

MARKET-DRIVEN MANAGEMENT

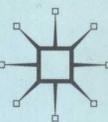
Strategic and Operational Marketing

3rd edition

Jean-Jacques Lambin
with Isabelle Schuiling



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Third Edition

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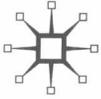
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Preface

Based on positive feedbacks from students, professors and marketing practitioners, and in view of the success of other editions of the book in French, Italian, Spanish, Portuguese, Polish, and Russian, we are encouraged to update the 2007 text and to propose a new edition of *Market-Driven Management*.

MAIN FEATURES OF THIS NEW EDITION

The distinctive feature of this new edition book remains its focus on the concept of *market orientation* as a substitute to the traditional *marketing concept* of the 4Ps popularized by US business schools. This is more than just a semantic issue. The traditional marketing orientation concept tends to be more short-term oriented and mainly concerned with the functional role of marketing in co-ordinating and managing the four Ps to promote the firm's offerings. The market orientation concept by contrast (a) de-emphasizes the functional roles of marketing departments, (b) enlarges the market definition to the key market actors (distributors, competitors, influencers, and other market stakeholders), (c) states that developing market relations and enhancing customer value is the responsibility of everyone in the organization; (d) claims that creating customer value is the only way for a firm to achieve its objective of profit and growth, thereby creating shareholder value. These changes of emphasis are motivated by the increased complexity of the world macro-economic environment which becomes global, deregulated, and deeply modified by the information technology revolution and by the constraints generated by the adoption of the sustainable development objective.

A second objective of this book is to introduce upfront the strategic dimension of the market orientation concept, while the most popular introductory marketing textbooks tend to treat marketing management as a stand-alone business function and to overlook the hidden part of the marketing iceberg, i.e. the strategic choices on which market-driven management decisions must be based. Similarly, most strategic management texts examine strategic decisions that are made at the corporate level but devote only scant attention to how these decisions are implemented at the operational level for individual brands or products. Our objective in this new edition is to propose a broader treatment of the marketing process integrating its strategic and operational dimensions. Marketing is both a business philosophy and an action-oriented process. Too often, the tendency among practitioners

and the general public is to reduce marketing to its active dimension and to overlook the underlying business philosophy without which marketing is simply a set of short-term selling tools.

A third objective of this new edition is to integrate the development of the Internet technology. Markets are shifting towards two specialized yet collaborative global markets: Global Electronic Markets (GEM) and Global Traditional Markets (GTM). The GEM globally produces and distributes digital products and services, while GTM collaborates with GEM to consume or continue the physical part of production and distribution. The firms in traditional markets extend their demand and supply to GEM, while firms of electronic markets create new demand and supply of both GTM and GEM. New market actors coming from GEM and are playing an increasingly important role. Special efforts are made in this new edition to integrate the impact of the information technology revolution on the decision-making process for each marketing instruments, particularly for marketing communication.

STRUCTURE OF THE BOOK

The overall structure of the book is summarized in Figure I. It comprises five parts and twenty-one chapters in all.

Part 1 is devoted to the analysis of *the changing role of marketing* in the world market. In Chapters 1 and 2, we introduce and we contrast the traditional marketing concept and the market orientation concept. A distinction is made between operational marketing (the action dimension) and strategic marketing (the analytic and philosophy dimension) and the roles of new market actors are analysed. In the new world macro-economic environment (Chapter 3), firms are confronted with the issue of globalization – the customization-standardization dilemma – and with the challenge of poverty alleviation in the world economy. Chapter 4 is devoted to a review of the emerging values and issues in the world economy, and in particular of the objective of sustainable development and of the internet technology revolution.

The objective of *Part 2* is to analyse *the customer's purchase and response behaviour*, be it an individual (B2C) or an organization (B2B). Strategic marketing is, to begin with, the analysis of customers' needs (Chapter 5) and purchase behaviour (Chapter 6). A consumer is not after a product as such, but after the solution-to-a-problem that the product may provide. The role of marketing research (Chapter 7) is essential to gain certified knowledge to understand and predict customers behaviour and response.

Part 3 analyses in five steps the specific tasks to be performed by *strategic marketing*. The role of strategic marketing is to follow the evolution of the firm's *reference market* and to identify various potential product-markets or segments on the basis of an analysis of the needs which must be met (Chapter 8). Once the potential product-markets are identified, the *attractiveness* of the economic opportunities must be evaluated. The appeal of a product-market is quantitatively measured by the notion of market potential and dynamically measured by its economic life or its life cycle (Chapter 9). For any given firm, the appeal of a product-market depends on its *competitiveness*, in other words, on its capacity to meet buyers' needs better than its rivals can. This competitiveness will exist as long as the firm holds a competitive advantage, either because it can differentiate itself from its rivals due to sustainable distinctive qualities, or because of higher productivity putting it at a cost advantage (Chapter 10). On the basis of this strategic audit, the market-driven firm can formulate an appropriate *marketing strategy* for each business unit included in its product portfolio (Chapter 11) The strategic *marketing plan* describes objectives, positioning,

tactics and budgets for each business unit of the company's portfolio in a given period and geographical zone (Chapter 12).

In *Part 4*, we examine the *implementation issues of strategic marketing* decisions. In order to be profitable, operational marketing must be founded upon a strategic design, which is itself based on the needs of the market and its expected evolution. The two roles of marketing are therefore closely complementary and cannot be dissociated. It is the classical commercial process of achieving a targeted market share through the use of tactical means related to new product development (Chapter 13) and to brand management (Chapter 14), distribution (Chapters 15 and 16), pricing (Chapter 17) and communication (Chapters 18 and 19) decisions. For each operational marketing decision, a special section is devoted on the impact of the internet technology.

In *Part 5*, we have two concluding chapters. In Chapter 20, we examine the issue of marketing accountability. A central problem in business today is that marketing lacks the kind of accountability and metrics common to the rest of the corporation. For a very long time, this imprecision has been tolerated and has been excused because marketing was supposed to be inherently "creative". Yet, as marketing consumes a larger and larger portion of the firm budget, the imperative grows to quantify marketing's direct contribution to the bottom line. Finally, Chapter 21 describes the structure and the content of the strategic and operational marketing plan and provides a detailed list of the questions to be addressed in a comprehensive marketing programme.

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This book is a revision of the eighth edition of the French book *Marketing stratégique et opérationnel* (Paris, Dunod, 2012). This third English edition is the outgrowth of several years of research, teaching and consulting in Europe. This experience, the exchange of ideas and discussions with business professionals within various executive seminars or during consulting assignments have done much to further my knowledge of the marketing process.

Several people have directly or indirectly contributed at various stages to the development of this new edition, and in particular my colleagues from the marketing unit at my former university, the Louvain School of Management and from Chantal de Moerloose and Isabelle Schuiling and from Silvio Brondoni of the Università degli Studi di Milano-Bicocca. Last but not least, I am grateful to my students who – captive but challenging customers – have helped me to improve this text over the years.

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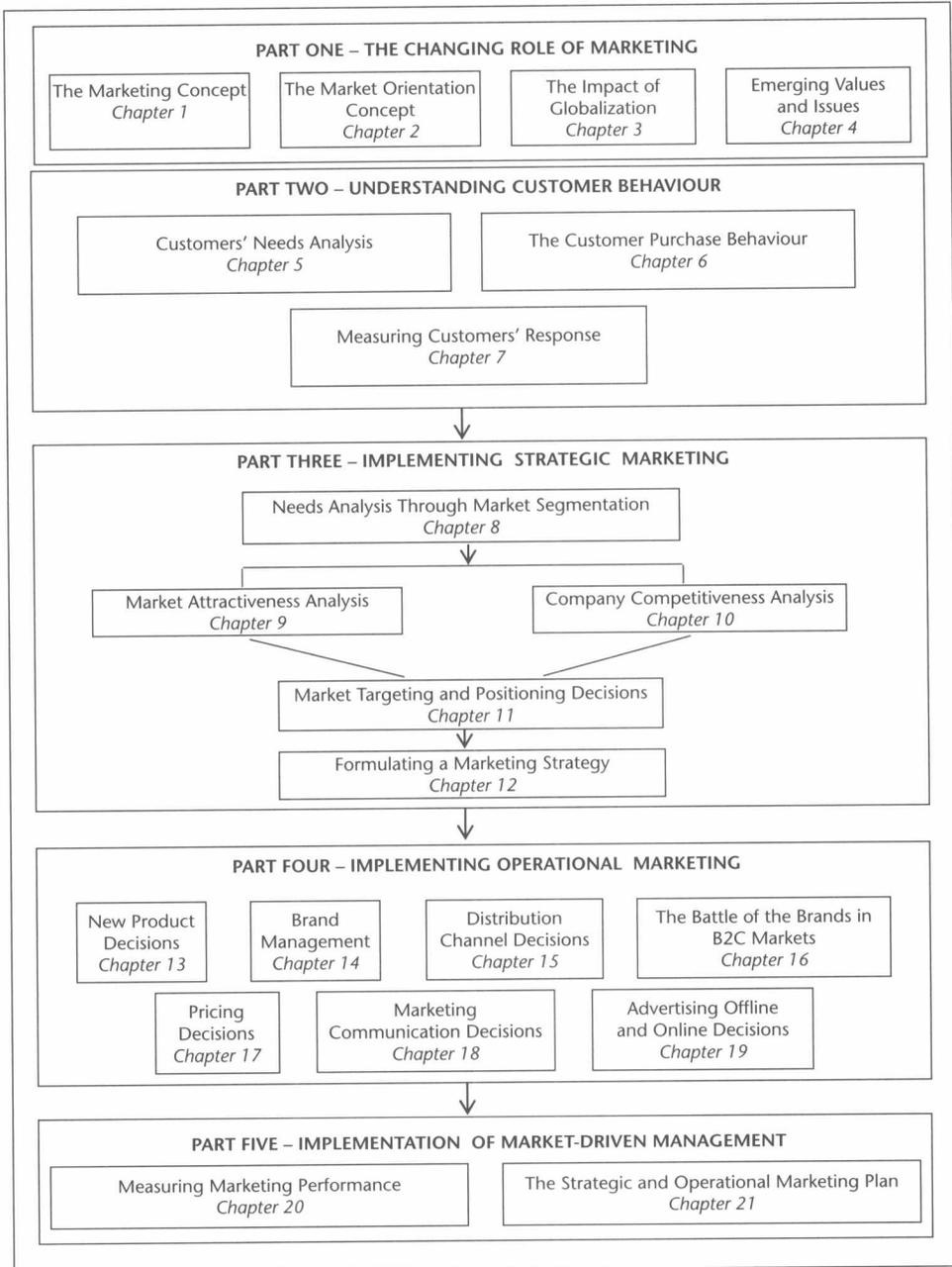
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Market-Driven Management
Strategic and Operational Marketing –Third Edition



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