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PRINCIPLES OF  
MARKETING

市场营销学原理

(第2版)

Geoffrey Randall



经济科学出版社  
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Principles of Marketing

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Geoffrey Randall 著

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# 出版说明

21世纪已经到来,以加强外语为新世纪人才特征的新一轮教育改革方兴未艾,“双语教学”成为热门主题,成为推进素质教育的又一项重要内容。国家教育部在2002年提出加强大学本科教学的12项措施,其中要求各高校在三年内开设5%~10%的双语课程,并引进原版教材和提高师资水平。为了推动“双语教学”的开展,经济科学出版社将引进一系列英语版教材,适用于高等院校、高职高专财经及管理类专业。

我们引进的《市场营销学原理》(第2版),由美国汤姆森学习出版集团授权经济科学出版社在我国独家出版。汤姆森学习出版集团是全球最大的教育出版集团之一,其出版的各个层次的教材深受美国及世界很多国家的读者欢迎。

《市场营销学原理》共十八章,具体包括导言、营销策略——让度顾客价值、电子商务与市场营销、营销环境与市场研究、顾客与消费者研究、市场信息、市场细分与目标市场、差异化与市场定位、产品与品牌策略、新产品开发、定价策略、营销沟通、派员销售、渠道策略、服务业营销、企业对企业的营销、国际市场营销、营销计划与整合营销。

2004年2月

# Principles of marketing

*Principles of marketing* offers a comprehensive overview of marketing. Geoffrey Randall relates the central principles of marketing to the practice of management, covering marketing information, research, segmentation, product policy and development, the elements of the marketing mix and considering the marketing of services, direct marketing, business-to-business markets and the international framework. He shows how these elements can be drawn together in the development of strategy, its implementation and control. Adopting a fully integrated approach, he relates the concepts to the actual decisions managers have to take. By looking at a wide variety of industries and the skills that are needed in different contexts, Geoffrey Randall shows the extent to which marketing is a central part of any type of organization.

**Geoffrey Randall** is an independent consultant specializing in marketing training and management education. He runs in-house training courses for major companies and has wide teaching experience at various levels. He was head of the business school at the University of Greenwich and served on several national bodies in the field of business education as well as working in industry for ten years. He is author of five other books, including *Trade Marketing Strategies*, *Branding* and, with Andrew Seth, *The Grocers: the rise & rise of the supermarket chains*.

# Preface

In the eight years since the first edition of this book was published, a great deal has changed. The main impact has been that of new technology, in particular from computing, telecommunications and their convergence in the Internet. In this edition, therefore, there is a completely new chapter on e-commerce and marketing, and frequent references throughout the text to computer applications and relevant websites. Developments that have sprung from the new technologies, such as data warehousing and data mining, and customer relationship management are also covered.

The other major change is the shift in the focus of marketing activity, from transactions to relationships, and the resulting concentration on customer value. Chapters 1 and 2 discuss these developments. Chapter 1 also debates the rise of the so-called 'new marketing', and draws some conclusions as to how much is really new.

Of course, much remains the same. The basic principles of marketing have not changed, and – as the bursting of the dotcom bubble showed – neither have the rules of business. In the rest of the book, references and examples have been updated where necessary, but much of the content has been retained. The aim is still to present the fundamentals of marketing in clear language, and in a concise form, for people studying the subject for the first time within the context of a business or management programme.

Geoffrey Randall  
March 2001



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## Chapter 1

# Introduction

### What marketing is and is not: definitions

Marketing is one of those terms which can arouse strong feelings, and on which many people hold strong views – but which is not yet very well understood. In Europe marketing is a relatively recent phenomenon, having come to prominence only in the last fifty years: indeed, many firms have yet to adopt it in any formal way. Like any human activity, it is constantly changing and is therefore difficult to pin down.

Before looking at some definitions of what marketing is, let us clear away some misunderstandings, and say what it is not. Marketing is emphatically not the business of persuading people to buy what they don't really need. This view, widely held by marketing's critics (usually from outside the business world), does not stand up to examination. In practice it is extremely difficult to persuade people to buy a product. Think of yourself as a consumer or as a manager: how easily do you part with your own or your firm's money? We all purchase goods and services which in some way meet our needs, and which do so better than the alternative. As we shall see, the decision process may be complex, with multiple objectives and trade-offs between different factors (price, quality, convenience, for example); but in the end, we all buy those things that suit us best.

This is not to say that marketing effort does not help to influence buying decisions, particularly the choice between competing brands. Nor is it to say that heavy advertising cannot persuade people to buy something once. But if a purchase does not give satisfaction in some way, the consumer will not buy again.

Similarly, marketing does not create needs which did not exist before. Such an argument, which accepts that consumers buy to meet a perceived need, also assumes

that marketing has enormous power to alter the way people feel. Again, careful examination of the case suggests that the argument is based on a falsehood, and is supported by little evidence. The falsehood is a supposed dichotomy between needs and wants – needs being acceptable, and wants somehow rather discreditable. ‘Real’ needs are really very few: food and water, some clothing and shelter. The great majority of people – in the industrialized world at least – can assume that these necessities are available; beyond the basics, they begin to exercise choice, and personal preferences come into play.

**Most purchases are made to meet a combination of need and want; trying to separate them is impossible, and unhelpful. This is really what is meant by phrases such as ‘the market will decide’: businesses will produce what they see fit, and the sum of the individual choices made by consumers will decide what products survive. Thus the market decides which products best meet consumers’ needs.**

The only alternative to this system is for some central person or body to decide what people need. We have seen what results this system produces in the formerly centrally planned economies of eastern Europe.

Evidence that marketing can make us want things we did not realize we needed seems at first sight rather stronger. The number of products now available which simply did not exist forty years ago would appear to indicate that we can be influenced. This view, too, depends on how we define needs. Sixty years ago we did not know we ‘needed’ television; thirty years ago we did not ‘need’ a video-cassette recorder. On the other hand, we have always needed entertainment, and we always will. Technology – and marketing – may offer us different ways of satisfying that need. If we choose not to have television – and many do – we can find entertainment in other ways. Business will always try to find new and better products and services; the market – the total buying decisions of all customers and consumers – will decide whether a new product is better, that is whether it better meets our needs, than the existing ones.

At a more detailed level, marketing is not just about advertising, or selling, or creating an image, although all three may be activities contained within marketing. What then is it?

Peter Drucker, the single most influential writer on management, has defined marketing in the following way:

True marketing starts out with the customers, their demographics, related needs and values. It does not ask, ‘What do we want to sell?’ It asks, ‘What does the customer want to buy?’ It does not say, ‘This is what our product or service does.’ It says, ‘These are the satisfactions the customer looks for.’

(Drucker 1979: 59)

This is as good a definition as any of the ‘marketing concept’, which can be distinguished from what marketing people in a firm actually do. The marketing concept is about how the business as a whole operates. As a British writer put it:

The marketing concept is a philosophy, not a system of marketing or an organizational structure. It is founded on the belief that profitable sales and satisfactory returns on investment can only be achieved by identifying, anticipating and satisfying customer needs and desires – in that order.

It is an attitude of mind which places the customer at the very centre of a business activity and automatically orients a company towards its markets rather than towards its factories. It is a philosophy which rejects the proposition that production is an end in itself, and that the products, manufactured to the satisfaction of the manufacturer merely remain to be sold.

(Barwell 1965: 3)

The same point was made more pithily by the then chairman of Carborundum, a company which used to specialize in producing carborundum grinding wheels. After discovering marketing on some personal road to Damascus, he said: 'Customers don't want grinding wheels, they want metal removed.' What may appear a trivial form of words in fact signalled a fundamental shift in the way the company viewed its business and how it could serve its customers.

Such quotations serve to underline the point that the marketing concept applies across all types of companies and market situations. (How its applications vary will be discussed later.)

More recent definitions of marketing have sought to broaden the concept to include organizations other than businesses, and transactions other than purely commercial ones. Typical of these is that of Kotler, author of one of the world's best-known textbooks on marketing: 'Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and value with others' (Kotler 2000). Such a definition can be applied to non-commercial organizations, such as local government or the National Health Service, and can sometimes illuminate business transactions too. The idea of exchange – that both parties are giving and receiving – can help to clarify what is important in a situation, and how it can be influenced. In particular, this formulation may help to balance the superficial view that marketing is about giving people what they want – an approach which would quickly bankrupt a company, and which has clear dangers, for instance, for a healthcare provider.

What all these definitions have in common is a focus on the customer and consumer: that is what is meant by a marketing orientation. What it means in practice will be examined next.

## Marketing as a management function

Turning from the conceptual level, to what marketing means as a function in a firm, we find the American Marketing Association defining marketing management as 'the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals'. In Britain, the Chartered Institute of Marketing defines marketing as 'the management process responsible for identifying, anticipating and satisfying customer requirements profitably'.

The CIM's definition introduces two important new ideas: the management process, and profit. The idea of management process is important because marketing does not just happen: someone must be responsible for making it happen. The idea of profit is even more important.

**It is worth repeating that marketing does not involve just giving people what they want, but rather adjusting what the firm can profitably provide to what customers want.**

This leads to the concept of matching:

**Marketing tries to match the firm's resources and capabilities to customers' changing needs and wants, at a profit.**

Every company cannot meet every identified need, even within its current chosen market sectors. It cannot meet every need at a profit; it has to choose the best match.

The other factor so far omitted is that no company operates in isolation: it has competitors. In virtually every market, there are several companies identifying customer needs and trying to satisfy them. What your competitors do can crucially affect your profit. An extreme view even suggests that a customer orientation can be fatal if it ignores competition:

Would identifying, conceptualizing, and communicating [customer needs] help American Motors compete successfully with General Motors, Ford and Chrysler? Let alone Toyota, Datsun, Honda and the rest of the imports?

Let's say American Motors develops a product strategy based on identifying customer needs. The result would be a line of products identical to those of General Motors, which spends millions of dollars researching the same marketplace to identify those same customer needs. . .

Why do the hundreds of definitions of the marketing concept almost never mention the word *competition*? Or suggest the essential nature of the conflict? The true nature of marketing today involves the conflict between corporations, not the satisfying of human needs and wants.

(Ries and Trout 1986: 3-5)

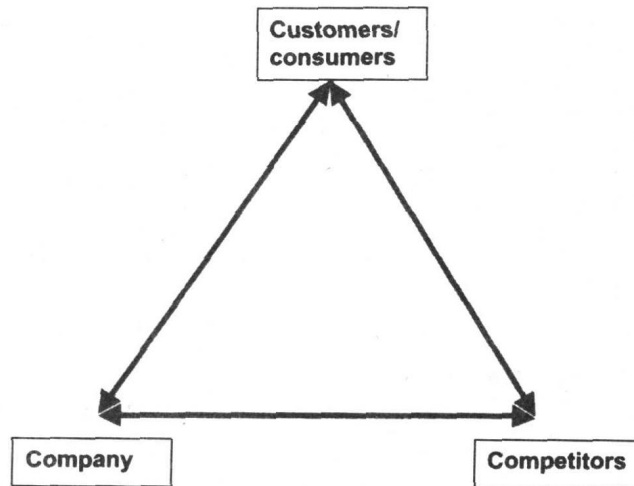
The authors exaggerate to make a point, but it is a vital point: marketing must operate in the interface between the company, its customers and consumers, and its competitors (see Figure 1.1).

All this discussion, however, is rather general. The definitions suggest that marketing is concerned with all or most aspects of a firm's activities, and at the conceptual level this is true; it leads to certain potential conflicts within the organization, which will be discussed later. It still does not tell us about the actual *content* of the marketing function.

Clearly, it follows from the definitions given that marketing people must be concerned with studying markets and customers, with selecting particular parts or segments of markets, with helping to decide what products should be offered to which customers, and with helping to design those products. In these activities, they will co-operate with other management functions.

**The domain which is entirely or mainly that of marketing is known in shorthand as the 'four Ps': product, price, promotion and place. These are the tools which marketing managers have at their disposal.**

The four Ps will be expanded on at length in the course of this book. At this stage, we will go on to look at how marketing fits into the firm as a whole, in terms of overall



**Figure 1.1** The three Cs of marketing: the importance of fit

strategy and organizational structure, before returning to the topic of how definitions of marketing change over time.

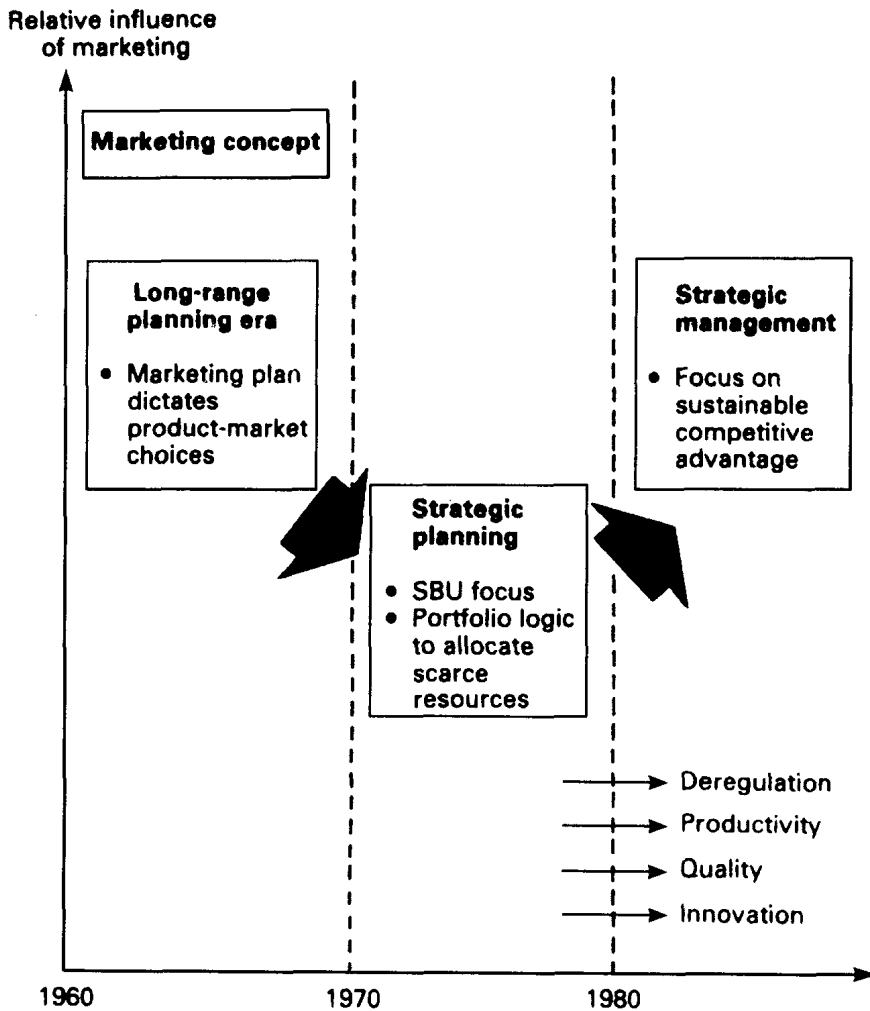
### ***Marketing's role in corporate strategy and planning***

As a function, marketing must contribute to the company's strategy in the same way as other functions such as manufacturing or finance. At the conceptual level, it could be argued that marketing has a pre-eminent role: a firm will survive only if it meets the long-run needs of customers. It was, after all, a marketing writer, Theodore Levitt, who brought the question: 'What business are we in?' to the forefront of management thinking (Levitt 1960). At one time, in the 1960s, it did indeed appear that marketing would dominate strategic planning, especially if one looks at the USA and at the literature; the reality in many European companies, however, has always been different.

Even amongst the large multinationals which seemed to be adopting a marketing-led approach, there were difficulties in really implementing the concept. From other directions, there were criticisms of the effect of marketing domination, suggesting that it led to unnecessary product proliferation, inflated costs, unfocused diversification, and a weak commitment to R&D (Hayes and Abernathy 1980). We have already noted criticism from within marketing itself that an exclusive customer orientation could be dangerous. Other influences on strategy formulation, from management consultants and industrial economists, began to take over.

Figure 1.2 shows one view of how marketing's role in strategy has changed. From its domination in the 1960s it declined in influence, but began to recover again in the 1980s. Some writers (Day and Wensley 1983) suggest that the marketing function:

- initiates,
- negotiates, and
- manages acceptable exchange relationships with key interest groups, or constituencies,
- in the pursuit of sustainable competitive advantages,
- within specific markets, on the basis of long-run consumer and channel franchises.



**Figure 1.2** Marketing's changing role in strategy

The notion of sustainable competitive advantage was key to much strategic thinking in the 1990s. Readers will study this topic in greater depth elsewhere. At this stage, it is sufficient to underline the fact that competitive advantage can come not only from the marketing function, but from elsewhere. Porter's work, particularly on the Value Chain (Porter 1985) shows how all the firm's activities, and the linkages between them, and the linkages between the firm and its suppliers and customers, are potential sources of competitive advantage. In recent years it has seemed unlikely that sustainable competitive advantage is a tenable idea, as competitors catch up increasingly quickly. The core competences approach (Prahalad and Hamel 1990) focuses attention on the knowledge and skills, often technological, which will support long-term superiority.

The other notion alluded to above is that of constituencies. This recognizes that in real life a firm is a collection of sub-units with differing interests. There are coalitions of interests both within and outside the firm. Each functional area within the firm tries to

achieve its own objectives, which involves ensuring an uninterrupted flow of resources from the appropriate external coalition (Anderson 1982). Each functional area is in some sense in competition with the others, and is constrained by them. Marketing tries to maximize consumer satisfaction, but is constrained by finance or manufacturing. (This issue is returned to later.)

Recognizing this reality, what then should marketing's role in strategic planning be? Obviously, the political power of the various functional areas in a particular firm at a particular time will determine how influential marketing's voice is. The marketing input to strategy may be logically imperative, but it has no divine right to dominate other factors. Anderson suggests that marketing has three major activities within strategic planning:

First, at both the corporate and divisional level it must identify the optimal long-term position or positions that will assure customer satisfaction and support. An optimal position would reflect marketing's perception of what its customers wants and needs are likely to be over the firm's strategic time horizon. . .

[Second it] involves the development of strategies designed to capture its preferred positions. This will necessarily involve attempts to gain a competitive advantage over firms pursuing similar positioning strategies. . .

Finally, marketing must negotiate with top management and the other functional areas to implement its strategies. . . marketing must take an active role in promoting its strategic options by demonstrating the survival value of a consumer orientation to the other internal coalitions.

(Anderson 1982 p. 17)

There are two advantages to this formulation: it preserves the primacy of the market – customers and consumers – as the final arbiter of survival and success; but it recognizes the political reality that marketing is only one function within the firm and has to argue its case with the other functions and top management.

The other point to stress is that at the strategic level, marketing people must lift their eyes from what is happening today to concentrate on what is likely to be happening in five or ten years' time. Today's consumer attitudes may be less relevant than demographic and social trends, for example. The interaction between technology and consumer and customer behaviour must be taken into account. These issues will be returned to when we look at planning in more detail, in Chapter 18.

## **Challenges to marketing**

The idea that marketing is important, and that firms need to think about it, has never gone unchallenged. Many companies and professional firms, particularly in Britain, are still reluctant to embrace it. Over the last decade, even where it had been adopted, it began to come under fire. In 1993, the reputable *McKinsey Quarterly* published a hostile article, quoting many chief executives' dissatisfaction with marketing's performance. Other articles, both in the UK and the USA, reflected widespread criticisms from chief executives and other directors. The complaints fall under a number of headings.

- *It doesn't work.* Some marketing people, unfortunately, tend to make extravagant claims for what they can achieve. Producing dramatic transformations in company fortunes is

difficult, and in reality happens seldom. External events, and competitive reactions, often conspire to defeat grand plans.

- *You can't measure it.* Finance directors, especially, mistrust managers who spend large sums of money for a return that is difficult or impossible to measure (we discuss how it can be measured in Chapter 12).
- *It is too expensive.* This is related to the measurement issue: if we could show what return the company would make on its marketing spend, it might not appear expensive at all. Advertising budgets in particular are very visible, and if they show little or no short-term return, they are open to criticism, and to cuts. (We should note that the effects of other large expenditures, for example on IT or training, cannot always be measured either; marketing is not alone in this.)
- *Marketing people don't stick around.* There is a tendency in marketing for managers to move jobs quickly, both within and between companies. If the average job tenure is 18 months to two years, there is little chance to build up depth of knowledge, and personal relationships.
- *Marketing people are different.* In one study (Baker 2000), senior non-marketing managers described their marketing colleagues in these terms:
  - 'You're not accountable'
  - 'You're (a touch) arrogant'
  - 'You hold meetings over lunch'
  - 'You're always in meetings'
  - 'You work a shorter day'
  - 'You're unaccountable, untouchable, slippery, expensive'

These are unflattering, to say the least, and suggest that marketing has a considerable challenge in marketing itself inside the firm.

- *It is taking over our lives.* This is a criticism, not from within business, but from a wider societal perspective. Writers such as Naomi Klein (2000) have articulated it persuasively. She sums up the first parts of her case as 'No Space' and 'No Choice'. We have no space because marketing has taken over every corner of our lives. Everything is branded or sponsored – not just products, but sports, music, education, everything. In the USA, advertisements appear even in the lavatories of universities, and the institutions reach collaborative agreements with large corporations that provide funds in exchange for exclusive product distribution (of soft drink brands, for example). In both America and Britain, schools accept 'teaching materials' from firms, because they are short of money, but the materials are relentlessly branded. The 'No Choice' argument is that, with everything branded and sponsored, and with the range of suppliers reduced by the continuing trend to take-overs and mergers, we have a decreasing amount of real choice of what we buy and how we spend our time and money. The arguments may seem extreme, but are well documented and demand to be taken seriously.

## Organizational issues

It became clear during the first part of the chapter that marketing must be seen within its organizational context. In this section we will explore some of the issues involved.