

▶ Brief Contents

Preface 15

PART 1 Understand the Value Proposition 26

CHAPTER 1 Welcome to the World of Marketing: Create and Deliver Value 26

CHAPTER 2 Global, Ethical, and Sustainable Marketing 56

CHAPTER 3 Strategic Market Planning 94

PART 2 Determine the Value Propositions Different Customers Want 118

CHAPTER 4 Market Research 118

CHAPTER 5 Marketing Analytics: Welcome to the Era of Big Data! 148

CHAPTER 6 Understand Consumer and Business Markets 174

CHAPTER 7 Segmentation, Target Marketing, and Positioning 216

PART 3 Develop the Value Proposition for the Customer 244

CHAPTER 8 Product I: Innovation and New Product Development 244

CHAPTER 9 Product II: Product Strategy, Branding, and Product Management 274

CHAPTER 10 Price: What Is the Value Proposition Worth? 302

CHAPTER 10 Supplement: Marketing Math 342

PART 4 Deliver and Communicate the Value Proposition 352

CHAPTER 11 Deliver the Goods: Determine Distribution Strategy 352

CHAPTER 12 Deliver the Customer Experience: Bricks and Clicks 384

CHAPTER 13 Promotion I: Advertising and Sales Promotion 420

CHAPTER 14 Promotion II: Social Media, Direct/Database Marketing, Personal Selling, and Public Relations 466

Appendix A Marketing Plan: The S&S Smoothie Company 500

Appendix B You, Marketing, and Your Career 512

Notes 524

Glossary 540

Index 555

▶ Contents

Preface 15

PART 1 Understand the Value Proposition 26



CHAPTER 1: Welcome to the World of Marketing: Create and Deliver Value26

Real **people**, Real **Choices**: Here's my problem . . . 27

MARKETING: WHAT IS IT? 28

Marketing Is the Activity, Institutions, and Processes . . . 28
 . . . for Creating, Communicating, Delivering, and Exchanging: The Marketing Mix . . . 29
 . . . Offerings . . . : What Can We Market? 31
 . . . Value for Customers . . . 32

WHEN DID MARKETING BEGIN? THE EVOLUTION OF A CONCEPT 35

The Production Era 35
 The Sales Era 35
 The Relationship Era 37
 The Triple-Bottom-Line Orientation 37
 What's Next in the Evolution of Marketing? 39

RIPPED FROM THE HEADLINES: Ethical/Sustainable Decisions in the Real World 40

THE VALUE OF MARKETING AND THE MARKETING OF VALUE 40

Value from the Customer's Perspective 40
 Value from the Seller's Perspective 41
 Value from Society's Perspective 46

THE CUTTING EDGE: Users Build Brands that Customers Trust 46

MARKETING AS A PROCESS 48

Objective Summary • Key Terms • Apply 50

Chapter Questions and Activities 52

Marketing in Action Case: Real Choices at Nestlé 54



CHAPTER 2: Global, Ethical, and Sustainable Marketing56

Real **people**, Real **Choices**: Here's my problem . . . 57

TAKE A BOW: MARKETING ON THE GLOBAL STAGE 58

World Trade 58
 Should We Go Global? 59

UNDERSTAND INTERNATIONAL, REGIONAL, AND COUNTRY REGULATIONS 61

Initiatives in International Cooperation and Regulation 61
 Protected Trade: Quotas, Embargoes, and Tariffs 61
 Economic Communities 62

ANALYZE THE MARKETING ENVIRONMENT: INTERNAL AND EXTERNAL SCANS 63

The Economic Environment 63
 The Competitive Environment 66
 The Technological Environment 68
 The Political and Legal Environment 68
 The Sociocultural Environment 71

IS THE WORLD FLAT OR NOT? HOW "GLOBAL" SHOULD A GLOBAL MARKETING STRATEGY BE? 73

Company-Level Decisions: The Market Entry Strategy 74
 The Marketing Mix Strategies 76

ETHICS IS JOB ONE IN MARKETING PLANNING 79

Ethical Philosophies 79
 Codes of Business Ethics 80
 Is Marketing Unethical? 82
 When Is a Bribe Not a Bribe? Ethical Issues for Global Business 83

SUSTAINABILITY: MARKETERS DO WELL BY DOING GOOD 84

Sustainability Is a Sensible Business Decision 85

RIPPED FROM THE HEADLINES: Ethical/Sustainable Decisions in the Real World 85

Developing a Sustainable Marketing Mix 86
 Sustainable Customer Behavior 86

Objective Summary • Key Terms • Apply 89

Chapter Questions and Activities 91

Marketing in Action Case: Real Choices at Mattel 92



CHAPTER 3: Strategic Market Planning94

Real **people**, Real **Choices**: Here's my problem . . . 95

PLANNING: COMPOSE THE BIG PICTURE 96

The Three Levels of Business Planning 97

STRATEGIC PLANNING: FRAME THE PICTURE 98

Step 1: Define the Mission 99
 Step 2: Evaluate the Internal and External Environment 99
 Step 3: Set Organizational or SBU Objectives 100

Step 4: Establish the Business Portfolio 101

Step 5: Develop Growth Strategies 103

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 104

**MARKET PLANNING: DEVELOP AND EXECUTE
MARKETING STRATEGY 105**

Step 1: Perform a Situation Analysis 105

Step 2: Set Marketing Objectives 105

Step 3: Develop Marketing Strategies: Target Markets
and the Marketing Mix 106

Step 4: Implement and Control the Marketing Plan 107

THE CUTTING EDGE: Strengthen Your Message with
Twitter Cards 107

Action Plans 109

Operational Planning: Day-to-Day Execution of Marketing
Plans 112

Make Your Life Easier! Use the Market Planning
Template 112

Objective Summary • Key Terms • Apply 113

Chapter Questions and Activities 115

Marketing in Action Case: Real Choices at Amazon 116

PART 2 Determine the Value Propositions Different Customers Want 118



CHAPTER 4: Market Research..... 118

Real **people**, Real **Choices:** Here's my
problem . . . 119

KNOWLEDGE IS POWER 120

The Marketing Information System 120

The Marketing Decision Support System 123

**THE ROLE OF THE CUSTOMER INSIGHTS FUNCTION
IN A MARKETING ORGANIZATION 125**

STEPS IN THE MARKET RESEARCH PROCESS 125

Step 1: Define the Research Problem 126

Step 2: Determine the Research Design 127

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 130

Step 3: Choose the Method to Collect Primary
Data 131

THE CUTTING EDGE: Cookies That Track
You 24/7 135

Step 4: Design the Sample 138

Step 5: Collect the Data 139

Step 6: Analyze and Interpret the Data 140

Step 7: Prepare the Research Report 141

Objective Summary • Key Terms • Apply 143

Chapter Questions and Activities 144

**Marketing in Action Case: Real Choices at
GetFeedback 146**



CHAPTER 5: Marketing Analytics: Welcome to the Era of Big Data! 148

Real **people**, Real **Choices:** Here's my
problem . . . 149

**CUSTOMER RELATIONSHIP MANAGEMENT (CRM):
A KEY DECISION TOOL FOR MARKETERS 150**

Characteristics of CRM 152

BIG DATA: TERABYTES RULE 154

THE CUTTING EDGE: Big Data Predicts Outbreaks
of Infectious Diseases 155

Big Data Creation, Sources, and Usage 155

Data Mining 158

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 159

Primary Data Types for Data Mining 159

Data Scientists: Transforming Big Data into Winning
Information 160

Data Mining: Applications for Marketers 161

MARKETING ANALYTICS 162

Connect Digital Marketing Channels to Marketing
Analytics 163

Determine the Value of Digital Marketing Investments
across Channels 164

Predictive Analytics 166

METRICS FOR MARKETING CONTROL 167

Objective Summary • Key Terms • Apply 170

Chapter Questions and Activities 171

**Marketing in Action Case: Real Choices
at State Farm 173**



CHAPTER 6: Understand Consumer and Business Markets 174

Real **people**, Real **Choices:** Here's my
problem . . . 175

**THE CONSUMER DECISION-MAKING
PROCESS 176**

Not All Decisions Are the Same 176

Step 1: Problem Recognition 178

Step 2: Information Search 179

Step 3: Evaluation of Alternatives 180

Step 4: Product Choice 180

Step 5: Postpurchase Evaluation 181

**INTERNAL INFLUENCES ON CONSUMERS'
DECISIONS 182**

Perception 182

Motivation 184

Learning 185

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 186

Attitudes 186

Personality and the Self: Are You What You Buy? 187

Age 187
Lifestyle 188

SITUATIONAL AND SOCIAL INFLUENCES ON CONSUMERS' DECISIONS 189

Situational Influences 189

THE CUTTING EDGE: No More Waiting on Shipping 191

Social Influences on Consumers' Decisions 191

BUSINESS MARKETS: BUYING AND SELLING WHEN THE CUSTOMER IS ANOTHER ORGANIZATION 195

Factors That Make a Difference in Business

Markets 196

B2B Demand 198

Types of Business-to-Business Customers 199

BUSINESS BUYING SITUATIONS AND THE BUSINESS BUYING DECISION PROCESS 201

The Buyclass Framework 201

Professional Buyers and Buying Centers 202

The Business Buying Decision Process 204

B2B E-Commerce and Social Media 207

Objective Summary • Key Terms • Apply 210

Chapter Questions and Activities 213

Marketing in Action Case: Real Choices at Electrolux 215



CHAPTER 7: Segmentation, Target Marketing, and Positioning216

Real **people**, Real **Choices**: Here's my problem . . . 217

TARGET MARKETING: SELECT AND ENTER A MARKET 218

STEP 1: SEGMENTATION 219

Segment Consumer Markets 220

THE CUTTING EDGE: Chipotle Targets Socially Conscious Gen Y 222

Segment by Demographics: Ethnicity 225

Segment by Demographics: Place of Residence 226

Segment by Psychographics 228

Segment by Behavior 230

Segment B2B Markets 231

STEP 2: TARGETING 231

Targeting in Three Steps 231

STEP 3: POSITIONING 234

RIPPED FROM THE HEADLINES: Ethical/Sustainable Decisions in the Real World 235

Steps in Positioning 235

Bring a Product to Life: Brand Personality 237

Objective Summary • Key Terms • Apply 239

Chapter Questions and Activities 241

Marketing in Action Case: Real Choices at Subaru 242

PART 3 Develop the Value Proposition for the Customer 244



CHAPTER 8: Product I: Innovation and New Product Development244

Real **people**, Real **Choices**: Here's my problem . . . 245

BUILD A BETTER MOUSETRAP—AND ADD VALUE 246

Layers of the Product Concept 247

HOW MARKETERS CLASSIFY PRODUCTS 249

How Long Do Products Last? 249

How Do Consumers Buy Products? 250

How Do Businesses Buy Products? 252

"NEW AND IMPROVED!" THE PROCESS OF INNOVATION 253

Types of Innovations 253

THE CUTTING EDGE: Innovating for a Better Shave 253

NEW PRODUCT DEVELOPMENT 255

Phase 1: Idea Generation (Ideation) 256

Phase 2: Product Concept Development and Screening 257

Phase 3: Marketing Strategy Development 257

Phase 4: Business Analysis 257

Phase 5: Technical Development 258

RIPPED FROM THE HEADLINES: Ethical/Sustainable Decisions in the Real World 259

Phase 6: Test Marketing 259

Phase 7: Commercialization 260

ADOPTION AND DIFFUSION OF NEW PRODUCTS 261

Stages in Consumers' Adoption of a New Product 261

Adopter Categories 263

Product Factors That Affect the Rate of Adoption 265

Objective Summary • Key Terms • Apply 268

Chapter Questions and Activities 270

Marketing in Action Case: Real Choices at Chobani 272



CHAPTER 9: Product II: Product Strategy, Branding, and Product Management274

Real **people**, Real **Choices**: Here's my problem . . . 275

PRODUCT PLANNING: USE PRODUCT OBJECTIVES TO DECIDE ON A PRODUCT STRATEGY 276

Getting Product Objectives Right 276

Objectives and Strategies for Individual Products 277

Objectives and Strategies for Multiple Products 278

Product Mix Strategies 280

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 280
Quality as a Product Objective: TQM and Beyond 280

**MARKETING THROUGHOUT THE PRODUCT LIFE
CYCLE 282**

Introduction Stage 283
Growth Stage 284
Maturity Stage 285
Decline Stage 285

THE CUTTING EDGE: Social Media Brings Products
Back to Life 286

**BRANDING AND PACKAGING: CREATE PRODUCT
IDENTITY 286**

What's in a Name (or a Symbol)? 286
Why Brands Matter 287
Branding Strategies 289
Individual Brands versus Family Brands 290
National and Store Brands 291
Generic Brands 291
Licensing 291
Cobranding 292
Packages and Labels: Branding's Little Helpers 292

ORGANIZE FOR EFFECTIVE PRODUCT MANAGEMENT 296

Manage Existing Products 296
Organize for New Product Development 297

Objective Summary • Key Terms • Apply 298

Chapter Questions and Activities 299

Marketing in Action Case: Real Choices at Starbucks 301



CHAPTER 10: Price: What is the Value
Proposition Worth?302

Real **people**, Real **Choices**: Here's my
problem . . . 303

"YES, BUT WHAT DOES IT COST?" 304

THE CUTTING EDGE: Digital Currencies: Bitcoin 304

WHAT IS PRICE? 305

Step 1: Develop Pricing Objectives 305

**COSTS, DEMAND, REVENUE, AND THE PRICING
ENVIRONMENT 308**

Step 2: Estimate Demand 308
Step 3: Determine Costs 313
Step 4: Examine the Pricing Environment 317

**IDENTIFY STRATEGIES AND TACTICS TO PRICE
THE PRODUCT 321**

Step 5: Choose a Pricing Strategy 321
Step 6: Develop Pricing Tactics 324

PRICING AND ELECTRONIC COMMERCE 327

Dynamic Pricing Strategies 327
Internet Price Discrimination 327
Online Auctions 328
Freemium Pricing Strategies 328
Pricing Advantages for Online Shoppers 328

**PSYCHOLOGICAL, LEGAL, AND ETHICAL ASPECTS
OF PRICING 329**

Psychological Issues in Setting Prices 329
Psychological Pricing Strategies 331
Legal and Ethical Considerations in B2C Pricing 332
Legal Issues in B2B Pricing 333

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 334

Objective Summary • Key Terms • Apply 336

Chapter Questions and Activities 337

**Marketing in Action Case: Real Choices at Procter &
Gamble 340**

Supplement: Marketing Math 342

PART 4 Deliver and Communicate the Value
Proposition 352



CHAPTER 11: Deliver the Goods:
Determine Distribution Strategy352

Real **people**, Real **Choices**: Here's my
problem . . . 353

**TYPES OF DISTRIBUTION CHANNELS
AND WHOLESALE INTERMEDIARIES 354**

Functions of Distribution Channels 354
Evolution of Distribution Functions 356
Wholesaling Intermediaries 357
Types of Distribution Channels 361

THE CUTTING EDGE: Amazon Delivers in 30 Minutes
or Less? 363

DEVELOP A CHANNEL STRATEGY 365

Step 1: Develop Distribution Objectives 366
Step 2: Evaluate Internal and External Environmental
Influences 366
Step 3: Choose a Distribution Strategy 367
Step 4: Develop Distribution Tactics 370

LOGISTICS AND THE SUPPLY CHAIN 371

The Lowdown on Logistics 372
Place: Pulling It All Together through the Supply Chain 376

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 378

Objective Summary • Key Terms • Apply 379

Chapter Questions and Activities 381

**Marketing in Action Case: Real Choices at Elizabeth
Arden 382**



CHAPTER 12: Deliver the Customer
Experience: Bricks and Clicks384

Real **people**, Real **Choices**: Here's my
problem . . . 385

RETAILING, TWENTY-FIRST-CENTURY STYLE 386

- Retailing: A Mixed (Shopping) Bag 386
- The Evolution of Retailing 387
- The Evolution Continues: What's "In Store" for the Future? 388
- Ethical Problems in Retailing 390

RIPPED FROM THE HEADLINES: Ethical/Sustainable Decisions in the Real World 392**TYPES OF BRICKS-AND-MORTAR RETAILERS 392**

- Classify Retailers by What They Sell 392
- Classify Retailers by Level of Service 393
- Major Types of Retailers 394

E-COMMERCE AND OTHER TYPES OF NONSTORE RETAILERS 398

- Direct Selling 399
- Automatic Vending 400

THE CUTTING EDGE: Tokyo Vending Machines

"Recognize" Customers 400

B2C E-Commerce 400

SERVICE AS A CORE SOURCE OF VALUE 404

- Marketing What Isn't There 404
- Physical Elements of the Service Encounter: Servicescapes and Other Tangibles 407
- How We Provide Quality Service 407
- Strategic Issues When We Deliver Service Quality 408
- Marketing People, Places, and Ideas 409
- The Future of Services 412

Objective Summary • Key Terms • Apply 413**Chapter Questions and Activities 415****Marketing in Action Case: Real Choices at IKEA 418****CHAPTER 13: Promotion I: Advertising and Sales Promotion..... 420**

Real **people**, Real **Choices**: Here's my problem . . . 421

COMMUNICATION MODELS IN A WEB 2.0 WORLD 422

- The Communication Model 424
- The Traditional Promotion Mix 426

OVERVIEW OF PROMOTIONAL PLANNING 428

- Step 1: Identify the Target Audience(s) 429
- Step 2: Establish the Communication Objectives 429
- Step 3: Determine and Allocate the Marketing Communication Budget 431
- Step 4: Design the Promotion Mix 432
- Step 5: Evaluate the Effectiveness of the Communication Program 433
- Multichannel Promotional Strategies 433

ADVERTISING 434

- Types of Advertising 434
- Who Creates Advertising? 435
- User-Generated Advertising Content 436

- Ethical Issues in Advertising 437
- Develop the Advertising Campaign 438

THE CUTTING EDGE: Pay-Per-Gaze 439**RIPPED FROM THE HEADLINES: Ethical/Sustainable Decisions in the Real World 448****SALES PROMOTION 452**

- Sales Promotion Directed toward Consumers 453
- Trade Sales Promotion: Targeting the B2B Customer 455

Objective Summary • Key Terms • Apply 458**Chapter Questions and Activities 461****Marketing in Action Case: Real Choices at Stouffer's 464****CHAPTER 14: Promotion II: Social Media, Direct/Database Marketing, Personal Selling, and Public Relations..... 466**

Real **people**, Real **Choices**: Here's my problem . . . 467

SOCIAL MEDIA 468

- Buzz Marketing 469
- Ethical Problems in Buzz Marketing 470

THE CUTTING EDGE: Heinz Ketchup's Tryvertising

Creates Buzz 470

- Viral Marketing 471
- Brand Ambassadors and Evangelists 471
- New Social Media 471
- Social Networks 472
- Virtual Worlds 473
- Product Review Sites 474
- Mobile Apps 474
- Location-Based Social Networks 475

DIRECT MARKETING 475

- Mail Order 475
- Direct Mail 476
- Telemarketing 476
- Direct-Response Advertising 477
- M-Commerce 477

PERSONAL SELLING: ADDING THE PERSONAL TOUCH TO THE PROMOTION MIX 478

- The Role of Personal Selling in the Marketing Mix 479
- Technology and Personal Selling 480

THE LANDSCAPE OF MODERN PERSONAL SELLING 482

- Types of Sales Jobs 482
- Two Approaches to Personal Selling 483

THE CREATIVE SELLING PROCESS 484

- Step 1: Prospect and Qualify 484
- Step 2: Preapproach 484
- Step 3: Approach 485
- Step 4: Sales Presentation 485
- Step 5: Handle Objections 486
- Step 6: Close the Sale 486
- Step 7: Follow-Up 486

PUBLIC RELATIONS 487

Plan a PR Campaign 488

PR Objectives 489

RIPPED FROM THE HEADLINES: Ethical/Sustainable
Decisions in the Real World 491

PR Tactics 491

Objective Summary • Key Terms • Apply 495

Chapter Questions and Activities 497

Marketing in Action Case: Real Choices at Oreo 499

Appendix A Marketing Plan: The S&S Smoothie

Company500

Appendix B You, Marketing, and Your Career512

NOTES 524

GLOSSARY 540

INDEX 555