
- Evaluating Sales Representatives 671

### **Principles of Personal Selling 673**

- The Six Steps 673
- Relationship Marketing 674

### **Summary 675**

### **Applications 675**

### **MARKETING EXCELLENCE Progressive 676**

### **MARKETING EXCELLENCE Victoria's Secret 677**

---

## **PART 8 Conducting Marketing Responsibly for Long-term Success 678**

---

## **Chapter 23 Managing a Holistic Marketing Organization for the Long Run 679**

- Trends in Marketing Practices 679
- Internal Marketing 680

### **MARKETING MEMO Characteristics of Company Departments That Are Truly Customer Driven 681**

- Organizing the Marketing Department 682
- Relationships with Other Departments 684
- Building a Creative Marketing Organization 684

### **MARKETING INSIGHT The Marketing CEO 685**

### **Socially Responsible Marketing 685** Corporate Social Responsibility 686

### **MARKETING INSIGHT The Rise of Organic 689**

- Socially Responsible Business Models 690
- Cause-Related Marketing 690

### **MARKETING MEMO Making a Difference: Top 10 Tips for Cause Branding 693**

- Social Marketing 694

### **Marketing Implementation and Control 697**

- Marketing Implementation 697
- Marketing Control 697

### **The Future of Marketing 702**

### **MARKETING MEMO Major Marketing Weaknesses 703**

### **Summary 705**

### **Applications 705**

### **MARKETING EXCELLENCE**

- Starbucks 706

### **MARKETING EXCELLENCE Virgin Group 707**

### **Appendix Tools for Marketing Control 709**

### **Appendix: Sonic Marketing Plan and Exercises A1**

### **Endnotes E1**

### **Glossary G1**

### **Name Index I1**

### **Company, Brand, and**

### **Organization Index I5**

### **Subject Index I18**