

GARY ARMSTRONG • PHILIP KOTLER  
MICHAEL HARKER • ROSS BRENNAN

# MARKETING

AN INTRODUCTION

FOURTH EDITION



# MARKETING

## AN INTRODUCTION

# Marketing: An Introduction, European Edition

## Table of Contents

Front Cover

Half Title Page

Title Page

Copyright Page

Brief Contents

Contents

Preface

About the authors

Case matrix

Acknowledgements

Publishers acknowledgements

### PART ONE DEFINING MARKETING AND THE MARKETING PROCESS

Is marketing for everyone?

#### 1 MARKETING: MANAGING PROFITABLE CUSTOMER RELATIONSHIPS

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Marketing European football

What is marketing?

Marketing defined

The marketing process

Understanding the marketplace and customer needs

Customer needs, wants and demands

Market offerings products, services and experiences

Customer value and satisfaction

Exchanges and relationships

Markets

Designing a customer-driven marketing strategy

Selecting customers to serve

# Table of Contents

Choosing a value proposition

Marketing management orientations

MARKETING AT WORK 1.1 Facebook: real-time marketing all the time

## Preparing a marketing plan and programme

MAKING CONNECTIONS Linking the concepts

## Building customer relationships

Managing marketing relationships

The changing nature of customer relationships

Partner relationship management

## Capturing value from customers

Creating customer loyalty and retention

Growing share of customer

Building customer equity

MAKING CONNECTIONS Linking the concepts

## The new marketing landscape

The new digital age

Rapid globalisation

The call for more ethics and social responsibility

The growth of not-for-profit sector marketing

MARKETING AT WORK 1.2 Metaphors in marketing

## So, what is marketing? Pulling it all together

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## 2 COMPANY AND MARKETING STRATEGY: PARTNERING TO BUILD CUSTOMER RELATIONSHIPS

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY BT: strategy in turbulent times

Company-wide strategic planning: defining marketings role

Defining a market-oriented mission

Setting company objectives and goals

MARKETING AT WORK 2.1 Maersk Line

Designing the business portfolio

Planning marketing: partnering to build customer relationships

Partnering with other company departments

Partnering with others in the marketing system

MAKING CONNECTIONS Linking the concepts

# Table of Contents

## Marketing strategy and the marketing mix

Customer-centred marketing strategy

Developing the marketing mix

## Managing the marketing effort

Marketing analysis

Marketing planning

Marketing implementation

MARKETING AT WORK 2.2 Chilli'd Coconut Water: marketing planning for a new product line

Marketing department organisation

Marketing control

Measuring and managing return on marketing

## THE JOURNEY YOU'VE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

# PART TWO UNDERSTANDING THE MARKETPLACE AND CONSUMERS

## Making an effort to understand your customers

### 3 THE MARKETING ENVIRONMENT

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY The boycott of Arla Foods in the Middle East

#### The company's microenvironment

The company

Suppliers

Marketing intermediaries

Customers

Competitors

Publics

#### The company's macroenvironment

Demographic environment

MARKETING AT WORK 3.1 Environmental turmoil in the German car industry

MAKING CONNECTIONS Linking the concepts

Economic environment

Natural environment

Technological environment

MARKETING AT WORK 3.2 The two-edged sword of social media

Political environment

# Table of Contents

Cultural environment

MAKING CONNECTIONS Linking the concepts

Responding to the marketing environment

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## 4 MANAGING MARKETING INFORMATION

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Netflix streams success with big data and marketing analytics

Assessing marketing information needs

Developing marketing information

Internal data

MARKETING AT WORK 4.1 Air FranceKLM: flying high with CRM

Marketing intelligence

Marketing research

Defining the problem and research objectives

Developing the research plan

Gathering secondary data

EXHIBIT 4.1 Selected information sources

Primary data collection

EXHIBIT 4.2

Implementing the research plan

Interpreting and reporting the findings

MAKING CONNECTIONS Linking the concepts

Analysing marketing information

Customer relationship management

Distributing and using marketing information

MAKING CONNECTIONS Linking the concepts

Other marketing information considerations

Marketing research in small businesses and non-profit organisations

International marketing research

Public policy and ethics in marketing research

MARKETING AT WORK 4.2 Doubleplusgood market research

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

# Table of Contents

## 5 CONSUMER AND BUSINESS BUYER BEHAVIOUR

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Airbus A380

Consumer markets and consumer buyer behaviour

Model of consumer behaviour

Characteristics affecting consumer behaviour

The buyer decision process

MARKETING AT WORK 5.1 Understanding what older consumers want

The buyer decision process for new products

Consumer behaviour across international borders

MAKING CONNECTIONS Linking the concepts

Business markets and business buyer behaviour

Business markets

MARKETING AT WORK 5.2 GE: building B2B customer partnerships

Business buyer behaviour

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## PART THREE DESIGNING A CUSTOMER-DRIVEN MARKETING STRATEGY AND MARKETING MIX

Putting marketing into action

## 6 SEGMENTATION, TARGETING AND POSITIONING: BUILDING THE RIGHT RELATIONSHIPS WITH THE RIGHT CUSTOMERS

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Baltika: segmenting the beer market in Russia and the West

Market segmentation

Segmenting consumer markets

MARKETING AT WORK 6.1 Sebiro segmentation in mens clothing

Segmenting business markets

Segmenting international markets

Requirements for effective segmentation

MAKING CONNECTIONS Linking the concepts

Target marketing

Evaluating market segments

Selecting target market segments

# Table of Contents

Socially responsible target marketing

MAKING CONNECTIONS Linking the concepts

## Positioning for competitive advantage

Positioning maps

Choosing a positioning strategy

MARKETING AT WORK 6.2 Ryanairs value proposition: less for much less

Communicating and delivering the chosen position

## THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## 7 PRODUCT, SERVICES AND BRANDING STRATEGY

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Alfred Dunhill Ltd: reconciling tradition and innovation in product and brand management

### What is a product?

Products, services and experiences

Levels of product and services

Product and service classifications

### Product and service decisions

Individual product and service decisions

Product line decisions

Product mix decisions

### Branding strategy: building strong brands

Brand equity

Building strong brands

MARKETING AT WORK 7.1 Naming brands: just how much does a name matter?

Managing brands

MARKETING AT WORK 7.2 Potterheads, Twihards and Tributes

### Services marketing

Nature and characteristics of a service

Marketing strategies for service firms

### Additional product considerations

Product decisions and social responsibility

International product and services marketing

## THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references



# **Table of Contents**

## **8 DEVELOPING NEW PRODUCTS AND MANAGING THE PRODUCT LIFE CYCLE**

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Kickstarting new-product development

New-product development strategy

Idea generation

Idea screening

Concept development and testing

EXHIBIT 8.1

Marketing strategy development

Business analysis

Product development

Test marketing

Commercialisation

Organising for new-product development

MARKETING AT WORK 8.1 Electrolux: cleaning up with customer-centred, team-based new-product development

MAKING CONNECTIONS Linking the concepts

Product life-cycle strategies

Introduction stage

Growth stage

Maturity stage

Decline stage

MARKETING AT WORK 8.2 VW and Alfa Romeo: German engineering with Italian chic?

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## **9 PRICING: UNDERSTANDING AND CAPTURING CUSTOMER VALUE**

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Primark The high cost of low prices?

What is a price?

Factors to consider when setting prices

Customer perceptions of value

Company and product costs

Other internal and external considerations affecting price decisions

MARKETING AT WORK 9.1 Rolex: much more than just a watch

MAKING CONNECTIONS Linking the concepts

# Table of Contents

## New-product pricing strategies

- Market-skimming pricing
- Market-penetration pricing

## Product mix pricing strategies

- Product line pricing
- Optional-product pricing
- Captive-product pricing
- By-product pricing
- Product bundle pricing

## Price adjustment strategies

- Discount and allowance pricing
- Segmented pricing
- Psychological pricing
- Promotional pricing
- MAKING CONNECTIONS Linking the concepts
- Geographical pricing
- Dynamic pricing
- MARKETING AT WORK 9.2 Dynamic pricing at easyJet and Ryanair: climbing the skies with low prices
- International pricing

## Price changes

- Initiating price changes
- Responding to price changes
- Public policy and pricing

## THE JOURNEY YOUVE TAKEN Reviewing the concepts

## Navigating the key terms

## Notes and references

# 10 MARKETING CHANNELS AND SUPPLY CHAIN MANAGEMENT

## Chapter objectives

## THE WAY AHEAD Previewing the concepts

## CASE STUDY Pinturas Fierro: slow but safe growth

## Supply chains and the value-delivery network

## The nature and importance of marketing channels

- How channel members add value
- Number of channel levels

## Channel behaviour and organisation

- Channel behaviour
- Vertical marketing systems

# Table of Contents

Horizontal marketing systems

Multichannel distribution systems

Changing channel organisation

MARKETING AT WORK 10.1 Steam-powered marketing: disintermediation in the computer game industry

## Channel design decisions

Analysing consumer needs

Setting channel objectives

Identifying major alternatives

Evaluating the major alternatives

Designing international distribution channels

## Channel management decisions

Selecting channel members

Managing and motivating channel members

Evaluating channel members

## Public policy and distribution decisions

## Marketing logistics and supply chain management

Nature and importance of marketing logistics

Goals of the logistics system

Major logistics functions

Integrated logistics management

MARKETING AT WORK 10.2 Zara: fast fashions really fast

## THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

# 11 RETAILING AND WHOLESALING

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Aldi: dont discount them

## Retailing

Types of retailers

EXHIBIT 11.1 Major store retailer types

MAKING CONNECTIONS Linking the concepts

Retailer marketing decisions

The future of retailing

MARKETING AT WORK 11.1 Movers and shakers: leaders in European retailing

MAKING CONNECTIONS Linking the concepts

## Wholesaling

# **Table of Contents**

MARKETING AT WORK 11.2 The Greenery: a fresh approach

Types of wholesalers

Wholesaler marketing decisions

Trends in wholesaling

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## **12 COMMUNICATING CUSTOMER VALUE: ADVERTISING, SALES PROMOTION AND PUBLIC RELATIONS**

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Renault: how a sausage, a sushi roll, a crispbread and a baguette  
have affected car sales in Europe

The promotion mix

Integrated marketing communications

The new marketing communications landscape

The shifting marketing communications model

The need for integrated marketing communications

Shaping the overall promotion mix

The nature of each promotion tool

Promotion mix strategies

MAKING CONNECTIONS Linking the concepts

**Advertising**

Setting advertising objectives

Setting the advertising budget

Developing advertising strategy

MARKETING AT WORK 12.1 Narrowcasting Savile Row and science fiction

MARKETING AT WORK 12.2 Advertising in computer games

Evaluating advertising effectiveness and return on advertising investment

Other advertising considerations

MAKING CONNECTIONS Linking the concepts

**Sales promotion**

Rapid growth of sales promotion

Sales promotion objectives

Major sales promotion tools

Developing the sales promotion programme

**Public relations**

The role and impact of public relations

# **Table of Contents**

Major public relations tools

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## **13 COMMUNICATING CUSTOMER VALUE: PERSONAL SELLING AND DIRECT MARKETING**

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Innovating in business relationships: how Philips works with international retailers

Personal selling

The nature of personal selling

The role of the sales force

Managing the sales force

Designing sales force strategy and structure

Recruiting and selecting salespeople

Training salespeople

Compensating salespeople

Supervising and motivating salespeople

Evaluating salespeople and sales force performance

MAKING CONNECTIONS Linking the concepts

The personal selling process

Steps in the selling process

Personal selling and customer relationship management

Direct marketing

The new direct marketing model

MARKETING AT WORK 13.1 Groupon: making life less boring through direct marketing on the Web

Benefits and growth of direct marketing

Customer databases and direct marketing

Forms of direct marketing

MAKING CONNECTIONS Linking the concepts

Integrated direct marketing

MARKETING AT WORK 13.2 Direct marketing success stories

Public policy and ethical issues in direct marketing

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## **PART FOUR EXTENDING MARKETING**

# Table of Contents

## Can Marketing Save the World?

### 14 MARKETING IN THE DIGITAL AGE

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Printing the future

The digital age

The wonderful world of internet statistics

Marketing strategy in the digital age

E-business, e-commerce and e-marketing in the digital age

Benefits to buyers

Benefits to sellers

E-marketing domains

B2C (business to consumer)

B2B (business to business)

C2C (consumer to consumer)

C2B (consumer to business)

Marketing on the Web

Click-only versus click-and-mortar e-marketers

MAKING CONNECTIONS Linking the concepts

Setting up an online marketing presence

MARKETING AT WORK 14.1 Marketing applications: from Angry Birds to happy marketers

The promises and challenges of the digital age

New intermediaries and the pushback against Facebook

Society and culture

Mass customisation and new markets

MARKETING AT WORK 14.2 Digital disruption in home entertainment Blockbuster, Lovefilm and HBO

The Webs darker side legal and ethical issues

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

### 15 THE GLOBAL MARKETPLACE

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Spotify fulfilling a global niche

Global marketing in the twenty-first century

Looking at the global marketing environment

# Table of Contents

The international trade system

Economic environment

Political/legal environment

Cultural environment

MARKETING AT WORK 15.1 McDonalds: serving customers around the world

Deciding whether to go international

Deciding which markets to enter

Deciding how to enter the market

Exporting

Joint venturing

Direct investment

MAKING CONNECTIONS Linking the concepts

Deciding on the global marketing programme

MARKETING AT WORK 15.2 Doing business with China: culture matters

Product

Promotion

Price

Distribution channels

Deciding on the global marketing organisation

THE JOURNEY YOU'VE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

## 16 ETHICS, SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Chapter objectives

THE WAY AHEAD Previewing the concepts

CASE STUDY Help for a life without tobacco

Social criticisms of marketing

Marketing's impact on individual consumers

MARKETING AT WORK 16.1 The international obesity debate: who's to blame?

MAKING CONNECTIONS Linking the concepts

Marketing's impact on society as a whole

Marketing's impact on other businesses

Citizen and public actions to regulate marketing

Consumerism

Sustainability

MARKETING AT WORK 16.2 The VW emissions scandal

Public actions to regulate marketing

Business actions towards socially responsible marketing

# **Table of Contents**

Sustainable marketing

MAKING CONNECTIONS Linking the concepts

Marketing ethics

EXHIBIT 16.1 Some morally difficult situations in marketing

EXHIBIT 16.2 American Marketing Association: Ethical norms and values for marketers

THE JOURNEY YOUVE TAKEN Reviewing the concepts

Navigating the key terms

Notes and references

Appendix 1 Marketing metrics

Appendix 2 Careers in marketing

Glossary

Index

Back Cover