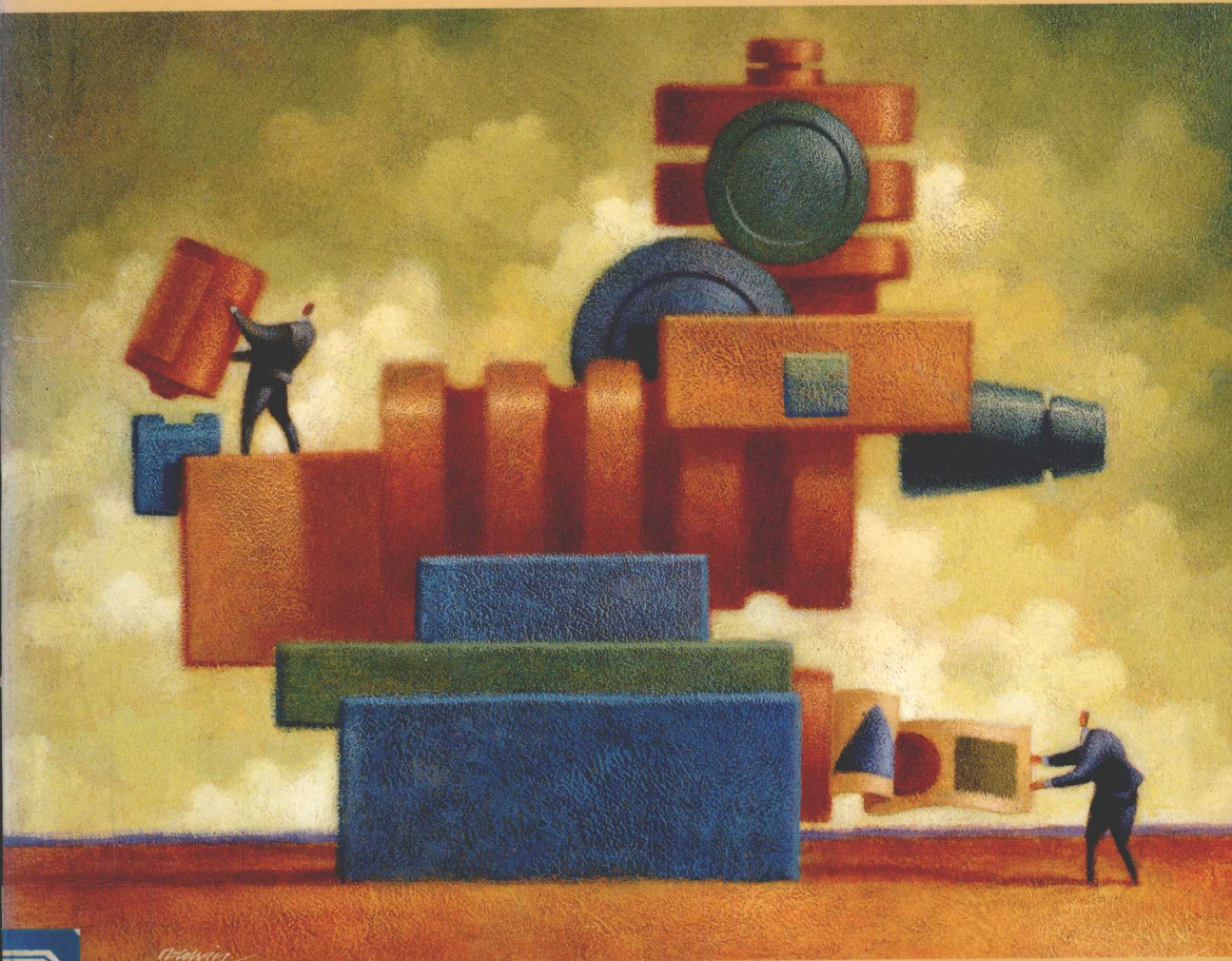


# MARKET-BASED MANAGEMENT

*Strategies for Growing Customer Value and Profitability*

THIRD EDITION



ROGER J. BEST

Third  
Edition

# MARKET-BASED MANAGEMENT

*Strategies for Growing  
Customer Value and  
Profitability*

Roger J. Best

*Emeritus Professor of Marketing  
University of Oregon*

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# MARKET-BASED MANAGEMENT

*Strategies for Growing  
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To Mike, a great friend and  
always there when we  
needed you.

## Preface

Based on positive feedback from students, professors, and those working in the field of marketing, I was encouraged to pursue a third edition of *Market-Based Management*. The strength of the book remains its focus on market orientation and the processes and tools for building marketing strategies that deliver superior levels of customer value and profitability. A differentiating feature of this book is its focus on marketing profitability, and the role marketing strategies play in building the profits of a business. The best way to accomplish this is with a market-driven strategy that attracts, satisfies, and retains target customers with a value that is superior to competing products or services.

The third edition builds on this theme in several ways. A special effort was made to include more coverage of Customer Relationship Management, E-Marketing Strategies, and Brand Management Strategies. In addition, Application Problems at the end of each chapter have been revised. However, the feature that will greatly enhance the third edition the most is the online, interactive spreadsheets that can be used to analyze the application problems. This will give students the opportunity to solve real-world marketing problems online as well as experiment with the interactive spreadsheets to further develop marketing insights. For instructors, the application problems and interactive spreadsheets can be used to create additional assignments.

Market-based management is intuitively easy but deceptively difficult. The reason students and professionals like this book is because it is readable, and because it presents the tools and processes needed to actually build a market-driven strategy. The concepts, by themselves, are important and are the backbone of market-based management. However, they are of limited value if they cannot be applied in a way that delivers superior customer value and profitability. Those in marketing need to take a greater level of responsibility for managing profits and the external performance metrics of a business. This is an important benefit of this book. It is my hope that this book will help you in your understanding of, commitment to, and practice of market-based management.

Roger J. Best  
Emeritus Professor of Marketing  
University of Oregon

## About the Author



Dr. Best is an Emeritus Professor of Marketing at the University of Oregon. He earned a Bachelor of Science in Electrical Engineering from California State Polytechnic University in 1968. Following graduation, he joined the General Electric Company where he worked in both engineering and product management. While at GE, he received a patent for a product he developed. Dr. Best completed his MBA at California State University, Hayward in 1972 and received his Ph.D. from the University of Oregon in 1975. He taught at the University of Arizona from 1975 to 1980 and the University of Oregon from 1980 to 2000.

Over the past twenty-five years, he has published over fifty articles and won numerous teaching awards. In 1998 he received the *American Marketing Association Distinguished Teaching in Marketing* award. In 1988, the *Academy of Marketing Science* voted an article on marketing productivity by Dr. Best and co-authors the Outstanding Article of the Year. He is a co-author of *Consumer Behavior: Implications for Marketing Strategy* (8th ed.). Dr. Best has also developed the **Marketing Excellence Survey** ([www.MESurvey.com](http://www.MESurvey.com)), a benchmarking tool for assessing a manager's marketing knowledge and market attitudes based on a worldwide database of over 15,000 managers and **MarkProf** ([www.MarkProf.com](http://www.MarkProf.com)), an online marketing profitability tool to help marketing managers assess the profit impact of marketing strategies.

Over the past twenty years, Dr. Roger J. Best has been active in working with a variety of companies in both marketing strategy consulting and management education. These companies include General Electric, Dow Chemical, Dow Corning, DuPont, Eastman Kodak, MediaOne, Lucas Industries, Tektronix, ESCO, Pacific Western Pipe, James Hardie Industries, Sprint, and US West. Dr. Best has also taught many executive management education programs at INSEAD, in Fontainebleau, France.

# Acknowledgments

A book such as this is an assimilation of knowledge from many sources. It is an integration of perspectives intended for a particular audience. An author's added value is in the focus, integration, and presentation, but the basic knowledge is derived from many sources. I would like to acknowledge specific individuals whose knowledge contributed to the writing of this book.

Second, I would like to acknowledge the individual feedback I received from the following reviewers:

- Torsten Ringberg, University of Wisconsin–Milwaukee
- Glen Christensen, Penn State University–University Park
- Ron Goldsmith, Florida State University
- Douglas Lincoln, Boise State University
- Robert McMurrian, University of Tampa
- Steve Kopp, University of Arkansas–Fayetteville

Their thoughtful reviews and suggestions for improvement are greatly appreciated and will enhance this third edition.

Finally, I would like to thank managers from 3M, Dow Chemical, Dow Corning, and Sprint for their comments and encouragement. Also, the third edition would not have been possible without the support of Dr. Bruce Cooley. His participation and contributions were critical to every aspect of the third edition and are greatly appreciated. I also owe a special thanks to my editor, Bruce Kaplan, who stayed on me to finish the third edition, and my wife Robin, who endured my ups and downs in writing the third edition.

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