

# STRATEGIC MARKETING MANAGEMENT

A N D E R S O N | V I N C Z E



# Strategic Marketing Management

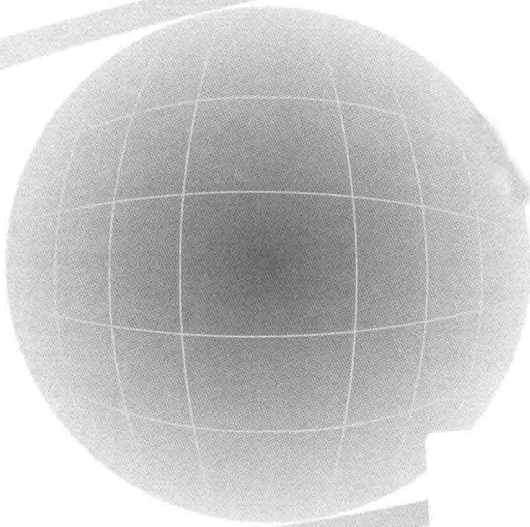
Meeting the Global Marketing Challenge

Carol H. Anderson

*Rollins College, Crummer Graduate School of Business*

Julian W. Vincze

*Rollins College, Crummer Graduate School of Business*



Houghton Mifflin Company    Boston    New York

*Sponsoring Editor:* Kathy Hunter  
*Associate Sponsoring Editor:* Joanne Dauksewicz  
*Senior Project Editor:* Margaret Kearney  
*Senior Production/Design Coordinator:* Sarah L. Ambrose  
*Senior Manufacturing Coordinator:* Marie Barnes  
*Marketing Manager:* Melissa Russell

Copyright © 2000 by Houghton Mifflin Company.

No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage or retrieval system without the prior written permission of Houghton Mifflin Company unless such copying is expressly permitted by federal copyright law. Address inquiries to College Permissions, Houghton Mifflin Company, 222 Berkeley Street, Boston, MA 02116-3764.

Printed in the U.S.A.

Library of Congress Catalog Card Number: 99-72026

ISBN: 0-395-87050-X

123456789-VH-03 02 01 00 99

# Preface

All over the world, marketing activities touch and influence people's lives, as individuals and businesses attempt to sell, buy, or exchange goods and services. Thus, marketing is one of the most dynamic and exciting aspects of business, and one that each of us can relate to easily. As we enter the new millennium, the dynamic nature of marketing has become even more evident. Emerging technologies, the Internet and World Wide Web, increased globalization, and changing management structures have dramatically influenced the way we do business. These changes will continue to have a significant impact on the marketing process in the years to come. And there always will be new challenges and new frontiers for marketers to conquer.

In *Strategic Marketing Management*, marketing is viewed as a dynamic *process* designed to achieve distinctive strategic competence and global advantage. This is accomplished through value-added marketing activities and operations that are designed to create and sustain long-term relationships. Our goal is to help future marketing managers achieve success by taking the best from traditional marketing theory and practice and combining it with contemporary, innovative approaches to meeting challenges in a fast-paced, often uncertain environment.

## KEY FEATURES

---

The key features of this text can be organized around its thematic emphasis on change and innovation, coverage of cutting-edge topics, integrated approach, and chapter pedagogy.

**Emphasis on Change and Innovation.** In addition to providing current and comprehensive coverage of marketing management concepts, the text focuses on change and innovation as we enter the twenty-first century. We emphasize the need for marketing managers to recognize, embrace, and manage change in today's global business environment, which is buffeted by many forces: globalization of markets; increased computerization and emerging technologies; the information superhighway and an information age economy; and changing managerial hierarchies and organizations.

Changes in the marketing environment and the changing role of marketing in society pose serious challenges for the marketing managers of today and tomorrow. Successful marketing strategies require innovative solutions and proactive decisions to deal with the forces of risk, uncertainty, and change. The marketing planning process must include the building of longer-term strategic alliances and closer relationships with all constituencies. Customer satisfaction (including internal customers) will be increasingly focused on quality and value. Integration among the various marketing functions and among marketing and other business functions is a necessity.

Two unique chapters highlight the key theme and emphasis of this text: Chapter 2, "Forces of Change and Their Impact," and Chapter 15, "Control and Measurement of Marketing Performance."

**Coverage of Cutting-Edge Topics.** Two other special chapters have been included because of their critical importance to successful marketing management today: Chapter 9, “Services Marketing Strategy,” and Chapter 13, “Direct Marketing.”

We also focus on many key and current topics in marketing management practice, including change management, total quality management, continuous process improvement, reengineering, cross-functional work teams, information technology advances, decision support systems, electronic communications revolution (electronic commerce and electronic marketing), virtual offices and virtual organization design, relationship marketing (customers, employees, suppliers, and all other stakeholders), ethical and social issues, changing role of marketing in society, and creative problem solving. Both qualitative and quantitative aspects of marketing decisions are presented throughout the book.

**Integrated Approach.** Because we view marketing management as an integral part of an organization and its environment, we have provided a conceptual environmental model that represents the integration of marketing management elements and functions within a global marketplace. This model will help students to grasp the complexities and interconnectedness of today’s business world and to recognize the role of marketing management within a global economy. Within this environmental context, an additional model portrays the “ecocycle” that is generally followed by marketing organizations.

**Chapter Pedagogy.** The text includes a wide variety of elements to enhance understanding, facilitate analysis, and illustrate relevance.

- *Opening scenarios* for each chapter focus on actual companies and illustrate the relevance of chapter content.
- *Margin definitions* provide a convenient glossary of key terms for quick reference.
- *Boxed inserts* provide additional examples to make chapter concepts more relevant. Highlighted inserts are entitled:

*“Innovate or Evaporate”*—focusing on innovative approaches taken by marketers

*“Marketing and Entrepreneurship”*—focusing on successful marketing strategies for small businesses

*“Managing Change”*—focusing on marketing decisions made by organizations in a time of change and uncertainty

*“Marketing in the Global Village”*—focusing on decisions made from a global marketing management perspective

*“It’s Legal but Is It Ethical?”*—focusing on marketing management decisions made within the parameters of ethical and socially responsible behavior

*“Marketing in the Information Age”*—focusing on the use of databases, communications technology, and electronic commerce in marketing



- A chapter *summary* presents an overview of the major concepts discussed in the chapter, providing an excellent “advance organizer” before reading the chapter and a review after reading the chapter.
- End-of-chapter study *questions* are thought provoking, facilitate deeper understanding of chapter content, and provide a good basis for enlightened class discussion.
- End-of-chapter experiential *exercises* offer “hands-on” learning opportunities to apply concepts discussed in the chapter to real-life situations.
- Clear and abundant *figures and tables* emphasize key points and provide further explanation of text discussion to facilitate comprehension and learning.

## TEXT ORGANIZATION

Part One is an introduction to strategic marketing management. The changing role of marketing in contemporary organizations is discussed in Chapter 1. Chapter 2 emphasizes the forces of change that operate in the marketing environment and their impact on marketing management decisions.

Part Two presents the challenges that face marketers in their attempts to achieve and sustain competitive advantage. Discussion includes strategic market planning (Chapter 3), marketing intelligence and creative problem solving (Chapter 4), and developing an understanding of customer characteristics and buying behaviors (Chapters 5, 6, and 7).

Part Three focuses on marketing mix strategies and their implementation. Chapters 8 and 9 provide a basis for managing goods and services through product management and service strategies, respectively. The importance of efficient and effective distribution channels and supply chain management is emphasized in Chapter 10. Integrated marketing communications strategies and tools are discussed in depth in Chapters 11 and 12, followed by the increasingly important direct marketing approach (Chapter 13) that may be considered as both distribution and integrated marketing communications strategies. The factors that must be considered in the development of pricing strategies are presented in Chapter 14.

In Part Four, discussion returns to the broader view taken in Part One and addresses the issues of controlling and measuring the results of marketing activities (Chapter 15), and establishing organizational structures that will facilitate successful marketing ventures (Chapter 16).

## A COMPREHENSIVE INSTRUCTIONAL RESOURCE PACKAGE

*Strategic Marketing Management* is supported by an excellent package of teaching and learning aids, including the following:

**Casebook.** *Cases in Strategic Marketing Management* (Vincze and Anderson) is designed to be used as an instructional companion to *Strategic Marketing Management*. The case collection is current, with all situations taking place in the

1990s. Cases cover a wide range of industries and organizational sizes, as well as for-profit, nonprofit, product, service, consumer, and business-to-business marketing environments. Some cases contain important social responsibility issues, and most are decision-centered rather than descriptive. All have been classroom tested and have proven to be interesting and challenging to students.

**Instructor's Resource Manual (to accompany STRATEGIC MARKETING MANAGEMENT).** Many useful features are provided in the Instructor's Resource Manual to enhance the quality of instruction: chapter summary, chapter learning objectives, annotated chapter outlines, answers to end-of-chapter questions that provide a basis for stimulating classroom discussion, and suggestions for completion of the applied end-of-chapter experiential exercises.

In addition to these basic features, additional experiential exercises are included for use in applying chapter concepts in class. A selected bibliography of suggested articles and books is also provided for additional insights. Each chapter contains a complete listing of the available PowerPoint Slides and Transparencies. There is also a list of appropriate cases from Vincze and Anderson, *Cases in Strategic Marketing Management*, which correspond to the topics covered. In addition, we have also provided a list of Harvard Business School cases that can be coordinated with each chapter.

**Instructor's Resource Manual (to accompany CASES IN STRATEGIC MARKETING MANAGEMENT).** A separate Instructor's Resource Manual has been developed to accompany the casebook. It includes general teaching guidelines as well as suggestions for using the cases. It also includes a comprehensive matrix indicating where each case can be used with textbook topics. For each case, an extensive teaching note is provided. Teaching notes most often include summaries, background company information, answers to discussion questions, and additional references and resources.

**Test Bank.** An extensive test bank is available to assist the instructor in assessing student performance. There are approximately 1,600 items created in the form of true/false, multiple choice, matching, and short-answer essay questions. Answers are provided for all questions as well as text page references. In addition, all multiple-choice questions have been labeled as testing either knowledge, comprehension, or application of the concepts presented in the text.

**Electronic Test Bank.** An Electronic Test Bank version allows instructors to generate and change tests easily on the computer.

**PowerPoint Slides.** A package of approximately 350 professionally developed PowerPoint slides is available for use by adopters of this textbook. Slides include chapter figures as well as additional exhibits that highlight chapter concepts. Instructors who have access to PowerPoint can edit slides to customize them for their classrooms. A viewer is also included for instructors who do not have the program. Slides can also be printed for lecture notes and class distribution.

**Color Transparencies.** In addition to the PowerPoint slides, a package of color transparencies accompanies the book. These are replicas of many of the PowerPoint slides, which include art and tables from the textbook as well as additional exhibits.

**Videos.** A selection of videos is available to adopters. Videos are selected to correspond with the concepts and topics highlighted in each chapter. A video guide is included to facilitate selection of the video for a particular instructional unit.

## STUDENT AND INSTRUCTOR WEB SITES

---

Specially designed web pages enhance the book content and provide additional information, guidance, and activities.

The student site includes Internet exercises with hyperlinks related to key concepts; additional study aids, such as questions related to chapter concepts and suggested applications of course content (e.g., applied projects, research papers, etc.); and recommended Internet sites for research on many marketing management topics as well as company information.

The instructor site provides lecture notes, PowerPoint slides, comments on the Internet exercises, as well as additional cases, caselets, scenarios, and/or critical incidents that can be used for testing purposes or to provide additional examples of course concepts.

## YOUR COMMENTS AND SUGGESTIONS ARE VALUABLE TO US

---

We consider ourselves fortunate to be members of a discipline where so many exciting things are happening and where so many individuals have been willing to share their knowledge and expertise with us. We have attempted to write a book that will convey both the theory and the “nuts and bolts” applications of strategic marketing management to students of marketing. Your feedback would be most welcome, and we look forward to your valued comments, suggestions, and criticisms, because our challenge is to continue to create better teaching materials for our students.

## ACKNOWLEDGMENTS

---

It is said there is nothing new under the sun, and perhaps this book is another testimony to that statement. Leading researchers and thinkers in marketing and other disciplines have inspired much of the content of this text. They have made available a plethora of marketing thought through publications, seminars, conferences, and personal conversations. We have attempted to distill many of these notable contributions to marketing and other disciplines and to combine them with current business practices and an understanding of pedagogy, to deliver a book that is interesting, is easy to read, and at the same time stimulates deeper levels of introspection and understanding. Many individuals have contributed to this book in a variety of ways, including our students, colleagues, publisher, reviewers, school, and families. We apologize in advance for any names that may be inadvertently omitted.

**Students.** We are inspired by our students who hold us accountable for excellence in education. Learning in our classrooms is a two-way street where we learn a great deal from our students while we teach them about marketing. Many of our stu-



dents at the Crummer Graduate School are practicing managers who bring a wealth of experience and insights to classroom discussions. *Strategic Marketing Management* is greatly influenced by many years of teaching in public and private business schools, where we have learned from past successes and failures in an attempt to find the best teaching methods and materials to maximize student learning. We believe that this relationship with our students provides the type of feedback that has made it possible for this book to fill a gap in marketing education.

**Crummer Graduate School of Business at Rollins College and Other Colleagues.** We owe a debt of gratitude to many professional and personal influences that have helped us form our views of the marketing discipline over the years. In particular, we appreciate the encouragement of our colleagues at the Crummer Graduate School, and the support of our Dean, Ed Moses, along with prior Deans Marty Schatz and Sam Certo, who have created a professional and technical environment that encourages and supports textbook writing. Colleagues such as Jim Higgins, and many others, have provided valuable input. We also appreciate the contributions of our talented secretarial staff and graduate assistants at the Crummer School.

**Houghton Mifflin Editors.** We believe we have worked with the best folks in the industry over these past months, starting with Sponsoring Editors Jennifer Speer and Kathy Hunter. We owe a special debt of gratitude to Joanne Daukiewicz, our Associate Sponsoring Editor, who helped everyone maintain their sanity and stay on course—and enjoy themselves in the process. To her goes much of the credit for the professionalism of the final product. Maggie Kearney, Senior Project Editor, was a major contributor to the professional appearance and readability of the book. We'd also like to thank Monica Hincken, Editorial Assistant, for her help with the art program and with the casebook.

**Other Important People.** We'd also like to especially thank Professor Charlie Cook of the University of West Alabama for developing an extremely attractive PowerPoint program, as well as Professor Brahm Canzer of John Abbott College for creating an excellent and comprehensive Test Bank.

**Reviewers.** We appreciate the time and effort spent by reviewers on our manuscripts throughout the developmental process. Their willingness to share a wealth of marketing knowledge and insights enhanced the quality of the book. Our thanks to the following reviewers:

Mark Alpert  
*University of Texas at Austin*

Craig Andrews  
*Marquette University*

James Camerius  
*Northern Michigan University*

James Gaius Ibe  
*Morris College*

Constantine Katsikeas  
*University of Wales, Cardiff*

Craig Kelley  
*California State University, Sacramento*

Peter LaPlaca  
*University of Connecticut*

James H. Underwood III  
*University of Southern Louisiana*

Thomas Marpe  
*Saint Mary's University of Minnesota*

Brian Van der Westhuizen  
*California State University*

Anil Mathur  
*Hofstra University*

**Family.** Our families deserve a huge “thank you” for their support during this project. Their love and encouragement have been invaluable. In particular, we want to express our appreciation to our spouses, Alexander (“Lex”) Wood and Linda Vincze, for their patience and understanding.

To all those named above, and to all those unnamed contributors to this book, we express our deep appreciation for the many ways in which you helped to bring this project to reality.

Carol Anderson (Wood)  
Julian W. Vincze

# About the Authors

## CAROL H. ANDERSON

.....

Dr. Carol H. Anderson holds a Ph.D. and MBA from Texas A & M University, an M.Ed. from the University of Houston, and a B.S. from Cornell University. Prior to joining the Crummer faculty at Rollins College, Dr. Anderson was a member of the faculty at Southern Illinois University at Carbondale. At SIUC, Dr. Anderson received numerous awards for outstanding teaching, including the university-wide Outstanding Undergraduate Teacher Award. At the Crummer Graduate School of Business, students and colleagues have also recognized Dr. Anderson as an excellent faculty member, honoring her with the Welsh Award.

Dr. Anderson's teaching philosophy is student-oriented with a focus on practical applications of marketing theory, including comprehensive strategic marketing plans and research projects conducted by students for area companies and organizations such as Tupperware, Hewlett Packard, Coalition for the Homeless of Central Florida, and Walt Disney World, among others.

Research and publication efforts have focused primarily on strategic marketing management issues, marketing education, retailing, and entrepreneurship, with articles published in the *Journal of Retailing*, the *American Journal of Small Business*, and the *Journal of Marketing Education*, as well as presentations at numerous professional meetings.

Dr. Anderson is active in a number of professional associations, such as the American Marketing Association, the American Collegiate Retailing Association, Midwest Marketing Association, Midwest Business Administrative Association, and the American Business Hall of Fame.

## JULIAN W. VINCZE

.....

Dr. Julian W. Vincze holds a Ph.D. from the University of Bradford in the United Kingdom; an MBA from the University of Western Ontario in London, Canada; and an undergraduate degree from the University of Montana. He has industrial experience in the United States, Canada, and the European Community and has held academic positions in the United States, Canada, The Netherlands, the United Kingdom, and Australia. Dr. Vincze's extensive practical and graduate teaching experiences have enabled him to be a leader in internationalizing the curriculum at the Crummer Graduate School of Business at Rollins College. In 1992, he received the Charles A. Welsh Award for outstanding faculty performance.

Dr. Vincze has been a member of the faculty at Rollins College since 1977, and he has been active in several professional associations. He has held various leadership positions, such as National Program Chairman and member of the Board of Governors for the Academy of Marketing Science (AMS) and Vice-President of the Case Clearing Center for the North American Case Research Association (NACRA). Dr. Vincze remains active in several associations, including the World Association for Case Research and Applications (WACRA).

Dr. Vincze has extensive international experience and has been a consultant to a wide variety of businesses. He specializes in domestic and global strategic planning and marketing strategy.

# Strategic Marketing Management

# Brief Contents

## **PART ONE An Introduction to Strategic Marketing Management 1**

Chapter 1 The Changing Role of Marketing 2

Chapter 2 The Forces of Change and Their Impact 29

## **PART TWO Achieving Competitive Advantage 59**

Chapter 3 Strategic Market Planning 60

Chapter 4 Marketing Intelligence and Creative Problem Solving 91

Chapter 5 Understanding Consumer Buying Behavior 125

Chapter 6 Business Markets and Buying Behavior 161

Chapter 7 Market Segmentation, Target Marketing, and Positioning 186

## **PART THREE Implementing Marketing-Mix Strategies 217**

Chapter 8 Product Strategy 218

Chapter 9 Services Marketing Strategy 247

Chapter 10 Distribution Strategy 279

Chapter 11 Integrated Marketing Communications Strategy 314

Chapter 12 Integrated Marketing Communications Tools 333

Chapter 13 Direct Marketing 363

Chapter 14 Pricing Strategy 388

## **PART FOUR Managing Marketing Efforts 413**

Chapter 15 Control and Measurement of Marketing Performance 414

Chapter 16 The Marketing-Oriented Organization 448

# Contents

Preface	xvii
About the Authors	xxiv

## **PART ONE An Introduction to Strategic Marketing Management** **I**

### **Chapter 1 The Changing Role of Marketing 2**

<b>VIGNETTE: Hewlett-Packard Faces Off Against the World</b>	<b>2</b>
Marketing and Marketing Management Defined	4
<i>Marketing in a Multilayered Environment</i>	5 • <i>Marketing as Value Exchange</i> 9
Evolution of the Marketing Concept	10
The Marketing Mix	11
<i>Product (Good or Service)</i>	11 • <i>Price (Value)</i> 12 • <i>Place (Distribution)</i> 13 • <i>Promotion (Integrated Marketing Communications)</i> 13
Marketing Management in the Twenty-First Century	13
<i>The Importance of Marketing Relationships</i>	14 • <i>Changes in Organizational Structure</i> 15 • <i>Innovate or Evaporate: Starbucks: Coffee Making as a Brand of Cooking</i> 16 • <i>Marketing and Entrepreneurship</i> 18 • <i>Marketing in Nonprofit Organizations</i> 18 • <i>Marketing and Entrepreneurship: Female Entrepreneurship Sets the Pace for a Fast-Growing Niche</i> 19 • <i>The International Scope of Marketing</i> 20
Focusing on Customer Satisfaction	20
<i>Customer-Oriented Strategies</i>	20
Building Markets for the Long Term	24
<i>Relationship Marketing versus Transaction Marketing</i>	24 • <i>Networking</i> 25 • <i>Building and Maintaining Strategic Alliances</i> 26
Summary	26 • Questions 27 • Exercises 27

### **Chapter 2 The Forces of Change and Their Impact 29**

<b>VIGNETTE: Transforming a Motor Car Giant into an Integrated High-Technology Juggernaut: Daimler-Benz</b>	<b>29</b>
The Marketing Ecocycle	31
<i>The Natural Ecocycle</i>	32 • <i>The Marketing Organization Ecocycle</i> 33 • <i>Creative Destruction and Innovation</i> 36



Four Business Revolutions 36

*The First Revolution: Globalization* 36 • *Trends in the U.S. Market* 39 • ***Marketing in the Global Village: Global Bicycle Peddler: David Montague*** 40 • *The Second Revolution: New and Emerging Technologies* 43 • *The Third Revolution: The Information Age Economy* 46 • *The Fourth Revolution: Changing Management Structure* 47

Impact of Change on Strategic and Tactical Marketing Decisions 50

*Building Internal Relationships* 51 • *Building External Relationships* 51 • *Identifying Opportunities in a Time of Change* 53 • *Managing Change* 54 • ***Innovate or Evaporate: The Chocolate Meltdown*** 55

Summary 56 • Questions 57 • Exercises 57

## PART TWO: Achieving Competitive Advantage

59

### Chapter 3 Strategic Market Planning 60

#### VIGNETTE: High-Flying Strategy in the Friendly Skies: Airline Industry in Transition 60

#### Marketing Management Decisions and Strategic Planning 62

*Strategy* 62 • *Tactics* 63

#### Strategic Market Planning: A Multilevel Process 64

#### The Strategic Planning Process 65

*Mission-Driven Strategic Planning* 65 • *Marketing in the Global Village: Russian Scientists Pursue a New Venture* 68 • *Performance Objectives* 68 • *Environmental Analysis (External)* 68 • *Organizational Analysis (Internal)* 73 • *Strategic Objectives and Strategy Definition* 75 • *Implementation and Tactics* 75 • *Execution* 76 • *Evaluation and Control* 76

#### Planning for the Long Term 76

*Sustainable Competitive Advantage: Basic Strategies* 76 • *Strategic versus Tactical Marketing Decisions* 78

#### Strategic Planning and the Challenge of Change 78

*Changes in Approaches to Strategy Development* 79 • *Complexity and Uncertainty* 81 • *Poverty of Time* 82 • *The Importance of Flexibility and Adaptation* 82 • *Innovate or Evaporate: High-Tech College Bookstore* 83 • *Stakeholder Involvement* 83 • *Integrating Ethics and Social Responsibility* 83

#### Strategic Planning and a Customer Orientation 84

*Customer Satisfaction* 85 • *Value Creation* 86

Summary 88 • Questions 88 • Exercises 89

## Chapter 4 Marketing Intelligence and Creative Problem Solving 91

### VIGNETTE: Listen to the Marketplace—or the Roar of a Harley 91

#### Marketing Management Decisions and Creative Problem Solving 93

*Need for Marketing Intelligence in a Changing World 94 • Responsibility of Marketing Decisions 95 • How Marketing Decisions Are Made 96 • Creative Problem Solving (CPS) 97 • Innovate or Evaporate: Hot Products from Hot Tubs and Other Approaches to Innovation 100*

#### The Marketing Research Process 102

*Step 1: Recognize the Need for Research 102 • Step 2: Define the Research Problem and Objectives (Purpose) 103 • Step 3: Specify Information and Data Requirements 103 • Step 4: Develop the Research Plan 103 • Step 5: Design the Method for Collecting Data 103 • Step 6: Perform the Research 104 • Step 7: Analyze the Data and Interpret the Results 104 • Step 8: Communicate Findings 104*

#### Key Information for Marketing Decisions 104

*External Opportunities and Threats 105 • Internal Strengths and Weaknesses 106*

#### Sources of Information 107

*Databases 108 • Database Design and Creation 111 • Database Management 112 • Market Measurement and Forecasting Demand 113*

#### Issues in Marketing Information Acquisition and Use 113

*In-house or Outsource Research Task 113 • Extent/Scope of Research 113 • Organizational Resources 114 • Research Quality/Quality of Information 115 • International Marketing Research 115 • Legal and Ethical Issues 116 • It's Legal but Is It Ethical? Are You Being Investigated? 117*

Summary 118 • Questions 119 • Exercises 119 • Appendix: Dimensions of a Marketing Audit 121

## Chapter 5 Understanding Consumer Buying Behavior 125

### VIGNETTE: Changing Values in American Society 125

#### The Consumer Buying Process 127

*Recognition of a Need 128 • Search for Information 131 • Evaluation of Alternatives 133 • Choice/Purchase 135 • Postpurchase Evaluation 135*

#### Social and Cultural Influences on Buying Behavior 137

*Cultural and Social Status 137 • Marketing in the Information Age: Marketer: Know Thy Customer! 138 • Group Influences 143*

#### Individual Influences on Buying Behavior 146

*Personal Influences 146 • Psychological Influences 149*

Consumers and Products	152
Consumers and Situations	153
Relationship Marketing	155
<i>Buyer-Seller Relationships</i>	155 • <i>It's Legal but Is It Ethical?</i>
<i>Relationship Marketing and Privacy Issues</i>	155 • <i>Quality, Satisfaction, and Long-Term Relationships</i>
<i>Relationship Marketing and the New Marketing Concept</i>	156 • <i>Delivering Customer Value Through Market-Driven Management</i>
<i>157</i>	
Summary	158 • Questions 159 • Exercises 160

## Chapter 6 Business Markets and Buying Behavior 161

### VIGNETTE: The U.S. Automotive Industry: World-Class Buyers and Sellers 161

Scope of Business Markets	163
<i>Types of Customers</i>	163 • <i>Marketing and Entrepreneurship: The Home-Office Worker</i>
<i>165 • Changes in Market Size and Trends</i>	167
Differences Between Organizational and Consumer Buying Behavior	167
<i>Innovate or Evaporate: The Light Goes on at GE's Lighting Division</i>	168
The Business-to-Business Buying Process	169
<i>Steps in the Buying Process</i>	169 • <i>Organizational Differences</i>
<i>170</i>	
Organizational Structure and Buyer Characteristics	172
<i>Organizational Structure</i>	173 • <i>Key Players in the Buying Center</i>
<i>174</i>	
Types of Business Purchase Decisions	175
<i>Straight Rebuy</i>	175 • <i>Modified Rebuy</i>
<i>175 • New Task Purchases</i>	176 • <i>Extended Taxonomy of Purchase Decisions</i>
<i>176</i>	
Major Influences on Purchase Decisions	176
<i>External Environmental Influences</i>	176 • <i>Internal Organizational Influences</i>
<i>180 • Personal Influences</i>	181 • <i>Product Influences</i>
<i>181</i>	
Relationship Marketing	181
<i>Buyer-Seller Relationships</i>	182 • <i>Quality, Satisfaction, and Long-Term Relationships</i>
<i>182 • Relationship Marketing and the New Marketing Concept</i>	182
Summary	183 • Questions 184 • Exercises 184

## Chapter 7 Market Segmentation, Target Marketing, and Positioning 186

### VIGNETTE: Hip! Hop! Shop Til You Drop! A Growing Middle Class Is Fueling the Global Economy 186

The Basics of Market Segmentation	188
<i>Mass Marketing</i>	188 • <i>Market Segmentation</i>
<i>188 • Why Subdivide Markets?</i>	188 • <i>Customer Value and Target Marketing</i>
<i>189</i>	