

# A FRAMEWORK FOR MARKETING MANAGEMENT

**Sixth Edition**

**Global Edition**

Philip Kotler

Northwestern University

Kevin Lane Keller

Dartmouth College

**PEARSON**

Boston Columbus Indianapolis New York San Francisco Amsterdam Cape  
Town Dubai London Madrid Milan Munich Paris Montréal Toronto  
Delhi Mexico City São Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

# Contents

Preface 19

**Part 1** Introduction to Marketing Management 25

**1** Scope of Marketing for New Realities 25

*Marketing Management at Unilever* 25

The Value of Marketing 26

The Scope of Marketing 26

*What Is Marketing?* 26

*What Is Marketed?* 27

*Who Markets?* 28

*What Is a Market?* 28

Core Marketing Concepts 29

*Needs, Wants, and Demands* 29

*Target Markets, Positioning, and Segmentation* 29

*Offerings and Brands* 29

*Marketing Channels* 30

*Paid, Owned, and Earned Media* 30

*Impressions and Engagement* 30

*Value and Satisfaction* 30

*Supply Chain* 30

*Competition* 31

*Marketing Environment* 31

The New Marketing Realities 31

*Technology* 31

*Globalization* 32

*Social Responsibility* 32

*A Dramatically Changed Marketplace* 32

Company Orientation Toward the Marketplace 34

*The Production Concept* 34

*The Product Concept* 34

*The Selling Concept* 34

*The Marketing Concept* 34

*The Holistic Marketing Concept* 35

Updating The Four Ps 36  
Marketing Management Tasks 38  
Executive Summary 39  
Notes 40

**2 Marketing Strategies and Plans 42**

***Marketing Management at Hewlett-Packard 42***

Marketing and Customer Value 43  
    *The Value Delivery Process 43*  
    *The Value Chain 43*  
    *Core Competencies 44*  
    *The Central Role of Strategic Planning 44*  
Corporate and Division Strategic Planning 45  
    *Defining the Corporate Mission 45*  
    *Establishing Strategic Business Units 45*  
    *Assigning Resources to Each SBU 46*  
    *Assessing Growth Opportunities 46*  
    *Organization and Organizational Culture 47*  
Business Unit Strategic Planning 47  
    *The Business Mission 47*  
    *SWOT Analysis 47*  
    *Goal Formulation 49*  
    *Strategy Formulation 49*  
    *Strategy and Implementation 50*  
The Marketing Plan 50  
    *Contents of a Marketing Plan 50*  
    *From Marketing Plan to Marketing Action 51*  
Marketing Implementation, Control, and Performance 52  
    *Marketing Metrics 52*  
    *Marketing-Mix Modeling 52*  
    *Marketing Dashboards 53*  
    *Marketing Control 54*  
Executive Summary 55  
Notes 56

**3 Marketing Research and Analysis 58**

***Marketing Management at Campbell Soup Company 58***

The Marketing Information System and Marketing  
Intelligence 59  
    *Internal Records and Database Systems 59*  
    *Marketing Intelligence 60*

The Marketing Research System	60
<i>Defining Marketing Research</i>	61
<i>The Marketing Research Process</i>	62
<i>Step 1: Define the Problem, Decision Alternatives,</i>	
<i>and Research Objectives</i>	62
<i>Step 2: Develop the Research Plan</i>	63
<i>Step 3: Collect the Data</i>	65
<i>Step 4: Analyze the Information</i>	65
<i>Step 5: Present the Findings</i>	65
<i>Step 6: Make the Decision</i>	65
Forecasting and Demand Measurement	66
<i>The Measures of Market Demand</i>	66
<i>The Market Demand Function</i>	66
<i>Estimating Current Demand</i>	68
<i>Estimating Future Demand</i>	69
Analyzing the Macroenvironment	69
<i>Identifying the Major Forces</i>	70
<i>The Demographic Environment</i>	70
<i>The Economic Environment</i>	72
<i>The Sociocultural Environment</i>	72
<i>The Natural Environment</i>	73
<i>The Technological Environment</i>	74
<i>The Political-Legal Environment</i>	74
Executive Summary	75
Notes	76

<b>Part 2</b>	<b>Connecting with Customers</b>	<b>78</b>
<b>4</b>	<b>Building Long-Term Customer Relationships</b>	<b>78</b>
	<i>Marketing Management at Pandora</i>	78
	Building Customer Value, Satisfaction, and Loyalty	79
	<i>Customer-Perceived Value</i>	79
	<i>Total Customer Satisfaction</i>	80
	<i>Monitoring Satisfaction</i>	81
	<i>Product and Service Quality</i>	82
	Maximizing Customer Lifetime Value	83
	<i>Customer Profitability</i>	83
	<i>Measuring Customer Lifetime Value</i>	84
	Cultivating Customer Relationships	84
	<i>Attracting and Retaining Customers</i>	85
	<i>Building Loyalty</i>	87
	<i>Win-Backs</i>	88

Executive Summary 88

Notes 89

**5 Buying Dynamics of Consumers and Businesses 92**

***Marketing Management at Cisco 92***

What Influences Consumer Behavior? 93

*Cultural Factors 93*

*Social Factors 93*

*Personal Factors 94*

Key Psychological Processes 96

*Motivation 96*

*Perception 97*

*Learning 98*

*Emotions 98*

*Memory 98*

The Consumer Buying Decision Process 99

*Problem Recognition 99*

*Information Search 100*

*Evaluation of Alternatives 101*

*Purchase Decision 102*

*Postpurchase Behavior 102*

*Behavioral Decision Theory and Behavioral Economics 103*

What is Organizational Buying? 104

*The Business Market versus the Consumer Market 104*

*Institutional and Government Markets 105*

*Business Buying Situations 105*

Participants in the Business Buying Process 106

*The Buying Center 106*

*Buying Center Influences 106*

*Targeting Firms and Buying Centers 107*

Stages in the Business Buying Process 108

*Problem Recognition 108*

*General Need Description and Product Specification 109*

*Supplier Search 109*

*Proposal Solicitation 110*

*Supplier Selection 110*

*Order-Routine Specification 110*

*Performance Review 110*

Managing Business-to-Business Customer Relationships 110

*The Benefits of Vertical Coordination 110*

*Risks and Opportunism in Business Relationships 111*

	Executive Summary	111
	Notes	112
<b>Part 3</b>	<b>Strategic Brand Management</b>	<b>116</b>
<b>6</b>	<b>Target Marketing</b>	<b>116</b>
	<i>Marketing Management at LinkedIn</i>	<i>116</i>
	Bases for Segmenting Consumer Markets	117
	<i>Geographic Segmentation</i>	<i>117</i>
	<i>Demographic Segmentation</i>	<i>117</i>
	<i>Psychographic Segmentation</i>	<i>120</i>
	<i>Behavioral Segmentation</i>	<i>120</i>
	Bases for Segmenting Business Markets	123
	Market Targeting	124
	<i>Effective Segmentation Criteria</i>	<i>124</i>
	<i>Evaluating and Selecting Market Segments</i>	<i>125</i>
	Executive Summary	128
	Notes	128
<b>7</b>	<b>Competitive and Effective Brand Positioning</b>	<b>130</b>
	<i>Marketing Management at Burberry</i>	<i>130</i>
	Developing and Establishing a Brand Positioning	131
	<i>Understanding Positioning and Value Propositions</i>	<i>131</i>
	<i>Choosing a Competitive Frame of Reference</i>	<i>131</i>
	<i>Identifying Potential Points-of-Difference</i>	
	<i>and Points-of-Parity</i>	<i>132</i>
	<i>Choosing Specific POPs and PODs</i>	<i>133</i>
	<i>Emotional Branding</i>	<i>135</i>
	<i>Brand Mantras</i>	<i>135</i>
	<i>Establishing a Brand Positioning</i>	<i>135</i>
	<i>Alternative Approaches to Positioning</i>	<i>136</i>
	Competitive Strategies for Market Leaders	136
	<i>Expanding Total Market Demand</i>	<i>138</i>
	<i>Protecting Market Share</i>	<i>138</i>
	<i>Increasing Market Share</i>	<i>140</i>
	Other Competitive Strategies	140
	<i>Market-Challenger Strategies</i>	<i>140</i>
	<i>Market-Follower Strategies</i>	<i>141</i>
	<i>Market-Nicher Strategies</i>	<i>142</i>
	Executive Summary	142
	Notes	143

<b>8</b>	<b>Branding and Core Business Growth</b>	<b>145</b>
	<i>Marketing Management at Gatorade</i>	<b>145</b>
	How Does Branding Work?	146
	<i>The Role of Brands</i>	146
	<i>The Scope of Branding</i>	146
	Defining Brand Equity	147
	<i>Customer-Based Brand Equity</i>	147
	<i>Brand Equity Models</i>	148
	Building Brand Equity	149
	<i>Choosing Brand Elements</i>	150
	<i>Designing Holistic Marketing Activities</i>	150
	<i>Leveraging Secondary Associations</i>	151
	<i>Internal Branding</i>	152
	Measuring and Managing Brand Equity	152
	<i>Brand Audits and Brand Tracking</i>	152
	<i>Brand Valuation</i>	152
	<i>Managing Brand Equity</i>	153
	Devising a Branding Strategy	153
	<i>Branding Decisions</i>	153
	<i>Brand Portfolios</i>	154
	<i>Brand Extensions</i>	155
	Customer Equity	156
	Driving Growth	156
	<i>Growth Strategies</i>	156
	<i>Growing the Core</i>	157
	Executive Summary	158
	Notes	158
<b>Part 4</b>	<b>Value Creation</b>	<b>162</b>
<b>9</b>	<b>Product Mix and New Offerings</b>	<b>162</b>
	<i>Marketing Management at Lexus</i>	<b>162</b>
	Product Characteristics and Classifications	163
	<i>Product Levels: The Customer-Value Hierarchy</i>	163
	<i>Product Classifications</i>	164
	Differentiation	164
	<i>Product Differentiation</i>	164
	<i>Services Differentiation</i>	165
	<i>Design Differentiation</i>	165
	Product and Brand Relationships	166
	<i>The Product Hierarchy</i>	166
	<i>Product Line Analysis</i>	167

	<i>Product Line Length</i>	167
	<i>Line Modernization, Featuring, and Pruning</i>	168
	<i>Product Mix Pricing</i>	168
	<i>Co-Branding and Ingredient Branding</i>	169
Packaging, Labeling, Warranties, and Guarantees		169
	<i>Packaging</i>	169
	<i>Labeling</i>	170
	<i>Warranties and Guarantees</i>	170
Managing New Products		170
	<i>The Innovation Imperative and New Product Success</i>	171
	<i>New Product Development</i>	171
The Consumer-Adoption Process		175
	<i>Stages in the Adoption Process</i>	175
	<i>Factors Influencing the Adoption Process</i>	175
Product Life-Cycle Marketing Strategies		176
	<i>Product Life Cycles</i>	177
	<i>Marketing Strategies: Introduction Stage and the Pioneer Advantage</i>	177
	<i>Marketing Strategies: Growth Stage</i>	178
	<i>Marketing Strategies: Maturity Stage</i>	178
	<i>Marketing Strategies: Decline Stage</i>	178
	<i>Critique of the Product Life-Cycle Concept</i>	178
Executive Summary		179
Notes		180
<b>10</b>	<b>Analyzing and Marketing Services</b>	<b>183</b>
	<i>Marketing Management at Emirates Airline</i>	<b>183</b>
	The Nature of Services	184
	<i>Categories of Service Mix</i>	184
	<i>Distinctive Characteristics of Services</i>	184
	The New Services Realities	186
	<i>A Shifting Customer Relationship</i>	187
	<i>Achieving Excellence in Services Marketing</i>	187
	<i>Differentiating Services</i>	189
	Managing Service Quality	190
	<i>Managing Customer Expectations</i>	190
	<i>Incorporating Self-Service Technologies</i>	192
	Managing Product-Support Services	193
	<i>Identifying and Satisfying Customer Needs</i>	193
	<i>Postsale Service Strategy</i>	193



	Executive Summary	194
	Notes	194
<b>11</b>	<b>Concepts and Tools for Strategic Pricing</b>	<b>197</b>
	<i>Marketing Management at Ryanair</i>	<i>197</i>
	Understanding Pricing	198
	<i>Pricing in a Digital World</i>	<i>198</i>
	<i>A Changing Pricing Environment</i>	<i>198</i>
	<i>How Companies Price</i>	<i>198</i>
	<i>Consumer Psychology and Pricing</i>	<i>199</i>
	Setting the Price	200
	<i>Step 1: Selecting the Pricing Objective</i>	<i>200</i>
	<i>Step 2: Determining Demand</i>	<i>201</i>
	<i>Step 3: Estimating Costs</i>	<i>202</i>
	<i>Step 4: Analyzing Competitors' Costs, Prices, and Offers</i>	<i>204</i>
	<i>Step 5: Selecting a Pricing Method</i>	<i>204</i>
	<i>Step 6: Selecting the Final Price</i>	<i>207</i>
	Adapting the Price	208
	<i>Geographical Pricing (Cash, Countertrade, Barter)</i>	<i>208</i>
	<i>Price Discounts and Allowances</i>	<i>209</i>
	<i>Promotional Pricing</i>	<i>209</i>
	<i>Differentiated Pricing</i>	<i>210</i>
	Initiating and Responding to Price Changes	211
	<i>Initiating Price Cuts</i>	<i>211</i>
	<i>Initiating Price Increases</i>	<i>211</i>
	<i>Anticipating Competitive Responses</i>	<i>211</i>
	<i>Responding to Competitors' Price Changes</i>	<i>211</i>
	Executive Summary	212
	Notes	212
<b>Part 5</b>	<b>Value Delivery</b>	<b>215</b>
<b>12</b>	<b>Developing and Managing Strategic and Integrated Marketing Channels</b>	<b>215</b>
	<i>Marketing Management at IKEA</i>	<i>215</i>
	Marketing Channels and Value Networks	216
	<i>The Importance of Channels</i>	<i>216</i>
	<i>Multichannel Marketing</i>	<i>216</i>
	<i>Integrating Multichannel Marketing Systems</i>	<i>217</i>
	<i>Value Networks</i>	<i>217</i>
	<i>The Digital Channels Revolution</i>	<i>217</i>
	The Role of Marketing Channels	218
	<i>Channel Functions and Flows</i>	<i>218</i>

	<i>Channel Levels</i>	219
	<i>Service Sector Channels</i>	220
	Channel-Design Decisions	220
	<i>Analyzing Customer Needs and Wants</i>	220
	<i>Establishing Objectives and Constraints</i>	221
	<i>Identifying Major Channel Alternatives</i>	222
	<i>Evaluating Major Channel Alternatives</i>	222
	Channel-Management Decisions	223
	<i>Selecting Channel Members</i>	223
	<i>Training and Motivating Channel Members</i>	224
	<i>Evaluating Channel Members</i>	224
	<i>Modifying Channel Design and Arrangements</i>	224
	<i>Global Channel Considerations</i>	224
	Channel Integration and Systems	224
	<i>Vertical Marketing Systems</i>	225
	<i>Horizontal Marketing Systems</i>	225
	E-Commerce and M-Commerce Marketing Practices	226
	<i>E-Commerce and Pure-Click Companies</i>	226
	<i>E-Commerce and Brick-and-Click Companies</i>	226
	<i>M-Commerce Marketing</i>	226
	Channel Conflict, Cooperation, and Competition	227
	<i>Types of Conflict and Competition</i>	227
	<i>Causes of Channel Conflict</i>	228
	<i>Managing Channel Conflict</i>	228
	<i>Dilution and Cannibalization</i>	228
	<i>Legal and Ethical Issues in Channel Relations</i>	228
	Executive Summary	229
	Notes	229
<b>13</b>	<b>Managing Retailing, Wholesaling, and Logistics</b>	<b>232</b>
	<b><i>Marketing Management at Warby Parker</i></b>	<b>232</b>
	Retailing	233
	<i>Types of Retailers</i>	233
	<i>The Modern Retail Marketing Environment</i>	234
	<i>Retailer Marketing Decisions</i>	235
	Private Labels	237
	<i>Role of Private Labels</i>	238
	<i>Private-Label Success Factors</i>	238
	Wholesaling	238
	<i>Wholesaling Functions</i>	239
	<i>Trends in Wholesaling</i>	240

	Market Logistics	240
	<i>Integrated Logistics Systems</i>	240
	<i>Market-Logistics Objectives</i>	241
	<i>Market-Logistics Decisions</i>	241
	Executive Summary	243
	Notes	244
<b>Part 6</b>	<b>Value Communication</b>	<b>245</b>
<b>14</b>	<b>Designing and Managing Integrated Marketing Communications</b>	<b>245</b>
	<i>Marketing Management at Volkswagen</i>	<b>245</b>
	The Role of Marketing Communications	246
	<i>The Marketing Communications Mix</i>	246
	<i>Communications Process Models</i>	248
	Developing Effective Communications	248
	<i>Identify the Target Audience</i>	248
	<i>Set the Communications Objectives</i>	249
	<i>Design the Communications</i>	250
	<i>Select the Communications Channels</i>	252
	<i>Establish the Total Marketing Communications Budget</i>	253
	Selecting the Marketing Communications Mix	253
	<i>Characteristics of the Marketing Communications Mix</i>	254
	<i>Factors in Setting the Marketing Communications Mix</i>	255
	<i>Measuring Communication Results</i>	256
	Managing the Integrated Marketing Communications Process	256
	<i>Coordinating Media</i>	256
	<i>Implementing IMC</i>	256
	Executive Summary	257
	Notes	257
<b>15</b>	<b>Managing Mass Communications: Advertising, Sales Promotions, Events and Experiences, and Public Relations</b>	<b>259</b>
	<i>Marketing Management at Procter &amp; Gamble</i>	<b>259</b>
	Developing and Managing an Advertising Program	260
	<i>Setting the Advertising Objectives</i>	260
	<i>Deciding on the Advertising Budget</i>	261
	<i>Developing the Advertising Campaign</i>	261
	<i>Choosing Media</i>	262
	<i>Evaluating Advertising Effectiveness</i>	264
	Sales Promotion	265
	<i>Advertising versus Promotion</i>	265
	<i>Major Decisions</i>	266

	Events and Experiences	268
	<i>Events Objectives</i>	268
	<i>Major Sponsorship Decisions</i>	269
	<i>Creating Experiences</i>	269
	Public Relations	270
	<i>Marketing Public Relations</i>	270
	<i>Major Decisions in Marketing PR</i>	271
	Executive Summary	271
	Notes	272
<b>16</b>	<b>Managing Digital Communications: Online, Social Media, and Mobile</b>	<b>274</b>
	<b><i>Marketing Management at PepsiCo</i></b>	<b>274</b>
	Online Marketing	275
	<i>Advantages and Disadvantages of Online Marketing Communications</i>	275
	<i>Online Marketing Communication Options</i>	275
	Social Media	277
	<i>Social Media Platforms</i>	277
	<i>Using Social Media</i>	278
	Word of Mouth	278
	<i>Forms of Word of Mouth</i>	278
	<i>Creating Word-of-Mouth Buzz</i>	279
	<i>Measuring the Effects of Word of Mouth</i>	280
	Mobile Marketing	280
	<i>The Scope of Mobile Marketing</i>	281
	<i>Developing Effective Mobile Marketing Programs</i>	281
	<i>Mobile Marketing across Markets</i>	281
	Executive Summary	281
	Notes	282
<b>17</b>	<b>Managing Personal Communications: Direct and Database Marketing and Personal Selling</b>	<b>285</b>
	<b><i>Marketing Management at StarHub</i></b>	<b>285</b>
	Direct Marketing	286
	<i>The Benefits of Direct Marketing</i>	286
	<i>Direct Mail</i>	286
	<i>Catalog Marketing</i>	287
	<i>Telemarketing</i>	287
	<i>Other Media for Direct-Response Marketing</i>	287
	<i>Customer Databases and Database Marketing</i>	288
	<i>Public and Ethical Issues in Direct Marketing</i>	289

Personal Selling and the Sales Force 289  
*Types of Sales Representatives* 289  
*Personal Selling and Relationship Marketing* 290  
*Designing the Sales Force* 291

Managing the Sales Force 293  
*Recruiting and Selecting Representatives* 293  
*Training and Supervising Sales Representatives* 295  
*Sales Rep Productivity* 295  
*Motivating Sales Representatives* 295  
*Evaluating Sales Representatives* 296

Executive Summary 296  
Notes 297

**Part 7** Managing the Marketing Organization for Long-Term Success 299

**18** Responsible Marketing in a Global Environment 299

*Marketing Management at Patagonia* 299

Competing On a Global Basis 300

*Deciding Whether to Go Abroad* 301

*Deciding Which Markets to Enter* 301

*Deciding How to Enter the Market* 301

*Deciding on the Marketing Program* 303

Internal Marketing 306

*Organizing the Marketing Department* 306

*Relationships with Other Departments* 307

*Building a Creative Marketing Organization* 307

Socially Responsible Marketing 307

*Corporate Social Responsibility* 307

*Sustainability* 309

*Cause-Related Marketing* 309

*Social Marketing* 310

Executive Summary 310

Notes 311

Glossary 314

Brand, Company, and Name Index 324

Subject Index 333