

DETAILED CONTENTS

Part 1 Initiating the Marketing Process 2

1 Developing Customer Relationships and Value through Marketing 4

After Huge Success . . . What's Next?	4
What Is Marketing?	7
Marketing: Using Exchanges to Satisfy Needs	8
The Diverse Factors Influencing Marketing Activities	8
How Marketing Discovers and Satisfies Consumer Needs	9
Discovering Consumer Needs	9
Satisfying Consumer Needs	10
The Marketing Program: How Customer Relationships Are Built	12
Customer Value: Developing Loyal Customers	12
Relationship Marketing and the Marketing Program	13
A Marketing Program for Rollerblade	14
How Marketing Became so Important	16
Evolution of the Market Orientation	16
Ethics and Social Responsibility: Balancing Interests	16
The Breadth and Depth of Marketing	17
Summary	18
Key Terms and Concepts	19
Questions: Applying Marketing Concepts and Perspectives	19
Discussion Forum	19
Internet Exercise	20
<i>Video Case 1: Rollerblade: Benefits beyond What People Expect</i>	20

2 Linking Marketing and Corporate Strategies 22

Where Can an "A" in Ice Cream Making Lead?	23
Organizations and Their Levels of Strategy	24
Levels in Organizations and How Marketing Links to Them	25
Strategy Issues in Organizations	25
Setting Strategic Directions	28
A Look Around: Where Are We Now?	28
Growth Strategies: Where Do We Want to Go?	29
The Strategic Marketing Process	32
Strategic Marketing Process: The Planning Phase	32
Strategic Marketing Process: The Implementation Phase	37
Strategic Marketing Process: The Evaluation Phase	39
Summary	40
Key Terms and Concepts	40
Questions: Applying Marketing Concepts and Perspectives	40
Discussion Forum	41
Internet Exercise	41
<i>Video Case 2: Specialized Bicycle Components, Inc.: Ride the Red "S"</i>	41

Appendix A Creating a Successful Marketing Plan 43

3 Scanning the Marketing Environment 50

How an 18-Year-Old Changed the World . . . with Music!	51
Environmental Scanning in the New Millenium	53

- An Environmental Scan of Canada 53
- Social Forces 54
 - Demographics 54
 - Culture 59
- Economic Forces 61
 - Macroeconomic Conditions 61
 - Consumer Income 61
- Technological Forces 62
 - Technology's Impact on Customer Value 63
 - Electronic Business Technologies 64
- Competitive Forces 65
 - The Four Basic Types of Competition 65
 - The New Look in Canadian Corporations 66
- Regulatory Forces 67
 - Federal Regulation 67
 - Other Regulation 68
 - Self-Regulation 68
 - Consumerism 69
- Summary 70
- Key Terms and Concepts 71
- Questions: Applying Marketing Concepts and Perspectives 71
- Discussion Forum 71
- Internet Exercise 71
- Video Case 3: Flyte Tyme Productions, Inc.: The Best Idea Wins! 72*

4 Ethics and Social Responsibility in Marketing 74

- Banking on Being a Good Corporate Citizen 75
- Nature and Significance of Marketing Ethics 76
 - Ethical/Legal Judgment in Marketing 77
 - Current Perceptions in Ethical Behaviour 77
- Understanding Ethical Marketing Behaviour 78
 - Societal Culture and Norms 78
 - Business Culture and Industry Practices 79
 - Corporate Culture and Expectations 81
 - Personal Moral Philosophy and Ethical Behaviour 82
- Understanding Social Responsibility in Marketing 84
 - Three Concepts of Social Responsibility 84
 - The Social Audit: Doing Well by Doing Good Eye Editorial Services 86
 - Turning the Table: Consumer Ethics and Social Responsibility 87
- Summary 89
- Key Terms and Concepts 89
- Questions: Applying Marketing Concepts and Perspectives 90
- Discussion Forum 90
- Internet Exercise 90
- Video Case 4: Pricing in the Pharmaceutical Industry 91*

Part 2 Understanding Buyers and Markets 92

5 Consumer Behaviour 94

- Savvy Automakers: Know Your Customer 95
- Consumer Purchase Decision Process 96
 - Problem Recognition: Perceiving a Need 96
 - Information Search: Seeking Value 97
 - Alternative Evaluation: Assessing Value 97

Purchase Decision: Buying Value	98
Postpurchase Behaviour: Value in Consumption or Use	98
Involvement and Problem-Solving Variations	98
Situational Influences	100
Psychological Influences on Consumer Behaviour	101
Motivation and Personality	101
Perception	103
Learning	104
Values, Beliefs, and Attitudes	105
Lifestyle	108
Sociocultural Influences on Consumer Behaviour	108
Personal Influence	108
Reference Groups	109
Family Influence	110
Culture and Subculture	111
Summary	114
Key Terms and Concepts	114
Questions: Applying Marketing Concepts and Perspectives	114
Discussion Forum	114
Internet Exercise	115
<i>Video Case 5: The Consumer on the Couch</i>	<i>115</i>

6 Organizational Markets and Buyer Behaviour 118

LED Lighting—New Light Ideas for the World	119
The Nature and Size of Organizational Markets	120
Industrial Markets	121
Reseller Markets	122
Government Markets	122
Not-for-Profit Organizations	122
Measuring Industrial, Reseller, Government, and Not-for-Profit Markets	123
Characteristics of Organizational Buying	124
Demand Characteristics	125
Size of the Order or Purchase	125
Number of Potential Buyers	126
Organizational Buying Objectives	126
Organizational Buying Criteria	127
Buyer–Seller Relationships and Supply Partnerships	127
The Organizational Buying Process and the Buying Centre	128
Stages in the Organizational Buying Process	128
The Buying Centre: A Cross-Functional Group	128
Online Buying in Organizational Markets	131
Prominence of Online Buying in Organizational Markets	131
E-Marketplaces: Virtual Organizational Markets	131
Online Auctions in Organizational Markets	132
Summary	134
Key Terms and Concepts	134
Questions: Applying Marketing Concepts and Perspectives	134
Discussion Forum	135
Internet Exercise	135
<i>Video Case 6: Lands' End: No End in Sight to Success!</i>	<i>135</i>

7 Reaching Global Markets 138

Riding Around the World	139
Dynamics of World Trade	140

- Decline of Economic Protectionism 141
- Rise of Economic Integration 142
- A New Reality: Global Competition among Global Companies for Global Consumers 144
- Emergence of a Networked Global Marketspace 146
- A Global Environmental Scan 147
 - Cultural Diversity 148
 - Economic Considerations 150
 - Political–Regulatory Climate 151
- Global Market-Entry Strategies 152
 - Exporting 152
 - Licensing 153
 - Joint Venture 154
 - Direct Investment 155
- Crafting a Worldwide Marketing Effort 156
 - Product and Promotion Strategies 156
 - Distribution (Place) Strategy 157
 - Pricing Strategy 158
- Summary 159
- Key Terms and Concepts 159
- Questions: Applying Marketing Concepts and Perspectives 159
- Discussion Forum 160
- Internet Exercise 160
- Video Case 7: CNS Breathe Right® Strips: Reaching the World’s Noses 160*

Part 3 Targeting Marketing Opportunities 162

8 Turning Marketing Information into Action 164

- Test Screenings: Listening to Consumers to Reduce Movie Risks 165
- Marketing Information Requirements and Systems 167
- The Role of Marketing Research 167
 - What Is Marketing Research? 167
 - Challenges in Marketing Research 168
 - Types of Research Information 169
 - Steps in the Marketing Research Approach 170
- Step 1: Confirm Problem/Issue Awareness 170
 - Establish Research Objectives 170
 - Identify Possible Marketing Actions 171
- Step 2: Design the Research Plan 172
 - Identify Data Required and Sources of Data 172
 - Design Methods of Collection 172
- Step 3: Conduct Exploratory Research 173
 - Focus Groups 174
 - Depth Interviews 174
 - Secondary Data: Internal 175
 - Secondary Data: External 176
 - Advantages and Disadvantages of Secondary Data 178
 - Performing a Situation Analysis 178
- Step 4: Collect Primary Research Information 178
 - Primary Data: Observing Behaviour 178
 - Primary Data: Questioning Consumers 180
 - Primary Data: Panels and Experiments 181
 - Advantages and Disadvantages of Primary Data 182
- Step 5: Compile, Analyze, and Interpret Data 183
- Step 6: Generate Report and Recommendations 183

Other Considerations in Marketing Research	183
Sampling	184
The Internet as a Research Tool	184
Making the Most of Information Technology	185
Sales Forecasting Techniques	186
Judgments of the Decision Maker	186
Surveys of Knowledgeable Groups	186
Statistical Methods	187
Summary	188
Key Terms and Concepts	188
Questions: Applying Marketing Concepts and Perspectives	188
Discussion Forum	189
Internet Exercise	189
<i>Video Case 8: Sugar—How Can We Cut Back to 10 Percent?</i>	<i>189</i>

9 Identifying Market Segments and Targets 192

Sneakers Marketing Wars: Heelys, Air Pumps, and Three Billion Trillion Choices	
Segmenting Markets	194
What Market Segmentation Means	195
When to Segment Markets	197
Steps in Segmenting and Targeting Markets	199
Step 1: Form Potential Buyers into Segments	199
Step 2: Form Products to Be Sold into Groups	203
Step 3: Develop a Market-Product Grid and Estimate Size of Markets	203
Step 4: Select Target Markets	203
Step 5: Take Marketing Actions to Reach Target Markets	205
Market-Product Synergies: A Balancing Act	207
Positioning the Product	208
Positioning Using Perceptual Maps	209
Summary	210
Key Terms and Concepts	210
Questions: Applying Marketing Concepts and Perspectives	211
Discussion Forum	211
Internet Exercise	211
<i>Video Case 9: Nokia: A Phone for Every Segment</i>	<i>211</i>

Part 4 Satisfying Marketing Opportunities 214

10 Developing New Products and Services 216

3M: Continuous Improvements + Genuine Benefits = Satisfied Customers	217
The Product: Total Product Concept	219
The Variations of Products	219
Product Line and Product Mix	219
Classifying Products	220
The Service Continuum	221
The Uniqueness of Services	222
Classifying Goods and Services	223
Classification of Consumer Goods	223
Classification of Business Goods	224
Classification of Services	225
The New-Product Process	225
New-Product Strategy Development	226
Idea Generation	226
Screening and Evaluation	227

- Business Analysis 228
- Development 230
- Market Testing 231
- Commercialization 231
- New Products and Why They Succeed or Fail 233
 - What Is a New Product? 233
 - Why Products Succeed or Fail 235
- Summary 239
- Key Terms and Concepts 239
- Questions: Applying Marketing Concepts and Perspectives 239
- Discussion Forum 240
- Internet Exercise 240
- Video Case 10: Palm Inc.: Developing Competitive New Products 240*

11 Managing Products, Services, and Brands 244

- “Run with the Little Guy . . . Create Some Change.” 245
- The Product Life Cycle 247
 - Introduction Stage 248
 - Growth Stage 249
 - Maturity Stage 250
 - Decline Stage 250
 - Some Dimensions of the Product Life Cycle 251
- Managing the Product Life Cycle 254
 - Modifying the Product 254
 - Modifying the Target Market 254
 - Repositioning the Product 255
- Managing the Marketing of Services 256
 - Product (Service) 256
 - Pricing 257
 - Place (Distribution) 257
 - Promotion 257
- Branding and Brand Management 258
 - Brand Loyalty 258
 - Brand Personality and Brand Equity 259
 - Picking a Good Brand Name 262
 - Branding Strategies 263
- Creating Customer Value through Packaging and Labelling 265
 - Communication Benefits 266
 - Functional Benefits 266
 - Perceptual Benefits 266
- Summary 267
- Key Terms and Concepts 267
- Questions: Applying Marketing Concepts and Perspectives 267
- Discussion Forum 268
- Internet Exercise 268
- Video Case 11: BMW: “Newness” and the Product Life Cycle 268*

12 Pricing Products and Services 270

- Going Online for the Best Deal! 271
- Nature and Importance of Price 272
 - What Is a Price? 272
 - Price as an Indicator of Value 273
 - Price in the Marketing Mix 274
- General Pricing Approaches 274

Demand-Oriented Approaches	274
Cost-Oriented Approaches	277
Profit-Oriented Approaches	278
Competition-Oriented Approaches	279
Estimating Demand and Revenue	280
Fundamentals of Estimating Demand	280
Fundamentals of Estimating Revenue	282
Determining Cost, Volume, and Profit Relationships	283
The Importance of Controlling Costs	283
Break-Even Analysis	283
Pricing Objectives and Constraints	285
Identifying Pricing Objectives	285
Identifying Pricing Constraints	286
Legal and Ethical Considerations	287
Setting a Final Price	289
Step 1: Select an Approximate Price Level	289
Step 2: Set the List or Quoted Price	289
Step 3: Make Special Adjustments to the List or Quoted Price	289
Step 4: Monitor and Adjust Prices	292
Summary	293
Key Terms and Concepts	293
Questions: Applying Marketing Concepts and Perspectives	294
Discussion Forum	294
Internet Exercise	294
<i>Video Case 12: Washburn International: Guitars and Break-Even Points</i>	<i>295</i>

13 Marketing Channels and Channel Logistics 298

Avon's Makeover Is More Than Cosmetic	299
Nature and Importance of Marketing Channels	300
What Is a Marketing Channel?	300
Value Created by Intermediaries	301
Channel Structure and Organization	302
Marketing Channels for Consumer Goods and Services	302
Marketing Channels for Business Goods and Services	303
Electronic Marketing Channels	304
Multiple Channels and Strategic Alliances	305
Multichannel Marketing to the Online Consumer	305
Vertical Marketing Systems	307
Channel Choice and Management	309
Factors in Choosing a Marketing Channel	310
Channel Relationships: Conflict and Cooperation	312
Logistics and Supply Chain Management	313
Supply Chains versus Marketing Channels	313
Sourcing, Assembling, and Delivering a New Car: The Automotive Supply Chain	314
Supply Chain Management and Marketing Strategy	315
Two Concepts of Logistics Management in a Supply Chain	317
Total Logistics Cost Concept	317
Customer Service Concept	317
Summary	319
Key Terms and Concepts	319
Questions: Applying Marketing Concepts and Perspectives	319
Discussion Forum	320
Internet Exercise	320
<i>Video Case 13: Creston Vineyards: Facing Channel Challenges</i>	<i>320</i>

14 Retailing and Wholesaling 322

- Truly “Canadian”—and More Than Tires! 323
- The Value of Retailing 325
 - Consumer Utilities Offered by Retailing 325
 - The Canadian Retail Scene 326
 - The Global Retail Picture 328
- Retailing Strategy 328
- Selecting a Target Market 328
- Classifying Retail Outlets 329
 - Form of Ownership 329
 - Level of Service 330
 - Merchandise mix 331
- Retailing Mix 332
 - Products and Services 332
 - Retail Pricing 332
 - Physical Location 334
 - Communications 334
- Nonstore Retailing 335
 - Automatic Vending 335
 - Television Home Shopping 336
 - Direct Marketing from a Retailing Perspective 336
 - Directmail and Catalogues 336
 - Telemarketing 336
 - Direct Selling 337
 - Online Retailing 337
 - Why Consumers Shop and Buy Online 338
 - When and Where Online Consumers Shop and Buy 339
 - Describing the Online Consumer 339
 - What Online Consumers Buy 341
- The Changing Nature of Retailing: The Retail Life Cycle 341
 - The Retail Life Cycle 341
- Wholesaling 342
 - Merchant Wholesalers 342
 - Agents and Brokers 343
 - Manufacturer’s Branches and Offices 343
- Summary 344
- Key Terms and Concepts 344
- Questions: Applying Marketing Concepts and Perspectives 344
- Discussion Forum 345
- Internet Exercise 345
- Video Case 14: Krispy Kreme: A Love Story with a Hole in It 345*

15 Integrated Marketing Communications and Interactive Marketing 348

- Promotional Magic at Disney! 349
- The Communication Process 350
 - Encoding and Decoding 351
 - Feedback 352
 - Noise 352
- The Promotional Mix 352
 - Advertising 353
 - Personal Selling 354
 - Public Relations 354
 - Sales Promotion 355

Direct Marketing	355
Integrated Marketing Communications—Developing the Promotional Mix	356
Integrated Marketing Communications	356
The Target Audience	357
The Product Life Cycle	358
Channel Strategies	358
Developing the Promotion Program	360
Specifying Promotion Objectives	360
Identifying the Target Audience	360
Setting the Promotion Budget	360
Selecting the Right Promotional Tools	361
Designing the Promotion	362
Scheduling the Promotion	362
Executing and Evaluating the Promotion Program	362
Interactive Marketing	363
Customer-Value Creation in Marketspace	363
Interactivity, Individuality, and Customer Relationships in Marketspace	364
Creating an Online Customer Experience	365
Personal Channels of Communication	368
Summary	369
Key Terms and Concepts	369
Questions: Applying Marketing Concepts and Perspectives	370
Discussion Forum	370
Internet Exercise	370
<i>Video Case 15: Airwalk, Inc.: Reaching the Youth Market with IMC</i>	370

16 Advertising, Sales Promotion, and Public Relations 374

G@oss, but G@eat!	375
Role and Scope of Advertising	377
Developing the Advertising Program	377
Setting Advertising Objectives	377
Identifying the Target Audience	378
Types of Advertisements	378
Setting the Advertising Budget	378
Designing the Advertisement	378
Selecting the Right Media	382
Different Media Alternatives	383
Scheduling the Advertising	387
Executing the Advertising Program	388
Pretesting the Advertising	388
Carrying Out the Advertising Program	389
Evaluating the Advertising Program	389
Posttesting the Advertising	389
Sales Promotion	390
The Importance of Sales Promotion	390
Consumer-Oriented Sales Promotions	390
Trade-Oriented Sales Promotions	393
Public Relations	394
Public Relations Audiences	394
Public Relations Tools	395
Summary	396
Key Terms and Concepts	397
Questions: Applying Marketing Concepts and Perspectives	397
Discussion Forum	398

Internet Exercise 398

Video Case 16: Rethink: Not Your Average Ad Agency 398

17 Direct Marketing and Personal Selling 400

Selling the Way Customers Want to Buy 401

Direct Marketing 402

The Growth of Direct Marketing 402

The Value of Direct Marketing 403

Technological, Global, and Ethical Issues in Direct Marketing 403

Scope and Significance of Personal Selling and Sales-Force Management 405

Nature of Personal Selling and Sales-Force Management 405

Selling Happens Almost Everywhere 405

Personal Selling in Marketing 405

Creating Customer Value through Salespeople: Relationship and Partnership

Selling 406

The Many Forms of Personal Selling 407

Order Taking 407

Order Getting 407

The Personal-Selling Process: Building Relationships 409

Prospecting 409

Preapproach 410

Approach 411

Presentation 411

Close 413

Follow-Up 413

The Sales-Force Management Process 413

Sales-Plan Formulation 414

Sales-Plan Implementation 414

Sales-Force Evaluation 414

Sales-Force Automation and Customer-Relationship Management 415

Summary 417

Key Terms and Concepts 417

Questions: Applying Marketing Concepts and Perspectives 418

Discussion Forum 418

Internet Exercise 418

Video Case 17: Reebok: Relationship Selling and Customer Value 419

Postscript A Look Back and a View Forward 422

Glossary

Chapter Notes

Credits

Indexes