



Ideal for managers seeking insights into the 'hot topics' of strategic marketing

SECOND EDITION

MARKETING BRIEFS

A REVISION AND STUDY GUIDE

SALLY DIBB AND LYNDON SIMKIN

Marketing Briefs: A Revision and Study Guide

Marketing Briefs: A Revision and Study Guide

Second edition

Sally Dibb and Lyndon Simkin

Warwick Business School

University of Warwick



ELSEVIER
BUTTERWORTH
HEINEMANN

AMSTERDAM BOSTON HEIDELBERG LONDON NEW YORK OXFORD PARIS
SAN DIEGO SAN FRANCISCO SINGAPORE SYDNEY TOKYO

Elsevier Butterworth-Heinemann
Linacre House, Jordan Hill, Oxford OX2 8DP
200 Wheeler Road, Burlington, MA 01803

First published 2001
Second edition 2004

© 2001, 2004, Sally Dibb and Lyndon Simkin. All rights reserved

The right of Sally Dibb and Lyndon Simkin to be identified as the authors of this work has been asserted in accordance with the Copyright, Designs and Patents Act 1988

No part of this publication may be reproduced in any material form (including photocopying or storing in any medium by electronic means and whether or not transiently or incidentally to some other use of this publication) without the written permission of the copyright holder except in accordance with the provisions of the Copyright, Designs and Patents Act 1988 or under the terms of a licence issued by the Copyright Licensing Agency Ltd, 90 Tottenham Court Road, London, England W1T 4LP. Applications for the copyright holder's written permission to reproduce any part of this publication should be addressed to the publisher

Permissions may be sought directly from Elsevier's Science & Technology Rights Department in Oxford, UK: phone: (+44) 1865 843830, fax: (+44) 1865 853333, e-mail: permissions@elsevier.co.uk. You may also complete your request on-line via the Elsevier homepage (www.elsevier.com), by selecting 'Customer Support' and then 'Obtaining Permissions'

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing in Publication Data

A catalogue record for this book is available from the Library of Congress

ISBN 0 7506 6200 X

For information on all Elsevier Butterworth-Heinemann publications visit our website at <http://books.elsevier.com>

Typeset by Charon Tec Pvt. Ltd, Chennai, India
Printed and bound in Great Britain

Working together to grow
libraries in developing countries

www.elsevier.com | www.bookaid.org | www.sabre.org

ELSEVIER

BOOK AID
International

Sabre Foundation

Contents

<i>Preface</i>	vii
<i>About the Authors</i>	ix
<i>About the Briefs</i>	xi
The Marketing Briefs	1
1 Defining Marketing	3
2 Relationship Marketing	9
3 Marketing Orientation	14
4 The Marketing Environment	19
5 PEST and SWOT Analyses	24
6 Consumer Buying Behaviour	29
7 Business-to-Business Buying Behaviour	34
8 Customer Relationship Management (CRM)	40
9 Marketing Research	46
10 Forecasting in Marketing	53
11 Market Segmentation	58
12 Targeting	63
13 Brand and Product Positioning	67
14 Branding	73
15 Products	79
16 The Product Life Cycle (PLC)	85
17 Product Portfolios	91
18 Packaging	99
19 Service Products	104
20 Advertising	109
21 Public Relations	115
22 Sponsorship	120
23 Personal Selling and Sales Management	124
24 Sales Promotion	129
25 Direct Mail	133
26 Direct Marketing	137
27 The Internet	141
28 Marketing Channels	147
29 Wholesaling and Physical Distribution Management (PDM)	152
30 Pricing Concepts	157
31 Setting Prices	162
32 The Marketing Mix	168

Contents

33	Marketing Strategy	174
34	Competitive Forces and Strategies	180
35	Competitive Advantage	186
36	Marketing Planning	191
37	Implementation and Controls	196
38	The Marketing Audit	203
39	Performance Measures in Marketing	208
40	Internal Marketing	213
41	International Marketing	218
42	Consumer Marketing	223
43	Business-to-Business Marketing	228
44	The Marketing of Services	234
45	Non-Business Marketing	239
46	Retail Marketing	243
47	Social Responsibility in Marketing	249
48	Marketing Ethics	254
49	Value-Based Marketing	259
50	One-to-One Marketing	264
	<i>Answers to Questions in the Marketing Briefs</i>	271
	<i>Revising for Examinations: Tips and Guidance</i>	313
	<i>Specimen Examination Papers and Answer Guides</i>	321
	<i>Glossary of Key Terms</i>	341
	<i>Index</i>	357

Preface

Marketing Briefs: A Revision and Study Guide has been especially designed to help students studying for all kinds of marketing examinations. The collection of bite-sized Briefs is particularly suitable for those facing Chartered Institute of Marketing, college and business school marketing examinations.

So what can the book do for you? The main objective of *Marketing Briefs* is to help you understand the key marketing concepts and frameworks. It also aims to guide you through the difficult revision period, providing plenty of opportunities for you to test your knowledge and practise writing exam answers. These objectives are achieved by combining short, sharp overviews of marketing concepts with mini-cases, definitions, examination-style questions and suggestions for additional reading.

The punchy and concise overviews at the front end of the Briefs explore key marketing concepts and frameworks, and explain core terms in an easy-to-remember format. Mini-case examples are provided to help you better understand the theory and to provide ideas for when you sit your exams. Each Brief includes four examination-style questions, to which answer schemes are provided. If this does not give you enough practice, a later section of the book includes sample examination papers. There are also suggestions to help with your revision and examination performance. All in all, this is a resource designed to help you through the entire process of revising and sitting your exams. In this respect, *Marketing Briefs* is your exam survival guide.

In practice, of course, being an effective marketer is not just about remembering the stand-alone concepts described in the Briefs. It is also necessary to understand the marketing process, by appreciating the connections between the different concepts. This marketing process should endeavour to satisfy customers now and in the future, facilitate the product or service exchange with the customer, combat competitors, differentiate the particular product or service, identify emerging business opportunities, while bringing financial benefit to the business or organization in question.

To be effective, marketing requires: (i) a shrewd and objective understanding of the marketplace, the trading environment, customers' requirements and buying characteristics, competition, and the organization's capabilities; (ii) a clear target market strategy, brand positioning and the creation of a competitive edge; (iii) marketing mix tactics to implement the determined marketing strategy and operational controls to ensure implementation of these marketing programmes. This approach to actioning the marketing process (analysis – strategy – programmes for implementation) is adopted by marketing oriented businesses launching new brands or products, entering new target markets or market territories, creating defensive responses to competitor inroads, seeking an answer to poor performance, or by businesses simply striving for the next solution to satisfying their customers. This process also reflects the content of leading marketing textbooks.

Preface

This revision aid has been structured to reflect this approach to successful marketing. It begins by examining the marketing remit and the core marketing analyses. The Briefs then review aspects of marketing strategy and marketing management. This is a marketing process that the authors have successfully adopted in their MBA and undergraduate lecturing and in their consultancy with a variety of blue chip businesses. While you may welcome the bite-sized revision aid summaries provided in *Marketing Briefs*, try not to lose sight of the overall marketing process and the need for marketing practitioners to integrate these themes.

Marketing Briefs is not intended to be a fully comprehensive textbook. There are many lengthy texts available that provide detailed explanations of the key marketing concepts. This book is different: it provides brief, topical, conceptual summaries of the essential facets of modern marketing for revision purposes. These are broken down into fifty chapters – the Briefs.

In more detail, each of the Briefs:

- begins by providing a series of relevant definitions;
- provides a bulleted concise overview of the theme;
- supplements this overview with a more detailed explanation of the core relevant concepts;
- offers a selection of illustrative examination-style examples to help explain the key points;
- sets a mix of examination-oriented self-test questions: essay-style, case-based and applied to specific market situations;
- recommends further readings for each concept;
- provides full cross-referencing to related Briefs.

All of these attributes are delivered in four or five pages per Brief! The intention is to provide concise but complete revision-oriented summaries.

With revision and examinations in mind, *Marketing Briefs* also features:

- A glossary of key definitions.
- Tips and ‘golden rules’ concerning revision and examination techniques.
- Specimen sample examination papers with answer schemes.
- Case studies for those examinations that feature case study questions.

Our many years of experience of CIM examinations, MBA and undergraduate business school courses, college examinations and practitioners’ use of the marketing toolkit, are the basis for the materials provided in this revision aid. We hope you will find it useful.

May your examinations prove successful. Good luck!

S.D.
L.S.

About the Authors

Sally Dibb and Lyndon Simkin have been at the leading UK university management centre, Warwick Business School, since the mid-1980s, teaching undergraduates, MBAs – full-time, part-time and distance learning – and executives the basics of marketing, advanced strategic marketing, buyer behaviour, marketing communications and marketing research. Sally and Lyndon’s research focuses on services marketing, market segmentation, marketing planning, retail modelling, marketing communications and teaching methods, in which areas they have published extensively in the academic journals in the UK and USA. Consultancy principally addresses marketing planning and target market strategies in a host of UK and North American blue chip businesses. Married, Sally and Lyndon live in Kenilworth with their five children, Becky, James, Abby, Miranda Mae and Samantha Rose.

Sally is a former Chief Examiner with the Chartered Institute of Marketing and Associate Dean at Warwick Business School. She is chair of the Academy of Marketing’s special interest group in segmentation. Her first degree and MSc were from UMIST in Manchester and her PhD was awarded in 1988 by the University of Warwick. Lyndon’s background was in economic geography and his first degree was gained at the University of Leicester. His PhD in retail modelling was awarded in 1986 by the University of Bradford Management Centre, after he had joined Warwick Business School. Lyndon is an acknowledged expert witness in corporate litigation cases.

In addition to being joint authors of *Marketing Briefs*, they have authored the innovative *The Marketing Casebook: Cases and Concepts* (London: Thomson), the market leading textbook *Marketing: Concepts and Strategies* (Boston: Houghton Mifflin, now in its fifth edition) with US marketing colleagues Bill Pride and O.C. Ferrell, as well as the practitioner-oriented *The Market Segmentation Workbook* and *The Marketing Planning Workbook* (both London: Thomson), aimed at assisting marketing managers to re-assess their target markets and understand the complexities of marketing planning. These workbooks were based on their consultancy experiences with organizations as diverse as Accenture, the Audit Commission, Calor, Conoco, Courtaulds Textiles, DRA (MoD), Forte, Fujitsu, ICI, JCB, McDonald’s, PowerGen, Raytheon, Standard Chartered, Tesco and Zeneca.

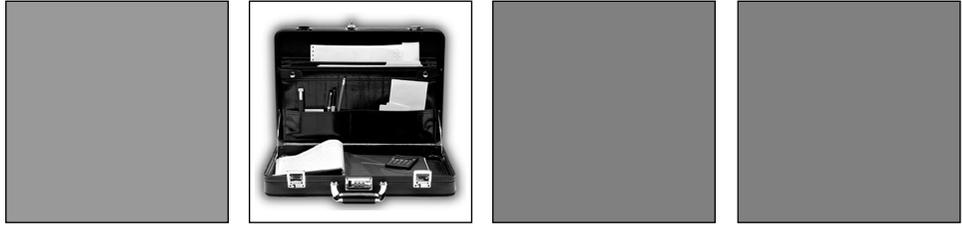
About the Briefs

Each Brief is a concise, revision-oriented overview of the topic featured. The Briefs, fifty of them, cover the core ingredients of marketing, commencing with a definition of the marketing concept. The running order continues to explore the essential aspects of marketing analysis, marketing strategy and marketing management, before presenting summaries of marketing's deployment in specific market situations, and concluding with some of the discipline's emerging 'hot topics'.

The structure for each Brief is deliberately similar, in order to aid revision and use:

- Core definitions
- Bulleted key point conceptual summaries
- More detailed explanation citing pertinent examples
- Caselet topical illustrations
- Selected examination-style and assessment-type questions
- Recommended additional readings

Within each Brief, associated Briefs are fully cross-referenced. The set questions include case-based, essay style and applied questions. The answer schemes for the four set questions in each Brief are presented in the section following the Briefs.



The Marketing Briefs

Concise, revision-oriented overviews of essential topics, including:

- ❑ Core definitions
- ❑ Bulleted key points conceptual summaries
- ❑ More detailed explanation citing pertinent examples
- ❑ Caselet topical illustrations
- ❑ Selected examination-style and assessment-type questions
- ❑ Recommended additional readings

I: Defining Marketing



Key definitions

Marketing consists of individual and organizational activities that facilitate and

expedite satisfying exchange relationships in a dynamic environment through the creation, servicing, distribution, promotion and pricing of goods, services and ideas.

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

Key issues

- It is often stated that business has passed through various eras: *production*, following the Industrial Revolution (1850s to 1920s), when products were developed with little consideration for customers' needs or competition; *sales* (1920s to 1950s), with the emphasis on the 'hard sell' through personal selling and advertising; and the *marketing era* (post-1950s), as a customer orientation emerged and customer needs increasingly were determined before products were developed.
 - Marketing is not a science: there is no single universally adopted definition of marketing. Marketing aims to satisfy customers, understand their future requirements, differentiate a product or service from competitors' offerings, identify emerging market opportunities and provide an organization with financial viability. If customers are treated properly, they will complete their transaction and be satisfied that their payment or donation was worthwhile.
- Marketers seek new customers for their products or services. In addition, increasingly they are seeking ways to maintain on-going longer-term relationships with their existing customers. This is known as relationship marketing.
 - For marketing to be effective in an organization, there must be an analytical process that involves: (a) developing a shrewd understanding of a market; (b) creating marketing strategies that seek the most viable opportunities and compete effectively against rivals; (c) developing tactical marketing programmes designed to satisfy target markets; and (d) controlling internal operations to ensure implementation of the devised marketing strategies and marketing programmes. This process incorporates marketing analysis, marketing strategy and marketing management. The core ingredients of each of these facets of marketing are explored in *Marketing Briefs: A Revision and Study Guide*.

Conceptual overview

Marketing is not a science: there is no single definition or approach to undertaking marketing. The following commonly cited definitions illustrate this variation:

The aim of marketing is to make selling superfluous. The aim is to know and to understand the customer so well that the product or service fits him/her and sells itself.

(management guru Peter Drucker)

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

(the UK's Chartered Institute of Marketing)

Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, servicing, distribution, promotion and pricing of goods, services and ideas.

(the American Marketing Association)

Drucker argues that if a business takes the time to first properly determine customer requirements and expectations, the products that it develops are more likely to be deemed desirable by the customers the business is targeting. The Chartered Institute of Marketing adds that marketing involves understanding customer requirements both now and in the future. Businesses must strive to satisfy their customers and make profits to invest in future products and market developments. The American Marketing Association's definition hinges on the economic exchange that occurs when an interested customer purchases a product or service in return for payment or a donation. The AMA adds that marketing occurs in a dynamic environment, and that the exchange at the heart of marketing is made possible through the marketing mix (cf. Brief 32): product, people, price, promotion and place. The trading environment is prone to external pressures (cf. Brief 3), competitive threats (cf. Brief 34) and ever-changing customer demands (cf. Briefs 6 and 7), causing a set of dynamics rarely encountered by other business disciplines such as production, finance or human resources.

There are, though, common themes in most explanations of marketing. The most important are:

- The ability to satisfy customers.
- The exchange of a product or service for a payment or donation.
- The need to create an edge over competitors.
- Identification of favourable marketing opportunities.
- Profits or financial surpluses to enable a viable future for the organization.
- Shrewd utilization of resources to maximize a business's market position.
- The aim to increase market share in priority target markets.

If the ‘right’ opportunities are pursued, customers are properly researched, the ‘right’ customers targeted with a marketing proposition designed to give a business an edge over its rivals, it is highly likely that customers will be satisfied, market share will rise in core target markets and profitability will support a viable future. Conversely, if a business develops a product or service which fails to reflect customer expectations and needs, is no better than competing offers and takes no account of evolving market conditions, it is unlikely that the future will be prosperous for such an organization. These sentiments are equally applicable to consumer or industrial markets, products or services.

Definitions of marketing count for little if businesses do not develop a process, culture and set of operational procedures to actually practise marketing. The textbooks promote a process hinging on marketing analysis, marketing strategy, marketing mix tactics and internal programme controls, typified by Figure 1.1. Recent research indicates that the majority of large UK businesses do now practise marketing and that when undertaking the more defined tasks of market opportunity appraisal, market segmentation/target marketing, or marketing planning, they do proceed through an analysis–strategy–programmes process as represented in Figure 1.1.



Figure 1.1 The marketing process

Marketing Briefs

Marketing is a process intended to identify market opportunities, satisfy customers today and in the future, create an edge over rivals, differentiate the product or service being marketed, while generating suitable financial rewards for the business. Marketing requires analysis, strategy formulation, tactical marketing mix programmes and operational controls to ensure their implementation. Marketing is one of the core disciplines of management.

Business is widely deemed to have passed through various stages of evolution:

- 1 Production Era: 1850s to 1920s
Mass production was brought about by the Industrial Revolution. Products were designed and developed without much thought for customer needs or competitive pressures.
- 2 Sales Era: 1920s to 1950s
The focus of business switched to personal selling and advertising. Customers were 'persuaded' to buy products.
- 3 Marketing Era: 1950s to the present
A customer orientation replaced the 'hard sell' of the sales era. Customer needs and wants increasingly were determined before a product was brought onto the market.
- 4 Relationship Marketing Era: 1990s onwards
Some business experts believe that marketing itself has undergone a transformation. The emphasis of marketing apparently was on attracting new customers to make a transaction. Now many companies, while still seeking new customers, devote marketing resource to maintaining good relationships with existing customers.

Brief 2 examines relationship marketing in more detail.



Examples

Cadbury Crème Eggs

The marketing of Cadbury Crème Eggs has two distinctive characteristics. The first is that the 'How do you eat yours?' campaign launched in 1988 gives a highly 'personal' feel to the product's promotion. The second is that consumers can only buy the product between Christmas and Easter each year. Attempts during the 1970s to extend sales of the product outside this period were shelved when sales fell. It seems that customers enjoy the seasonality of the product and that awareness of the brand is maintained even though it is only on retailers' shelves for four months a year. The enduring fondness that the brand attracts is all the more impressive

when it is considered that marketing activity for *Crème Eggs* is also focused during its four-month availability.

(Source: Emma Reynolds, 'Is Cadbury silly to keep *Crème Eggs* seasonal?', *Marketing*, 19 April 2001, p. 17)

Nectar

Throughout the 1990s the growth of loyalty cards was rapid. Most consumers soon had a purse or wallet jam-packed with brand-led or retailer-focused loyalty cards, such as the *Boots Advantage Card*, DIY chain Homebase's *Spend & Save*, *Marriott Rewards* from the hotel chain, *More* from music store MVC, *Recognition Frasiercard* from department store group House of Fraser, and *Clubcard* from supermarketer Tesco. These cards enabled customers of these businesses to claim price discounts, special offers or to build up 'points' which could be redeemed against subsequent purchases or be used to claim prizes such as short holidays or theatre tickets. Irrespective of a scheme's detail, these various loyalty programmes were all designed to enable the host company to build up on-going customer loyalty and to learn more about their customers' spending habits and characteristics. With the notable exception of the BA-inspired Air Miles loyalty scheme, the vast majority of customer loyalty card schemes were linked solely to one brand or retailer. Air Miles were awarded by a host of member consortium businesses to their customers.

Marketing research at the start of the current millennium, however, revealed increasing levels of consumer dissatisfaction with these schemes. Consumers felt that the rewards were often minimal and that the schemes were unwieldy to use, claiming the expected reward was often far from straightforward, and – above all – consumers voiced the opinion that their purses and wallets could no longer cope with the number of cards. Many consumers stated that they no longer utilized loyalty cards in their possession and many refused to accept newly offered cards even from retailers they visited frequently. One response has been the 'collective' loyalty card, with simplified and automated rewards, such as *Nectar*. Now with additional partners such as Thresher and Ford, the original launch was jointly led by Sainsbury's, Barclaycard, Debenhams and BP. *Nectar* businesses discarded their existing loyalty card schemes in preference for *Nectar*. By enabling the consumer to present *Nectar* at many retailers and in numerous transactions across a range of purchases, *Nectar* was a direct response to consumers' desires for a different type of loyalty card. *Nectar* is an example of marketers identifying consumer wishes and responding to dislikes, with a product more in tune with evolving consumer usage than the previous generation of loyalty schemes.

(Sources: Sainsbury's; *Nectar/Loyalty Management*; Mark Kleinman in *Marketing*, 6 November 2003, p. 70)