

and distribution preferences. By focusing on their most profitable customers, products, and channels, these firms hope to achieve profitable growth, capturing a larger share of each customer's expenditures by building high customer loyalty. They estimate individual customer lifetime value and design their market offerings and prices to make a profit over the customer's lifetime. Marketing must skillfully conduct not only customer relationship management but partner relationship management as well. Companies are deepening their partnering arrangements with suppliers and distributors, seeing them as partners in delivering value to final customers so everybody benefits.

**Integrated Marketing** Integrated marketing occurs when the marketer devises activities and programs to create, communicate, and deliver value for consumer such that “the whole is greater than the sum of its parts.” Two key themes are that (1) many different marketing activities can create, communicate, and deliver value; and (2) marketers should design and implement each marketing activity with all other activities in mind. When a hospital buys an MRI machine from General Electric, for instance, it expects good installation, maintenance, and training services to go with the purchase. All company communications also must be integrated so they reinforce and complement each other. A marketer might selectively employ television, radio, and print advertising, public relations and events, and PR and Web site communications so each contributes on its own and improves the effectiveness of the others while delivering a consistent brand message at every contact.

**Internal Marketing** Internal marketing, an element of holistic marketing, is the task of hiring, training, and motivating able employees who want to serve customers well. Smart marketers recognize that marketing activities within the firm can be as important as, or even more important than, those directed outside the company.

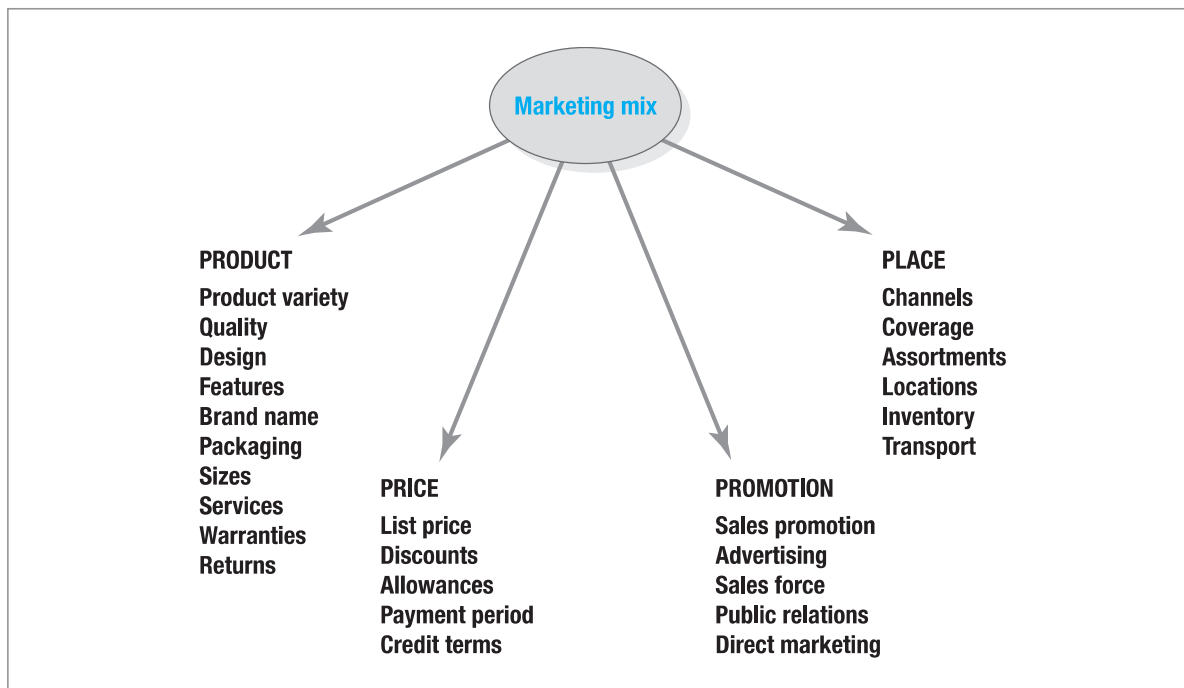
**Performance Marketing** Performance marketing requires understanding the financial and nonfinancial returns to business and society from marketing activities and programs. As noted previously, top marketers are increasingly going beyond sales revenue to interpret what is happening to market share, customer loss rate, customer satisfaction, product quality, and other measures. They are also considering the legal, ethical, social, and environmental effects of marketing activities and programs.

When they founded Ben & Jerry's, Ben Cohen and Jerry Greenfield embraced the performance marketing concept by dividing the traditional financial bottom line into a “double bottom line” that also measured the environmental impact of their products and processes. That later expanded into a “triple bottom line” to represent the positive and negative social impacts of the firm's entire range of business activities. Some firms have failed to live up to their legal and ethical responsibilities, and consumers are demanding more responsible behavior. One research study reported that at least one-third of consumers around the world believed that banks, insurance providers, and packaged-food companies should be subject to stricter regulation.<sup>25</sup>

## Updating The Four Ps

Many years ago, McCarthy classified various marketing activities into *marketing-mix* tools of four broad kinds, which he called *the four Ps* of marketing: product, price, place, and promotion.<sup>26</sup> The marketing variables under each P are shown in Figure 1.3.

Given the breadth, complexity, and richness of marketing, however—as exemplified by holistic marketing—clearly these four Ps are not the whole story anymore. Updating them to reflect the holistic marketing concept results in a more representative set that encompasses modern marketing realities: people, processes, programs, and performance, as in Table 1.2.

**FIGURE 1.3** The Four P Components of the Marketing Mix**TABLE 1.2** The Evolution of Marketing Management

Marketing Mix Four Ps	Modern Marketing Management Four Ps
Product	People
Place	Processes
Promotion	Programs
Price	Performance

*People* reflects, in part, internal marketing and the fact that employees are critical to marketing success. Marketing will only be as good as the people inside the organization. It also reflects the fact that marketers must view consumers as people to understand their lives more broadly and not just as shoppers who consume products and services.

*Processes* are all the creativity, discipline, and structure brought to marketing management. Marketers must ensure that state-of-the-art marketing ideas and concepts play an appropriate role in all they do, including creating mutually beneficial long-term relationships and imaginatively generating insights and breakthrough products, services, and marketing activities.

*Programs* are all the firm's consumer-directed activities, encompassing the old four Ps as well as a range of other marketing activities that might not fit as neatly into the old view of marketing. Regardless of whether they are online or offline, traditional or nontraditional, these activities must be integrated such that their whole is greater than the sum of their parts and they accomplish multiple objectives for the firm.

*Performance* reflects, as in holistic marketing, the range of possible outcome measures that have financial and nonfinancial implications (profitability as well as brand and customer equity) and implications beyond the company itself (social responsibility, legal, ethical, and community related).

## Marketing Management Tasks

Figure 1.4 summarizes the three major market forces, two key market outcomes, and four fundamental pillars of holistic marketing that help to capture the new marketing realities. With these concepts in place, we can identify a specific set of tasks that make up successful marketing management and marketing leadership.

- **Developing and implementing marketing strategies and plans.** The first task is to identify and plan for the organization's potential long-run opportunities, given its market experience and core competencies. See Chapter 2 for more detail.
- **Capturing marketing insights.** Each organization should closely monitor its marketing environment, continually assess market potential, and forecast demand. Chapter 3 looks at marketing information and research, market demand, and the marketing environment.
- **Connecting with customers.** Management must decide how to best create value for the firm's chosen target markets and how to develop strong, profitable, long-term relationships with customers, as discussed in Chapters 4 and 5.
- **Building strong brands.** The organization must divide the market into major market segments, evaluate each one, and target those it can best serve, as explained in Chapter 6.

**FIGURE 1.4** The New Marketing Realities

