

清华营销学系列英文改编版教材

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# 市场营销原理

Principles of Marketing Tenth Edition

(美) 菲利浦·科特勒 (Philip Kotler) 著  
加里·阿姆斯特朗 (Gary Armstrong)

第10版

清华大学出版社



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# 出 版 说 明

为了适应经济全球化的发展趋势,满足国内广大读者了解、学习和借鉴国外先进的管理经验和掌握经济理论的前沿动态,清华大学出版社与国外著名出版公司合作影印出版一系列英文版经济管理方面的图书。我们所选择的图书,基本上是已再版多次、在国外深受欢迎、并被广泛采用的优秀教材,绝大部分是该领域中较具权威性的经典之作。在本书的审读过程中,我们得到了清华大学胡佐浩老师的支持、帮助和鼓励,在此表示谢意!

由于原作者所处国家的政治、经济和文化背景等与我国不同,对书中所持观点,敬请广大读者在阅读过程中注意加以分析和鉴别。

我们期望这套影印书的出版对我国经济科学的发展能有所帮助,对我国经济管理专业的教学能有所促进。

欢迎广大读者给我们提出宝贵的意见和建议;同时也欢迎有关的专业人士向我们推荐您所接触到的国外优秀图书。

清华大学出版社经管事业部

2005.6

世纪之交，中国与世界的发展呈现最显著的两大趋势——以网络为代表的信息技术的突飞猛进，以及经济全球化的激烈挑战。无论是无远弗界的因特网，还是日益密切的政治、经济、文化等方面的国际合作，都标示着21世纪的中国是一个更加开放的中国，也面临着一个更加开放的世界。

教育，特别是管理教育总是扮演着学习与合作的先行者的角色。改革开放以来，尤其是20世纪90年代之后，为了探寻中国国情与国际上一切优秀的管理教育思想、方法和手段的完美结合，为了更好地培养高层次的“面向国际市场竞争、具备国际经营头脑”的管理者，我国的教育机构与美国、欧洲、澳洲以及亚洲一些国家和地区的大量的著名管理学院和顶尖跨国企业建立了长期密切的合作关系。以清华大学经济管理学院为例，2000年，学院顾问委员会成立，并于10月举行了第一次会议，2001年4月又举行了第二次会议。这个顾问委员会包括了世界上最大的一些跨国公司和中国几家顶尖企业的最高领导人，其阵容之大、层次之高，超过了世界上任何一所商学院。在这样高层次、多样化、重实效的管理教育国际合作中，教师和学生与国外的交流机会大幅度增加，越来越深刻地融入到全球性的教育、文化和思想观念的时代变革中，我们的管理教育工作者和经济管理学习者，更加真切地体验到这个世界正发生着深刻的变化，也更主动地探寻和把握着世界经济发展和跨国企业运作的脉搏。

我国管理教育的发展，闭关锁国、闭门造车是绝对不行的，必须同国际接轨，按照国际一流的水准来要求自己。正如朱镕基总理在清华大学经济管理学院成立十周年时所发的贺信中指出的那样：“建设有中国特色的社会主义，需要一大批掌握市场经济的一般规律，熟悉其运行规则，而又了解中国企业实情的经济管理人才。清华大学经济管理学院就要敢于借鉴、引进世界上一切优秀的经济管理学院的教学内容、方法和手段，结合中国的国情，办成世界第一流的经管学院。”作为达到世界一流的一个重要基础，朱镕基总理多次建议清华的MBA教育要加强英语教学。我体会，这不仅因为英语是当今世界交往中重要的语言工具，是连接中国与世界的重要桥梁和媒介，而且更是中国经济管理人才参与国际竞争，加强国际合作，实现中国企业的国际战略的基石。推动和实行英文教学并不是目的，真正的目的在于培养学生——这些未来的企业家——能够具备同国际竞争对手、合作伙伴沟通和对抗的能力。按照这一要求，清华大学经济管理学院正在不断推动英语教学的步伐，使得英语不仅是一门需要学习的核心课程，而且渗透到各门专业课程的学习当中。

课堂讲授之外，课前课后的大量英文原版著作、案例的阅读对于提高学生的英文水平也是非常关键的。这不仅是积累相当的专业词汇的重要手段，而且是对学习者思维方式的有效训练。

我们知道，就阅读而言，学习和借鉴国外先进的管理经验和掌握经济理论动态，或是阅读翻译作品，或是阅读原著。前者属于间接阅读，后者属于直接阅读。直接阅



读取取决于读者的外文阅读能力，有较高外语水平的读者当然喜欢直接阅读原著，这样不仅可以避免因译者的疏忽或水平所限而造成的纰漏，同时也可以尽享原作者思想的真实表达。而对于那些有一定外语基础，但又不能完全独立阅读国外原著的读者来说，外文的阅读能力是需要加强培养和训练的，尤其是专业外语的阅读能力更是如此。如果一个人永远不接触专业外版图书，他在获得国外学术信息方面就永远会比别人差半年甚至一年的时间，他就会在无形中减弱自己的竞争能力。因此，我们认为，有一定外语基础的读者，都应该尝试一下阅读外文原版，只要努力并坚持，就一定能过了这道关，到那时就能体验到直接阅读的妙处了。

在掌握大量术语的同时，我们更看重读者在阅读英文原版著作时对于西方管理者或研究者的思维方式的学习和体会。我认为，原汁原味的世界级大师富有特色的表达方式背后，反映了思维习惯，反映了思想精髓，反映了文化特征，也反映了战略偏好。知己知彼，对于跨文化的管理思想、方法的学习，一定要熟悉这些思想、方法所孕育、成长的文化土壤，这样，有朝一日才能真正“具备国际战略头脑”。

以往，普通读者购买和阅读英文原版还有一个书价的障碍。一本外版书少则几十美元，多则上百美元，一般读者只能望书兴叹。随着全球经济合作步伐的加快，目前在出版行业有了一种新的合作出版的方式，即外文影印版，其价格几乎与国内同类图书持平。这样一来，读者可以不必再为书价发愁。清华大学出版社这些年在这方面一直以独特的优势领先于同行。早在1997年，清华大学出版社敢为人先，在国内最早推出一批优秀商学英文版教材，规模宏大，在企业界和管理教育界引起不小的轰动，更使国内莘莘学子受益良多。

为了配合清华大学经济管理学院推动英文授课的急需，也为了向全国更多的MBA试点院校和更多的经济管理学院的教师和学生提供学习上的支持，清华大学出版社再次隆重推出与世界著名出版集团合作的英文原版影印商学教科书，也使广大工商界人士、经济管理类学生享用到最新最好质优价廉的国际教材。

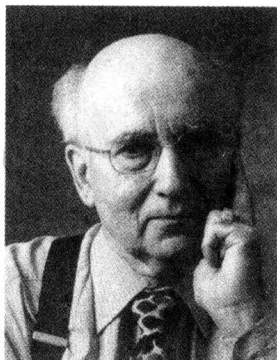
祝愿我国的管理教育事业在社会各界的大力支持和关心下不断发展、日进日新；祝愿我国的经济建设在不断涌现的大批高层次的面向国际市场竞争、具备国际经营头脑的管理者的勉力经营下早日中兴。

赵纯均 教授

清华大学经济管理学院院长  
全国工商管理硕士教育指导委员会副主任

# About the Authors

As a team, Philip Kotler and Gary Armstrong provide a blend of skills uniquely suited to writing an introductory marketing text. Professor Kotler is one of the world's leading authorities on marketing. Professor Armstrong is an award-winning teacher of undergraduate business students. Together they make the complex world of marketing practical, approachable, and enjoyable.



**Philip Kotler** is the S. C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg Graduate School of Management, Northwestern University. He received his master's degree at the University of Chicago and his Ph.D. at M.I.T., both in economics. Dr. Kotler is author of *Marketing Management: Analysis, Planning, Implementation, and Control* (Prentice Hall), now in its eleventh edition and the most widely used marketing textbook in graduate schools of business. He has authored several successful books and has written over 100 articles for leading journals. He is the only three-time winner of the coveted Alpha Kappa Psi award for the best annual article in the *Journal of Marketing*. Dr. Kotler's numerous major honors include the Paul D. Converse Award given by the American Marketing Association to honor "outstanding contributions to science in marketing" and the Stuart Henderson Britt Award as Marketer of the Year. He was named the first recipient of two major awards: the Distinguished Marketing Educator of the Year Award given by the American Marketing Association and the Philip Kotler Award for Excellence in Health Care Marketing presented by the Academy for Health Care Services Marketing. He has also received the Charles Coolidge Parlin Award which each year honors an outstanding leader in the field of marketing. In 1995, he received the Marketing Educator of the Year Award from Sales and Marketing Executives International. Dr. Kotler has served as chairman of the College on Marketing of the Institute of Management Sciences (TIMS) and a director of the American Marketing Association. He has received honorary doctorate degrees from DePaul University, the University of Zurich, and the Athens University of Economics and Business. He has consulted with many major U.S. and foreign companies on marketing strategy.



**Gary Armstrong** is Crist W. Blackwell Distinguished Professor of Undergraduate Education in the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. He holds undergraduate and masters degrees in business from Wayne State University in Detroit, and he received his Ph.D. in marketing from Northwestern University. Dr. Armstrong has contributed numerous articles to leading business journals. As a consultant and researcher, he has worked with many companies on marketing research, sales management, and marketing strategy. But Professor Armstrong's first love is teaching. His Blackwell Distinguished Professorship is the only permanent



endowed professorship for distinguished undergraduate teaching at the University of North Carolina at Chapel Hill. He has been very active in the teaching and administration of Kenan-Flagler's undergraduate program. His recent administrative posts include Chair of the Marketing Faculty, Associate Director of the Undergraduate Business Program, Director of the Business Honors Program, and others. He works closely with business student groups and has received several campus-wide and Business School teaching awards. He is the only repeat recipient of the school's highly regarded Award for Excellence in Undergraduate Teaching, which he won three times.

欢迎使用《市场营销原理》(第10版)。每推出一个新的版本时,我们都力图呈现营销这一迷人领域最新、最权威的风采。值此新版推出之际,我们想对多年来使用这一教材的数以百万计的读者表示感谢。没有各位的支持,本书就不会畅销全球。你们是本书的创作源泉,谢谢。

第10版旨在为读者呈现更多的知识。我们认为本版是更强有力的。首先,这一版是建立在一个强大的主题上的:市场营销是建立、管理有利的顾客关系的科学和艺术。营销人员自己是无法实现这一目标的,他们需要与公司内部和外部的合作伙伴建立良好的关系,从而同心协力与顾客搞好关系。在第10版中,我们在前两章构建了顾客和伙伴关系建立框架,并在全书中贯穿这一主线。

除了加强顾客关系框架外,我们还强调了其他三个强有力的主题。首先,我们进一步强调了建立强大的品牌和品牌资产。因为有利的顾客关系归根结底是建立在强大的品牌之上的。其次,我们强调了营销对于全球的社会责任。随着世界联系越来越紧密,营销人员必须善于以对社会负责的态度在全球推广其品牌。最后,我们在书中囊括了有关在新的数字时代开展商务营销的最新资料。我们新增了一个章节——“数字时代的市场营销”。

为了给读者带来更多的好处,我们除了提供最新的营销知识外,还努力使营销课程的讲授和学习对于老师与学生都更简单、更富有趣味性。第10版以实用、生动,且易于理解的方式讲解市场营销知识。例如,为了让营销更贴近生活,我们在第10版中准备了有关真实公司及其营销实践的有趣的案例和故事。此外,书中整合的、度身定做的教学资料可以让读者获得符合自身需求的教学体验。

综上所述,我们是在向读者营销力量——在内容、教辅材料和读者课堂上的力量。我们认为第10版是迄今为止最好的一版。我们希望您能发现《市场营销原理》是市场营销教学的最佳课本。

菲利普·科特勒  
(Philip Kotler)  
西北大学

加里·阿姆斯特朗  
(Gary Armstrong)  
北卡罗来纳大学——Chapel Hill 分校



# A Message from the Authors

Welcome to the tenth edition of *Principles of Marketing*! With each new edition, we've worked hard to bring you the freshest and most authoritative insights into the fascinating world of marketing. As we present this new edition, we want to take a moment to thank you and the millions of other marketing students and professors who have used our text over the years. Without you, this book would never have become the international best seller that it is today. You've been our inspiration. Thank you.

Our goal for the tenth edition is to **bring more power to you**. Before we launch into a full "tour," we'd like to give you a quick preview of what we mean by a more **powerful** edition. First, the new edition builds upon a powerful theme: Marketing is the science and art of creating and managing profitable customer relationships. But marketers cannot do this alone. They must also be good at managing relationships with partners inside and outside the company, working together to connect with customers. In this new edition, we develop this **customer and partner relationship-building framework** in the first two chapters, and then expand upon it throughout the book.

Beyond the strengthened customer relationships framework, we emphasize three additional powerful themes. First, we expand our emphasis on **building strong brands and brand equity**. After all, profitable customer relationships are built upon strong brands. Next, we emphasize the importance of **socially responsible marketing around the globe**. As the world becomes an increasingly smaller place, marketers must be good at marketing their brands globally and in socially responsible ways. Finally, we include all the latest material on **harnessing marketing technology in the new digital age**. We've added a new chapter, "Marketing in the Digital Age," and lots of new information on digital developments throughout the book.

To bring even more power to you, while providing the latest marketing coverage, we make learning about and teaching marketing easier and more exciting for both students and instructors. The tenth edition presents marketing in a practical, exciting, and easy to digest way. For example, to help bring marketing to life, we've filled the text with interesting examples and stories about real companies and their marketing practices. Moreover, the integrated, cutting edge teaching and learning package gives you the power to customize your learning and teaching experience. The tenth edition's many new features and interactive enhancements are highlighted in the pages that follow.

So, **more marketing power to you**—more power in content, more power in supplements, and more power in **YOUR** classroom. We think that the tenth edition is the best edition yet. We hope that you'll find *Principles of Marketing* the very best text from which to learn about and teach marketing.

Sincerely,

Philip Kotler  
Northwestern University

Kary Armstrong  
University of North Carolina - Chapel Hill

# Why Marketing Is Powerful

The goal of *Principles of Marketing, Tenth Edition*, is to introduce new marketing students to the fascinating world of modern marketing in an enjoyable and practical way. Many people see marketing only as advertising or selling. But real marketing does not involve the art of selling what you make, so much as knowing *what* to make! Organizations gain market leadership by understanding consumer needs and finding solutions that delight customers. If customer value and satisfaction are absent, no amount of advertising or selling can compensate.

Simply put, the aim of marketing is to **build and manage profitable customer relationships**. Marketers study consumer needs and wants, select target markets they can serve best, and design products, services, and programs to serve these markets. They attract new customers by promising superior value, and keep and grow current customers by delivering superior satisfaction.

Marketing is much more than just an isolated business function—it is a philosophy that guides the entire organization toward sensing, serving, and satisfying consumer needs. The marketing department cannot accomplish the company's customer relationship-building goals by itself. It must partner closely with other departments in the company and with other organizations throughout its entire value-delivery network to provide superior customer value and satisfaction. Thus, marketing calls upon everyone in the organization to “think customer” and to do all they can to help build and manage profitable customer relationships.

16

## Part 1 Understanding Marketing and the Marketing Process

### Customer relationship management

The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

“touchpoints” in order to maximize customer loyalty. We will discuss this narrower CRM activity in a later chapter dealing with marketing information.

More recently, however, customer relationship management has taken on a broader meaning. In this broader sense, customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. Thus, today's companies are going beyond designing strategies to attract new customers and create transactions with them. They are using customer relationship management to retain current customers and build profitable, long-term relationships with them. The new view is that marketing is the science and art of finding, retaining, and growing profitable customers. Why the new emphasis on retaining and growing customers? In the past, many companies took their customers for granted. Facing an expanding economy and rapidly growing markets, companies could practice a “leaky bucket” approach to marketing. Growing markets meant a plentiful supply of new customers. Companies could keep filling the marketing bucket with new customers without worrying about losing old customers through holes in the bottom of the bucket. However, companies today face some new marketing realities. Changing demographics, more-sophisticated competitors, and overcapacity in many industries—all of these factors mean that there are fewer customers to go around. Many companies are now fighting for shares of flat or fading markets. Thus, the costs of attracting new consumers are rising. In fact, on average, it costs 5 to 10 times as much to attract a new customer as it does to keep a current customer satisfied. Sears found that it costs 12 times more to attract a customer than to keep an existing one.<sup>14</sup> Companies are also realizing that losing a customer means losing more than a single sale. It means losing the entire stream of purchases that the customer would make over a lifetime of patronage. For example, here is a dramatic illustration of customer lifetime value:

Stew Leonard, who operates a highly profitable three-store supermarket, says that he sees \$50,000 flying out of his store every time he sees a sulking customer. Why? Because his average customer spends about \$100 a week, shops 50 weeks a year, and remains in the area for about 10 years. If this customer has an unhappy experience and switches to another supermarket, Stew Leonard's has lost \$50,000 in revenue. The loss can be much greater if the disappointed customer shares the bad experience with other customers and causes them to defect. To keep customers coming back,

### Customer lifetime value

The value of the entire stream of purchases that the customer would make over a lifetime of patronage.

Customer lifetime value: To keep customers coming back, Stew Leonard's has created the “Disneyland of dairy stores.” Rule #1—the customer is always right. Rule #2—if the customer is ever wrong, reveal rule #1!



Marketing is all around us, and we all need to know something about it. Marketing is used not only by manufacturing companies, wholesalers, and retailers, but also by all kinds of individuals and organizations. Lawyers, accountants, and doctors use marketing to manage demand for their services. No politician can get the needed votes, and no resort the needed tourists, without developing and carrying out marketing plans.

People throughout these organizations need to know how to define and segment markets, develop attractive value propositions, and build strongly positioned brands. They must know how to price their offerings to make them attractive and affordable, and how

## company case

### Botox: Almost Trouble-Free New Faces

In the movie *Face/Off*, John Travolta got a new look by exchanging faces with Nicolas Cage. Unfortunately, he got a lot of trouble along with it. Today, John could receive a much less troublesome new look by using Botox, from Allergan Laboratories in Irvine, California. Not only has Botox smoothed the wrinkles of aging actors, it has also come to the rescue of countless comedians and late-night talk-show hosts. Beyond perhaps doing wonders for their appearance, it's also given them a new lease on life as the "next Viagra."

In 1990, Allergan sold just a small specialty pharmaceutical contact lens. The introduction of Botox wasn't such a big deal initially. After all, typical of Allergan specialty products, it was just another specialty drug aimed at a small market (treatment of cross-eye) supported by little marketing effort.

That was before doctors discovered that injecting Botox around the eyes not only eliminated ocular problems, it erased frown lines as well. Once that happened, the buzz was on between doctors and patients. Before long, doctors in most major U.S. cities were giving injections. Even though Allergan could not openly market the product for cosmetic purposes, by 2001 sales of Botox rocketed to \$110 million and were growing between 25 percent and 35 percent per year. That translates into over 1.6 million Botox cosmetic procedures performed on roughly 850,000 patients. FDA approval, granted in April 2002, officially accelerated that sales bonanza.

The good news for Allergan does not end with wiping out frown lines. Botox also effectively treats migraine headaches, chronic neck and back pain, excessive sweating, and possibly spastic disorders. With all those target markets, Botox could sales—bringing Allergan out of the backwaters of the pharmaceutical business.

Botox Cosmetic is botulinum toxin A, a heavily diluted version of the feared botulinum toxin found in spoiled canned soup and vegetables. It contains only 20 units of the toxin compared to the thousands of units found in spoiled food, but it works the same way—by paralyzing facial muscles to the point where they can no longer contract.

Frown lines are definitely a sign of age, use, and wear. They occur when facial muscles contract, drawing the skin up. When the muscles relax, the lines disappear. As we get older, it becomes more difficult to relax, so that we seldom fully relax our facial muscles. Although eliminating frown lines sounds great, there is at least one small problem: Botox relaxes forehead muscles, leaving you incapable of rendering any expression at or above the eyes. For this resulted in "performance" problems. One TV star commented that when the director kept telling her to show anger, she replied, "I am, I am." Unfortunately, nothing was moving on the

upper half of her face. As a consequence, she stopped using Botox except for Emmy awards night!

For others, however, the loss of expression might be a positive. Business people seeking a softer look might want to eliminate frown lines that make them look irritated or impatient. Trial lawyers attempting to establish rapport with juries might want to eliminate expressions of annoyance and anger. And sales representatives might want to appear unperturbed by what their clients and customers are saying. But while some observers think Botox could give us a kinder, gentler-looking America, others think it could turn us into a nation of zombies.

Besides loss of expression, Botox produces additional side effects. When used on the forehead and around the eyes, Botox can cause drooping eyelids (you won't be able to close or open them completely)—this could be either a sexy or a doozy look! Used around the mouth, Botox may cause slurred speech, a droopy mouth, and constant drooling. Other possible side effects include nausea, allergic reactions, headaches, respiratory infections, flu symptoms, and redness and swelling around the injections. The side effects usually go away in a couple of days.

Because Botox Cosmetic lasts only three to six months, all treatments must be repeated when the effects wear off. While that is bad news for consumers, it's good news for doctors. The margins on Botox are quite high—around 80 percent. A vial of Botox Cosmetic costs about \$400 and can be used for four treatments. Depending on the doctor's pricing scheme, each treatment can be \$500 to \$1,000. That's quite a hefty profit for a bill for the patient, because insurance companies don't pay for Botox Cosmetic treatments.

Botox has become so lucrative and the demand so great that the treatments are sometimes offered in a party atmosphere—sort of like a Tupperware party. Doctors usually ask a current patient where the partygoers are offered such tidbits as chocolate, wine, and champagne. After a brief social period, the doctor gives a short lecture on Botox and invites the partygoers to sign up for other partygoers, and the doctor gives the injections in private. Patients take turns leaving the room to the applause of patient reciprocity and reduce the time and costs incurred by the doctor. Even good champagne costs less than nurses' receptionists, charging only \$250 per treatment at a party. Thus, parties are "good" for everyone. Some doctors, however, object to the "party scene" on the basis that this is a medical treatment and not a social gimmick. Therefore, they hold multiple client sessions in their offices in the evening with the same benefits of price breaks for patients and lower costs and less time for themselves.

### Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships

55

decide to serve only one or a few special segments or "market niches." This strategy limits sales but can be very profitable. Or a company might choose to serve several related segments—perhaps those with different kinds of customers but with the same basic wants. A large company might also decide to offer a complete range of products to serve all market segments.

Most companies enter a new market by serving a single segment, and if this proves successful, they add segments. Large companies eventually seek full market coverage. They want to be the General Motors of their industry. GM says that it makes a car for every "person, purse, and need" of each segment.

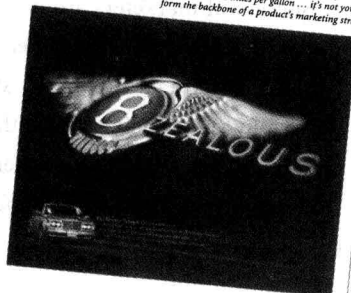
#### Market Positioning

After a company has decided which market segments to enter, it must decide what positions it wants to occupy in those segments. A product's position is the place the product occupies relative to competitors in consumers' minds. Marketers want to develop unique market positions for their products. If a product is perceived to be exactly like others on the market, consumers would have no reason to buy it.

Market positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers. Thus, marketers plan positions that distinguish their products from competing brands and give them the greatest strategic advantage in their target markets. For example, the Ford Taurus is "built to last," Chevy Blazer is "like a rock," Toyota's economical Echo states, "It's not you. It's the car," and Saturn is "a different kind of car, different kind of car." Lexus avows "the passionate pursuit of excellence." Jaguar is positioned as "the art of performance," and Mercedes says, "In a perfect world, everyone would drive a Mercedes." The luxurious Bentley promises "18 handcrafted feet of shameless luxury." Such deceptively simple statements form the backbone of a product's marketing strategy.

In positioning its product, the company first identifies possible competitive advantages upon which to build the position. To gain competitive advantage, the company must offer greater value to target consumers. It can do this either by charging lower prices than competitors do or by offering more benefits to justify higher prices. But if the company positions the product as offering greater value, it must then deliver that greater value. Thus, effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers more value.

Positioning: Bentley promises "18 handcrafted feet of shameless luxury." In contrast, Toyota promises, "At 41 miles per gallon... it's not you. It's the car." Such deceptively simple statements form the backbone of a product's marketing strategy.



to choose and manage intermediaries to make their products available to customers. They need to know how to advertise and promote products so that customers will know about and want them. Moreover, they must know how to adapt their marketing strategies and management to a host of new technological and global realities. Clearly, marketers need a broad range of skills in order to build profitable relationships with customers.

# More Powerful Content

## Welcome to the Tenth Edition of *Principles of Marketing*!

*Principles of Marketing, Tenth Edition*, provides an authoritative, comprehensive, innovative, managerial, and practical introduction to marketing. It is designed to help students learn about and apply the basic concepts and practices of modern marketing as they are used in a wide variety of settings.

## POWERFUL Themes in *Principles of Marketing*

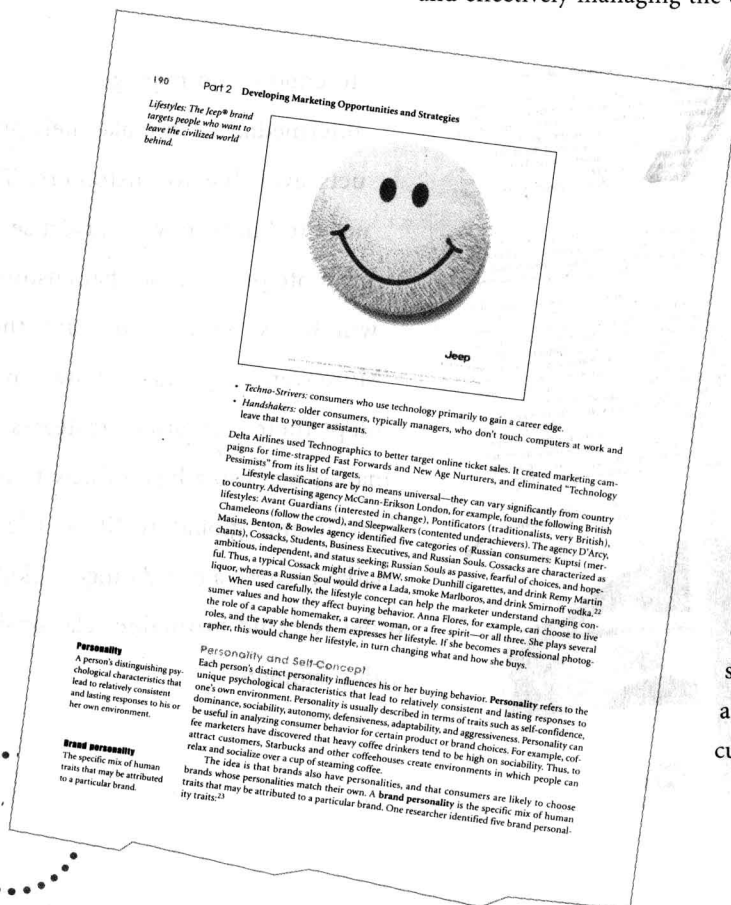
Technological advances, rapid globalization, economic shifts, and cultural and environmental developments are causing profound changes in the marketplace. As the marketplace changes, so must the marketers who serve it. These new developments signify a brand new world of opportunities for forward-thinking marketers.

In light of these new developments, *Principles of Marketing, Tenth Edition* builds on four major, powerful themes that go to the heart of modern marketing theory and practice.

1. **Building and managing profitable customer relationships.** Today's marketers must be good at **managing customer relationships**. They must attract customers with strong value propositions, then keep and grow customers by delivering superior customer value and satisfaction and effectively managing the company-customer interface. Today's

outstanding marketing companies are connecting more selectively, directly, and deeply with customers to form profitable customer relationships and build customer equity.

Marketers must also execute **partner relationship management**. They must work closely with partners inside and outside the company to jointly build profitable customer relationships. Successful marketers are now connecting effectively with other company departments to build strong company value chains, and with outside partners to build effective demand and supply chains and effective customer-focused alliances.



2. **Building and managing strong brands.** Well-positioned brands with strong brand equity provide the basis upon which to build profitable customer relationships. Today's marketers must be good at positioning their brands powerfully and managing them well.
3. **Harnessing new marketing technologies in this digital age.** New digital and other high-tech marketing developments, including the explosion of the Internet, are having a dramatic impact on both buyers and the marketers who serve them. Today's marketers must know how to leverage new computer, information, communication, and transportation technologies to connect more effectively with customers and marketing partners in this new digital age.
4. **Marketing in a socially responsible way around the globe.** As technological developments make the world an increasingly smaller place, marketers must market their brands globally and in socially responsible ways.

Chapter 6 Consumer Markets and Consumer Buyer Behavior 181

branded, higher-quality products—generics don't sell well to Hispanics. Perhaps more important, Hispanics are very brand loyal, and they favor four companies who show special interest in them.<sup>9</sup> Sears makes a special effort to market to Hispanic American consumers, especially for the 20 percent of its stores that are located in heavily Hispanic neighborhoods:

Sears currently markets heavily to the attractive Hispanic segment. Last year, it spent some \$25 million on advertising to Hispanics—more than any other retailer—and it recently launched a Spanish-language Web site. Sears neighborhoods receive regular visits from a Fiesta Mobile, a colorful Winnebago that plays music, gives out prizes, and promotes the Sears credit card. Sears also sponsors major Hispanic cultural festivals and concerts. One of its most successful marketing efforts is its magazine *Nuestra Gente*, which means *Our People*—the nation's largest Spanish-language magazine. The magazine features articles about Hispanic celebrities alongside glossy spreads of Sears fashions. As a result of this careful cultivation of Hispanic consumers, although Sears has lost sales in recent years to discount retailers, the Hispanic segment has remained steadfastly loyal.<sup>10</sup>

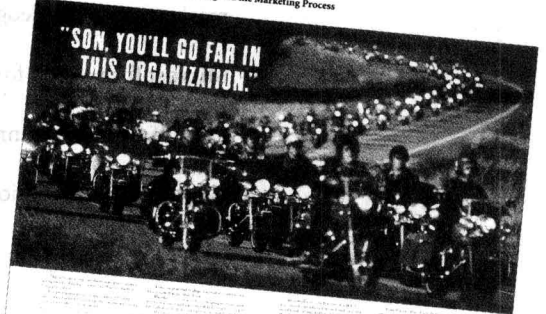
Targeting Hispanics may also provide an additional benefit. With the passage of the North American Free Trade Agreement (NAFTA)—which reduced trade barriers between the United States, Mexico, and Canada—U.S. and Mexican companies have sought new opportunities to market "pan-American" brands. Companies on both sides of the border see the U.S. Hispanic population as a bridge for spanning U.S. and Latin American markets.

Targeting important subcultures: Hispanic neighborhoods receive regular visits from the Sears Fiesta Mobile, a colorful Winnebago that plays music, gives out prizes, and promotes the Sears credit card.



22

Part 1 Understanding Marketing and the Marketing Process



Building customer relationships: Harley-Davidson sponsors the Harley Owners Group (H.O.G.), which gives Harley owners "an organized way to share their passion and show their pride." The worldwide club now numbers more than 1,300 local chapters and 700,000 members.

company also maintains an extensive H.O.G. Web site, which offers information on H.O.G. chapters, rallies, events, and benefits. The worldwide club now numbers more than 1,300 local chapters and 700,000 members.

A third approach to building customer relationships is to add structural ties as well as financial and social benefits. For example, a business marketer might supply customers with special equipment or computer linkages that help them manage their orders, payroll, or inventory. McKesson Corporation, a leading pharmaceutical wholesaler, has invested millions of dollars to set up direct computer links with drug manufacturers and an online system to help small pharmacies manage their inventories, their order entry, and their shelf space. FedEx offers Web links to its customers to keep them from defecting to competitors such as UPS. Customers can use the Web site to arrange shipments and track the status of their FedEx packages anywhere in the world. Customer relationship management means that marketers must focus on managing their customers as well as their products. At the same time, they don't want relationships with every customer. In fact, there are undesirable customers for every company. Ultimately, marketing involves attracting, keeping, and growing profitable customers.

### Marketing Challenges in the New, "Connected" Millennium

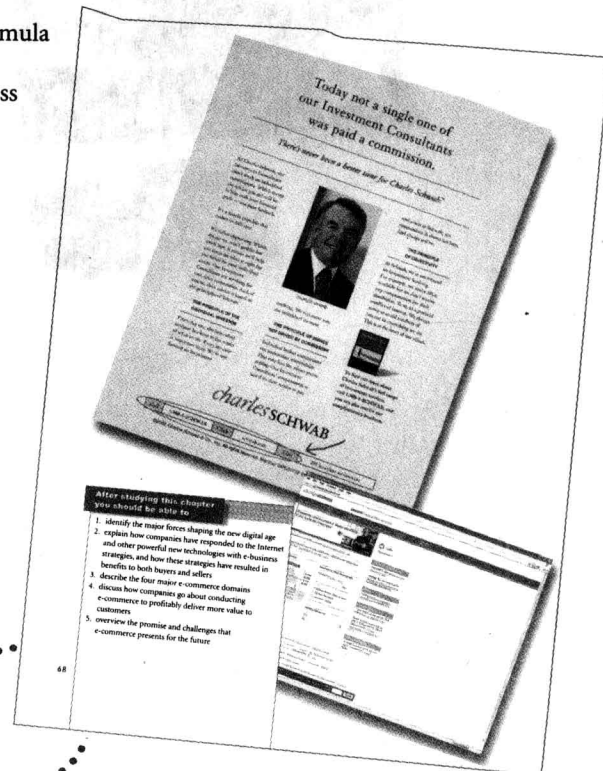
As the world spins into the first decade of the twenty-first century, dramatic changes are occurring in the marketing arena. Richard Love of Hewlett-Packard observes, "The pace of change is so rapid that the ability to change has now become a competitive advantage." Yogi Berra, the legendary New York Yankees catcher, summed it up more simply when he said, "The future ain't what it used to be." Technological advances, rapid globalization, and continuing social and economic shifts—all are causing profound changes in the marketplace. As the marketplace changes, so must those who serve it.

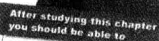


# More Powerful Real Marketing Applications

*Principles of Marketing, Tenth Edition* tells the stories that reveal the drama of modern marketing. While the majority of vignettes and *Real Marketing* exhibits are brand-new to this edition, we also retain some of the popular classics from previous editions. We think it's important to show how strategies at best-practice and up-and-coming companies change and continuously evolve. Some real marketing examples from the tenth edition include the following:

- MTV's phenomenal success in international markets
- Google's survival amid the dot-com meltdown
- AT&T's focus on brand and value rather than price in its through the mLife campaign
- Ritz-Carlton's zeal for taking care of customers
- Home Depot's penchant for taking care of those who take care of customers
- Kmart's BlueLight strategy and how it started a price war only Wal-Mart could win
- Charles Schwab Corporation's transformation from a traditional "brick-and-mortar" marketer to a full-fledged, industry-leading "click-and-mortar" marketer
- Microsoft's passion for innovation and its quest for "the Next Big Thing"
- Dell Computer's stunning direct selling formula
- Coca-Cola's international marketing prowess





1. discuss how the international trade system, economic, political-legal, and cultural environments affect a company's international marketing decisions
2. describe three key approaches to entering international markets
3. explain how companies adapt their marketing mixes for international markets
4. identify the three major forms of international marketing organization

"We Love You, Google Users"—and Advertisers, Too

When you think back to the early dot-com boom, you probably think of brass, fast-growing startups led by offbeat, young entrepreneurs offering unique work environments to attract creative and talented employees. Google, the Web search services provider, is no different. Founded in September 1998 by Sergey Brin and Larry Page, then 25 and 29 years old, Google got its start in a rented garage, complete with a washer, dryer, and hot tub. Since then, it has grown from three employees to nearly 500. And like many dot-coms, Google offers a

relaxed and friendly environment to work  
and keep the best employees.

There's no official starting time at Google—or ending time for that matter—it's not about rules here. Far from it. No "work," not just your own hours, get back from a company mansion, even bake from scratch (if you don't strike them). When he does arrive, [founder] Brin shakes into the Googleplex, as headquarters is called—past the undulating red, blue, and yellow lava lamps, the crimson coats, and the self-playing ebony grand piano with the happy-theme sheet music. "At any moment," Yonhka, a 300-pound friend of Lounsbey's, a small Swiss Bernard, might come trotting around the corner with his owner,

Although this start-up story mirrors that of previous dot-coms, for Google there is one difference. Whereas other dot-coms have struggled, Google is growing at a phenomenal rate, some 20 percent a month. More than 1 million unique visitors use Google's search engine each month to search 2 billion pages. They spend nearly 15 million a month searching on Google, second only to Yahoo!

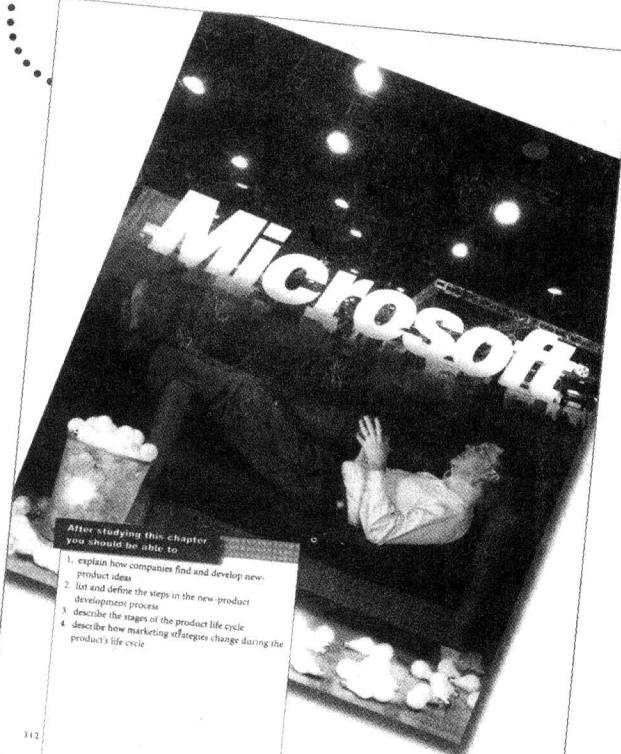
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vision. Its Web site promises "a laser-like focus on finding the right answer for each and every inquiry." In fact, the name of the company is a play on the word *google*, a mathematical term for  $1$  followed by 100 zeros. It's a very large number Google chose the name to reflect its mission to organize and make accessible the immense amount of information available on the Web. By locating only on Internet searching, Google positions itself as "The World's Best Search Engine—accurate and easy to use." Users are about Google's simple search-at-home page, underlined with news search-at-home page, underlined

The best part is that Google's extraordinary services are free to users. But how, then, does Google make money? About half of Google's revenues come from contracts with corporate partners to provide search services for their own Internet and intranet sites. Today, more than 150 companies in 50 different countries use Google's WebSearch and SiteSearch technologies to power the search services on their Web sites. These partners include companies such as Yahoo!, the Washington Post, and Hot Mail. Palm, Nextel, Virgin, Netscape, and Compaq Wireless.

the other half of Google's offerings come in advertising sales. By attracting the vast online search audience to the Google AdWords program, the company has created a very attractive advertising data mining opportunity. Through its search terms it sorts Google's searches and compares them with the products and services companies who sell in those markets. Then it offers to place ads in front of those who are seeking for a site. Then, when a user searches for a site, related Google's products or services are displayed as appears at the top or near the top of the results page, containing a short ad and links to the sponsor's Web site. Google.com's paper on the Google site explains and shows a search word or phrase. For example, if you search "free" you will see ads and links at the top and other places for online travel services like CheapTickets, "Free" Home Up-grades, "Freebie deals on Disneyland tickets" and "Free" "discount gifts" and more.

With the world's largest online search audience, Google has become a very attractive advertising medium. It's highly targeted and reaches users when they are already searching for related information.



After studying this chapter you should be able to

1. explain how companies find and develop new-product ideas
2. list and define the steps in the new-product development process
3. describe the stages of the product life cycle
4. describe how marketing strategies change during the product's life cycle

# What's New. . . What's Changed

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1. **A powerful new “customer relationships” framework:** This new edition is organized around a powerful *managing profitable customer relationships* framework for teaching and learning marketing.
  - A retitled and heavily revised Chapter 1—“Marketing: Managing Profitable Customer Relationships”—establishes this *customer relationships* theme at the start of the text. A new Chapter 1 section, *Managing Customer Relationships*, pulls together the latest thinking on creating superior customer value and satisfaction in order to attract, retain, and grow customers and maximize customer equity. The closing section of Chapter 1 presents a final relationships theme—*connecting*—that summarizes how changes in technology have impacted how companies connect with customers, marketing partners, and the world around them.
  - A retitled and streamlined “Managing Marketing Information” Chapter 5 includes a major new section on Customer Relationship Management (CRM), and software and analytical techniques for organizing and applying customer information from all customer touchpoints to build stronger customer relationships.
  - The customer and marketing partner relationships theme is carried forward into later chapters. In all, from the first chapter to the last, *Principles of Marketing* is organized around a powerfully enhanced theme: *developing and managing profitable customer and marketing partner relationships*.
2. **A new chapter: “Marketing in the Digital Age”:** The new Chapter 3 addresses the impact of the Internet and other developments in today’s high-tech marketing environment on marketing strategy and customer relationship building. The new digital age is having a dramatic impact on both buyers and the marketers who serve them. To succeed—even to survive—marketers must rethink their strategies and practices. The new chapter explores the major forces shaping the digital age; major e-marketing developments in B2C, B2B, C2C, and C2B domains; and strategies and tactics for setting up a successful e-commerce presence. Unlike most other texts, which treat this material as an end-of-book afterthought, *Principles of Marketing* presents it up front, where it becomes an important part of the underlying fabric of marketing. This early coverage sets a platform for countless examples of digital developments integrated throughout the remainder of the text.
3. **Building strong brands and brand equity:** Chapter 9—“Product, Services, and Branding Strategies”—now includes a separate and expanded section: *Building Strong Brands*. The section includes new material on brand equity, brand positioning, managing brands, and rebranding. Chapter 8—“Segmentation, Targeting, and Positioning: Building the Right Relationships with the Right Customers”—presents a new discussion on developing brand positioning statements.

**4. Socially responsible marketing around the globe:** The tenth edition of *Principles of Marketing* continues its strong coverage of socially responsible marketing and global marketing.

- **Marketing ethics, environmentalism, and social responsibility:** This coverage appears in almost every chapter.
- **Global marketing:** This important topic is integrated chapter-by-chapter.

**5. Other additions and enhancements:** The tenth edition contains new material on a wide range of subjects, including customer relationship management and partner relationship management; the digital age and Internet marketing; customer lifetime value and customer equity; brand equity, brand building, brand management, and rebranding; value propositions, positioning, and positioning statements; demand chain and supply chain management; the new direct marketing model and database marketing; customized and customerized marketing; online marketing research; value pricing and dynamic pricing; integrated marketing communications and buzz marketing; Web selling and online sales training; marketing and diversity; environmental sustainability; global marketing strategy; and much more.

product lines are consistent insofar as they are consumer products that go through the same distribution channels. The lines are less consistent insofar as they perform different functions for buyers. These product mix dimensions provide the handles for defining the company's product strategy. The company can increase its business in four ways. It can add new product lines, thus widening its product mix. In this way, its new lines build on the company's reputation in its other lines. The company can lengthen its existing product lines to become a more full-line company. Or it can add more versions of each product and thus deepen its product mix. Finally, the company can pursue more product line consistency—or less—depending on whether it wants to have a strong reputation in a single field or in several fields.

### Branding Strategy: Building Strong Brands

Some analysts see brands as the major enduring asset of a company, outlasting the company's specific products and facilities. John Stewart, co-founder of Quaker Oats, once said, "If this business were split up, I would give you the land and bricks and mortar and I would keep the brands and trademarks, and I would fare better than you." The CEO of McDonald's agrees.

A McDonald's board member who worked at Coca-Cola once talked to us about the value of our brand. He said if every asset we own, every building, and every piece of equipment were destroyed in a terrible natural disaster, we would be able to borrow all the money to replace them at the totality of the value of our brand. And he's right. The brand is more valuable than the totality of all these assets.<sup>18</sup>

Thus, brands are powerful assets that must be carefully developed and managed. In this section, we examine the key strategies for building and managing brands.

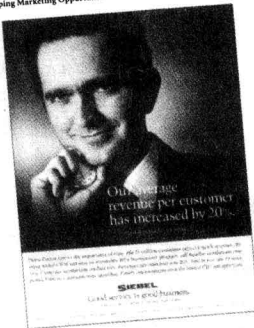
#### Brand Equity

Brands are more than just names and symbols. Brands represent consumers' perceptions and feelings about a product and its performance—everything that the product or service means to consumers. As

A strong brand is a valuable asset. How many familiar brands and brand symbols can you find in this picture?



Sirb's CRM software integrates individual customer data from every touch point to help build customer relationships. Using CRM, the Sirb customer shown in this ad increased customer satisfaction 16 percent and revenues per customer 20 percent.



about individual customers to provide a 360-degree view of the customer relationship. It pulls together, analyzes, and provides easy access to customer information from all of the various touch points. Companies use CRM analysis to assess the value of individual customers, identify the best points, companies use CRM analysis to assess the value of individual customers, identify the best points, companies use CRM analysis to assess the value of individual customers, identify the best points. CRM analysts develop data warehouses and use sophisticated data mining techniques to unearth the riches hidden in customer data. A data warehouse is a companywide electronic storehouse of customer information—a centralized database of finely detailed customer data that needs to be sifted through for gems. The purpose of a data warehouse is not to gather information; rather, the purpose is to allow managers to integrate the information the company uses already has. Then, once the data warehouse brings the data together for analysis, the company uses high-powered data-mining techniques to sift through the mounds of data and dig out interesting relationships and findings about customers.

Companies can gain many benefits from customer relationship management. By understanding customers better, they can provide higher levels of customer service and develop deeper customer relationships. They can use CRM to pinpoint high-value customers, target them more effectively, cross-sell the company's products, and create offers tailored to specific customer requirements. Consider the following examples.<sup>19</sup>

FedEx recently launched a multimillion-dollar CRM system in an effort to cut costs, improve its customer support, and use its existing customer data to cross-sell and up-sell services to its customer support, and use its existing customer data to cross-sell and up-sell services to its customer support, and use its existing customer data to cross-sell and up-sell services to its customer support.



Gillette used viral marketing to introduce the three-bladed Venus razor for women, greatly expanding the audience reached by its "Celebrate the Goddess in You" truck tour and beach-side promotions.

and print media. Many marketers still question the value of Internet advertising as an effective tool. Costs are reasonable compared with those of other advertising media, but Web surfers can easily ignore such advertising and often do. Although many firms are experimenting with Web advertising, it plays only a minor role in most promotion mixes.

As a result, online advertising expenditures still represent only a small fraction of overall advertising media expenditures. Last year, online advertising spending amounted to just \$7.2 billion, a mere 3.1 percent of the total spent offline. Moreover, in spite of its early promise, the growth of online advertising spending has slowed recently. According to one account:

The Internet was supposed to be the ultimate ad medium, the killer app that would eclipse broadcast and print. But it's become increasingly clear that the online ad market is still in its infancy. Those days are over.<sup>20</sup>

Despite the recent setbacks, some industry insiders remain optimistic about the future of online advertising.<sup>21</sup> And some Web sites, such as Google, have been successful in creating their future, companies are now seeking more effective forms and uses for Web advertising and marketing.

#### Creating or Participating in Web Communities

The popularity of forums and newsgroups has resulted in a rash of commercially sponsored Web sites called **Web communities**, which take advantage of the CMC properties of the Internet. Such sites allow members to congregate online and exchange views on issues of common interest. They are the cyberspace equivalent to a Starbucks coffeehouse, a place where everybody knows your name.

For example, iVillage.com is a Web community in which women can exchange views and obtain information, support, and solutions on families, food, fitness, relationships, relocation, home and garden, news and issues, or just about any other topic. The site draws 393 million page views per month, putting it in a league with magazines such as *Cosmopolitan*, *Glamour*, and *Vogue*. Another example is MyFamily.com, which appears to be the largest and most active online community in the world for families. It provides free, private family Web sites upon which family members can connect online to build family discussions, share family news, create online family photo albums, maintain a calendar of family events, share family history information, jointly build