CHAPTER TWO
Marketing Strategy Planning 30
The Management Job in Marketing 32
What Is a Marketing Strategy? 33
Selecting a Market-Oriented Strategy Is Target Marketing 34
Developing Marketing Mixes for Target Markets 35
The Marketing Plan Is a Guide to Implementation and Control 41
The Marketing Program Should Build Customer Equity 43
The Importance of Marketing Strategy Planning 44
What Are Attractive Opportunities? 46
Marketing Strategy Planning Process Highlights Opportunities 46
Types of Opportunities to Pursue 49
International Opportunities Should Be Considered 51

Conclusion 52
Key Terms 53
Questions and Problems 53
Creating Marketing Plans 54
Suggested Cases 54
Computer-Aided Problem 54

CHAPTER THREE
Evaluating Opportunities in the Changing Marketing Environment 56
The Marketing Environment 58
Objectives Should Set Firm’s Course 59
Company Resources May Limit Search for Opportunities 61
Analyzing Competitors and the Competitive Environment 63
The Economic Environment 67
The Technological Environment 68
The Political Environment 69
The Legal Environment 71
The Cultural and Social Environment 73
Population Trends in the U.S. Consumer Market 77
Using Screening Criteria to Narrow Down to Strategies 79
Planning Grids Help Evaluate a Portfolio of Opportunities 82
Multiproduct Firms Have a Difficult Strategy-Planning Job 83
Evaluating Opportunities in International Markets 84

Conclusion 85
Key Terms 86
Questions and Problems 86
Creating Marketing Plans 86
Suggested Cases 87
Computer-Aided Problem 87
CHAPTER FOUR

Focusing Marketing Strategy with Segmentation and Positioning 88

Search for Opportunities Can Begin by Understanding Markets 90

Naming Product-Markets and Generic Markets 93

Market Segmentation Defines Possible Target Markets 94

What Dimensions Are Used to Segment Markets? 100

More Sophisticated Techniques May Help in Segmenting 104

Differentiation and Positioning Take the Customer Point of View 106

Conclusion 109

Key Terms 110

Questions and Problems 110

Creating Marketing Plans 110

Suggested Cases 110

Computer-Aided Problem 111

CHAPTER SIX

Business and Organizational Customers and Their Buying Behavior 138

Business and Organizational Customers—A Big Opportunity 140

Organizational Customers Are Different 141

Many Different People May Influence a Decision 143

Organizational Buyers Are Problem Solvers 148

Buyer–Seller Relationships in Business Markets 151

Manufacturers Are Important Customers 155

Producers of Services—Smaller and More Spread Out 157

Retailers and Wholesalers Buy for Their Customers 158

The Government Market 160

Conclusion 162

Key Terms 162

Questions and Problems 162

Creating Marketing Plans 163

Suggested Cases 163

Computer-Aided Problem 163
CHAPTER SEVEN

Improving Decisions with Marketing Information 164

Effective Marketing Requires Good Information 166
Changes Are Under Way in Marketing Information Systems 167
The Scientific Method and Marketing Research 171
Five-Step Approach to Marketing Research 171
Defining the Problem—Step 1 172
Analyzing the Situation—Step 2 173
Getting Problem-Specific Data—Step 3 176
Interpreting the Data—Step 4 183
Solving the Problem—Step 5 186
International Marketing Research 186

Conclusion 187
Key Terms 188
Questions and Problems 188
Creating Marketing Plans 189
Suggested Cases 189
Computer-Aided Problem 189

CHAPTER EIGHT

Elements of Product Planning for Goods and Services 190

The Product Area Involves Many Strategy Decisions 192

CHAPTER NINE

Product Management and New-Product Development 218

Innovation and Market Changes Create Opportunities 220
Managing Products over Their Life Cycles 221
Product Life Cycles Should Be Related to Specific Markets 223
Product Life Cycles Vary in Length 224
Planning for Different Stages of the Product Life Cycle 227
New-Product Planning 230
CHAPTER TWELVE
Retailers, Wholesalers, and Their Strategy Planning 292

Retailers and Wholesalers Plan Their Own Strategies 294
The Nature of Retailing 295
Planning a Retailer’s Strategy 296
Conventional Retailers—Try to Avoid Price Competition 297
Expand Assortment and Service—to Compete at a High Price 298
Evolution of Mass-Merchandising Retailers 299
Some Retailers Focus on Added Convenience 301
Retailing on the Internet 303
Why Retailers Evolve and Change 306
Retailer Size and Profits 307
Differences in Retailing in Different Nations 308
What Is a Wholesaler? 309
Wholesaling Is Changing with the Times 310
Wholesalers Add Value in Different Ways 311
Merchant Wholesalers Are the Most Numerous 313
Agents Are Strong on Selling 315
What Will Happen to Retailers and Wholesalers in the Future? 316

Conclusion 317
Key Terms 317
Questions and Problems 317
Creating Marketing Plans 318
Suggested Cases 318
Computer-Aided Problem 318

CHAPTER THIRTEEN
Promotion—Introduction to Integrated Marketing Communications 320

Promotion Communicates to Target Markets 322
Several Promotion Methods Are Available 323
Someone Must Plan, Integrate, and Manage the Promotion Blend 325
Which Methods to Use Depends on Promotion Objectives 327
Promotion Requires Effective Communication 329
Integrated Direct-Response Promotion Is Very Targeted 331
The Customer May Initiate the Communication Process 333
How Typical Promotion Plans Are Blended and Integrated 336
Adoption Processes Can Guide Promotion Planning 339
Promotion Blends Vary over the Life Cycle 342
Setting the Promotion Budget 344

Conclusion 345
Key Terms 345
Questions and Problems 345
Creating Marketing Plans 346
Suggested Cases 346
Computer-Aided Problem 346
CHAPTER FOURTEEN

Personal Selling and Customer Service 348

The Importance and Role of Personal Selling 350
What Kinds of Personal Selling Are Needed? 352
Order Getters Develop New Business Relationships 353
Order Takers Nurture Relationships to Keep the Business Coming 354
Supporting Sales Force Informs and Promotes in the Channel 355
Customer Service Promotes the Next Purchase 357
The Right Structure Helps Assign Responsibility 358
Information Technology Provides Tools to Do the Job 363
Sound Selection and Training to Build a Sales Force 364
Compensating and Motivating Salespeople 366
Personal Selling Techniques—Prospecting and Presenting 368

Conclusion 372
Key Terms 373
Questions and Problems 373
Creating Marketing Plans 374
Suggested Cases 374
Computer-Aided Problem 374

CHAPTER FIFTEEN

Advertising and Sales Promotion 376

Advertising, Sales Promotion, and Marketing Strategy Planning 378
Advertising Is Big Business 380
Advertising Objectives Are a Strategy Decision 381
Objectives Determine the Kinds of Advertising Needed 382
Coordinating Advertising Efforts with Cooperative Relationships 385
Choosing the "Best" Medium—How to Deliver the Message 385
Advertising and the Internet—New Opportunities and New Challenges 388
Planning the "Best" Message—What to Communicate 392
Advertising Agencies often Do the Work 394
Measuring Advertising Effectiveness Is Not Easy 396
How to Avoid Unfair Advertising 397
Sales Promotion—Do Something Different to Stimulate Change 398
Problems in Managing Sales Promotion 400
Different Types of Sales Promotion for Different Targets 401

Conclusion 402
Key Terms 403
Questions and Problems 403
Creating Marketing Plans 404
Suggested Cases 404
Computer-Aided Problem 404
CHAPTER SIXTEEN

Pricing Objectives and Policies 406

Price Has Many Strategy Dimensions 408
Objectives Should Guide Strategy Planning for Price 410
Profit-Oriented Objectives 411
Sales-Oriented Objectives 412
Status Quo Pricing Objectives 413
Most Firms Set Specific Pricing Policies—to Reach Objectives 413
Price Flexibility Policies 414
Price-Level Policies—over the Product Life Cycle 416
Discount Policies—Reductions from List Prices 420
Allowance Policies—Off List Prices 423
Some Customers Get Something Extra 424
List Price May Depend on Geographic Pricing Policies 425
Pricing Policies Combine to Impact Customer Value 426
Legality of Pricing Policies 429

Conclusion 433
Key Terms 433
Questions and Problems 433
Creating Marketing Plans 434
Suggested Cases 434
Computer-Aided Problem 434

CHAPTER SEVENTEEN

Price Setting in the Business World 436

Price Setting Is a Key Strategy Decision 438
Some Firms Just Use Markups 438
Average-Cost Pricing Is Common and Can Be Dangerous 442
Marketing Managers Must Consider Various Kinds of Costs 443
Break-Even Analysis Can Evaluate Possible Prices 446
Marginal Analysis Considers Both Costs and Demand 448
More Demand-Oriented Approaches for Setting Prices 450
Pricing a Full Line 457
Bid Pricing and Negotiated Pricing Depend Heavily on Costs 458

Conclusion 460
Key Terms 460
Questions and Problems 460
Creating Marketing Plans 461
Suggested Cases 461
Computer-Aided Problem 461
CHAPTER EIGHTEEN

Ethical Marketing in a Consumer-Oriented World: Appraisal and Challenges 462

How Should Marketing Be Evaluated? 464
Can Consumer Satisfaction Be Measured? 466
Micro-Marketing Often Does Cost Too Much 467
Macro-Marketing Does Not Cost Too Much 469
Marketing Strategy Planning Process Requires Logic and Creativity 471
The Marketing Plan Brings All the Details Together 473
Challenges Facing Marketers 475
How Far Should the Marketing Concept Go? 483

Conclusion 484
Questions and Problems 484
Creating Marketing Plans 485
Suggested Cases 485

Appendix A  Economics Fundamentals 486

Appendix B  Marketing Arithmetic 499

Appendix C  Career Planning in Marketing 515

VIDEO CASES 529

1. Chick-fil-A: “Eat Mor Chikin” (Except on Sunday) 530
2. Bass Pro Shops (Outdoor World) 531
3. Toyota Prius: The Power of Excellence in Product Innovation and Marketing 532
4. Potbelly Sandwich Works Grows through “Quirky” Marketing 534
5. Suburban Regional Shopping Malls: Can the Magic Be Restored? 535

6. Girl Scouts 538
7. The GM HUMMER: Brand Equity, Positioning, and Development 540
8. Segway Finds Niche Markets for Its Human Transporter Technology 541

CASES 544

1. McDonald’s “Seniors” Restaurant 545
2. Harvest Farm Foods, Inc. 545
3. MANU Soccer Academy 546
4. Trusty Technology Services 547
5. PolyTech Products 548
6. Global Steel Company 549
7. Waituiwa Lodge 550
8. Lombardi’s Italian Grill 551
9. Sweetest Dreams Inn 552
10. Taffe’s Ice Land 553
11. The Next Step 554
12. DrRay.com—Custom Vitamins and Supplements 555
13. File-It Supplies, Inc. 556
14. Express Multimedia 557
15. The Trujillo Group 558
16. Bunyan Lumber 559
17. Oh So Pure Water, Inc. 561
18. Whisper Valley Volunteer Fire Department 562
19. OurPerfectWedding.com 563
20. Recreation Supplies Unlimited 565
21. Advanced Materials, Inc. 566
22. Bright Light Innovations: The Starlight Stove 567
23. West Side Furniture 568
24. Lone Star Wire, Inc. 569
25. United Plastics Mfg., Inc. 570
26. Best Way Canning, Inc. 571
27. Superior Molding, Inc. 572
28. Precision Cutting Tools, Inc. 573
29. Specialized Castings, Inc. 574
30. Eden Prairie Mills, Ltd. 575
31. At-Home Health Services, Inc. 576
32. Lever, Ltd. 578
33. Mulligan & Starling 580
34. Innovative Aluminum Products, Inc. 581
35. Mama Rossi’s Pizza 583
36. Sorenson Builders 585