

MARKETING MANAGEMENT

4th European edition

Philip

Kotler

Kevin Lane

Keller

Mairead

Brady

Malcolm

Goodman

Torben

Hansen

Marketing Management



Pearson

At Pearson, we have a simple mission: to help people make more of their lives through learning.

We combine innovative learning technology with trusted content and educational expertise to provide engaging and effective learning experiences that serve people wherever and whenever they are learning.

From classroom to boardroom, our curriculum materials, digital learning tools and testing programmes help to educate millions of people worldwide – more than any other private enterprise.

Every day our work helps learning flourish, and wherever learning flourishes, so do people.

To learn more, please visit us at www.pearson.com/uk

Philip
Kotler
Kevin Lane
Keller
Mairead
Brady
Malcolm
Goodman
Torben
Hansen

Marketing Management

4th European Edition



Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney • Dubai • Singapore • Hong Kong
Tokyo • Seoul • Taipei • New Delhi • Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

PEARSON EDUCATION LIMITED

KAO Two
KAO Park
Harlow CM17 9SR
United Kingdom
Tel: +44 (0)1279 623623
Web: www.pearson.com/uk

Authorised adaptation from the United States edition, entitled *MARKETING MANAGEMENT*, 15th Edition, ISBN 0133856461 by KOTLER, PHILIP; KELLER, KEVIN, published by Pearson Education, Inc, Copyright © 2016.

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage retrieval system, without permission from Pearson Education Inc.

Fourth European Edition published by Pearson Education Ltd, Copyright © 2019

First published 2009 (print)
Second edition 2012 (print and electronic)
Third edition published 2016 (print and electronic)
Fourth edition published 2019 (print and electronic)

© Pearson Education Limited 2009 (print)
© Pearson Education Limited 2012, 2016, 2019 (print and electronic)

The rights of Philip Kotler, Kevin Lane Keller, Mairead Brady, Malcolm Goodman and Torben Hansen to be identified as authors of this work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

The print publication is protected by copyright. Prior to any prohibited reproduction, storage in a retrieval system, distribution or transmission in any form or by any means, electronic, mechanical, recording or otherwise, permission should be obtained from the publisher or, where applicable, a licence permitting restricted copying in the United Kingdom should be obtained from the Copyright Licensing Agency Ltd, Barnard's Inn, 86 Fetter Lane, London EC4A 1EN.

The ePublication is protected by copyright and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publishers, as allowed under the terms and conditions under which it was purchased, or as strictly permitted by applicable copyright law. Any unauthorised distribution or use of this text may be a direct infringement of the authors' and the publisher's rights and those responsible may be liable in law accordingly.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

The screenshots in this book are reprinted by permission of Microsoft Corporation.

Pearson Education is not responsible for the content of third-party internet sites.

The Financial Times. With a worldwide network of highly respected journalists, *The Financial Times* provides global business news, insightful opinion and expert analysis of business, finance and politics. With over 500 journalists reporting from 50 countries worldwide, our in-depth coverage of international news is objectively reported and analysed from an independent, global perspective. To find out more, visit www.ft.com/pearsonoffer.

ISBN: 978-1-292-24844-8 (print)
978-1-292-24847-9 (PDF)
978-1-292-24846-2 (ePub)

British Library Cataloguing-in-Publication Data

A catalogue record for the print edition is available from the British Library

Library of Congress Cataloging-in-Publication Data

A catalog record for the print edition is available from the Library of Congress

10 9 8 7 6 5 4 3 2 1
23 22 21 20 19

Print edition typeset in 9.25/11.75 ITC Giovanni Std by Pearson CSC
Print edition printed in Slovakia by Neografia

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

This book is dedicated to my wife and best friend, Nancy, with love - PK

This book is dedicated to my wife, Punam, and my two daughters, Carolyn and Allison,
with much love and thanks - KLK

This book is dedicated to Martin and three great girls, Aine, Leah and Isabel,
with all my love - MB

This work is dedicated to my wife, Jill, my daughter, Abigail, my son, David,
and to the memory of my father - MRVG

To Ulla and to the memory of my mother and father - TH

About the authors

Philip Kotler is one of the world's leading authorities on marketing. He is the S. C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University. He received his master's degree at the University of Chicago and his Ph.D. at MIT, both in economics. He did postdoctoral work in mathematics at Harvard University and in behavioural science at the University of Chicago.



Dr Kotler is the coauthor of *Principles of Marketing and Marketing: An Introduction*. Dr Kotler's other books include *Marketing Models*; *The New Competition*; *Marketing Professional Services*; *Strategic Marketing for Educational Institutions*; *Marketing for Health Care Organizations*; *Marketing Congregations*; *High Visibility*; *Social Marketing*; *Marketing Places*; *The Marketing of Nations*; *Marketing for Hospitality and Tourism*; *Standing Room Only – Strategies for Marketing the Performing Arts*; *Museum Strategy and Marketing*; *Marketing Moves*; *Kotler on Marketing*; *Lateral Marketing*; *Winning at Innovation*; *Ten Deadly Marketing Sins*; *Chaotics*; *Marketing Your Way to Growth*; *Winning Global Markets* and *Corporate Social Responsibility*.

In addition, he has published more than 150 articles in leading journals, including the *Harvard Business Review*, *Sloan Management Review*, *Business Horizons*, *California Management Review*, the *Journal of Marketing*, the *Journal of Marketing Research*, *Management Science*, the *Journal of Business Strategy* and *Futurist*. He is the only three-time winner of the coveted Alpha Kappa Psi award for the best annual article published in the *Journal of Marketing*. Professor Kotler was the first recipient of the American Marketing Association's (AMA) Distinguished Marketing Educator Award (1985). The European Association of Marketing Consultants and Sales Trainers awarded him their Prize for Marketing Excellence. He was chosen as the Leader in Marketing Thought by the Academic Members of the AMA in a 1975 survey. He also received the 1978 Paul Converse Award of the AMA, honouring his original contribution to marketing. In 1995, the Sales and Marketing Executives International (SMEI) named him Marketer of the Year. In 2002, Professor Kotler received the Distinguished Educator Award from the Academy of Marketing Science. In 2013, he received the William L. Wilkie 'Marketing for a Better World' Award and subsequently received the Sheth Foundation Medal for Exceptional Contribution to Marketing Scholarship and Practice. In 2014, he was inducted into the Marketing Hall of Fame.

He has received honorary doctoral degrees from Stockholm University, the University of Zurich, Athens University of Economics and Business, DePaul University, the Cracow School of Business and Economics, Groupe H.E.C. in Paris, the Budapest School of Economic Science and Public Administration, the University of Economics and Business Administration in Vienna, and Plekhanov Russian Academy of Economics. Professor Kotler has been a consultant to many major US and foreign companies, including IBM, General Electric, AT&T, Honeywell, Bank of America, Merck, SAS Airlines, Michelin and others in the areas of marketing strategy and planning, marketing organisation and international marketing.

He has been Chairman of the College of Marketing of the Institute of Management Sciences, a Director of the American Marketing Association, a Trustee of the Marketing Science Institute, a Director of the MAC Group, a member of the Yankelovich Advisory Board and a member of the Copernicus Advisory Board. He was a member of the Board of Governors of the School of the Art Institute of Chicago and a member of the Advisory Board of the Drucker Foundation. He has travelled extensively throughout Europe, Asia and South America, advising and lecturing to many companies about global marketing opportunities.

Kevin Lane Keller is the E. B. Osborn Professor of Marketing at the Tuck School of Business at Dartmouth College in New Hampshire, USA. Professor Keller has degrees from Cornell, Carnegie-Mellon and Duke universities. At Dartmouth, he teaches MBA courses on marketing management and strategic brand management and lectures in executive programmes on those topics. Previously, Professor Keller was on the faculty at Stanford University, where he also served as the head of the marketing group. Additionally, he has been on the faculty at the University of California at Berkeley and the University of North Carolina at Chapel Hill, has been a visiting professor at Duke University and the Australian Graduate School of Management, and has two years of industry experience as Marketing Consultant for Bank of America.

Professor Keller's general area of expertise lies in marketing strategy and planning and branding. His specific research interest is in how understanding theories and concepts related to consumer behaviour can improve marketing and branding strategies. His research has been published in three of the major marketing journals: the *Journal of Marketing*, the *Journal of Marketing Research* and the *Journal of Consumer Research*. He also has served on the Editorial Review Boards of those journals. With over 120 published papers, his research has been widely cited and has received numerous awards.

He has served as a consultant and advisor to marketers for some of the world's most successful brands, including Accenture, American Express, Disney, Ford, Intel, Levi Strauss, L. L. Bean, Nike, Procter & Gamble, and Samsung. Additional brand-consulting activities have been with other top companies such as Allstate, Beiersdorf (Nivea), BJs, BlueCross BlueShield, Campbell, Capital One, Caterpillar, Colgate, Combe, Eli Lilly, ExxonMobil, General Mills, GfK, Goodyear, Hasbro, Heineken, Intuit, Irving Oil, Johnson & Johnson, Kodak, Mayo Clinic, MTV, Nordstrom, Ocean Spray, Red Hat, SAB Miller, Serta, Shell Oil, Starbucks, Time Warner Cable, Uni-lever, and Young & Rubicam. He has served as an expert witness for a wide variety of firms. He has also served as an academic trustee for the Marketing Science Institute and as their executive director from 2013 to 2015.

A popular and highly sought-after speaker, he has made keynote speeches and conducted marketing seminars to top executives in a variety of forums. Some of his senior management and marketing training clients have included such diverse business organisations as AT&T, Cisco, Coca-Cola, Deutsche Telekom, ExxonMobil, Fidelity, GE, Google, Hershey, Hyundai, IBM, Macy's, Microsoft, Nestle, Novartis, PepsiCo, S. C. Johnson & Son and Wyeth. He has lectured all over the world, from Seoul to Johannesburg, from Sydney to Stockholm, and from Sao Paulo to Mumbai.

Professor Keller is currently conducting a variety of studies that address strategies to build, measure and manage brand equity. His textbook on those subjects, *Strategic Brand Management*, in its fourth edition, has been adopted at top business schools and leading firms around the world and has been heralded as the 'bible of branding'.

An avid sports, music and film enthusiast, in his so-called spare time he has helped to manage and market, as well as serve as executive producer for, one of Australia's great rock-and-roll treasures, The Church, as well as American power-pop legends Tommy Keene and Dwight Twilley. He also serves on the Board of Directors for The Doug Flutie, Jr. Foundation for Autism, the Lebanon Opera House and the Montshire Museum of Science. Professor Keller lives in Etna, NH, with his wife, Punam (also a Tuck marketing professor), and his two daughters, Carolyn and Allison.



Mairead Brady is an assistant Professor of Marketing at the Trinity School of Business, Trinity College Dublin. She holds a Ph.D. from the University of Strathclyde in Scotland, which she completed under the supervision of Professors Michael Saren and Nikolaos Tzokas.

Dr Brady lectures at undergraduate and Master levels and supervises Ph.D. students. She is also the director of the BA Mod in Computer Science and Business. She provides executive education to managers and directors and also provides consulting and marketing advice to multinational companies as well as start-ups and Irish government agencies. She was a recent winner of the Provost Teaching Award at Trinity College Dublin as a recognition of her commitment to her teaching and teaching innovations.



Dr Brady's research focuses on the assimilation and management of digital technologies in marketing. She concentrates on analysing the challenges of contemporary marketing practice with papers and research work in the area of digital challenges, social networking realities and myths, and how real-time data affects business. She is also the academic lead on the Pearson MyMarketingExperience game-based learning, which is an online simulation designed to engage students in the writing of a marketing plan. This aligns with her research interest in academic adoption of technology within third level education, in the digitalised student and the role of technology, and particularly games and simulations, in the development of higher-order cognitive skills. She is a core member of a network of academics, including educationalists and computer scientists, who are evaluating the growing assimilation of technology into the university setting.

With more than 90 publications, including journal articles and international conference papers and presentations, Dr Brady is a prolific author. She has published in many journals, including *British Journal of Educational Technology*, *Psychology and Marketing*, *Journal of Marketing Management*, *Journal of Business and Industrial Marketing*, *International Journal of Technology Marketing*, *International Journal of Applied Logistics*, *Irish Marketing Review*, *Irish Journal of Management and Management Decision*. She has been guest editor of the *Irish Journal of Management* and *Journal of Business and Industrial Marketing*, which she jointly edited with Professor Rod Brodie of the University of Auckland. She was also guest editor of the *Service Industries Journal*, (2015) with Mark Durkin, and Aodheen, McCartan from the University of Ulster on exploring social media impact within service contexts.

Dr Brady was co-chair of the Irish Game-Based Learning Conference, held in Trinity College in 2016. She was also chair of the Irish Academy of Management Conference and she was on the organising committee of the 11th International Product Development Management Conference held at Trinity College. She was/is a reviewer and/or track chair for the following conferences: European Marketing Academy Conference (EMAC), International Conference on Service Operations, Logistics and Informatics (IEEE/INFORMS), Academy of Marketing, American Marketing Association and American Academy of Management.

She was also a editor on the book - *Social Media & Interactive Communication: A service sector reflective on the challenges for practice and theory*, 1st Edition, Oxfordshire, Routledge (2016), with Mark Durkin, and Aodeen McCarten. Additionally, Dr Brady has contributed chapters to a selection of books, including two to *Marketing Graffiti* edited by Professor Michael Saren and one to the *Handbook of Teaching with Technology in Management, Leadership, and Business* with a chapter title of: 'The challenges of adopting technology for assessment in higher education: Implications for assessment design and technology deployment'.

Her many conference publications include the European Academy of Marketing (EMAC), European Academy of Management (EURAM), American Academy of Management (AOM), British Academy of Management (BAM), Irish Academy of Management, Academy of Marketing (UK and Ireland), Australian and New Zealand Marketing Academy (ANZMAC), IEEE/INFORMS, European Group for Organizational Studies (EGOS) and Academy of International Business. She was the communications director for the technology and innovation special interest group of the American Marketing Association and is currently the secretary of the Management Education Division of the Academy of Management (American).

With a busy work and home life, Dr Brady still makes the time to enjoy travel. She particularly likes socialising with friends, though time with her family – Martin and Aine, Leah and Isabel – is her greatest joy.

Malcolm Robert Victor Goodman has retired from full-time teaching and is actively engaged in AJM Management Development, a partnership specialising in the practical application of marketing, creativity, change management and strategic innovation initiatives. He is also Visiting Associate of Sheffield Business School, Sheffield Hallam University. He has co-authored *Creativity and Strategic Innovation Management* (2nd edition) with Professor Dingli of the Edward de Bono Institute for the Design and Development of Thinking at the University of Malta. During his twenty-plus years at Durham Business School he taught both undergraduates and postgraduates at the University of Durham in the UK. His specialist subjects are business creativity, organisational change and marketing.

He graduated in economics after submitting a practical marketing study on the cricket bat and ball industries of Britain, designed to explore the gap between theoretical knowledge and its application to the real world. This became the springboard for a lifetime interest in the practical application of marketing concepts and techniques. Professor Goodman also holds the Diploma from the UK's Chartered Institute of Marketing.

The paradigm change in many markets, both in Europe and further afield, from sellers' to buyers' markets, sparked his fascination with the problems that many organisations face as they seek to come to terms with the challenges presented by mounting global competition. This has led to him developing a keen interest in business creativity and organisational change. The pursuit of business success now requires a holistic integration of creative management and marketing management skills, and this challenges organisations to pursue and adopt new attitudes and skills.

Publications include original texts on *The Cricket Bat and Ball Industries of Britain* and *Creative Management*. He also contributed a chapter entitled 'Managing in times of change: avoiding management myopia' in *Strategy and Performance: Achieving Competitive Advantage in the Global Market* edited by Abby Ghobadian, Nicholas O'Regan, David Gallear and Howard Viney, which has been translated into Chinese. Professor Goodman has produced several papers for academic, trade and industry publications. He has also authored and contributed to distance learning courses in marketing for Durham University Business School and tutored on the UK's Open University Creative Management course.

Before entering the academic profession, Professor Goodman gained experience in the practical application of creative management and marketing skills in executive posts at British Leyland (where he was market planner for British Leyland France), General Motors, Lucas Industries and the Tube Investments Group. He also served as Marketing Director for Lindley Lodge, a charity charged with the provision of development training programmes for young people, which provided useful experience in getting results with a very small budget. Training courses run for the coal and steel industries were balanced by the pioneering of programmes for national retailers such as Boots and Marks & Spencer.

During his career, management briefs have covered both consumer and business-to-business assignments. These have included product and market planning posts that have provided a wealth of experience in working with outside professional agencies. Professor Goodman has worked on several international assignments and has conducted on-the-spot marketing surveys and management briefs in Europe (particularly France and Germany) and in the Far East (especially Indonesia, Malaysia, Singapore and Thailand).

He has been a consultant to and been involved in creative management and marketing training with many organisations including ICI, Lucas, Marks & Spencer, Price Waterhouse, the Royal Navy, Sunderland Association Football Club and Uniroyal. He has also contributed to the UK government-inspired gifted and talented youth programme (NAGTY) by running two-week summer school programmes in practical business skills at the University of Durham.

In his youth, Professor Goodman played football and roamed the pitch for the London-based Crystal Palace FC. A lifetime interest in sport – mainly football and cricket – has convinced him of the importance of taking a holistic and team-based approach to management tasks. His academic career began with an appointment to teach marketing and management skills on the Royal Navy Resettlement Programme and to run UK government-sponsored practical business courses for small businesses (SMEs) at the Portsmouth Management Centre (now Portsmouth University). He also brought and further developed retail-orientated training programmes for Boots and Marks & Spencers. His current activity is characterised by a strong desire to assist clients and students to apply creative management and marketing skills practically, to enable them to make a difference in highly competitive global markets.

Outside of work he cites his main interests – other than sport – to be camping, creative thinking, current affairs and classical music. He is happily married to Jill and has an adult daughter and son.



Torben Hansen is a Professor at the Department of Marketing, Copenhagen Business School (CBS). He received his Bachelor's and Master's degrees from the University of Southern Denmark and his Ph.D. from Copenhagen Business School. His main fields of research are consumer behaviour and marketing research methods, and his papers have appeared in various academic journals, including *Journal of Service Research*, *Psychology & Marketing*, *Food Policy*, *International Journal of Consumer Studies*, *European Journal of Marketing*, *Journal of Consumer Behaviour*, *Journal of Foodservice Business Research*, *Journal of Product & Brand Management*, *Journal of International Consumer Marketing*, *International Journal of Retail & Distribution Management*, *International Review of Retail Distribution and Consumer Research*, *Journal of Retailing and Consumer Services* and others, and he has contributed a number of chapters in scholarly books. He has authored or co-authored several books, including *New Perspectives in Retailing: A Study of the Interface between Consumers and Retailers*. He is a frequent speaker at national and international conferences and community forums.



Professor Hansen is editor in chief of the *Consumer Behaviour Newsletter* at Copenhagen Business School. He has served as a member of the Danish Food Think Tank and a member of the Danish Marketing Practices Act Committee. Professor Hansen has also served as chairman of the Danish Money and Pension Panel, a board established by the Danish parliament with the purpose of improving consumers' knowledge of and interest in financial matters. Apart from the chairman, the panel comprises eight Danish consumer-orientated and financial organisations. In 2011 Professor Hansen was appointed member of the BEUC (the European Consumer Organisation) Consumer Strategy Council. He has received several awards for his research, including the Marketing Trends Award, the International Academy of Business & Public Administration Research Award, the ICEBMM (International Conference on Economics, Business and Marketing Management) Best Presentation Award, and the Copenhagen Business School Gold Medal.

Professor Hansen has worked as a consultant for various companies and collaborates with several private organisations and public authorities, including the Danish Chamber of Commerce, the Ministry of Science, Technology and Innovation, the Confederation of Danish Industry and the Danish Consumer Council. He is a VIP member of the Danish Shareholders' Association. As a consumer behaviour expert, he is often called upon by the press, which relies on him for assessments of market trends and comments on consumer behaviour issues.

Professor Hansen has served as a reviewer for several leading marketing journals, including *Journal of Service Research*, *Journal of the Academy of Marketing Science*, *International Review of Retail, Distribution and Consumer Research*, *Journal of Consumer Psychology*, *Journal of Retailing and Consumer Services*, *International Journal of Retail and Distribution Management*, *British Food Journal* and *Journal of Marketing Management*. In 2010 he was appointed chairman of the Northern European scientific committee for the ESCP-EAP International Marketing Trends Congress. Professor Hansen has chaired, or been a member of, several assessment committees for various academic positions. He is the director of the M.Sc. programme in Economics and Marketing (EMF) at Copenhagen Business School and has wide teaching experience, which also includes Master's and Ph.D. supervision activities.

Professor Hansen has a passion for food and wine, and often experiments with exotic spices and new recipes, which with various success he serves for people who visit him and his wife in their home. He has appeared on Danish television as a guest chef in a popular comedy cookery and talk show. In his spare time he often goes boating in his small but fast boat, which he also uses for fishing expeditions. He enjoys do-it-yourself work on his old country house.

Brief contents

	<i>Preface</i>	xxv
	<i>Acknowledgements</i>	xxix
	<i>Publisher's acknowledgements</i>	xxx
PART 1	Understanding Marketing Management	1
Chapter 1	Defining marketing for the new realities	2
Chapter 2	Understanding marketing management within a global context	32
Chapter 3	Developing marketing strategies and plans	64
Chapter 4	Managing digital technology in marketing	104
	Part 1 Case study: Virgin Atlantic	134
PART 2	Capturing Marketing Insights	137
Chapter 5	The changing marketing environment and information management	138
Chapter 6	Managing market research and forecasting	164
Chapter 7	Analysing consumer markets	194
Chapter 8	Analysing business markets	234
Chapter 9	Dealing with competition	264
	Part 2 Case study: Cheese odour marketing	289
PART 3	Connecting with Customers	291
Chapter 10	Seeking and developing target marketing differentiation strategies	292
Chapter 11	Creating customer value, satisfaction and loyalty	336
Chapter 12	Creating and managing brands and brand equity	374
Chapter 13	Digital and global brand management strategies	408
	Part 3 Case study: San Pellegrino: delighting mineral water consumers	435
PART 4	Shaping and Pricing the Market Offering	437
Chapter 14	Designing, developing and managing market offerings	438
Chapter 15	Introducing new market offerings	478
Chapter 16	Developing and managing pricing strategies	510
	Part 4 Case study: Burberry	544
PART 5	Communicating Value	547
Chapter 17	Designing and managing non-personal marketing communications	548
Chapter 18	Managing personal communications	590
	Part 5 Case study: Walkers crisps	621

PART 6	Delivering Value	623
Chapter 19	Designing and managing distribution channels and global value networks	624
Chapter 20	Managing process, people and physical evidence	660
	Part 6 Case study: Apple stores: delivering value	690
PART 7	Managing Marketing Implementation and Control	693
Chapter 21	Implementing marketing management	694
Chapter 22	Managing marketing metrics	730
	Part 7 Case study: Unilever: implementing and measuring corporate sustainability	756
	<i>Glossary</i>	758
	<i>Index</i>	773

Contents

	<i>Preface</i>	xxv
	<i>Acknowledgements</i>	xxix
	<i>Publisher's acknowledgements</i>	xxx
PART 1	Understanding Marketing Management	1
Chapter 1	Defining marketing for the new realities	2
	The value of marketing	4
	The scope of marketing	6
	Marketing's role in creating demand	9
	European marketing realities	10
	Technology	10
	Globalisation	11
	Social responsibility	12
	A dramatically changed marketplace	13
	New consumer capabilities	14
	New company capabilities	16
	Marketing philosophy: production, selling, marketing and holistic	
	marketing philosophies	17
	The production philosophy	17
	The selling philosophy	18
	The marketing philosophy	18
	The holistic marketing philosophy	19
	Overview of marketing management	24
	Case study of marketing management	25
Chapter 2	Understanding marketing management within a global context	32
	What is management?	34
	The process of management	35
	Why is management difficult?	39
	What is marketing management?	42
	Valuing marketing within organisations	44
	Managing across the entire organisation	45
	Managing outsourced activities	46
	Managing networks and relationships	46
	Understanding global marketing management	48
	Deciding whether to go abroad	50
	Deciding how to enter the market	52
	Deciding which markets to enter	54
	Deciding on standardised or adapted marketing	56
	Managing in developing and low-income markets	57

Chapter 3	Developing marketing strategies and plans	64
	Marketing and customer-perceived value	66
	Business environment paradigm change	66
	The value delivery process	66
	The value chain	68
	Core competencies	69
	A holistic marketing orientation and customer-perceived value	72
	The central role of corporate strategic planning	73
	Corporate and divisional strategic planning	74
	Defining the corporate mission	75
	Organisation and organisational culture	77
	Defining the business	77
	Assigning resources to each SBU	78
	Building the corporate business portfolio – assessing growth opportunities	80
	Marketing innovation	85
	Business unit strategic planning	87
	The business mission	87
	SWOT analysis	88
	Critique of conventional SWOT analysis	91
	Goal formulation	91
	Strategic formulation	92
	Programme formulation and implementation	93
	Feedback and control	94
	Change today, not tomorrow	95
	Questions	96
	The nature and content of a marketing plan	96
	Contents of the marketing plan	96
	Sample marketing plan: Euromart	97
	Introduction	97
Chapter 4	Managing digital technology in marketing	104
	Understanding digital technologies within marketing management	106
	The range of technologies in marketing	108
	Information and interaction perspectives	110
	Managing digital technologies	112
	Evaluation and selection of digital technologies	114
	Supporting the adoption and implementation of digital technologies	116
	Uniting marketing and IT functions	123
	Future technologies: opportunities and challenges	124
	Part 1 Case study: Virgin Atlantic	134
PART 2	Capturing Marketing Insights	137
Chapter 5	The changing marketing environment and information management	138
	The company environment	140
	The marketing environment	140
	Analysing the macroenvironment	140
	The sociocultural and demographic environment	142

	The economic environment	147
	The social-cultural environment	148
	The ecological and physical environment	149
	The technological environment	151
	The political-legal environment	152
	Managing the marketing information system	153
	Components of a modern marketing information system	153
	Internal records	154
	The marketing intelligence system	155
	Databases, data warehousing and data mining	156
Chapter 6	Managing market research and forecasting	164
	The marketing research system	166
	The marketing research process	167
	Step 1: define the problem, the decision alternatives and the research objectives	168
	Step 2: develop the research plan	169
	Step 3: collect the information	181
	Step 4: analyse the information	182
	Step 5: present the findings	182
	Step 6: make the decision	183
	Overcoming barriers to the use of marketing research	184
	Forecasting and demand measurement	185
	The measures of market demand	185
	Estimating current demand	186
	Estimating future demand	189
Chapter 7	Analysing consumer markets	194
	The study of consumer behaviour	196
	Culture	196
	Social groups	198
	The individual consumer	201
	The interaction between dimensions	204
	Key psychological processes	204
	Motivation: Freud, Maslow, Herzberg	205
	Perception	206
	Learning	207
	Memory	208
	Perspectives on consumer behaviour	209
	The behaviourist perspective	209
	The information-processing perspective	210
	The emotional perspective	211
	The cultural perspective	213
	A multi-perspective approach	213
	The buying decision process: the five-stage model	213
	Problem recognition	215
	Information search	215
	Evaluation of alternatives	216
	Purchase decision	218
	Post-purchase behaviour	220
	Other theories of consumer decision making	221
	Level of consumer involvement	221

	Behavioural decision theory and behavioural economics	224
	Decision heuristics	226
	Framing	226
	Mental accounting	226
	Profiling consumer product buying and usage behaviour	227
Chapter 8	Analysing business markets	234
	What is organisational buying?	236
	The business market versus the consumer market	236
	Buying situations	238
	Systems buying and selling	241
	Participants in the business buying process	241
	The buying centre	241
	Buying centre influences	242
	Targeting firms and buying centres	242
	The purchasing/procurement process	243
	Stages in the buying process	244
	Problem recognition	244
	General need description and product specification	245
	Supplier search	245
	Proposal solicitation	247
	Supplier selection	247
	Order-routine specification	249
	Performance review	250
	Managing business-to-business relationships	250
	The role of uncertainty in business relationships	251
	Transaction cost economics	251
	Network theory	253
	Vertical coordination	254
	Institutional and government markets	257
Chapter 9	Dealing with competition	264
	Identifying competitors	266
	Analysing competitors	268
	Strategies	268
	Objectives	268
	Strengths and weaknesses	269
	Selecting competitors	270
	Selecting customers	271
	Competitive strategies for market leaders	272
	Expanding the total market	273
	Protecting market share	274
	Expanding market share	277
	Other competitive strategies	278
	Market-challenger strategies	278
	Market-follower strategies	280
	Market-nicher strategies	281
	Balancing customer and competitor orientations	282
	Competitor-centred companies	282
	Customer-centred companies	283

Competing in an economic downturn	283
Explore the upside of increasing investment	283
Get closer to customers	284
Review budget allocations	285
Put forth the most compelling value proposition	285
Fine-tune brand and product offerings	285
Part 2 Case study: Cheese odour marketing	289
PART 3	291
 Connecting with Customers	
Chapter 10	292
 Seeking and developing target marketing differentiation strategies	
Levels of market segmentation	294
Segment group marketing	294
Niche marketing	295
Local marketing	297
Individual marketing	299
Bases for segmenting consumer markets	300
Geographic segmentation	300
Demographic segmentation	302
Psychographic segmentation	308
Behavioural segmentation	310
Bases for segmenting business markets	314
Market targeting	315
Effective segmentation criteria	316
Evaluating and selecting market segments	316
Additional considerations	318
Creating differentiation and positioning strategies	320
Positioning	320
Establishing category membership	322
Choosing POPs and PODs	323
Creating POPs and PODs	325
Perceptual or positioning mapping	326
What can positioning analysis do for a company's business?	326
Positioning maps	327
Developing a positioning strategy	327
Repositioning	328
Developing and communicating a differentiation strategy	329
Cost leadership	329
Distinctive superior quality	330
Cost leadership and quality differentiation	330
Differentiation strategies	330
The purpose of positioning	331
Chapter 11	336
 Creating customer value, satisfaction and loyalty	
Building customer value	338
Customer-perceived value	341

Building customer satisfaction	344
Brand inertia and brand loyalty	344
Total customer satisfaction	346
Market offering quality dimension	349
Maximising customer lifetime value	350
Customer profitability	350
Customer lifetime value – conceptual dream or real-time activity?	352
Cultivating customer relationships	353
Customer relationship management	353
Attracting and retaining customers	356
Building customer loyalty	358
Improving loyalty	358
Developing loyalty programmes	360
The experience economy	363
The value experience	363
Interactive marketing	367
Complexity of markets	367
Emotional turn	368
Chapter 12	
Creating and managing brands and brand equity	374
Understanding brand management	377
What is a brand?	377
The roles of brands	378
Strategic brand management decisions	381
Creating and managing brand identities: names, logos, slogans and images	383
Brand narratives and storytelling	387
Managing individual or house brand names	387
Managing brand extensions	388
Managing brand portfolios	392
Brand reinforcing and revitalisation	394
Growing, sustaining and managing brand equity	398
Chapter 13	
Digital and global brand management strategies	408
What is a digital brand?	410
Digital branding as a core management requirement	411
Understanding the digital brand experience	412
Understanding the consumer decision journey and digital branding	413
Linking social networking and the consumer decision journey	416
Digital brand communities	417
Online brand communities' member characteristics	419
Managing global brands	420
Factors leading to increased global branding	422
Managing iconic global brands	424
Operating a global brand strategy	426
Part 3 Case study: San Pellegrino: delighting mineral water consumers	435

PART 4	Shaping and Pricing the Market Offering	437
Chapter 14	Designing, developing and managing market offerings	438
	Product life cycle marketing strategies	440
	Product life cycles	440
	Style, fashion and fad life cycles	441
	Marketing strategies: the introduction stage and the pioneer advantage	442
	Marketing strategies: the growth stage	444
	Marketing strategies: the maturity stage	444
	Marketing strategies: the decline stage	447
	Evidence on and critique of the product life cycle concept	448
	Critique of the product life cycle concept	449
	Market evolution	450
	Emergence	450
	Growth	450
	Maturity	450
	Decline	451
	Product characteristics and classifications	451
	Product levels: the customer-perceived value hierarchy	452
	Product/market offering classifications	453
	Differentiation	455
	Market offering differentiation	456
	Design differentiation	459
	Service differentiation	459
	Product and brand relationships	460
	The product/market offering hierarchy	460
	Product/market offering systems and mixes	461
	Product-line analysis	461
	Product-line length	463
	Co-branding and ingredient branding	467
	Packaging, labelling, warranties and guarantees	468
	Packaging	468
	Labelling	472
	Warranties and guarantees	473
Chapter 15	Introducing new market offerings	478
	New market offering options	480
	Make or buy?	480
	Types of new product	480
	Challenges in new-product/market offering development	481
	The innovation imperative	481
	New product/market offering success	482
	New product/market offering failure	482
	Organisational arrangements	483
	Budgeting for new product development	483
	Organising new product/market offering development	485
	Managing the development process: Stage 1 – ideas	486
	Process stages	486
	Idea generation	486
	Idea screening	491

	Managing the development process: Stage 2 – concept to strategy	492
	Concept development and testing	492
	Marketing strategy development	495
	Business analysis	496
	Managing the development process: Stage 3 – prototype to commercialisation	497
	Product and market development	497
	Market testing	498
	Commercialisation and launch	500
	The consumer adoption process	502
	Stages in the process	502
	Factors influencing the process	502
Chapter 16	Developing and managing pricing strategies	510
	Understanding pricing	512
	Pricing in a digital world	512
	How companies price	513
	Consumer psychology and pricing	515
	Setting the price	518
	Step 1: selecting the pricing objective	518
	Step 2: determining demand	520
	Step 3: estimating costs	522
	Step 4: analysing competitors' costs, prices and offers	525
	Step 5: selecting a pricing method	525
	Step 6: selecting the final price	532
	Adapting the price	533
	Geographical pricing (cash, countertrade, barter)	533
	Price discounts and allowances	533
	Promotional pricing	534
	Differentiated pricing	535
	Initiating and responding to price changes	536
	Initiating price cuts	536
	Initiating price increases	537
	Responding to competitors' price changes	538
	Part 4 Case study: Burberry	544
PART 5	Communicating Value	547
Chapter 17	Designing and managing non-personal marketing communications	548
	The role of marketing communications	550
	The changing marketing communications environment	550
	Non-personal marketing (mass communication)	551
	Marketing communications, brand equity and sales	552
	The communication process models	553
	Developing effective communications	555
	Identifying the target audience	555
	Deciding the communications mix objectives	556
	Designing the communications	556
	Selecting the communications channels	559

Establishing the total marketing communications budget	560
Selecting the marketing communications mix	561
Characteristics of the mix	562
Factors in setting the mix	563
Developing and managing an advertising programme	564
Setting objectives	565
Deciding on the advertising budget and developing the advertising campaign	566
Managing media matters	569
Evaluating alternative media	573
Evaluating advertising effectiveness	575
Sales promotion	576
Setting objectives	576
Advertising versus sales promotion	576
Major decisions	577
Events, experiences, public and press relations	579
Setting objectives	579
Major sponsorship experiences	580
Creating experiences	581
Major decisions in marketing public relations	582
Major decisions in marketing press relations	583
Chapter 18	
Managing personal communications	590
Personal communications mix	592
Paid, earned and owned media	593
Direct marketing	593
Personal selling	593
Word-of-mouth (WOM) marketing	593
Social media marketing	593
Direct marketing	594
Setting objectives	594
The benefits of direct marketing	594
Direct mail	594
Catalogue marketing	596
Telemarketing	596
Other media for direct response marketing	597
Public and ethical issues	597
Interactive and online marketing communications	597
Brave new world requires a deeper understanding of consumers	599
Online marketing communications	599
Developing and managing the personal sales force	602
Setting objectives and strategy	602
Sales force management issues	603
Key principles of personal selling	604
The six steps of selling	605
Impact of social media technology	606
Word-of-mouth (WOM) marketing	606
Opinion leaders	607
Social media marketing	608
The growing importance of social media	608
Social media platforms	609
Online communities and forums	609

	Blogs	609
	Social platforms	610
	Developing a social media marketing plan	611
	Advantages and disadvantages of social media	611
	Evaluating the performance of social media marketing (metrics)	612
	Social media marketing trends	613
	Integrated marketing communications (IMC)	613
	Two-step flow of information	613
	Coordinating media	614
	Implementing IMC	614
	Implications of digital media for practitioners	615
	Marketing communications toolbox	616
	Managing an integrated marketing communications mix	617
	Part 5 Case study: Walkers crisps	621
PART 6	Delivering Value	623
Chapter 19	Designing and managing distribution channels and global value networks	624
	Managing distribution channels and value networks	626
	The importance of channels	626
	The role of distribution channel members	633
	Channel functions and flows	633
	Channel levels	634
	Service supply chain	635
	Channel-design decisions	636
	Analysing customer needs and wants	636
	Establishing objectives and constraints	638
	Identifying major channel alternatives	638
	Evaluating major channel alternatives	640
	Selecting and management channel members	641
	Selecting channel members	641
	Evaluating channel members	642
	Modifying channel design and arrangements	643
	Channel integration and systems	644
	Vertical marketing systems	644
	Managing conflict, cooperation and competition	646
	Types of conflict and competition	646
	Managing channel conflict	646
	Integrating multichannel and omnichannels	648
	Online, mobile and digital channel management	650
	Online-only companies	650
	Online and brick-and-click companies	652
	Exploring future technologies within distribution	652
Chapter 20	Managing process, people and physical evidence	660
	Service process design and management	662
	Service process blueprint	664
	Managing variability within service process design	667
	Service process and customer satisfaction	669

Understanding people management challenges	672
Managing technology-supported interactions	672
Training service personnel	674
Hiring and managing service personnel	675
Service personnel managing failure and recovery	676
Co-creation of value: customer participation	677
Service-level engagement	678
Managing the physical evidence and experience environment	678
Managing sensory marketing: using the five senses	680
The future: managing and combining human and digital	683
Part 6 Case study: Apple stores: delivering value	690
PART 7	
Managing Marketing Implementation and Control	693
Chapter 21	Implementing marketing management
	694
Restructuring marketing practices	696
Internal marketing	696
Critique of internal marketing	698
Organising the marketing department	698
Relations with other departments	702
Building a creative marketing organisation	702
Taking the creative approach	703
Building a creative culture	704
Creativity – a mystical gift for some or something for all?	705
Maintaining momentum	705
Marketing implementation	706
Leadership	706
Methodology and making room for creativity	707
Fostering a creative marketing culture	707
Socially responsible marketing	708
Corporate social responsibility	708
Socially responsible business models	712
Cause-related marketing	713
Cause-marketing benefits and costs	714
Social marketing	715
Ethnic marketing	716
Green marketing	717
Digital and traditional marketing are inseparable	719
The Internet of things	720
Marketing revisited	720
The marketing manager’s key tasks	720
Quo vadis?	721
Back to basics and some new perspectives	721
Holding things together	722
Getting started	723
Chapter 22	Managing marketing metrics
	730
The need for marketing metrics	732
What marketing metrics should do	732

Measuring the past, the present or the future	734
Measuring marketing performance and productivity	736
Counting-based metrics	736
Accounting-based metrics	736
Outcome metrics	737
Big data and social media metrics	747
Corporate social responsibility	747
Marketing dashboards	748
Part 7 Case study: Unilever: implementing and measuring corporate sustainability	756
<i>Glossary</i>	758
<i>Index</i>	773

Lecturer Resources

For password-protected online resources tailored to support the use of this textbook in teaching, please visit www.pearsoned.co.uk/kotler



Preface

What is Marketing Management all about?

The US edition of *Marketing Management* is the world's leading marketing text because its content and organisation consistently reflect changes in marketing theory and practice. The fourth European edition of *Marketing Management* has been inspired by the US editions and explores the challenges facing European marketing practitioners.

European companies continue to change their boardroom understanding of the importance of marketing practice moving marketing activity from the narrow cost view to their core philosophy and an investment that demands close and company wide attention driving their business in a sustainable manner for their customers, their business and for society. It is progressively being seen as a company-wide rather than a functional activity that drives the company's vision, mission and strategic planning. Marketing management's role is in identifying and consistently delivering customer perceived value offerings to carefully targeted customers in the vibrant and challenging European marketplace, which has increased global geopolitical unrest, increased digitalised and global competition and increased focus on the responsibilities of organization to their customers, their profitability and also the planet. Marketing management demands sophisticated decision making involving a host of vital decisions underpinned by the marketing philosophy to decide on who the company wants as its customers or target markets, which of their perceived needs to meet, what market offerings to develop, at what price, using which online and offline channels of distribution with which partnerships, and with which processes, people and environmental designs. The rapid development of digital technologies must also be used wisely and managed successfully throughout the management of marketing from analysis to planning to implementation and control.

Marketing can succeed only when it is a total company effort across all the functions in an organisation working in a coordinated way to beat competitive organisations by consistently pleasing and delighting customers at a profit to the organization and cognizant of the social responsibility of the organisation. While firms have had to develop a consistent customer-oriented approach to their businesses, there are further challenges thanks to the explosion of digital technology and the rapid expansion of social media in its wake. Such challenges demand a reappraisal of traditional marketing practice. Traditional marketing mix approaches such as the 4Ps, have now expanded to the 7Ps and a service-dominant logic which provides insight into how to meet the expectations of

consumers and business to business customers in competitive economies. The traditional split between product and service marketing is best superseded by a composite approach that focuses on the need for suppliers to meet their customers' perceived value expectations through all aspects of the organization viewed through the lens of the 7 P's of the marketing mix. The explosive development of digital technology continues to have a profound effect for marketers. Firms now operate a variety of direct and indirect channels. New forms of communication are enriching the traditional communications mix and meeting today's requirement to open up and sustain multiple models of communication. Digitalisation has greatly empowered market research and big data can be generated, accessed and used at ever increasing speeds. The drive to personalise rather than standardise market offerings is potentially costly but technological development have provided cost efficient benefits. The increased move to artificial intelligence, machine learning, robotics, automation, smart interconnected product and service and augment and virtual reality and many other new and developed technologies can challenge marketing managers and automate, augment or transform practices, processes and even industries. Therefore marketers must manage a range of developing technologies efficiently, effectively and across the full spectrum of marketing activities all of which are explored and discussed throughout this text. Marketing managers and business are also supported by an increasing range of both online and offline key metrics to measure marketing programme effectiveness and the financial return on their marketing investment. These also provide increased transparency, accountability and credibility for marketing practices in the boardroom and support implementation and control of the marketing management process.

This text is designed to provide marketing managers with the means to understand, plan and control for the complexities of contemporary European marketing challenges including increased digitalization and increased geopolitical conflicts and to have oversight of the entire company effort needed to satisfy customers at a profit and aware of their wider corporate responsibility throughout their networks, to society and the planet.

Marketing management

To achieve the right balance between the concepts of effectiveness and efficiency, marketers practise their expertise on a national, international and global scale. Marketing management is the design, development and implementation

of marketing programmes, processes and activities that recognise the breadth and interdependencies of the business environment.

Marketing managers face four key tasks:

- 1 Develop a detailed and deep understanding of current and prospective customers. Much of this should come from regular direct contact with customers and from programmed ad hoc research to reveal new trends in customer preferences. Suitable customer-perceived value offerings should then be developed and introduced into the market as quickly as prudent to gain or maintain a sustainable competitive advantage.
- 2 Develop a detailed and deep understanding of existing and emerging competitors by regarding expenditure on suitable market research as an investment decision rather than a cost sign-off.
- 3 Develop a detailed and deep understanding of how markets are changing. This needs to be communicated clearly by regular briefing reports to all functional managers to facilitate a holistic approach to marketing in the company. Updated topics might include the state of key markets (context), distribution and marketing communication channels – especially social media.
- 4 Develop a strategic marketing approach to support corporate strategy. Seek to become a ‘market driver’ rather than be a company that is ‘market driven’.

Marketing management recognises that ‘everything matters’ with marketing and that a broad, integrated perspective is necessary.

Organisation

The text specifically addresses the following operations that constitute the essence of modern marketing management:

- 1 Understanding marketing management.
- 2 Capturing marketing insights.
- 3 Connecting with customers.
- 4 Shaping and pricing the market offering.
- 5 Communicating value.
- 6 Delivering value.
- 7 Managing marketing implementation and control.

The most significant organisational changes in the European edition as compared with the US edition are as follows:

- All chapters provide a European focus and include illustrations drawn from European companies.
- The text argues the case for marketing management in Europe and explores its practice through the use of a number of marketing mixes.
- Management skills and the core requirements of a successful manager are introduced in this text, which sees management skills as critical for marketing managers.
- The aim of marketing management is the provision of customer-perceived value offerings to both consumers and business-to-business customers.

- The growth in digital marketing has provided marketing management with an array of tools, including the internet, mobile and smart phones, social networking and viral marketing, self-service technologies, dashboards and big data, to name but a few.
- To complement the use of digital technologies the text provides a window into the increasing interest in and use of creative marketing technologies.
- As marketing management becomes crucial in Europe, there is a need to ensure that marketing initiatives are both effective and efficient. The text devotes a whole chapter to exploring marketing metrics.
- A selection of topic templates, including formats to encourage readers to practise drawing up marketing plans, is also included.
- European case studies and exercises are featured to help readers bridge the gap between knowledge and practice.

Chapter-by-chapter changes for this edition

Chapter 1 Defining marketing for the new realities

- Marketing during challenging economic and politically disruptive times.
- Marketing is a philosophy of business and a core senior-board-level activity guiding the organisations.
- Marketing and technology are intertwined.
- Understanding the current unprecedented changes to European marketing presenting numerous challenges.

Chapter 2 Understanding marketing management within a global context

- Increasingly complex European markets and marketing management issues.
- Contemporary challenges for high-performing marketing departments.
- Managing digital technologies such as robotics, artificial intelligence, augmented and virtual reality, etc.
- Managing automation and transformation of many businesses and processes.
- Increased focus on valuing marketing within organisations.
- Growth in global management challenges.
- The challenges of developing countries.

Chapter 3 Developing marketing strategies and plans

- Importance of the business environmental paradigm change from sellers’ to buyers’ markets and the challenges this presents to marketing management.
- The importance of the transformation in the concept of value and the need for firms to develop and deliver value to their customers.
- Change today not tomorrow – key strategies for managing change.

- Critique of conventional SWOT analysis.
- Moving from *know-what* to *know-how* – a sample €uro mart marketing plan enables readers to get to grips with the practical application of marketing concepts and reflects the seven parts of the text.
- The importance of open business models.

Chapter 4 Managing digital technology in marketing

- The transformation of processes, practices and managerial challenges through ever-increasing digital technology adoption.
- Increased focus on mobile, internet and data.
- New marketing title including marketing technologist.
- Understanding the digitalised customer.
- Mapping the challenges and changing digital landscape.
- Increased utilisation of apps and mobile as normal.
- Some future predictions – robotics, AI, augmented and virtual reality, smart-connected products and services, smart personnel assistance and wearable technology.

Chapter 5 The changing marketing environment and information management

- Managing sustainability.
- Shifts in European population.
- Increased focus on sustainable energy.

Chapter 6 Managing market research and forecasting

- New examples of marketing research.
- Big data.
- Advantages and disadvantages of research approaches.

Chapter 7 Analysing consumer markets

- Increased focus on consumer social networks.
- New examples of consumer behaviour.
- Examples of new consumer market offerings in Europe.

Chapter 8 Analysing business markets

- Increased focus on social media in business markets.
- Examples of successful business models.

Chapter 9 Dealing with competition

- Trust in financial service providers.
- In-depth examples of successful competitors.
- Competing in a changing environment.

Chapter 10 Seeking and developing target marketing differentiation strategies

- Geodemographic market research agencies that operate in Europe.
- Description of key trends in the social and cultural environment – youth and ethnic markets.
- Forces shaping European social change.

Chapter 11 Creating customer value, satisfaction and loyalty

- The pursuit of customer-perceived value.
- Customer lifetime value – a conceptual dream or real-time activity?
- The empowered customer and European legislation.

Chapter 12 Creating and managing brands and brand equity

- Massive brand portfolios and brand values.
- Branding storytelling and narratives.
- Social media evaluations and their impacts on brands.
- The four ages of branding – identity, value, experience and you.
- Brands that have reach across generations and national boundaries.

Chapter 13 Digital and global brand management strategies

- Enhancing the consumer digital experience.
- Digital innovations and branding – from augmented reality to apps.
- The power and reach of online and global brand communities.
- The reach and impact of the top global and technology brands.

Chapter 14 Designing, developing and managing market offerings

- The development of balanced market offering portfolios as product life cycles shorten.
- The challenge of high customer churn rates as marketing evolution gathers pace under the influence of dynamic competition and innovation.
- The ecological issues surrounding packaging in Europe.
- The function and European legal regulations affecting packaging.

Chapter 15 Introducing new market offerings

- Many cultures, many markets – the development of new market offerings in Europe.
- Europe's leading innovative companies.
- Key national innovation performances.
- Examples of successful new market offerings in Europe.

Chapter 16 Developing and managing pricing strategies

- Examples of successful pricing strategies.
- Pricing in a sharing economy.
- Pricing in a digital economy.

Chapter 17 Designing and managing non-personal marketing communications

- The role of marketing communications.
- How marketing communications work.
- The major steps for developing effective marketing communications.
- The marketing communications mix?
- How the marketing communications budget is established.
- The steps required to develop an advertising programme.
- How sales promotion decisions are made.
- How companies can exploit public relations potential.

Chapter 18 Managing personal communications

- Personal communications mix.
- Direct marketing.
- Interactive and online marketing activities.
- Developing and managing the sales force.
- Impact of social media technologies.
- Social media marketing.
- Integrated marketing communications.
- Implications of digital media for practitioners.

Chapter 19 Designing and managing distribution channels and global value networks

- Order from anywhere and fulfil from anywhere.
- Multiple and omnichannels.
- The rise in digital channels and their amalgamation with offline channels.
- Increased complexity of channel management issues.

- Trade, border and global supply challenges from issues such as Brexit, Middle East disruptions and trade wars between a variety of countries.
- Replacement of the traditional supply chain with a digital supply network.
- Increased digitalisation of branding with apps, virtual reality, social media and so on.
- Speed and developments in online and offline delivery using drones, AI, robotics, etc.

Chapter 20 Managing process, people and physical evidence

- The transformation of processes through digital adoption.
- Digital technologies within service process.
- Increased digital and personnel coordination.
- Digital technologies at the consumer interface.
- Future technologies and automation and transformation.
- Managing robotics and other challenging technologies.

Chapter 21 Implementing marketing management

- Internal marketing critique.
- The application of true creativity in marketing.
- Creativity – a mystical gift for some or something for everyone?
- Potential for marketing to European ethnic and green groups.
- Key tasks for marketing managers.

Chapter 22 Managing marketing metrics

- New insights in marketing metrics usage.
- New marketing metrics examples.

Acknowledgements

This fourth European edition of *Marketing Management* contains contributions from many people: in particular, Phil Kotler, whose work, comments and guiding hand greatly assisted the development of the text, and Kevin Lane Keller, whose insights into marketing have also inspired the authors of this edition.

The text has been co-authored by Malcolm Goodman of Durham University, Torben Hansen of the Copenhagen Business School and Mairead Brady of Trinity College, Dublin. Our thanks are due to many academics in our own and other universities as well as contacts too numerous to detail.

We would like to thank the reviewers who have helped develop the content and perspective of this fourth European edition. We are very grateful for their insightful comments and recommendations. Our thanks go to:

James Hewitt Bennett, Oxford Brookes University
Dr Usha Sundaram, University of East Anglia
Professor Christoph Willers, Cologne Business School

Wendy Tabrizi, Aston University
Dr Richard Tressider, Keele University

No publishing exercise on this scale can reach a satisfactory climax without the hard work and dedication of a host of people who work in support of the project. We wish to record our appreciation of the driving but encouraging and gentle hand of our editors, Tom Hill and Eileen Srebernik. We also wish to acknowledge the professional and creative contributions of Anita Atkinson, content producer, Kevin Ancient, text and cover designer, Antonia Maxwell, copy editor, Emily Anderson, proofreader and Phyllis Van Reenen, indexer.

In addition, we all owe a lot to our families and close friends who have exercised patience and have supported us during the hectic authoring weeks. We have produced a fresh and modern text that we hope you will enjoy.

Mairead Brady
Malcolm Goodman
Torben Hansen

Publisher's acknowledgements

Text

3 Haymarket Media Group Ltd: S. Kimberley (2011) Ikea rolls out battle of the sexes campaign, *Brand Republic News*, 31 March, www.campaignlive.co.uk/news/1063045/, accessed 8 September 2014. **5 Forbes Media LLC:** J. Trout (2006) Tales from the marketing wars: Peter Drucker on marketing, *Forbes*, www.forbes.com/2006/06/30/jack-trout-on-marketing-cx-jt_0703drucker.html **6 HarperCollins Publishers:** P. Drucker (1973) *Management: Tasks, Responsibilities, Practices*, New York: Harper & Row, pp. 64–5. **8 Houghton Mifflin Harcourt:** J. C. Levinson (2007) *Guerrilla Marketing: Easy and Inexpensive Strategies for Making Big Profits from Your Small Business*, 4th edn, Boston, MA: Houghton Mifflin. **8 Iris Albrecht:** I. Albrecht (2010) Brand-oriented companies are almost twice as successful as others, www.irisalbrecht.de/en/marke.htm; **8 GfK:** © GfK: GfK Purchasing Power 2017. **10 McKinsey & Company, Inc.:** J. Bughin, L. LaBerge and A. Mellby (2018) The case for digital reinvention, McKinsey, https://www.mckinsey.com/~media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Digital%20Reinvention%20Unlocking%20the%20how/Digital-Reinvention_Unlocking-the-how.ashx. **10 International World Stats:** International World Stats: www.internetstats.com/stats9.htm. **11 Harvard Business School Publishing:** R. Rust, C. Moorman and G. Bhalla (2010) Rethinking marketing, *Harvard Business Review*, January–February, 94–102. **11 Forbes Media LLC:** D. Kirkpatrick (2011) Social power and the coming corporate revolution, *Forbes*, 26 September. **12 Andreas Ullmann:** Andreas Ullmann, a senior consultant at Sport1Markt. **12 The Financial Times Limited:** Murad Ahmed, Patrick Mathurin (2019) Man Utd's financial success belies its on-pitch performance, *Deloitte, Financial Times*. **13 Guardian News and Media Limited:** A. Spicer (2015), <https://www.theguardian.com/sustainable-business/2015/oct/09/vw-bp-corporate-scandals-emissions-tests-oil-spill-horsemeat-rana-plaza>. **14 Miniwatts Marketing Group:** <https://www.internetworldstats.com/stats.htm> © Miniwatts Marketing Group. **14 Google LLC:** <https://www.computerweekly.com/blog/Computer-Weekly-Data-Bank/UK-is-third-in-Europe-for-Social-Networking>. **16 The Financial Times Limited:** S. Bond (2017) Streaming revenue to surpass physical music sales this year, *Financial Times*, 7 June, <https://www.ft.com/content/94c5cdb0-4a26-11e7-a3f4-c742b9791d43>. **18 Harvard Business School Publishing:** T. Levitt (1960) Marketing myopia, *Harvard Business Review*, July–August, 50. **19 SAGE Publishing:** D. G. B. Jones and A. J. Richardson (2007) The myth of the marketing revolution, *Journal of Macromarketing*, 27(1), 15–24. **20 Amazon.com, Inc.:** Bill Price, Global VP of Customer Service, Amazon. **20 Mahatma Gandhi:** Mahatma Gandhi. **21 Harvard Business School Publishing:** A. Ignatius (2014) The best-performing CEOs in the world, *Harvard Business Review*, 92(11), 47–56. **23 Jan Carlzon:** Jan Carlzon.

35 Macmillan Publishers: S. Tiernan, M. Morley and E. Foley (2006) *Modern Management*, 3rd edn, Dublin: Gill and Macmillan. **35 TheMarketingSite.com:** M. B. Wood (2011) *The Marketing Plan: A Handbook*, 4th edn, Harlow: Pearson; W. Knight (2011) Behind every successful product is a good marketing plan, www.themarketingsite.com/live/content.php?Item_ID=3849 **35 Cengage Learning:** J. Martin and M. Fellenz (2017) *Organisational Behaviour and Management*, 5th edn, Hampshire: South Western Cengage Learning. **37 Phil T Kotler:** P. Kotler (2004) A three-part plan for upgrading your marketing department for new challenges, *Strategy and Leadership*, 32(5), 5–9. **37 Insider Inc.:** J. D'Onfro (2014) 13 Angela Ahrendts quotes that prove why she's the perfect person to run Apple's retail business, *Business Insider*, www.businessinsider.com/best-angela-ahrendts-quotes-apple-svp-retail-2014-6?op=1#ixzz3Hk4TirtR. **37 Pearson Education:** C. O'Neill and J. Mowll (2010) *Managing, Fast Track to Success*, Harlow: FT Prentice Hall. **38 Matti Alahuhta:** Matti Alahuhta, CEO of Kone. **39 Harvard Business School Publishing:** Reprinted by permission of *Harvard Business Review*. From R. Rust, C. Moorman and G. Bhalla (2010) Rethinking marketing, *Harvard Business Review*, Jan.–Feb. Copyright © 2010 by the Harvard Business School Publishing Corporation. All rights reserved. **40 Cengage Learning:** J. Martin and M. Fellenz (2017) *Organisational Behaviour and Management*, 5th edn, Hampshire: South Western Cengage Learning. **41 Cengage Learning:** J. Martin and M. Fellenz (2017) *Organisational Behaviour and Management*, 5th edn, Hampshire: South Western Cengage Learning. **42 HarperCollins Publishers:** H. Mintzberg (1973) *The Nature of Managerial Work*, HarperCollins College. **42 CBS Interactive:** King (2013) Angela Ahrendts speaks out about leaving Burberry for Apple, ZDnet, www.zdnet.com/article/angela-ahrendts-speaks-out-about-leaving-burberry-for-apple/, accessed January 2015. **42 Forbes Media LLC:** B. Marr (2017) The amazing way Burberry is using AI and Big Data to drive success, <https://www.forbes.com/sites/bernardmarr/2017/09/25/the-amazing-ways-burberry-is-using-artificial-intelligence-and-big-data-to-drive-success/#6fa6c4f24f63>. **42 John Wiley & Sons, Inc.:** G. Day and D. Reibstein (2004) *Wharton on Dynamic Competitive Strategy*, New York: Wiley. **43 Emerald Publishing Limited:** G. Bruce and G. Schoenfeld (2006) Marketers with MBAs: Bridging the thinking–doing divide, *Marketing Intelligence and Planning*, 24(3), 257. **44 Massachusetts Institute of Technology:** F. Webster, A. Malter and S. Ganesan (2005) The decline and dispersion of marketing competence, *MIT Sloan Management Review*, 46(4), 35–43. Copyright © 2005 from MIT Sloan Management Review/Massachusetts Institute of Technology. All rights reserved. Distributed by Tribune Media Services. **45 Harvard Business School Publishing:** A. Joshi and E. Gimenez (2014) Decision driven marketing, *Harvard Business Review*, July, 92(7/8), 64–71.

- 46 American Marketing Association:** R. S. Achrol and P. Kotler (1999) Marketing in the network economy, *Journal of Marketing*, 63, 146–63. **47 Harvard Business School Publishing:** B. Reeves, T. W. Malone and T. O'Driscoll (2008) Leadership's online labs, *Harvard Business Review*, July, 59–66. **47 Harvard Business School Publishing:** B. Reeves, T. W. Malone and T. O'Driscoll (2008) Leadership's online labs, *Harvard Business Review*, July, 59–66. **48 H&M:** H&M's creative advisor, Ann-Sofie Johansson **48 H&M:** H&M. **49 The Economist Newspaper Limited:** Economist (2016) What the world thinks about globalisation, <https://www.economist.com/graphic-detail/2016/11/18/what-the-world-thinks-about-globalisation>. **54 Wavteq Ltd:** The Impact of Brexit on Foreign Direct Investment Into the UK: Recommendations for Investment Promotion Strategy, <https://www.wavteq.com/brexit/>. **55 Disneyland:** Disneyland executive. **59 Marketing Management:** Adapted from V. Mahajan, M. V. Pradini De Moraes and J. Wind (2000) The invisible global market, *Marketing Management*, Winter, 31–5. See also Khanna and Palepu (2006) op. cit. **60 Groupe Danone:** Groupe Danone. Used with permission. **70 Marcus Engman:** Marcus Engman, Head of Design for IKEA. **70 Harvard Business School Publishing:** Reprinted by permission of Harvard Business School Press. From G. S. Day and P. J. H. Schoemaker (2006) *Peripheral Vision: Detecting the Weak Signals That Will Make or Break Your Company*, Boston, MA. Copyright © 2006 by the Harvard Business School Publishing Corporation; all rights reserved. **71 The Financial Times Limited:** S. London (2002) The future means getting personal, *Financial Times*, 12 December. **72 Harvard Business School Publishing:** Reprinted by permission of Harvard Business School Press. From P. Kotler, D. C. Jain and S. Maesincee (2002) *Marketing Moves*, MA, p. 29. Copyright © 2002 by the Harvard Business School Publishing Corporation; all rights reserved. **75 Arla Foods:** Mission statement from Arla Foods. **75 Carlsberg Group:** Mission statement from Carlsberg Group. **75 IKEA:** Mission statement from IKEA. **75 Philips:** Mission statement from Philips. **76 Google LLC:** Google mission statement 2013 – Strategic Management Insight, https://www.strategicmanagement_insight.com: <http://panmore.com/google-vision-statement-mission-statement>. **77 IKEA:** Vision statement from IKEA. **77 Penguin Random House LLC:** A. G. Lafley and R. Charan (2008) *The Game Changer*, London: Profile Books. **84 Emerald Publishing Limited:** J. Peters (1993) on product and service management (analytical models for product portfolio management) (*Business Policy in Action*), *Management Decision*, 31(6), <https://doi.org/10.1108/00251749310046701>. **86 BMW Group:** Slogans by BMW. **86 Massachusetts Institute of Technology:** Adapted from M. Sawhney, R. C. Wolcott and I. Arroniz (2006) The 12 different ways for companies to innovate, *MIT Sloan Management Review*, 47(3), 78. Copyright © 2006 from MIT Sloan Management Review/Massachusetts Institute of Technology. All rights reserved. Distributed by Tribune Media Services. **93 Harvard Business School Publishing:** Porter, M. E. 1996. What is a strategy? *Harvard Business Review*, November–December, 61–78. **94 John Wiley & Sons:** Based on P. Doyle (2000) *Value-Based Marketing Strategies for Corporate Growth and Shareholder Value*, Chichester: John Wiley & Sons. See also K. Ward (2004) *Marketing Finance: Turning Marketing Strategies into Shareholder Value*, Oxford, Butterworth–Heinemann. **94 HarperCollins Publishers:** P. F. Drucker (2006) *The Effective Executive: The Definitive Guide to Getting the Right Things Done*, New York: Harper Business Essentials, Chapter 1. **95 P. H Coombes:** P. H Coombes, *Lecturer in Marketing*, Sheffield Hallam University. **95 Harvard Business School Publishing:** J. Magretta (2002) Why Business Models Matter, *Harvard Business Review*, 80(5), 86–92. **95 Harvard Business School Publishing:** R. Casadesus-Masanell and J. E. Ricart (2011) How to Design a Winning Business Model, *Harvard Business Review*, 89(1/2), 100–107 **95 Elsevier:** K. Frankenberger, T. Weiblen and O. Gassmann, (2013). Network Configuration, Customer Centricity, and Performance of Open Business Models: A Solution Provider Perspective. *Industrial Marketing Management*, 42(5), 671–682. **95 J. Whybrow:** J. Whybrow (2005) in *Mastering Change*, BBC Books. **96 Palo Alto Software:** Based on T. Berry and D. Wilson (2000) *On Target: The Book on Marketing Plans*, Eugene, Or: Palo Alto Software. **106 Harvard Business School Publishing:** S. Brinker and L. McLellan (2014) The rise of the chief marketing technologist, *Harvard Business Review*, July–August, 1–5. **106 Carol Fairweather:** Carol Fairweather, Burberry. **106 Elsevier:** P. Kannan and H. A. Li (2017) Digital marketing: A framework, review and research agenda, *International Journal of Research in Marketing*, 34, 22–45. **107 Capgemini Consulting:** M. Tannou and G. Westerman (2017) Nike: From Separate Digital Initiatives to Firm-Level Transformation MIT Centre, https://capgemini.com/consulting/wpcontent/uploads/sites/30/2017/07/digital_transformation_at_nike_20-12_.pdf. **108 McKinsey & Company, Inc.:** S. Brinker and Heller J. (2018) Marketing technology: What it is and how it should work, <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/marketing-technology-what-it-is-and-how-it-should-work>. **108 Gartner, Inc.:** L. McLellan (2014) How the presence of a chief marketing technologist impacts marketing, Gartner Group, www.gartner.com/doc/2652017/presence-chief-marketing-technologist-impact. **111 Scott Brinker:** Chief Marketing Technologist Blog – Scott Brinker (2017), <https://chiefmartec.com/2017/05/marketing-technology-landscape-supergraphic-2017/>. **111 Houghton Mifflin Harcourt:** V. Mayer-Schönberger and K. Cukier (2013) *Big Data: A Revolution that Will Transform How We Live, Work, and Think*, London: Eamon Dolan/Houghton Mifflin Harcourt. **111 Scott Brinker:** Chief Marketing Technologist Blog – Scott Brinker (2017). **114 Harvard Business School Publishing:** A. Joshi and E. Gimenez (2014) Decision driven marketing, *Harvard Business Review*, July, 92(7/8), 64–71. **114 IDG Communications, Inc.:** C. Koch (2004) Nike rebounds: How (and why) Nike recovered from its supply chain disaster, CIO, 15 June. **114 Kogan Page Publishers:** D. Ryan (2014) *Understanding Digital Marketing: Marketing Strategies for Engaging the Digital Generation*, London: Kogan Page. **115 D. Adams:** D. Adams (1981) *Hitchhikers Guide to the Galaxy*, Pan, London. **115 Gartner, Inc.:** Gartner Identifies Three Megatrends That Will Drive Digital Business Into the Next Decade, 2017, Gartner, Inc. **116 Gartner, Inc.:** Gartner Identifies Three Megatrends That Will Drive Digital Business Into the Next Decade, <https://www.gartner.com/>

newsroom/id/3784363. Accessed July 2018. **118 Shutterstock:** Proxima Studio/Shutterstock. **122 Shutterstock:** Paolo Bona/Shutterstock. **123 Forbes Media LLC:** B. Millar (2014) Group Danone: Not digital marketing, but marketing in a digital era, *Forbes*, <https://www.forbes.com/sites/forbesinsights/2014/09/05/group-danone-not-digital-marketing-but-marketing-in-a-digital-era/#25da3fec45dc>. **124 Journal of Business and Industrial Marketing:** M. Brady, M. R. Fellenz and R. Brookes (2008) Researching the role of information and communication technologies in contemporary marketing, *Journal of Business and Industrial Marketing*, 23(2), 108–14. **125 Holtzbrinck Publishing Group:** W. Kingston (1984) *The Political Economy of Innovation*, Springer, London. **128 Volkswagen AG:** Martin Goede, the Head of Technology Planning and Development for the Volkswagen brand. **129 McKinsey & Company, Inc.:** J. Manyika and K. Sneider (2018) AI, automation, and the future of work: Ten things to solve for, <https://www.mckinsey.com/featured-insights/future-of-organizations-and-work/ai-automation-and-the-future-of-work-ten-things-to-solve-for>. **129 The Financial Times Limited:** J. Margolis (2018) I am microchipped and have no regrets. *Financial Times*, May, <https://www.ft.com/content/6c0591b4-632d-11e8-bdd1-cc0534df682c>. **129 McKinsey & Company, Inc.:** T. Allas and V. Hunt (2018) Accelerating the diffusion of technology-enable business practices, *McKinsey*, 1, 15–18. **135 Haymarket Media Group Ltd:** A. Brownsell (2013) Virgin Atlantic's top marketer Simon Lloyd on making the airline 'irresistible', *Marketing*, www.marketingmagazine.co.uk/article/1173283/virgin-atlantics-top-marketer-simon-lloyd-making-airline-irresistible. **135 The Next Web B.V.:** J. Knowles (2012) BBC America and Virgin Atlantic launch site to help Brits bound for a life in the USA, <http://thenextweb.com/uk/2012/05/04/bbc-america-and-virgin-atlantic-launch-site-to-help-brits-bound-for-a-life-in-the-usa/>. **135 Compass Group PLC:** NY-Lon (2015) NY-LON lounge bar by Virgin Atlantic and Delta prepares for take-off! <http://www.levyrestaurants.co.uk/whats-new/levy-news/02-june-2015-ny-lon-launch/>. **146 Eurostat:** Eurostat Data (available at http://ec.europa.eu/eurostat/statisticsexplained/index.php/Population_and_population_change_statistics#Main_tables). **154 Microsoft Corporation:** Tesco: Microsoft customer solution retail industry case study, <http://download.microsoft.com>. **155 Michael Dell:** Michael Dell. **156 Centaur Media PLC:** M. Cuddeford-Jones (2010) Data focus can enhance your customer offer, *Marketing Week*, December, www.marketingweek.co.uk/disciplines/data-strategy/data-focus-can-enhance-your-customer-offer/3021555.article. **173 McGraw-Hill Education:** Zikopoulos, P., and C. Eaton (2011), *Understanding Big Data: Analytics for Enterprise Class Hadoop and Streaming Data*, McGraw-Hill Osborne Media. **176 Kogan Page Publishers:** Based on P. Hague and P. Jackson (2002) *Market Research: A Guide to Planning, Methodology and Evaluation*, London: Kogan Page. **181 Nan Martin:** Nan Martin. **185 Random House:** D. Gilbert (2007) *Stumbling on Happiness*, New York: Vintage, p. 183. **196 McGraw-Hill Education:** J. P. Peter, J. C. Olson and K. G. Grunert (1999) *Consumer Behaviour and Marketing Strategy*, European edn, Maidenhead: McGraw-Hill, 264. **203 Wireless Review:** T. Weber (2003) All three? Gee, *Wireless Review*, May, 12–14. **206 Pearson Education:** A. H. Maslow, R. D. Frager (ed.) and J. Fadiman (ed.) (1987) *Motivation and Personality*,

3rd, edn, Copyright © 1987. Printed and electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey. **214 McGraw-Hill Education:** Based on G. Belch and M. Belch (2012) *Advertising and Promotion*, 9th edn, Homewood, IL: Irwin. Copyright © McGraw-Hill Companies. **219 John Wiley & Sons, Inc.:** This expectancy-value model was originally developed by M. Fishbein (1967) Attitudes and Prediction of Behavior, in M. Fishbein (ed.), *Readings in Attitude Theory and Measurement*, New York: John Wiley & Sons, 477–92. **221 American Marketing Association:** J. Jacoby, C. K. Berning and T. F. Dietvorst (1977) What about disposition? *Journal of Marketing*, July, 23. Reprinted with permission of the American Marketing Association. **221 Oxford University Press:** R. L. Celsi and J. C. Olson (1988) The role of involvement in attention and comprehension processes, *Journal of Consumer Research*, 15, 210–24. **223 Icek Aizen:** I. Aizen (2006) TPB diagram. Copyright © 2006 Icek Aizen (retrieved from www.people.umass.edu/aizen/tpb.diag.html). Reproduced with permission. **226 John Wiley & Sons, Inc.:** G. L. Gastineau and M. P. Kritzman (1999) *Dictionary of Financial Risk Management*, 3rd edn, New York: John Wiley & Sons. **237 Time Inc.:** J. C. Ramo (2012), Globalism Goes Backward, *Fortune*, 20 November, pp 135–40. **239 European Union:** EU, Small and medium-sized enterprises (SMEs), http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en. **239 Massachusetts Institute of Technology:** N. Dawar and M. Vandenbosch (2004) The seller's hidden advantage, *MIT Sloan Management Review*, Winter, 83–8. **240 American Marketing Association:** E. Sullivan (2009) Building a better brand, *Marketing News*, 15 September, 14–17. **249 Harvard Business School Publishing:** N. Kumar (2004) *Marketing as Strategy: Understanding the CEO's Agenda for Driving Growth and Innovation*, Boston, MA: Harvard Business School Press. **252 American Marketing Association:** A. Buvik and G. John (2000) When does vertical coordination improve industrial purchasing relationships? *Journal of Marketing*, 64 (October), 52–64. **255 Pearson Education:** G. Urban (2005). Where are you positioned on the trust dimensions? in Don't Just Relate – Advocate: A Blueprint for Profit in the Era of Customer Power, Indianapolis, Indiana: Wharton School Publishers, p. 99. Copyright © 2005. Reprinted by permission of Pearson education, Inc., Upper Saddle River, NJ. **256 American Marketing Association:** J. P. Cannon and W. D. Perreault, Jr (1999), Buyer–seller relationships in business markets, *Journal of Marketing Research*, 36 (November), 439–60. **257 DERMALOG:** www.dermalog.com. **267 Harvard Business School Publishing:** Reprinted by permission of Harvard Business School Press. From W. Chan Kim and R. Mauborgne (2005), *Blue-Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*, Boston, MA. Copyright © 2005 by the Harvard Business School Publishing Corporation. All rights reserved. **271 Harvard Business School Publishing:** Reprinted by permission of Harvard Business Review. From J. H. Roberts (2005), Defensive marketing: how a strong incumbent can protect its position, November, 156. Copyright © 2005 by the Harvard Business School Publishing Corporation. All rights reserved. **273 Starbucks Corporation:** www.starbucks.com/aboutus/overview.asp; www.scribd.com/doc/49070799/Starbucks. **273 WARC:** www.warc.com (2012), Daimler takes balanced

approach, 28 November, www.warc.com/LatestNews/News/Daimler_takes_balanced_approach.news?ID=30691 (accessed August 2015). **283 News Corporation:** R. Spector (2000). *Amazon.com: Get Big Fast*, New York: Harper Business, p. 151. **284 Edelman:** Edelman. **300 WARC:** P. Sleight (2004) *Targeting Customers: How to Use Geodemographics: Lifestyle Data in Your Business*, 3rd edn, Henley-on-Thames: World Advertising Research Centre. **302 Pearson Education:** *After Principles of Marketing*, 3rd edn, Pearson Education (F. Brassington and S. Pettitt 2003), © Pearson Education Ltd. **303 Pearson Education:** Based on F. Brassington and S. Pettitt (2003) *Principles of Marketing*, Harlow: Prentice Hall and Claritas Europe. **314 Lexington Books:** Adapted from T. V. Bonoma and B. P. Shapiro (1983). *Segmenting the Industrial Market*, Lexington, MA: Lexington Books. Copyright © 1983 Lexington Books. Reproduced with permission. **315 Pearson Education:** Adapted from R. J. Best (2005) *Market-Based Management*, 4th edn, Upper Saddle River, NJ: Prentice Hall. Copyright © 2005. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ. **317 Pearson Education:** Adapted from D. F. Abell (1980) *Defining the Business: The Starting Point of Strategic Planning*, Upper Saddle River, NJ: Prentice Hall, Chapter 8, pp. 192–6. Copyright © 1980. Reprinted by permission of Pearson Education, Inc. **319 Pearson Education:** Adapted from D. F. Abell (1980) *Defining the Business: The Starting Point of Strategic Planning*, Upper Saddle River, NJ: Prentice Hall, Chapter 8, pp. 192–6. Copyright © 1980. Reprinted by permission of Pearson Education, Inc. **320 Saint Laurent:** www.ysl.com. **322 Europcar:** www.europcar.com. **322 Europcar:** Europcar. **325 Nestlé:** Discover a new chocolate experience! KITKAT Ruby arrives in the UK, 10 April 2018. **328 J. Woods:** J. Woods, Sheffield Hallam University. **329 Swatch:** www.swatch.com. **330 Harvard Business School Publishing:** I C. MacMillan and R. G. McGrath (1997) Discovering new points of differentiation, *Harvard Business Review*, July–August, 133–45. **338 Mansueto Ventures, LLC:** D. Peppers and M. Rogers (2005) Customers don't grow on trees, *Fast Company*, July 25–6. **342 Pelican Publishing Company:** A. Smith (1970 [1776]) *An Enquiry into the Nature and Causes of the Wealth of Nations*, A. Skinner (ed.), Harmondsworth: Pelican. **344 Penguin Random House LLC:** D. Ogilvy (2011) *Confessions of an Advertising Man*, New York: Ballantine Books, p. 87. **348 Harvard Business School Publishing:** K. Reichheld (2003) The one number you need to grow, *Harvard Business Review*, December, 46–54. **349 Massachusetts Institute of Technology:** Fredrik Dahlsten, Avoiding the Customer Satisfaction Rut, Magazine: Summer 2003, *MIT Sloan Management Review*. **349 Emerald Publishing Limited:** S. M. Landrogez, C. B. Castro and G. Capeda-Carrión (2013) Developing an integrated vision of customer value, *Journal of Services Marketing*, 27(3) **351 Crain Communications, Inc.:** Based on L. Selden and Y. S. Selden (2006) Profitable customer: The key to great brands, *Advertising Age*, 77(28), 7–9. Copyright © 2006 Crain Communications, Inc. **354 Centre Manager:** Centre Manager. **356 The Financial Times Limited:** How to capture the heart of the 'serial switcher' Meg Carter, 14 February 2006 © The Financial Times Limited 2018. All rights reserved. **357 The Financial Times Limited:** How to capture the heart of the 'serial switcher' Meg Carter, 14 February 2006 © The Financial Times Limited 2018. All rights reserved. **358 Sak van der Boom:** Sak van der Boom. **359 Tribune Media Services:** J. C. Anderson and J. A. Narus (2003) Selectively pursuing more of your customer's business, *MIT Sloan Management Review*, Spring, 45. Copyright © 2003 from MIT Sloan Management Review/Massachusetts Institute of Technology. All rights reserved. Distributed by Tribune Media Services. **359 The CMA:** The UK's Content Marketing Association. **362 Harvard Business School Publishing:** Reprinted by permission of Harvard Business Review. From D. K. Rigby, F. F. Reichheld and P. Scheffer (2002) Avoid the four perils of CRM, *Harvard Business Review*, February, 106. Copyright © 2002 by the Harvard Business School Publishing Corporation. All rights reserved. **363 Guardian News and Media Limited:** R. Smithers (2014). WH Smith bottom of Which? shopper survey, while Lush takes top spot, *The Guardian*, 21 May. **366 John F. Kennedy:** In his 1962 speech to the US Congress, President John F. Kennedy outlined four basic consumer rights: (1) the right to be informed, (2) the right to safety, (3) the right to choose, and (4) the right to be heard. These were endorsed by the United Nations as basic consumer rights in 1985. **369 Duckworth & Co:** Slogan coined by C. Ritz and quoted in R. Nevill and C. E. Jerningham (1908) *Piccadilly to Pall Mall*, London: Duckworth & Co. **375 Pearson Education:** K. L. Keller (2011) *Strategic Brand Management*, 4th edn, Upper Saddle River, NJ: Pearson. **378 EMG Strategic Consulting Ltd.:** P. Gumbel (2007) Luxury brands: The business of selling dreams, *European Business Review*, 26 October. **378 Toyota:** Toyota. **379 Mileone:** Lexus brand value (2004), <http://images.mileone.com/Matt/mwlogos/Lexus/LexusBrand-Guideline.pdf>. **379 Luca di Montezemolo:** President of Ferrari, Luca di Montezemolo. **380 Pearson Education:** From Corporate Religion, *Financial Times*, Prentice Hall (Kunde, J. 2002), © 2002 Pearson Education. Reproduced with permission. Kunde & Co. (2011), <http://kunde-co.com/corporate-religion.asp>. **384 Nike, Inc.:** Nike. **385 Nestlé:** Nestlé. **385 Carlsberg UK Limited:** Carlsberg UK Limited. **386 Nike, Inc.:** Nike. **387 Verse group:** R. Ringer and M. Thibodeau (2008) A breakthrough approach to brand creation, www.versegroup.com/downloads/VerseGroup_breakthroughapproach.pdf. **387 Centaur Media PLC:** J. Bacon (2013), Brand storytelling: Narrative theory, *Marketing Week*, 18 July, www.marketingweek.co.uk/trends/brand-storytelling-narrative-theory/4007279.article. **390 Pearson Education:** Kevin Lane Keller (2013). *Strategic Brand Management*, 4th edn, Upper Saddle River, NJ: Pearson. Printed and electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, NJ. **392 Marketing Science Institute, Inc.:** L. Hsu, S. Fournier and S. Srinivasan (2011), How do brand portfolio strategies affect firm value? *Marketing Science Institute*, www.msi.org/reports/how-do-brand-portfolio-strategies-affect-firm-value/. **396 Centaur Media Plc.:** T. Hobbs, (2017), Nokia: It will take us less than 10 years to catch Apple and Samsung, *Marketing Week*, <https://www.marketingweek.com/2017/08/24/nokia-plan-challenge-apple-samsung/>. **398 Forbes Media LLC:** Adapted from Forbes – The World's Most Valuable Brands, <https://www.forbes.com/powerful-brands/list/#tab:rank>. **398 Interbrand:** R. Clifton (2004), The future of brands, *Interbrand*, 23 April, www.brandchannel.com/

papers_review.asp?sp_id=356. **399 NetBase Solutions, Inc.:** NetBase Brand Passion Report (2017). **400 Pearson Education:** K. L. Keller (2013). *Strategic Brand Management*, 4th edn, New Jersey; K. L. Keller and D. Lehmann (2003), How do brands create value? *Marketing Management*, May–June, 27–31. See also M. J. Epstein and R. A. Westbrook (2001), Linking actions to profits in strategic decision making, *MIT Sloan Management Review*, Spring, 39–49; and R. K. Srivastava, T. A. Shervani and L. Fahey (1998), Market-based assets and shareholder value, *Journal of Marketing*, 62(1), January, 2–18. K. Keller (2009) Brand Planning, a Shoulders of Giants publication, <http://marksherrington.com/downloads/brand%20planning%20earticle.pdf>. **402 Prophet:** D. Aaker (2012), 'David Aaker's top 10 brand precepts', White Paper, www.prophet.com. **410 Michael Fitzgerald:** M. Fitzgerald (2014), How digital acceleration teams are influencing Nestlé's 2,000 Brands, *MIT Sloan Management Review*, September, <https://sloanreview.mit.edu/article/testing-123/>. **411 KLM:** KLM (2017) KLM's next step using artificial intelligence on social media, <https://news.klm.com/klms-next-step-using-artificial-intelligence-on-social-media/>. Accessed in May 2018. **412 Haymarket Media Group Ltd:** S. Watson (2016), Net-a-Porter's digital chief on how brands can get up close and personal to consumers, *Campaign*, 9 March. **414 Harvard Business School Publishing:** Reprinted by permission of Harvard Business Review. From D. Edelman (2010), Branding in the digital era, December. Copyright © 2010 by the Harvard Business School Publishing Corporation. All rights reserved. **415 The Nielsen Company (US), LLC:** Nielsen Blog (2010), Social networks/blogs now account for one in every four and a half minutes online, <http://blog.nielsen.com/nielsenwire/global/social-media-accounts-for-22-percent-of-time-online/>. **415 AdAge:** J. Neff (2018), L'Oreal buys Modiface to get edge in beauty augmented reality and AI, <http://adage.com/article/cmo-strategy/l-oreal-acquires-modiface-edge-beauty-augmented-reality-ai/312764/>. **416 Shutterstock:** Rawpixel.com/Shutterstock. **417 ANZMAC Conference:** C. Beckmann and M. Gjerløff (2007), A framework for communicating with brand communities, 3Rs – reputation, responsibility and relevance, ANZMAC Conference 2007, Dunedin, 1710–16. **417 Harvard Business School Publishing:** S. Fourier and S Lee (2009), Getting brand communities right, *Harvard Business Review*, April, 1–15. **418 Vox Media, Inc.:** A. Massey (2017), <https://www.racked.com/2017/3/29/14962578/sephoras-beauty-talk-online-community>. **420 Harvard Business School Publishing:** D. Holt, J. A. Quelch and E. L. Taylor (2004), How global brands compete, *Harvard Business Review*, September, 69–75. **420 Google:** Google's mission. **420 SAGE Publishing:** R. V. Kozinets, A. Hemetsberger and H. J. Schau (2008), The wisdom of consumer crowds: Collective innovation in the age of networked marketing, *Journal of Macromarketing*, 28(4). Copyright © 2008 Sage Publications, Inc. Reprinted with permission. **421 Next-Shark Inc.:** <https://nextshark.com/japan-obsessed-kit-kat/>. **422 Emerald Publishing Limited:** B. Cova, S. Pace and D. J. Park (2007), Global brand communities across borders: The Warhammer case, *International Marketing Review*, 24(3), 313–29. **423 Anthony Dukes:** Professor Anthony Dukes, at the USC Marshall School of Business. **424 Liffey Press:** J. Fanning (2006) *The Importance of Being Branded: An Irish Perspective*, Dublin: Liffey Press. **426 Pearson Education:** K. Keller (2008)

Strategic Marketing Management, International Edition, New York: Pearson. **427 Boston Consulting Group:** Nikolaus Lang, Dinesh Khanna, Arindam Bhattacharya and Abdel Jabbar Chraïti (2018), Winning Big in Emerging Markets, <https://www.bcg.com/publications/2018/mncs-still-winning-big-emerging-markets.aspx>. **428 Pearson Education:** K. Keller (2008). *Strategic Brand Management*, 3rd edn, Copyright © 2008. Printed and electronically produced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey. **429 Taylor & Francis Group:** T. L. Powers and J. J. Loyka (2010), Adaptation of marketing mix elements in international markets, *Journal of Global Marketing*, 23(1), 65–79. **430 Emerald Publishing Limited:** C. Macrae and M. D. Uncles (1997), Rethinking brand management: the role of brand chartering, *Journal of Product and Brand Management*, 6(1), 64–77. **431 Pearson Education:** Adapted from K. Keller (2012) *Strategic Brand Management*, 4th edn, New York: Pearson. **442 Financial Times:** C. Nuttall (2005), Intel ventures beyond PCs, *Financial Times*, 12 November. **445 McKinsey & Company, Inc.:** R. B. Trond (2006), Escaping the middle-market trap: an interview with the CEO of Electrolux, *McKinsey Quarterly*, 4, 72–9. **453 The Financial Times Limited:** J. Willman and W. MacNamara (2007), An uplifting experience, *Financial Times*, 6 September. **456 LEGO:** The Lego Factory. **458 Arla Foods:** Arla 2017 company report, <https://www.arla.com/company/investor/annual-reports/>, Peder Tuborgh, CEO. **461 Beiersdorf GmbH:** Beiersdorf GmbH. **465 Nestlé:** Nestlé. **465 Niall Fitzgerald:** Niall Fitzgerald, Unilever co-chairman. **469 Penguin Books:** Penguin Books. **479 Sir James:** Sir James. **480 Elsevier:** Drucker (2001). *The Essential Drucker*, Oxford: Butterworth-Heinemann. **482 BusinessWeek:** Based on S. Hamm and W. C. Symonds (2006) Mistakes made on the road to innovation, *BusinessWeek* in Inside Innovation, November, 27–31. **484 BusinessWeek:** N. Byrnes (2007) Xerox's new design team customers, *BusinessWeek*, 7 May, 71. **486 Perseus Books Group:** Adapted from R. Cooper (1998) *Product Leadership: Creating and Launching Superior New Products*, New York: Basic Books. Copyright © 1998 Robert G. Cooper. Reprinted by permission of Basic Books, a member of the Perseus Books Group. **488 European Union:** Adapted from Flash Eurobarometer No. 433. **488 Phil T. Kotler:** From an unpublished paper, P. Kotler (2007), Drawing new ideas from your customers. **492 Jerold Panas, Linzy & Partners, Inc.:** Jerold Panas, Linzy & Partners. Reproduced with permission. **502 Simon & Schuster:** The following discussion is based on E. M. Rogers (1962), *Diffusion of Innovations*, New York: Free Press; also see the 3rd edn published in 1973. **503 Simon & Schuster:** The following discussion is based on E. M. Rogers (1962), *Diffusion of Innovations*, New York: Free Press; also see the 3rd edn published in 1973. **503 Simon & Schuster:** J. Matthing, P. Kristensson, A. Gustafsson and A. Parasuraman (2006), Developing successful technology-based services: the issue of identifying and involving innovative users, *Journal of Services Marketing*, 20(5), 288–97; **516 Rolls-Royce plc:** www.rolls-royce.150m.com/maintenance_cost/indexen.html. **516 Lexington Books:** Adapted from R. S. Winer (1988) Behavioral perspectives on pricing: buyers' subjective perceptions of price revisited, in T. Devinney (ed.), *Issues in Pricing: Theory and Research*, Lexington, MA: Lexington Books, pp. 35–57. Copyright © 1988 Lexington Books. Reproduced with

permission. **521 Pearson Education:** Adapted from T. T. Nagle and R. K. Holden (2001) *The Strategy and Tactics of Pricing*, 3rd edn, Chapter 4. Copyright © 2001. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ. **522 American Marketing Association:** T. H. A. Bijmolt, H. J. Van Heerde and R. G. M. Pieters (2005) New empirical generalizations on the determinants of price elasticity, *Journal of Marketing Research*, 42 (May), 141–56. **Easier Than ABC (2003).** *The Economist*, 25 October, 56. **528 Massachusetts Institute of Technology:** J. C. Anderson, M. Wouters and W. Van Rossum (2010) Why the highest price isn't the best price, *MIT Sloan Management Review*, Winter 69–76. Copyright © 2010 from MIT Sloan Management Review/Massachusetts Institute of Technology. Distributed by Tribune Media Services. **539 Harvard Business School Publishing:** Reprinted by permission of Harvard Business Review, from Strategies to fight low-cost rivals by N. Kumar, December 2006. Copyright © by the Harvard Business School Publishing Corporation. All rights reserved. **550 Shutterstock:** rassco/Shutterstock. **568 NTC Business Books:** Based on P. W. Burton and S. C. Purvis (2002) *Which Ad Pulled Best*, 9th edn, Lincolnwood, IL: NTC Business Books. **578 Ultimate Group:** <http://ultimate-digital.co.uk/nestle-kitkat-win-a-personalised-pack-promotion/>. **579 Nestlé:** Nestlé **582 John Wiley and Sons:** B. H. Schmitt (2003) *Customer Experience Management: A Revolutionary Approach to Connecting with Your Customers*, New York: John Wiley and Sons. **594 Royal Mail:** Royal Mail, https://www.royalmail.com/personal/search/bing_cs_api/Direct%20mail;JICMail,https://www.jicmail.org.uk. **600 Inside Chanel:** Inside Chanel, <http://inside.chanel.com/en/gabrielle-pursuit-passion>. **601 Emerald Publishing Limited:** A. Holmes, A. Byrne and J. Rowley (2014). Mobile Shopping behaviour: insights into attitudes, shopping process involvement and location, *International Journal of Retail and Distribution Management*, 42(1), 25–39 **602 Elsevier:** B. Berman (2016) Planning and implementing effective mobile marketing programs, *Business Horizons*, 59(4), 431–439. **610 DreamGrow:** <https://www.dreamgrow.com/top-15-most-popular-social-networking-sites/>. **615 Pearson Education:** K. Keller (2008) *Strategic Brand Management*, 3rd edn, © 2008. Printed and electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, NJ. **626 Peter Drucker:** Peter Drucker. **627 Harvard Business School Publishing:** A. Lyall, P. Mercier, and S. Gstettner (2018) The Death of Supply Chain Management, June 15, *Harvard Business Review*, <https://hbr.org/2018/06/the-death-of-supply-chain-management>. **627 Boston Consulting Group:** A. Ganeriwalla, W. Gideon, Kotlik, L., Rosegen, R. and Gstettner, S., (2016) Three paths to Advantage with Digital Supply Chains, BCG Analysis, http://img-stg.bcg.com/BCG-Three-Paths-Digital-Supply-Chain-January-2016_tcm9-62596.pdf. **628 Dow Jones & Company Inc.:** Dunn (2017) Here's how Apple's retail business spreads across the world, *Business Insider*, <http://uk.businessinsider.com/apple-stores-how-many-around-world-chart-2017-2?r=US&IR=T;J>. Paczkowski (2012) Breaking down Apple's retail distribution strategy, All Things Digital, 3 October. **628 Quiller Media, Inc.:** Report: Apple stores' Mac sales beat PC stores by 10-to-1, https://appleinsider.com/articles/08/01/07/report_apple_stores_mac_sales_beat_pc_stores_by_10_to_1.html. **628 Boston Consulting Group:** A. Ganeriwalla, W. Gideon, Kotlik, L., Rosegen, R. and Gstettner, S., (2016) Three paths to Advantage with Digital Supply Chains, BCG Analysis, http://img-stg.bcg.com/BCG-Three-Paths-Digital-Supply-Chain-January-2016_tcm9-62596.pdf. **629 Book-seller Media Ltd:** L. Campbell (2015) Waterstones' hub wins Supply Chain Excellence Award, *The Bookseller*, 18 November, <http://www.thebookseller.com/news/waterstones-hub-wins-supply-chain-excellence-award-316921>. **630 Holtzbrinck Publishing Group:** Johanson and J.-E. Vahlne (2011) Markets as networks: Implications for strategy-making, *Journal of the Academy of Marketing Science*, 39(4), 484–91. **633 Telegraph Media Group Limited:** Z. Kim, (2018) Is the Dreamliner worth the hype? Here's 10 reasons why it might just be, *The Telegraph*, <https://www.telegraph.co.uk/travel/news/boeing-787-10-dreamliner-features/>. **639 STIHL:** STIHL (2014), <https://www.stihl.com/pi-stihl-allows-online-sales-for-dealers-in-the-eu.aspx>. **650 Massachusetts Institute of Technology:** J. C. Collier and C. C. Bienstock (2006) How do customers judge quality in an e-tailer, *MIT Sloan Management Review*, Fall, 35–40. **650 SAGE Publishing:** G. H. Van Bruggen, K. D. Antia, S. D. Jap, W. J. Reinartz and F. Pallas (2010) Managing marketing channel multiplicity, *Journal of Service Research*, 13(3), 331–40. **652 Fairfax Media:** G. Barker (2009) The treasure keeps coming for Alibaba, *The Age*, 27 October. **652 Boston Consulting Group:** A. Ganeriwalla, W. Gideon, Kotlik, L., Rosegen, R. and Gstettner, S., (2016) Three paths to Advantage with Digital Supply Chains, BCG Analysis, http://img-stg.bcg.com/BCG-Three-Paths-Digital-Supply-Chain-January-2016_tcm9-62596.pdf. **663 John Wiley & Sons.:** H. Kasper, P. van Helmsdingen and M. Gabbott (2006) *Services Marketing Management: A Strategic Perspective*, 2nd edn, Chichester: John Wiley & Sons. **663 Pearson Education:** *From Service Operations Management: Improving Service Delivery*, 2nd edn, Pearson Education (R. Johnston and C. Graham 2008). **664 Cengage Learning:** Adapted from R. P. Fisk, S. J. Grove and J. Joby (2013) *Services Marketing Interactive Approach*, 4th edn, Published by Cengage Learning. Reproduced by permission, www.cengage.com/permissions. **666 Professor Alan Penn:** Professor Alan Penn, director of the Virtual Reality Centre for the Built Environment at University College London. **668 Michael O'Leary:** Michael O'Leary, the chief executive of Ryanair. **668 Evert Gummesson:** Evert Gummesson, Professor of Marketing at Stockholm University. **669 Emerald Publishing Limited:** B. D. Gelb (1987) How marketers of intangibles can raise the odds for consumer, *Journal of Services Marketing*, 1(1), 11–18. **669 Harvard Business School Publishing:** Reproduced by permission of Harvard Business Review. From F. Frei (2006), Breaking the trade-off between efficiency and service, *Harvard Business Review*, 84(11). Copyright © 2006 by the Harvard Business School Publishing Corporation. All rights reserved. **670 FUJITSU:** www.fujitsu.com/downloads/WWW2/BMI.pdf. **671 Temkin Group:** B. Temkin (2009) LEGO's building block for good experiences, <http://experiencematters.wordpress.com/2009/03/03/legos-building-block-for-good-experiences/>. **672 Journal of Marketing:** R. McCullum and W. Harrison (1985) in M. Giebelhausen, S. G. Robinson,

N. J. Sirianni and M. K. Brady (2014) Touch versus tech: When technology functions as a barrier or a benefit to service encounters, *Journal of Marketing*, 78, 113–24. **673 Vipul Chawla:** Vipul Chawla, Managing Director of Pizza Hut Restaurants Asia. **673 Mastercard International Incorporated:** <https://newsroom.mastercard.com/eu/files/2016/05/Pepper.jpg>. **674 SAGE Publishing:** <http://journals.sagepub.com/doi/pdf/10.1509/jmkg.74.4.063>. **675 DK Publishing:** T. Peters (2006) *Reimagine! Business Excellence in a Disruptive Age*, London: DK Adult. **675 Google:** www.google.ch/intl/en/jobs/index.html. **676 Massachusetts Institute of Technology:** M. Grainer, C. H. Noble, M. J. Bitner and S. M. Broetzmann (2014) What unhappy customers want, *MIT Sloan Management Review*, Spring, 55(3), 31–7. **676 SAGE Publishing:** J. Bowen and R. C. Ford (2002) Managing service organizations: Does having a 'thing' make a difference? *Journal of Management*, 28(3), 447–69. **677 Journal of Interactive Marketing:** Prahalad and Ramaswamy (2003) op. cit. **678 Z. Rabinowicz:** Z. Rabinowicz (2007) Victoria comes to America on www.startrip.tv/2007/07/victoria-comes-.html. **680 Holtzbrinck Publishing Group:** Gummesson and C. Mele (2010) Marketing as value co-creation through network interaction and resource integration, *Journal of Business Market Management*, 4(4), 181–98. **681 BusinessWeek:** J. Hibbard (2006) Put your money where your mouth is, *BusinessWeek*, 18 September, 61–3. **681 Emerald Publishing Limited:** L. Goldkuhl and M. Styven (2007) Sensing the scent of service success, *European Journal of Marketing*, 41(11/12), 1297–1305. **682 Associated Newspapers Ltd:** Premier Inn installs 'noise meters' to warn rowdy guests By TravelMail Reporter, Published: 16:15 GMT, 19 November 2012. **683 International Air Transport Association (IATA):** IATA (1017) Passengers want technology to give them more control over their travel experience, October, <http://www.iata.org/pressroom/pr/Pages/2017-10-24-02.aspx>. **686 World Economic Forum:** World Economic Forum (2017) 'Shaping the Future of Retail for Consumer Industries', http://www3.weforum.org/docs/IP/2016/CO/WEF_AM17_FutureofRetailInsightReport.pdf. **696 Marketing Intelligence & Planning:** A. Boukis, K. Kaminakis, A. Siampos and I. Kostopoulos (2015) Linking internal marketing with customer outcomes, *Marketing Intelligence & Planning*, 33(3), 394–413. **705 Harvard Business School Publishing:** G. Hamel (2000) op. cit. **705 Harvard Business School Publishing:** G. Hamel (2000) op. cit. **705 Financial Times:** S. Stern (2008), How to stay on a roll. *Financial Times*, 30 April. **707 Haymarket Media Group Ltd:** M. McEwan (2014) How to get to 'the big idea', *Marketing*, June. **709 Business Press:** Based on N. C. Smith (1999) Marketing ethics, in M. J. Baker's (ed) *Encyclopaedia of Marketing*, London: International Thomson, Business Press, p. 924. **710 Business Press:** Based on N. C. Smith (1999) Marketing ethics, in M. J. Baker's (ed) *Encyclopaedia of Marketing*, London: International Thomson, Business Press, p. 974. **710 LS&CO:** Trademark of Levi Strauss & Co. **710 Guardian News and Media Limited:** M. Gunther (2013) Levis Strauss seeks to slow down fast fashion with sustainable practices, www.theguardian.com/sustainable-business/live-strauss-antidote-fast-fashion. **711 W. Strahan and T. Cadell:** Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Volume 1, W. Strahan and T. Cadell: 1776. **713 The SOFII Foundation:** www.sofii.org/node/102.

714 UNICEF: Trademark of UNICEF. **714 MediaGuardian:** A. Jones (2003) Choc horror over Cadbury tokens, *Financial Times*, 3 May 14; C. Cozens (2003) Cadbury rethinks school sports initiative, *MediaGuardian*, 3 December. **714 John Wiley & Sons, Inc.:** B.A. Lafferty (2009) Selecting the right cause partners for the right reasons: The role of importance and fit in cause-brand alliances, *Psychology and Marketing*, 26(4), 359–82. **715 French and Blair:** Definition of Social marketing by French and Blair-Stevens Social Marketing Pocket Guide 2005. **715 Journal of Social Marketing:** J. French, R. Russell-Bennett (2015), A hierarchical model of social marketing, *Journal of Social Marketing*, 5(9), 139–159. **720 Business Strategy Review:** P. Barwise (1995) Marketing today and tomorrow, *Business Strategy Review*, 2, 45–56(1); J.N. Sheth and R. S. Sisodia, Eds (2015) *Does Marketing Need Reform? Fresh Perspectives on the Future*, London: Routledge. **734 SAGE Publishing:** V. A. Zeithaml, R. N. Bolton, J. Deighton, T. L. Keiningham, K. N. Lemon and J. A. Petersen (2006) Forward-looking focus can firms have adaptive foresight? *Journal of Service Research*, 9(2), 168–83. **735 The CMO Survey:** The CMO Survey® 2018, <http://www.cmosurvey.org/results/>. **737 Elsevier:** P. Doyle (2000) Valuing marketing's contribution, *European Management Journal*, 18(3), 233–45. **738 Omnicom Media Group:** Sales modelling carried out by BrandScience. Copyright © Omnicom Media Group. Reproduced with permission. **738 Elsevier:** B. A. Lukas, G. J. Whitwell and P. Doyle (2005) How can a shareholder value approach improve marketing's strategic influence? *Journal of Business Research*, 58(4), 414–22. **743 IMP:** Cornelsen, J. and Diller, H. (1998) 'References within the context of customer valuation', in Halinen-Kaila, A. and Nummela, N. (Eds), *Interaction, Relationships and Networks: Visions for the Future*, Proceedings of the 14th IMP Conference, Turku, pp 203–22. **743 Taylor & Francis Group:** The three statements (i.e. OL measurement items) are based on W. D. Wells and D. Tigert (1971) Activities, interests, and opinions, *Journal of Advertising Research*, 11 (August), 27–35. **745 Value Based Management:** www.valuebasedmanagement.net/methods_brand_asset_valuator.html. **746 Harvard Business School Publishing:** Reprinted by permission of Harvard Business Review. From R. S. Kaplan and D. P. Norton (2007) Using the balanced scorecard as a strategic management system, *Harvard Business Review*, July–August. Copyright © 2007 by the Harvard Business School Publishing Corporation. All rights reserved. **747 Harvard Business School Publishing:** Reprinted by permission of Harvard Business Review. From R. S. Kaplan and D. P. Norton (2007) Using the balanced scorecard as a strategic management system, *Harvard Business Review*, July–August. Copyright © 2007 by the Harvard Business School Publishing Corporation. All rights reserved. **748 Centaur Media PLC:** B. Johnson (2011) 'Companies must think beyond CSR, thunders Puma CEO', *Marketing Week*, 17 March. **749 Harvard Business School Publishing:** R. S. Kaplan and D. P. Norton (1996) *The Balanced Scorecard*, Boston, MA: Harvard Business School Press. **750 John Wiley & Sons, Inc.:** Adapted from D. Schultz (2005) chapter 13 in P. Kotler and A. Tybout (eds) *Kellogg on Branding: The Marketing Faculty of the Kellogg School of Management*, New York: John Wiley & sons. Copyright © 2005 John Wiley & Sons, Inc. Reproduced with permission.

Photographs

2 Shutterstock: emka74/Shutterstock. **5 Shutterstock:** LightField Studios/Shutterstock. **7 Getty Images:** Ralph A. Clevenger/Corbis/Getty Images. **12 Alamy:** PjrStudio/Alamy Stock Photo. **16 Shutterstock:** Steve King Photography/Shutterstock. **21 Shutterstock:** Leszek Glasner/Shutterstock. **22 Promote Iceland:** Islandsstofa/Promote Iceland. **32 Alamy:** Jochen Tack/Alamy Stock Photo. **36 Getty Images:** Creatas/PunchStock/Getty Images. **40 Shutterstock:** Olena Yakobchuk/Shutterstock. **48 Shutterstock:** Gregory Pace/REX/Shutterstock. **50 Shutterstock:** Rawpixel.com/Shutterstock. **59 Alamy:** Benedicte Desrus/Alamy Stock Photo. **60 Shutterstock:** baon/Shutterstock. **60 Alamy:** SIBSA Digital Pvt. Ltd./Alamy Stock Photo. **64 Siemens AG:** Courtesy of Siemens AG/Agency: Publicis-München. **70 Alamy:** Alex Segre/Alamy Stock Photo. **71 Alamy:** Richard Levine/Alamy Stock Photo. **82 Shutterstock:** Arsenie Krasnevsky/Shutterstock. **86 Alamy:** Adrian Sherratt/Alamy Stock Photo. **97 Abi Goodman:** Abi Goodman. **104 Shutterstock:** Rawpixel.com/Shutterstock. **105 Shutterstock:** Sorbis/Shutterstock. **107 Getty images:** Stuart Franklin/Bongarts/Getty Images. **119 Apple Inc.:** Screenshot of App Store (iOS) © Apple Inc. **125 Virgin Atlantic Airways Ltd:** Courtesy of Virgin Atlantic Airways Ltd. **127 Alamy:** Xinhua/Alamy Stock Photo. **134 Shutterstock:** Virgin Atlantic/REX/Shutterstock. **138 Shutterstock:** AirOne/Shutterstock. **141 Siemens AG:** ©www.siemens.com/press. **143 Alamy:** Image Source/Alamy Stock Photo. **150 Shutterstock:** Dmitry Rukhlenko/Shutterstock. **164 123RF:** highwaystarz/123RF. **170 Alamy:** Anna G. Tufvesson/Nordicphotos/Alamy. **171 Alamy:** OJO Images Ltd/Alamy Stock Photo. **177 123rf:** Somsak Sudthangtum/123RF. **177 Shutterstock:** Praweena style/Shutterstock. **177 123RF:** subbotina/123RF. **177 Shutterstock:** CREATISTA/Shutterstock. **177 Shutterstock:** yampi/Shutterstock. **177 Shutterstock:** Y Photo Studio/Shutterstock. **177 Shutterstock:** lightwavemedia/Shutterstock. **177 Shutterstock:** fotografos/Shutterstock. **177 Shutterstock:** michaeljung/Shutterstock. **177 Shutterstock:** PhotoBarmaley/Shutterstock. **179 Shutterstock:** Teeradej/Shutterstock. **183 Getty images:** Buccina Studios/Stockbyte/Getty images. **194 Alamy:** Realimage/Alamy Stock Photo. **197 Shutterstock:** Markus Mainka/Shutterstock. **200 gunnar merrild:** © Bang & olufsen/gunnar merrild. **212 Alamy:** Kumar Sriskandan/Alamy Stock Photo. **234 Shutterstock:** ktsdesign/Shutterstock. **253 Shutterstock:** fizkes/Shutterstock. **257 Shutterstock:** Arkadiusz Fajer/Shutterstock. **264 Getty images:** Mitchell Funk/Photographer's Choice/Getty. **266 Photographers Direct:** Bjorn Beheydt/www.photographersdirect.com. **289 Alamy:** Sandy Young/Alamy Stock Photo. **292 Shutterstock:** Suttanwood Photography/Shutterstock. **297 Alamy:** Gregory Wrona/Alamy Stock Photo. **298 Alamy:** Justin Kase ztwoz/Alamy Stock Photo. **303 Shutterstock:** Grisha Bruev/Shutterstock. **304 Shutterstock:** Sheila Fitzgerald/Shutterstock. **305 Shutterstock:** Tupungato/Shutterstock. **325 Alamy:** Carolyn Jenkins/Alamy Stock Photo. **326 Shutterstock:** Cineberg/Shutterstock. **336 Alamy:** Sergiy Palamarchuk/Alamy Stock Photo. **341 Serif:** Serif. **343 Shutterstock:** Sergey Spritnyuk/Shutterstock. **345 Alamy:** Goddard Automotive/Alamy Stock Photo. **353 Unilever PLC:** Dove Evolution advertising video/Unilever PLC. **354 St Thomas Brampton:** St. Thomas Brampton. **361 Getty Images:** Justin Sullivan/Getty Images. **365 Rex Features:** Phillipe Hays/Rex/Shutterstock. **374 Alamy:** Art Directors & TRIP/Alamy Stock Photo. **376 Getty Images:** Soltan Frédéric/Corbis Documentary/Getty Images. **386 Shutterstock:** Page frederique/Shutterstock. **389 Shutterstock:** Frank Gaertner/Shutterstock. **393 Shutterstock:** WWD/REX/Shutterstock. **395 Alamy:** Hector/Alamy Stock Photo. **395 Alamy:** Zak Waters/Alamy Stock Photo. **395 Alamy:** Jeff Morgan 11/Alamy Stock Photo. **408 Alamy:** imageBROKER/Alamy Stock Photo. **411 Asset Library:** Alexey Boldin/Shutterstock. **415 L'Oréal:** L'Oréal. **421 Alamy:** Richard Watkins/Alamy Stock Photo. **423 Alamy:** Nigel Howard/Alamy Stock Photo. **425 AP Images:** A.M. Ahad/AP Images. **426 Alamy:** Hemis/Alamy Stock Photo. **435 Alamy:** Home Bird/Alamy Stock Photo. **438 Shutterstock:** Anna50/Shutterstock. **454 Alamy:** Allesalltag/Alamy Stock Photo. **457 Daimler AG:** Daimler AG. **458 Shutterstock:** Jari J/Shutterstock. **465 Rex Shutterstock:** Nigel Howard/Evening Standard/Rex Features/Rex/Shutterstock. **466 Shutterstock:** Cineberg/Shutterstock. **469 Shutterstock:** I Wei Huang/Shutterstock. **470 Serif (Europe) Ltd.:** Serif (Europe) Ltd. **471 Alamy:** Martin Lee/Alamy Stock Photo. **472 Alamy:** Michael Neelon(misc)/Alamy Stock Photo. **478 Alamy:** Frankie Angel/Alamy Stock Photo. **484 Alamy:** Paul Maguire/Alamy Stock Photo. **491 Shutterstock:** Maksym Azovtsev/Shutterstock. **510 Alamy:** Kristjan Porm/Alamy Stock Photo. **517 Getty images:** Michele Constantini/PhotoAlto Agency RF Collections/Getty image. **520 Getty images:** A & L Sinibaldi/The Image Bank/Getty. **528 Shutterstock:** Robert Mandel/Shutterstock. **531 Asset Library:** Rido/123RF. **544 Shutterstock:** Sorbis/Shutterstock. **548 Alamy:** Justin Kase z12z/Alamy Stock Photo. **551 Serif:** Serif. **553 Charlie Magee Photography:** Charlie Magee Photography. **571 Alamy:** Chris P Batson/Alamy Stock Photo. **572 Getty Images:** Patrik Stollarz/Getty Images. **584 Shutterstock:** PhotoLondonUK/Shutterstock. **590 Shutterstock:** Tupungato/Shutterstock. **605 123RF:** lianna2013/123RF. **606 Shutterstock:** ARENA Creative/Shutterstock. **608 Shutterstock:** dynamic/Shutterstock. **621 Shutterstock:** Shutterstock. **624 Daimler AG:** Courtesy of Daimler AG. **629 Alamy:** Trevor Mogg/Alamy Stock Photo. **630 Shutterstock:** mubus7/Shutterstock. **632 Getty Images:** Jane Hahn/Bloomberg via Getty Images. **636 AP Images:** Steven Senne/Associated Press. **639 Shutterstock:** Babii/Shutterstock. **643 Daimler AG:** Courtesy of Daimler AG. **645 Alamy:** Roberto Herrett/Alamy Stock Photo. **647 Getty Images:** Todd Warshaw/Getty Images. **651 Shutterstock:** drserg/Shutterstock. **655 Alamy:** Jack Malipan Travel Photography/Alamy Stock Photo. **660 Alamy:** EThamPhoto/Alamy Stock Photo. **662 Getty Images:** Joe Raedle/Getty Images news/Getty Images. **673 Alamy:** Paul Hennessy/Alamy Stock Photo. **673 Alamy:** Newscom/Alamy Stock Photo. **676 Alamy:** Ian Shipley ARC/Alamy Stock Photo. **682 Alamy:** Martyn Williams/Alamy Stock Photo. **684 Rex Features:** Phil Yeomans/Rex/Shutterstock. **684 Alamy:** Images by Morgana/Alamy Stock Photo. **685 Getty Images:** Ulrich Baumgarten/Contributor/Ulrich Baumgarten/Getty Images. **694 Serif:** Serif. **704 Serif:** Serif. **721 Serif:** Serif. **730 Getty images:** PickStock/E+/Getty Images. **740 Getty Images:** BJI/Lane Oatey/Getty Images. **756 Unilever:** © Unilever.

PART 1

Understanding marketing management

Marketing Management is designed to take both business practitioners and students on a journey to explore the marketing manager's world.

Part 1: Understanding marketing management provides an overview of this journey and addresses four essential themes:

1. Defining contemporary marketing.
2. Exploring marketing management, particularly from a European perspective – locally, nationally and internationally.
3. Designing marketing strategies and plans.
4. Understanding the challenges of digital technology management in marketing.

Part 1 explores the world of the marketing manager from the point of view of *what* managers do and the rest of the book provides guidance as to *how* they do it. Marketing is a business activity that is relevant to all types of business, whether private, public, charity or other not-for-profit organisations. It is about the identification and fulfilment of customer needs, through the establishment and maintenance of brand values at a profit to the organisation.

In a highly competitive, technology-enabled global market, European companies need to exercise both vision and mission, they need to understand marketing and management, and they need to use the range of digital technologies available to them. They also need to identify what segments to target, how to position their brand and how to use the marketing mix to achieve profit and other objectives of the organisation.

CHAPTER 1

Defining marketing for the new realities

In this chapter, you will learn about the following topics:

- 1 Why marketing is important
- 2 The scope of marketing
- 3 How technology, globalisation and social responsibility are forces defining European marketing practices
- 4 What new capabilities these forces have given consumers and companies
- 5 Production, selling, marketing and holistic marketing philosophies
- 6 Overview of marketing management



Marketing managers must understand consumer needs and align marketing mix activities with satisfying these needs at a profit. IKEA really understands its consumers' love for well-designed low-cost furniture.

Source: emka74/Shutterstock

Chapter Journey



Formally and informally, people and organisations engage in a vast number of activities we can call marketing. In the face of a digital revolution and other major changes in the business environment, good marketing today is both increasingly vital and radically new.¹ What is the same is the philosophy of marketing, which puts the customer at the centre of profitable companies. Consider IKEA.

IKEA, the world's most successful furniture retailer, has a deep understanding of the customer, designing and manufacturing ready-to-assemble home furniture and furnishings in a Scandinavian style at affordable prices. This Swedish company is a global entity, distributing its products through over 350 retail outlets in over 45 countries, mostly in Europe.

With over 915 million customer visits annually in its stores, over 1.8 billion website visits and over 10 million downloads of its app, it is clear that successful marketing has resulted in customers who identify with the IKEA ideal of good-quality, affordable furniture that is both functional and beautiful. Anna Crona, marketing director at IKEA United Kingdom and Ireland, explained: 'We are committed to understanding how our customers live life at home so we can provide solutions to make life happier.'² The warm, welcoming Swedish style has become a model of simplicity, practicality and informality.³

Each chapter of this text explores the various marketing management challenges for IKEA, as outlined below:

- **Introduction to marketing:** The marketing philosophy of understanding and satisfying customer needs at a profit is embedded within the corporate culture of the IKEA company (**Chapter 1**).
- **Marketing management:** The marketing management team manages the company nationally and expands its global business through the management functions of planning, organising, leading and controlling (**Chapter 2**).
- **Marketing plans and strategies:** IKEA designs marketing plans and strategies to guide the company, which revolves around understanding customer needs (**Chapter 3**).
- **Digital technologies:** IKEA manages a range of digital technology, both internally and externally, including web, mobile and social (**Chapter 4**).
- **Capturing marketing insights:** IKEA continually researches the market to understand its consumers, markets and competitors (**Chapters 5–9**).
- **Customer segments and target markets:** IKEA understands consumer segments and chooses to target price-conscious and quality and design focused consumers (**Chapter 10**).
- **Positioning in the market:** The IKEA brand is positioned as fun, affordable and good-quality furniture, in the low-price but high-design quadrant of the positioning map (**Chapter 11**).
- **Managing the brand:** More than 70 years old, the brand continues to evolve, with a strong brand identity created through a coherent branding strategy (**Chapter 12**).
- **Digital and global branding:** IKEA understands the importance of its digital brand and the global marketplace it operates in (**Chapter 13**).

To position its brand in the eyes of its target consumers, IKEA manages the 7Ps of the marketing mix activities:

- **Product/service:** IKEA offers more than 12,000 products within a self-assembly concept, with a commitment to innovative product design and clever service solutions (**Chapters 14 and 15**).
- **Pricing:** IKEA understands the importance of pricing and profitability. It keeps prices affordable with a focus on good value for the customer (**Chapter 16**).
- **Promotion/communicating value:** IKEA has an integrated marketing communication strategy through advertising, social media, apps, personal selling, internet, catalogue, viral marketing, PR and publicity (**Chapters 17 and 18**).
- **Place/global supply network and channels of distribution:** IKEA operates a major global retail and distribution supply-and-demand network (**Chapter 19**).
- **Process/physical evidence/people:** IKEA uses a maze service process design to route its customers through its very large but well-designed stores, utilising the five senses within each store and employing more than 150,000 staff⁴ (**Chapter 20**).

The chosen marketing mix activities, aligned to the target market and positioning, must be implemented throughout the organisation:

- **Implementing marketing management:** IKEA implements its plans through the operationalisation of marketing (**Chapter 21**).
- **Managing marketing metrics:** Marketing metrics both online and offline quantify, compare and interpret marketing performance (**Chapter 22**).

IKEA has grown to be one of the most successful and profitable European companies through a marketing focus on providing customers with what they want at a profit to the company.

Good marketing is no accident. It is both an art and a science, and it results from careful **planning** and execution using state-of-the-art tools and techniques. In this text, we describe how skilful marketers are updating classic practices and inventing new ones to find creative, practical solutions to new marketing realities. In the first chapter, we lay our foundation by reviewing important marketing concepts, tools, frameworks and issues.

The value of marketing

Marketing managers are challenged to deliver value and profits in the face of an unforgiving economic environment, unprecedented changes in business, growing globalisation, climate change concerns and continuing digital technology advancement.⁵ Finance, operations, accounting and other business functions are all dependent on sufficient demand for **products** and **services** from customers who are prepared to pay for them so that companies can make a profit. Thus, financial success often depends on marketing ability. Marketing skill can be used to market ten main types of entities: products, services, events, experiences, people, places, properties, non-profits, information and ideas. Marketing's value also extends to society as a whole. It has helped introduce new or enhanced products and services that ease or enrich people's lives. Successful marketing builds demand for products and services, which in turn creates jobs. By contributing to the bottom line, successful marketing also allows firms to more fully engage in socially responsible activities.⁶

Making marketing central

Chief executive officers (CEOs) recognise that marketing builds strong brands and a loyal customer base—intangible assets that contribute significantly to the value of a firm.⁷ Marketing directors or chief marketing officers (CMOs) are, or should be, on an equal footing with other directors or C-level executives such as the finance director or chief financial officer (CFO) or chief information officer (CIO).⁸ In an **internet**-fuelled environment where consumers, competition, technology and economic forces change rapidly and consequences quickly multiply, marketers must make numerous marketing decisions, which are at the core of how companies operate. Speaking at the Apps World Conference in London, Steve Wozniak, a co-founder of Apple, told attendees that marketing is the most critical aspect of his technology company and as important as engineering to the success of Apple.⁹

There is little margin for error in marketing. Just a short time ago, MySpace, Yahoo!, Blockbuster, Kodak and HMV were admired leaders in their industries. What a difference a few years can make. Many brands have been completely overtaken by start-up challengers – such as Snapchat, Facebook, Google, Netflix and Amazon – and many have struggled, sometimes unsuccessfully, for mere survival.¹⁰ Firms must constantly move forward. At greatest risk are those that fail to carefully monitor

their customers and competitors, to continuously improve their value offerings and marketing strategies, and satisfy their employees, stockholders, suppliers and channel partners in the process.

The role of marketing is always to have the customer at the centre of the organisation – in other words, to think ‘customer’. Peter Drucker, the management guru, confirms the importance of marketing and this customer focus:

The purpose of business is to create a customer. The business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business.¹¹

So, much business success can be attributed to companies that embrace marketing and understand and win customers through marketing.

Winning marketing

Skilful marketing is a never-ending pursuit, with businesses adapting and thriving in these changing times. Consider Pinterest.

Pinterest

Pinterest is one of the fastest-growing social media sites ever – it has surpassed 175 million monthly users and has over 50 billion Pinterest pins.¹² Pinterest is a visual bookmarking tool that lets users collect and share images of projects or products on digital scrapbooks or ‘pinboards’. Especially popular with women, who account for 81 per cent of their consumers, they use it for planning weddings, saving recipes and designing kitchen upgrades. Pinterest has driven more traffic to websites in a month than Twitter, Google+, LinkedIn and YouTube combined. Part of its appeal is its unique

customisable grid of images. Pinterest’s sweet spot is that users are often in a shopping mindset; one study showed almost 70 per cent of online purchasers who found a product via Pinterest went on to buy, compared to 40 per cent for Facebook. Brands from Dell to Mercedes-Benz are integrating this site into their social media strategies. Nevertheless, Pinterest is only slowly monetising its business venture as it originally focused on a ‘network first, revenue later’ model similar to Snapchat, which was valued at over €25 billion despite having no revenues.¹³



Pinterest has tapped into consumer desire to collect and share personally relevant images online.
Source: LightField Studios/Shutterstock

Even business-to-business firms are finding these techniques are critical and that they do work. The manufacturer Corning struggled with transcending its reputation as a seller of Pyrex cookware, a business it sold more than a decade ago, to its current status as a provider of highly engineered speciality glass products. Corning created a YouTube video, 'A day made of glass . . . made possible by Corning'. Unconventionally long but beautifully put together, within three weeks it attracted more than 1 million views, and in total was viewed over 26 million times with social conversation revolving around the themes of glass, product toughness and hope for the future – exactly what Corning wanted.

The scope of marketing

To become a marketer, you need to understand what marketing is and how it works.

Marketing is about identifying and meeting human and social needs at a profit. One of the shortest definitions of marketing is that it is the process of 'meeting customer needs profitably'. When Ryanair spotted that people wanted low prices and would accept lower services levels, their marketing plan designed this. When Google recognised that people needed help managing the information on the internet, they created a powerful search engine that organised and prioritised queries. These two firms demonstrated marketing savvy and turned a private or social need into a profitable business opportunity. Marketing is a revenue-generating function of a business, and the ultimate test of marketing success is a profit level that allows a company to prosper in the long run.¹⁴

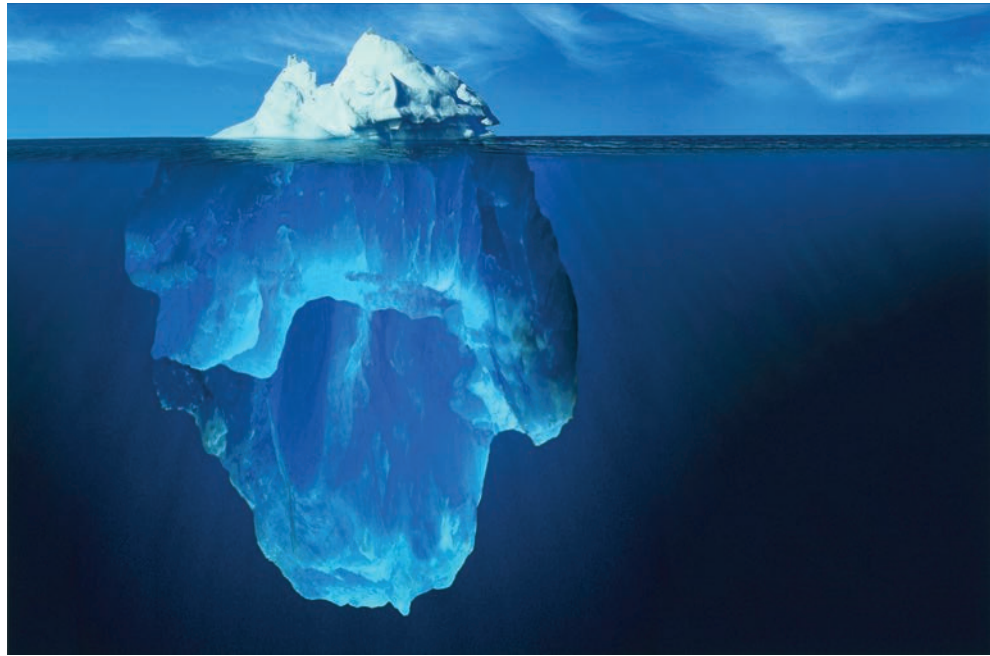
A formal definition is that marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. The marketing concept focuses on a total company effort to provide exchange and value for customers, clients partners and society.¹⁵ Coping with these exchange processes calls for a considerable amount of work and skill. Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. Thus, we see **marketing management** as the managerial responsibility that aligns the total company effort towards choosing and satisfying target market(s) by getting, keeping and growing customers through creating, delivering and communicating superior customer value at a profit to the organisation.

We can distinguish between a social and a managerial definition of marketing. A social definition shows the role marketing plays in society – for example, one commentator said that marketing's role should be to 'deliver a higher standard of living' and that marketing should be elevated to a higher level of consciousness.¹⁶ Here is a social definition that serves our purpose: 'marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others'.

Marketing is an often misunderstood term, seen more as 'the art of selling products' or advertising, and many people are surprised when the full extent of marketing beyond selling and advertising is articulated. The reality is that selling and advertising are only the tip of the marketing iceberg – simply the most visible to the customer. Peter Drucker, the management guru, put it this way:¹⁷

There will always, one can assume, be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available.

Just like an iceberg, over 80 per cent of marketing occurs out of sight of the customer. Advertising and sales are the final rather than the beginning stages of marketing. When Nintendo designed its Wii game, when Apple launched its iPad and when Toyota introduced its Prius hybrid car, they were swamped with orders. These marketers had designed the right product/service, delivered, priced, communicated and managed through the service process based on careful marketing understanding about consumers, competition and all the internal and external factors that affect cost and demand. Consider Zara.



Much of marketing occurs below the waterline. Non-marketers are inclined to think that marketing is only advertising and selling because they are the elements visible above the line.
Source: Ralph A. Clevenger/Corbis/Getty Images.

Zara

Think of how Zara competes with Benetton – two fashion companies that view marketing very differently. Zara, one of Europe's top fashion brands, has succeeded through a core understanding of the customer, whereas Benetton trails far behind, over-focused on creative and dynamic advertising.¹⁸ Zara understood its consumers' desire for fast fashion and aligned its whole company towards this ideal, while Benetton struggled to get customers into its stores. Benetton has continued to focus on provocative advertising to gain attention rather than embracing real customer understanding. It let a customer-focused company such as Zara capture the young fashion market and build incredible brand loyalty. Zara understands the needs and desires of its young adult

consumers – a market that craves new styles quickly and cheaply, and customers who are happy with concepts such as 'fast fashion' and 'disposable clothing'.

Zara produces around 12,000 styles per year (compared with the industry average of only 3,000), which means fresh fashion trends reach the Zara stores regularly and quickly. Zara's advertising budget is 0.03 per cent of its revenues, very different to competitors such as Gap and H&M, spending 5 per cent and 4 per cent respectively, and Benetton, spending €80 million on advertising alone.¹⁹ A typical Zara customer visits a Zara shop 17 times a year, compared with the industry average of three times per year, showing how Zara listens to customers and builds its operations around them.²⁰

Customers change, markets change and economies go through cycles of boom and bust regularly.²¹ Each cycle creates challenges for marketers and it is important for marketing to respond swiftly and decisively to changes in economic health. Understanding economies and purchasing power is critical to ensure that marketing spend counts and is aligned to customer needs. See Figure 1.1.

Purchasing power in Europe is not uniform, with northern European countries more prosperous than southern regions, as shown in Figure 1.1.

Marketing managers have to constantly rethink and reorientate their marketing efforts to deliver customer satisfaction within competitive markets. Many market leaders realise that they cannot afford to relax their marketing effort with leadership challenges from fast and agile competitors – Nokia, the market leader, lost out to Samsung and Apple by being too myopic and complacent. Successful European companies such as Zara, Nestlé, Siemens, Santander, L'Oréal, HSBC, Unilever and Bayer really understand marketing and how to satisfy changing consumer needs.²²

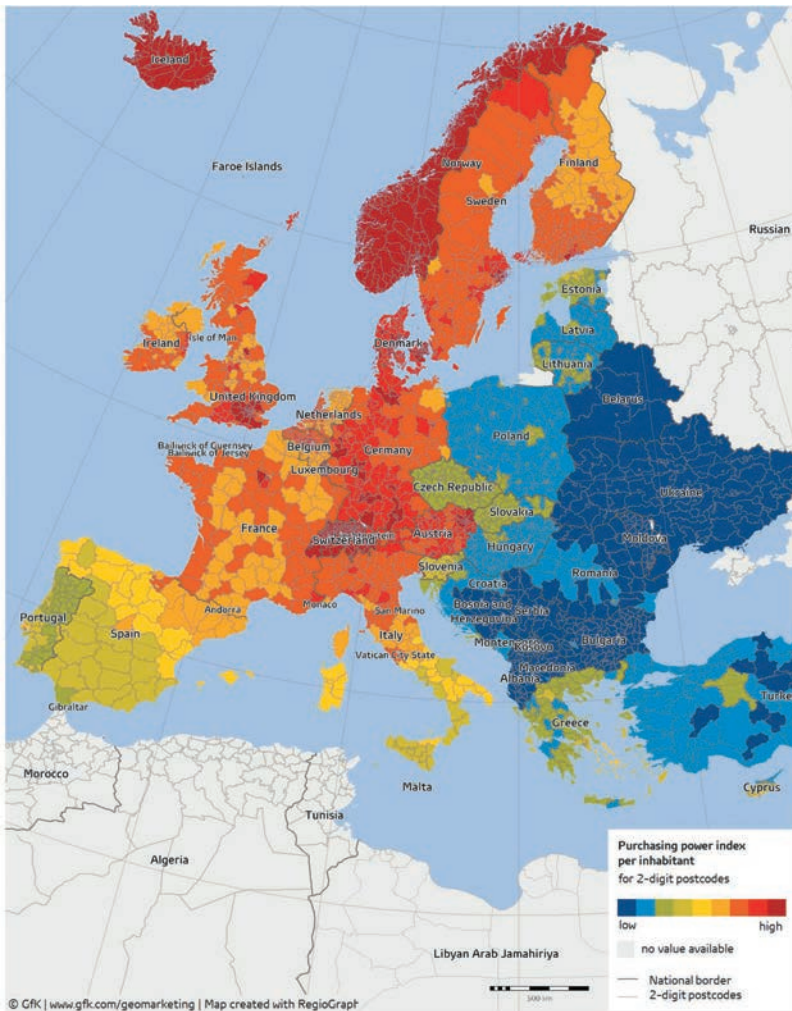


Figure 1.1 European purchasing power in 2017
 Source: © GfK: GfK Purchasing Power 2017. <http://www.gfk.com/insights/news/map-of-the-month-gfk-purchasing-power-europe-2017/>.

Skilful marketing is a never-ending pursuit. As Jay Conrad Levinson, author of *Guerrilla Marketing*, noted: 'Marketing is not an event, but a process . . . It has a beginning, a middle, but never an end, for it is a process. You improve it, perfect it, change it, even pause it. But you never stop it completely.'²³

Some successful companies were founded during downturns/recessions/depressions – think Wikipedia, IBM, CNN, Burger King, Microsoft and UPS. Though some well-known companies have failed during economically challenging times (think Kodak), others such as Ryanair, grew customer numbers to over 100 million by expanding routes, dropping prices and increasing their marketing expenditure. What is critical is a focus on marketing and understanding customers and concentrating your marketing effort on them. See the 'Marketing in practice' box.

Marketing in practice

Marketing: a winner in a crisis

A European-based study showed how critical marketing is in times of crisis, as this is a period where companies can win – or lose – market share very rapidly. Companies often respond incorrectly during a recession, with marketing budgets being slashed when the company's management and shareholders call for savings to be made. This study analysed the behaviour of 700 brands after the collapse of the dotcom bubble.

The most important results were:

- 54 per cent of companies recorded that growth in sales and market share during the collapse had maintained or raised their marketing budgets.
- Market shares shift faster during times of recession than in times of growth.
- The losers are often brands in the mid segment, as they cannot increase their marketing expenditure.
- 63 per cent of winners introduced new products or services and innovations, compared with just 19 per cent of the losers.

The clear winners were those companies that did not reduce their marketing budgets but instead invested anti-cyclically. They were able to achieve significantly higher growth than in normal times.²⁴

Marketing's role in creating demand

Marketers must be skilled at stimulating and managing demand. **Demand** is the willingness and ability of buyers to purchase different quantities of a product or service, at different prices, during a specific time period. Both willingness and ability must be present; if either is missing, there is no demand. Great marketing is when you see an unfulfilled need and launch an appropriate offering, and the offering matches this need and there is demand and ultimately profitable sales of your offering. Consider Innocent.

Innocent Drinks

Innocent Drinks, founded by three Cambridge University graduates, has surfed the wave of consumer distaste for artificial ingredients and tapped into the consumer demand for fresh ingredients on the go. Innocent Drinks has been one of the marketing success stories of the decade, with simple drinks based on crushed fruit. They distribute over 2 million smoothies a

week across Europe, doubling to become the top smoothie brand in Europe in terms of market share.²⁵ Innocent saw year-on-year sales grow by 35 per cent as the market for healthy drinks continues to grow.²⁶ Though now 90 per cent owned by Coca-Cola, Innocent's vision, in the words of co-founder Richard Reed, was 'to be Europe's favourite little juice company'.

Marketing managers seek to influence the level, timing and composition of demand to meet the organisation's objectives. Marketers must identify the underlying cause(s) of the demand state and then determine a plan of action to shift the demand to a more desirable state. Demand is linked to needs and wants. Needs are basic human requirements such as air, food, water, clothing and shelter. Humans also have strong needs for recreation, education and entertainment. These needs become wants when directed to specific objects that might satisfy the need. A German consumer looking for a snack may choose a sandwich, while a Dutch consumer may choose raw herring. Wants are shaped by our society. Demands are wants for specific products or services backed by an ability to pay. Buyers may want a Mercedes; only a few are able to buy one. Companies must measure not only how many people want their offering but also how many are willing and able to pay for it.

These distinctions shed light on the frequent criticism that 'marketers create needs' or 'marketers get people to buy things they don't want'. Marketers do not create needs: needs pre-exist marketers. Marketers, along with other societal factors, influence wants. They might promote the idea that a Mercedes would satisfy a person's need for social status. They do not, however, create the need for social status.

Some customers have needs of which they are not fully conscious or that they cannot articulate. What does it mean when the customer asks for a 'powerful' lawnmower or a 'quiet' hotel? The marketer must probe further. We can distinguish five types of needs:

- 1 Stated needs (the customer wants an inexpensive car).
- 2 Real needs (the customer wants a car whose operating cost, not initial price, is low).
- 3 Unstated needs (the customer expects good service from the dealer).
- 4 Delight needs (the customer would like an onboard GPS navigation system).
- 5 Secret needs (the customer wants friends to see them as a savvy consumer).

Responding only to the stated need may short-change the customer.²⁷ Companies need to be innovative and creative and be ahead of consumer needs and wants. Consider Fitbit.

The next section reviews European marketing challenges.

Fitbit

Fitbit entered the wearable technology market in 2007 right when the demand for healthier, more active lives was growing, and thus tapped into a health-and-fitness craze. Fitbits empowered customers by providing them with the data to

guide and inspire them to reach their goals. As one of the leading global wearable brands, Fitbit designed wrist-based products that helped customers to manage their own health and activity experiences. The company has over 25 million

