

CMO Success

Call McGovern and John A. Quelch,
"Fall and Rise of the CMO,"
Harvard Business Review, Winter 2004.

- 1. Make the mission and responsibilities clear.** Be certain that the case for having a CMO is strong and the mission is well understood by leaders in the organization, particularly the CEO, the board, and line management. Without a clear need (real or perceived), the role will be rejected by the organization.
- 2. Fit the role to the marketing culture and structure.** Avoid having a CMO in a marketing-led company that has many individual brands rather than a single corporate umbrella—unless the person appointed to the position is a well-connected insider.
- 3. Choose a CMO who is compatible with the CEO.** Beware of the CEO who wants to hire a CMO but doesn't want to relinquish any marketing control. Find a CEO who recognizes his or her responsibility to be the cheerleader for marketing and the brand, but realizes the need to be guided and coached by a marketing specialist.
- 4. Remember that showpeople don't succeed.** The CMO should work hard to ensure the CEO is successful at being the principal cheerleader for the brand.
- 5. Match the personality with the CMO type.** Be certain that the chief marketer has the right skills and personality for whichever of the three CMO models he or she might fill (VP of Marketing Services, Classic CMO, or "Super" CMO). There is little tolerance for on-the-job training.
- 6. Make line managers marketing heroes.** By stretching their marketing budgets, CMOs can improve a division's marketing productivity and help business unit leaders increase their top-line revenues.
- 7. Infiltrate the line organization.** Have the CMO support the placement of marketing professionals from the corporate marketing department into divisional marketing roles. Provide input from the CMO into the annual reviews of line marketers.
- 8. Require right-brain and left-brain skills.** The most successful CMO will have strong creative and technical marketing expertise, be politically savvy, and have the interpersonal skills to be a great leader and manager.

::: Core Marketing Concepts

To understand the marketing function, we need to understand the following core set of concepts.

Needs, Wants, and Demands

Needs are the basic human requirements. People need air, food, water, clothing, and shelter to survive. People also have strong needs for recreation, education, and entertainment. These needs become **wants** when they are directed to specific objects that might satisfy the need. A consumer in the United States needs food but may want a hamburger, french fries, and a soft drink. A person in India needs food but may want *chappatis*, rice, curry, and yogurt. Wants are shaped by our society.

Demands are wants for specific products backed by an ability to pay. Many people want a Mercedes; only a few are willing and able to buy one. Companies must measure not only how many people want their product, but also how many would actually be willing and able to buy it.

These distinctions shed light on the frequent criticism that "marketers create needs" or "marketers get people to buy things they don't want." Marketers, along with other societal factors, influence wants. Marketers do not create needs: Needs preexist marketers. Marketers do not create needs: Needs do not, however, create the need for social status.

Understanding customer needs and wants is not always simple. Some customers have needs of which they are not fully conscious, or they cannot articulate these needs, or they use words that require some interpretation. What does it mean when the customer asks for a "powerful" lawnmower, a "fast" lathe, an "attractive" bathing suit, or a "restful" hotel? The marketer must probe further. We can distinguish among five types of needs:

1. Stated needs (The customer wants an inexpensive car.)
2. Real needs (The customer wants a car whose operating cost, not its initial price, is low.)
3. Unstated needs (The customer expects good service from the dealer.)
4. Delight needs (The customer would like the dealer to include an onboard navigation system.)
5. Secret needs (The customer wants friends to see him as a savvy consumer.)

ing only to the stated need may shortchange the customer. Many consumers do what they want in a product. Consumers did not know much about cellular phones when they were first introduced, and Nokia and Ericsson fought to shape consumer perceptions of them. Simply giving customers what they want isn't enough any more—to gain an edge companies must help customers learn what they want.

Target Markets, Positioning, and Segmentation

marketer can rarely satisfy everyone in a market. Not everyone likes the same cereal, hotel room, restaurant, automobile, college, or movie. Therefore, marketers start by dividing the market into segments. They identify and profile distinct groups of buyers who might prefer to require varying product and service mixes by examining demographic, psychographic, and behavioral differences among buyers.

GRAMEEN BANK¹⁶

In order to bring the landless and assetless poor out of the shackles of poverty, Muhammad Yunus, the Nobel laureate, developed an innovative and unique banking system in Bangladeshi villages by establishing Grameen Bank. The bank innovated on microfinancing by lending small amounts of money to the poorest of the poor who were turned away by the commercial banks because they did not have any collateral securities to offer. Grameen Bank devised a system to lend small amounts to the poor. This was based on the faith that the poor have their self-respect and their condition of utter destitution would make them more enterprising. The system required each borrower to belong to a five-member group wherein the peer pressure of their fellow borrowers in the group ensured that everyone behaved in a responsible manner and no one defaulted on the repayment. The beneficiaries used the loan amount to start a microenterprise in crafts, agriculture, and services. By focusing its lending to women who constitute over 95% of the borrowers, Grameen Bank has been able to maintain acovery record of over 98% proving that the poor are trustworthy and bankable. By 2007, the bank was able to reach more than 7.3 million borrowers in Bangladesh, 97% of whom were women, by providing services in nearly 80,000 villages.

After identifying market segments, the marketer then decides which present the greatest opportunity—which are its *target markets*. For each, the firm develops a *market offering* that it *positions* in the minds of the target buyers as delivering some central benefit(s). For example, Volvo develops its cars for buyers to whom safety is a major concern. Volvo, therefore, positions its car as the safest a customer can buy. Scorpio, a sports-utility vehicle (SUV) launched in India by Mahindra & Mahindra in 2002, is designed for people who prefer a sturdy vehicle that offers luxury and comfort. Scorpio, therefore, is positioned as a vehicle that offers the luxury of a car and the thrill of an SUV. In advertisements, Scorpio is referred to as a "car," although the design of the vehicle resembles an SUV. Companies perform best when they choose their target market(s) carefully and prepare tailored marketing programs.

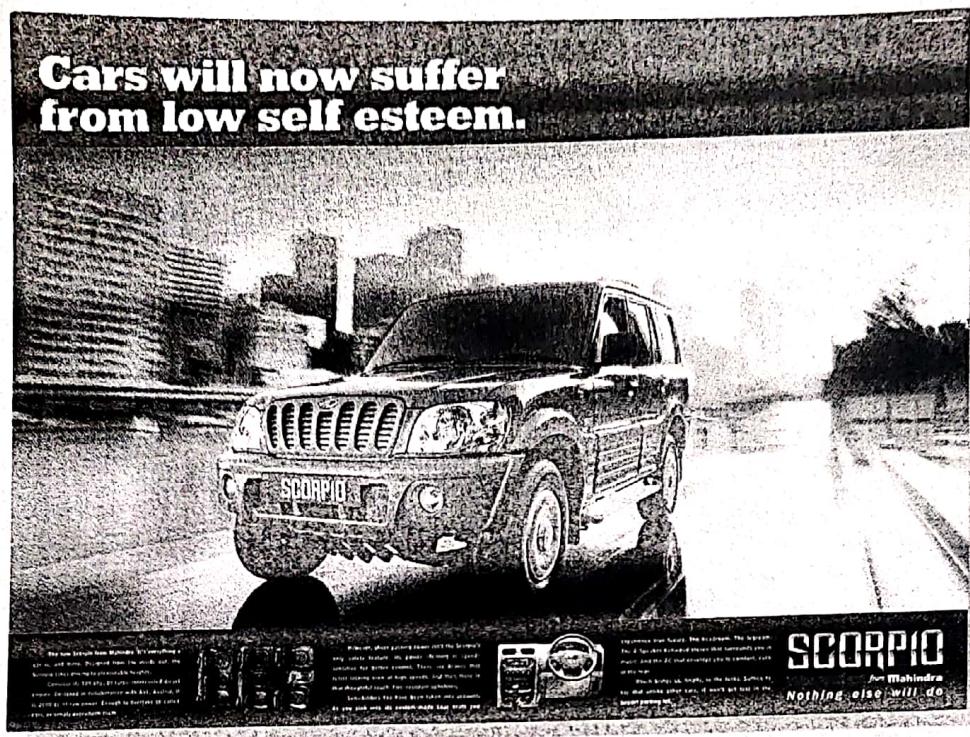
Offerings and Brands

Companies address needs by putting forth a **value proposition**, a set of benefits that they offer to customers to satisfy their needs. The intangible value proposition is made physical by an *offering*, which can be a combination of products, services, information, and experiences. A *brand* is an offering from a known source. A brand name such as McDonald's carries many associations in people's minds that make up the brand image: hamburgers, fun, children, fast food, convenience, and golden arches. All companies strive to build a strong, favorable, and unique brand image.

Value and Satisfaction

The offering will be successful if it delivers value and satisfaction to the target buyer. The buyer chooses between different offerings based on which she perceives to deliver the most value. *Value* reflects the sum of the perceived tangible and intangible benefits and costs to customers. It's primarily a combination of quality, service, and price ("qsp"), called the

and the thrill
the Scorpio
features of the
television ads focused on
benefits.



"customer value triad." Value increases with quality and service and decreases with price, although other factors can also play an important role in our perceptions of value.

Value is a central marketing concept. We can think of marketing as the identification, creation, communication, delivery, and monitoring of customer value. *Satisfaction* reflects a person's judgments of a product's perceived performance (or outcome) in relationship to expectations. If the performance falls short of expectations, the customer is dissatisfied and disappointed. If it matches expectations, the customer is satisfied. If it exceeds them, the customer is delighted.

Marketing Channels

To reach a target market, the marketer uses three kinds of marketing channels. *Communication channels* deliver and receive messages from target buyers and include newspapers, magazines, radio, television, mail, telephone, billboards, posters, fliers, CDs, audiotapes, and the Internet. Beyond these, just as we convey messages by our facial expressions and clothing, firms communicate through the look of their retail stores, the appearance of their Web sites, and many other media. Marketers are increasingly adding dialogue channels such as e-mail, blogs, and toll-free numbers to familiar monologue channels such as ads.

The marketer uses *distribution channels* to display, sell, or deliver the physical product or service(s) to the buyer or user. They include distributors, wholesalers, retailers, and agents.

The marketer also uses *service channels* to carry out transactions with potential buyers. Service channels include warehouses, transportation companies, banks, and insurance companies that facilitate transactions. Marketers clearly face a design challenge in choosing the best mix of communication, distribution, and service channels for their offerings.

Supply Chain

The supply chain is a longer channel stretching from raw materials to components to final products that are carried to final buyers. The supply chain for women's purses starts with hides and moves through tanning, cutting, manufacturing, and the marketing channels to bring products to customers. Each company captures only a certain percentage of the total value generated by the supply chain's value delivery system. When a company acquires competitors or expands upstream or downstream, its aim is to capture a higher percentage of supply chain value.

includes all the actual and potential rival offerings and substitutes a buyer can consider. Suppose an automobile company is planning to buy steel for its cars. There are many possible levels of competitors. The car manufacturer can buy steel from Tata Steel or from the Steel Authority of India Limited (SAIL) or import from abroad; or buy aluminum for parts to lighten the car's weight; or buy engineered plastics for bumpers instead of steel. Early, Tata Steel would be thinking narrowly of competition if it thought only of other steel companies. In fact, in the long run steel companies are more likely to be hurt by substitute products than by other steel companies.

Marketing Environment

The marketing environment consists of the task environment and the broad environment. The task environment includes the actors engaged in producing, distributing, and promoting the product. These are the company, suppliers, distributors, dealers, and the target customers. In addition to these are material suppliers and service suppliers, such as marketing research agencies, advertising agencies, banking and insurance companies, transportation companies, telecommunications companies. Distributors and dealers include agents, brokers, manufacturer representatives, and others who facilitate finding and selling to customers.

The broad environment consists of six components: demographic environment, economic environment, physical environment, technological environment, political-legal environment, and social-cultural environment. Marketers must pay close attention to the changes and developments in these environments and make timely adjustments to their marketing strategies.

Five New Marketing Realities

Marketers say with some confidence that "the marketplace isn't what it used to be." Marketers must respond to a number of significant developments.

Societal Forces

The marketplace is radically different as a result of major, and sometimes interlinking, forces that have created new behaviors, new opportunities, and new challenges:

Information technology. The digital revolution has created an Information Age. The Industrial Age was characterized by mass production and mass consumption, stores with inventory, ads everywhere, and rampant discounting. The Information Age is leading to more accurate levels of production, more targeted communications, and efficient pricing.

Globalization. Technological advances in transportation, shipping, and communication have made it easier for companies to market in other countries, and easier for consumers to buy products and services from marketers in other countries.

Liberalization. Many countries have deregulated industries to create greater competition and growth opportunities. In India, the domestic airline industry has been growing very rapidly after deregulation. Airline companies are competing with each other by offering different better services to the customers. Much of the growth in the various sectors of the economy is due to the government policy of deregulation and liberalization.

Privatization. Many countries have converted public companies to private ownership in an effort to increase their efficiency, such as British Airways and British Telecom in the United Kingdom.

Intense competition. Brand manufacturers are facing intense competition from local and foreign brands, resulting in rising promotion costs and shrinking profit margins. They are being further buffeted by powerful retailers that command limited shelf space and are putting out their own store brands in competition with national brands. Many strong brands are extending into related product categories, creating megabrand with much presence and reputation.

Industry convergence. Industry boundaries are blurring at an incredible rate as companies recognize that new opportunities lie at the intersection of two or more industries.

The computing and consumer electronics industries are converging as the giants of the computer world such as Dell, Gateway, and Hewlett-Packard release a stream of entertainment devices—from MP3 players to plasma TVs and camcorders. The shift to digital technology is fueling this massive convergence.¹⁷

■ **Consumer resistance.** A 2004 Yankelovich study found record levels of marketing resistance from consumers.¹⁸ A majority of those surveyed reported negative opinions about marketing and advertising, stating that they avoid products that they feel overmarket.

■ **Retail transformation.** Small retailers are succumbing to the growing power of giant retailers and "category killers." Store-based retailers face competition from catalog houses; direct-mail firms; newspaper, magazine, and TV direct-to-customer ads; home shopping TV; and e-commerce on the Internet. In response, entrepreneurial retailers are building entertainment into their stores with coffee bars, lectures, demonstrations, and performances, marketing an "experience" rather than a product assortment.

MAC COSMETICS INC.

A division of cosmetics giant Estée Lauder, MAC Cosmetics is considered a significant reason for Lauder's 13% net makeup sales increase. Yet, MAC's 1,000 stores worldwide don't simply sell Small Eye Shadow, Studio Fix, Lustreglass, and Pro Longwear Lipcolour. Instead, they rely on highly paid "artists" to bond with each customer during a free makeup consultation and application lesson. Although this tack is hardly new in the world of retail makeup, what's unique is that MAC's artists are not out there to bump up their commissions and load customers down with more products. Rather, they're trained to collaborate with customers so they'll leave the store with \$50 or more of MAC products *and* the feeling, "I can definitely do this at home." The goal, says Matthew Waitesmith, MAC's head of "artist training and development," is for each customer to feel she's had an authentically artistic experience "that hopefully means they'll return to the place that makes them feel like an artist."¹⁹

■ **Disintermediation.** The amazing success of early online dot-coms, such as AOL, Amazon.com, Yahoo!, eBay, E*TRADE, and dozens of others that created *disintermediation* in the delivery of products and services by intervening between the traditional flow of goods through distribution channels, struck terror into the hearts of many established manufacturers and retailers. In response, many traditional companies engaged in *reintermediation* and became "brick-and-click" retailers, adding online services to their existing offerings. Many brick-and-click competitors became stronger contenders than pure-click firms, because they had a larger pool of resources to work with and well-established brand names.

The societal forces that spawned this Information Age have resulted in many new consumer and company capabilities.

New Consumer Capabilities

Customers today perceive fewer real product differences and show less brand loyalty, and they are becoming more price and quality sensitive in their search for value. Consider what consumers have today that they didn't have yesterday:

■ **A substantial increase in buying power.** Buyers are only a click away from comparing competitor prices and product attributes on the Internet. They can even name their price for a hotel room, airline ticket, or mortgage. Business buyers can run a *reverse auction* in which sellers compete to capture their business. They can readily join with others to aggregate their purchases and achieve deeper volume discounts.

■ **A greater variety of available goods and services.** Amazon.com quickly became the world's largest bookstore but has since branched into retail sales of music and movies, clothing and accessories, consumer electronics, health and beauty aids, and home and garden products. Buyers can order goods online from anywhere in the world, bypassing limited local offerings and realizing great savings by ordering in countries with lower prices.

■ **A great amount of information about practically anything.** People can read almost any newspaper in any language from anywhere in the world. They can access online encyclopedias, dictionaries, medical information, movie ratings, consumer reports, and countless other information sources.

Greater ease in interacting and placing and receiving orders. Today's buyers can place orders from home, office, or mobile phone 24 hours a day, 7 days a week, and quickly receive goods at their home or office.

■ **An ability to compare notes on products and services.** Social networking sites bring together buyers with a common interest. CompareIndia.com provides comparative information, mostly based on consumer reviews, prices, features, and users' experiences pertaining to a variety of products. These include electrical and electronic gadgets and equipment, kitchen accessories, and office equipment. Another Web site that provides comparative information and reviews of gizmos and gadgets is Techtree.com. Similarly, MouthShut.com provides consumer feedback and users' experience of products classified into different categories. Many people, particularly the younger generation, who are more comfortable with the Internet, visit some of these Web sites to make informed choices.

■ **An amplified voice to influence peer and public opinion.** The Internet fuels personal connections and user-generated content through social media such as MySpace and single-use social networks such as Flickr (photos), Del.cio.us (links), Digg (news stories), Wikipedia (encyclopedia articles), and YouTube (video).²⁰ In late 2004, Kryptonite, a firm that makes high-priced bike locks, found itself in an awkward position when several blogs showed how the firm's U-shaped locks could be easily picked using only the plastic casing of a Bic pen.²¹

— KFC, CONVERSE, WM. WRIGLEY JR.

Although Chinese citizens are still prohibited from criticizing the government online, they have thousands of online forums for airing grievances about poor customer service, misleading ad campaigns, shoddy products, safety standards, and more. Chinese consumers are vocal and active, and when enough of them voice a complaint, companies listen. When a Chinese TV spot for Yum! Brand Inc.'s KFC Corp. depicted a hard-working student who didn't pass his exams and two carefree children who enjoyed KFC fried chicken and did, KFC received so many complaints for suggesting hard work doesn't pay that it changed the ad to show all three children doing well. Smart companies are enlisting their opinionated Internet consumers to give input before a product is launched. Converse and Wm. Wrigley Jr. conducted a joint promotion encouraging Chinese consumers to come up with their own cool designs for Converse sneakers that featured Wrigley's Juicy Fruit logo.²²

New Company Capabilities

New forces also have combined to generate a new set of capabilities for today's companies:

- Marketers can use the Internet as a powerful information and sales channel, augmenting their geographical reach to inform customers and promote their businesses and products worldwide. By establishing one or more Web sites, they can list their products and services, history, its business philosophy, job opportunities, and other information of interest to visitors.
- Researchers can collect fuller and richer information about markets, customers, prospects, and competitors. They can also conduct fresh marketing research using the Internet to arrange for focus groups, send out questionnaires, and gather primary data in several other ways.
- Managers can facilitate and speed internal communication among their employees by using the Internet as a private intranet. Employees can query one another, seek advice, and download or upload needed information from and to the company's main computer.
- Companies can also facilitate and speed external communication among customers by creating online and off-line "buzz" through brand advocates and user communities.
- Target marketing and two-way communication are easier, thanks to the proliferation of special-interest magazines, TV channels, and Internet newsgroups. Extranets linking suppliers and distributors let firms send and receive information, place orders, and make payments more efficiently. The company can also interact with each customer individually to personalize messages, services, and the relationship.
- Marketers can send ads, coupons, samples, and information to customers who have requested them or have given the company permission to send them. They can now assemble information about individual customers' purchases, preferences, demographics, and profitability.

- Companies can reach consumers on the move with mobile marketing. Using GPS technology, for instance, consumers can download company logos so they can spot brands when they're on the road.²³ Firms can also advertise on video iPods and reach consumers on their cell phones through mobile marketing.²⁴
- Firms can produce individually differentiated goods, whether they're ordered in person, on the phone, or online, thanks to advances in factory customization, computers, the Internet, and database marketing software. For a price, customers can buy M&M candies with their names on them, Wheaties boxes or Jones soda cans with their pictures on the front, and Heinz ketchup bottles with customized messages.²⁵ BMW's technology now allows buyers to design their own models from among 350 variations, with 500 options, 90 exterior colors, and 170 trims. The company claims that 80% of the cars bought by individuals in Europe and up to 30% bought in the United States are built to order.
- Managers can improve purchasing, recruiting, training, and internal and external communications. Aerospace and defense contractor Boeing has joined large, high-profile companies Walt Disney, General Motors, and McDonald's in embracing corporate blogging to communicate with the public, customers, and employees. External blogs allow dialogues with a marketing vice president and a glimpse into the flight testing of the new 777 model; internal blogs allow conversations on hot topics and anonymous feedback.²⁶
- Corporate buyers can achieve substantial savings by using the Internet to compare sellers' prices and to purchase materials at auction or by posting their own terms. Companies can improve logistics and operations to reap substantial cost savings, at the same time improving accuracy and service quality.
- Firms can also recruit new employees online, and many are also preparing Internet training products for download to employees, dealers, and agents.

::: Company Orientation toward the Marketplace

Given these new marketing realities, what philosophy should guide a company's marketing efforts? Increasingly, marketers operate consistent with a holistic marketing concept. Let's review the evolution of earlier marketing ideas.

The Production Concept

The production concept is one of the oldest concepts in business. It holds that consumers will prefer products that are widely available and inexpensive. Managers of production-oriented businesses concentrate on achieving high production efficiency, low costs, and mass distribution. This orientation makes sense in developing countries such as China, where the largest PC manufacturer, Lenovo, and domestic appliances giant Haier take advantage of the country's huge and inexpensive labor pool to dominate the market.²⁷ Marketers also use the production concept when a company wants to expand the market.

The Product Concept

The product concept proposes that consumers favor products that offer the most quality, performance, or innovative features. Managers in these organizations focus on making superior products and improving them over time. However, these managers are sometimes caught up in a love affair with their products. They might commit the "better-mousetrap" fallacy, believing that a better mousetrap will lead people to beat a path to their door. A new or improved product will not necessarily be successful unless it's priced, distributed, advertised, and sold properly.

The Selling Concept

The selling concept holds that consumers and businesses, if left alone, won't buy enough of the organization's products. The organization must, therefore, undertake an aggressive selling and promotion effort. The selling concept is expressed in the thinking of Sergio Zyman, Coca-Cola's former vice president of marketing, who said: "The purpose of marketing is to sell more stuff to more people more often for more money in order to make more profit."²⁸

The selling concept is practiced most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance and encyclopedias. Most firms also

hard selling concept when they have overcapacity. Their aim is to sell what they want rather than make what the market wants. However, marketing based on hard selling carries high risks. It assumes that customers who are coaxed into buying a product will like it. If they don't, they not only won't return or bad-mouth it or complain to consumer organizations, but they might even buy it again.

The Selling Concept

The marketing concept emerged in the mid-1950s.²⁹ Instead of a product-centered, "make-and-sell" philosophy, business shifted to a customer-centered, "sense-and-respond" philosophy. The job is not to find the right customers for your products, but to find the right products for your customers. Dell Computer doesn't prepare a perfect computer for its target market. Rather, it provides product platforms on which each person customizes the features he desires in the computer.

The marketing concept holds that the key to achieving organizational goals is being more effective than competitors in creating, delivering, and communicating superior customer value to your chosen target markets.

Theodore Levitt of Harvard drew a perceptive contrast between the selling and marketing concepts:

Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller's need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering, and finally consuming it.³⁰

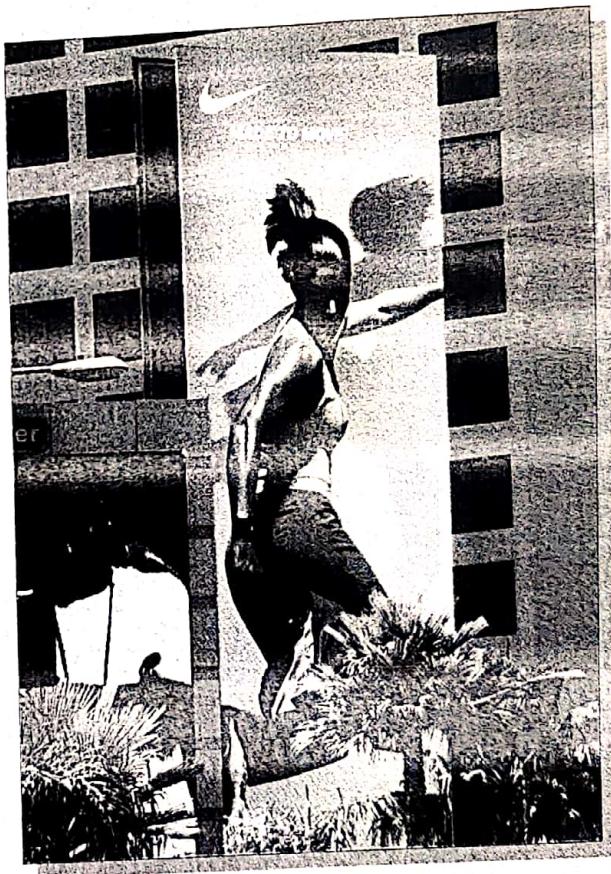
Several scholars have found that companies that embrace the marketing concept achieve superior performance.³¹ This was demonstrated by companies practicing a *reactive market orientation*—understanding and meeting customers' expressed needs. Some critics say this means companies develop only very minor innovations. Narver and his colleagues argue that more advanced, high-level innovation is possible if the focus is on customers' latent needs. Narver calls this a *proactive marketing orientation*.³² Companies such as 3M, Hewlett Packard, and Motorola have made a practice of researching latent needs through a "probe-and-learn" process. Companies that practice both a reactive and a proactive marketing orientation are implementing a *total market orientation* and are likely to be the most successful.

The Holistic Marketing Concept

Without question, the trends and forces defining the 21st century are leading business firms to a new set of beliefs and practices. Today's best marketers recognize the need to have a more complete, holistic approach that goes beyond traditional applications of the marketing concept. "Marketing Memo: Marketing Right and Wrong" suggests where companies go wrong—and how they can get it right—in their marketing.

The **holistic marketing** concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognizes their breadth and interdependences. Holistic marketing recognizes that "everything matters" in marketing—and that a broad, integrated perspective is often necessary.

Holistic marketing is thus an approach that attempts to recognize and reconcile the scope and complexities of marketing activities. Figure 1.4 provides a schematic overview of four major components characterizing holistic marketing: relationship marketing, integrated marketing, internal marketing, and performance marketing. We'll examine these major themes throughout this book. Successful companies will be those that can keep their marketing changing with the changes in their marketplace—and marketspace. "Breakthrough Marketing: Nike" describes how that company has successfully changed—and thrived—through the years.



Nike is widely acknowledged as one of the most skilled marketers around.

 To learn more about how Wal-Mart can use the holistic marketing concept, visit <http://www.pearsoned.com/marketingmanagementus>.

MARKETING MEMO

MARKETING RIGHT AND WRONG

The Ten Deadly Sins of Marketing

1. The company is not sufficiently market focused and customer driven.
2. The company does not fully understand its target customers.
3. The company needs to better define and monitor its competitors.
4. The company has not properly managed its relationships with its stakeholders.
5. The company is not good at finding new opportunities.
6. The company's marketing plans and planning process are deficient.
7. The company's product and service policies need tightening.
8. The company's brand-building and communications skills are weak.
9. The company is not well organized to carry on effective and efficient marketing.
10. The company has not made maximum use of technology.

The Ten Commandments of Marketing

1. The company segments the market, chooses the best segments, and develops a strong position in each chosen segment.
2. The company maps its customers' needs, perceptions, preferences, and behavior and motivates its stakeholders to obsess about serving and satisfying the customers.
3. The company knows its major competitors and their strengths and weaknesses.
4. The company builds partners out of its stakeholders and generously rewards them.
5. The company develops systems for identifying opportunities, ranking them, and choosing the best ones.
6. The company manages a marketing planning system that leads to insightful long-term and short-term plans.
7. The company exercises strong control over its product and service mix.
8. The company builds strong brands by using the most cost-effective communication and promotion tools.
9. The company builds marketing leadership and a team spirit among its various departments.
10. The company constantly adds technology that gives it a competitive advantage in the marketplace.

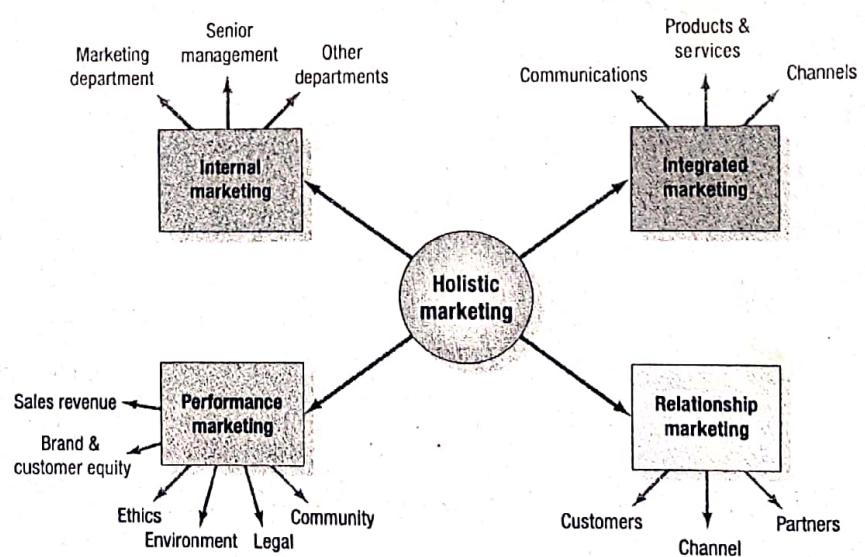
Adapted Source: Philip Kotler, *Ten Deadly Marketing Sins* (Hoboken, NJ: John Wiley & Sons, 2004).

Relationship Marketing

Increasingly, a key goal of marketing is to develop deep, enduring relationships with people and organizations that could directly or indirectly affect the success of the firm's marketing activities. **Relationship marketing** aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business.³³

3. 1.4

Marketing Dimensions



BREAKTHROUGH MARKETING

NIKE

Nike hit the ground running in 1962. Originally known as Blue Ribbon Sports, the company focused on providing high-quality running shoes designed especially for athletes by athletes. Founder Philip Knight believed that high-tech shoes for runners could be manufactured at competitive prices if imported from abroad. The company's commitment to designing innovative footwear for serious athletes helped it build a cult following among U.S. consumers.

Nike believed in a "pyramid of influence" where product and brand choices were influenced by the preferences and behavior of a small percentage of top athletes. Therefore, from the start, Nike's marketing campaigns featured winning athletes as spokespeople. Nike's first spokesperson, runner Steve Prefontaine, had an irreverent attitude that matched the company's spirit.

In 1985, Nike signed up then-rookie guard Michael Jordan as a spokesperson. Jordan was still an up-and-comer, but he personified superior performance. Nike's bet paid off: The Air Jordan line of basketball shoes flew off the shelves, with revenues of over \$100 million in the first year alone.

In 1988, Nike aired the first ads in its \$20 million "Just Do It" ad campaign. The campaign, which ultimately featured 12 TV spots in all, subtly challenged a generation of athletic enthusiasts to chase their goals; it was a natural manifestation of Nike's attitude of self-empowerment through sports.

As Nike began expanding overseas to Europe, however, it found that its U.S.-style ads were seen there as too aggressive. Nike realized it had to "authenticate" its brand in Europe the way it had in the United States. That meant building credibility and relevance in

European sports, especially soccer (known outside the United States as football). Nike became actively involved as a sponsor of youth leagues, local clubs, and national teams.

Authenticity also required that consumers see athletes using the product, especially athletes who win. The big break came in 1994, when the Brazilian team (the only national team for which Nike had any real sponsorships) won the World Cup. That victory in the world's most popular sport helped Nike succeed in other international markets such as China, where Nike came to command 10% of the shoe market. By 2003 overseas revenues surpassed U.S. revenues for the first time, and by 2006 international divisions generated nearly \$7.3 billion in revenue, compared to \$5.7 billion from the United States.

In addition to expanding overseas, Nike moved into new athletic footwear, apparel, and equipment product categories. These included the Nike Golf brand of footwear, apparel, and equipment, which were all endorsed by megastar Tiger Woods. In 2005, Nike introduced an urban-themed collection of retro footwear and apparel bearing the name of the original company, Blue Ribbon Sports. Blue Ribbon Sports designs—which included jeans, belts, sweaters, and woven shirts—were sold at high-end retailers such as Barney's and Fred Segal.

Today, Nike dominates the athletic footwear market. Swooshes abound on everything from wristwatches to golf clubs to swimming caps. As a result of its expansion across geographic markets and product categories, Nike is the top athletic apparel and footwear manufacturer in the world, with corporate fiscal 2007 revenues of nearly \$16 billion.

Sources: Justin Ewers and Tim Smart, "A Designer Swooshes In," *U.S. News & World Report*, January 26, 2004, p. 12; "Corporate Media Executive of the Year," *Delaney*, January 12, 2004, p. 1; "10 Top Nontraditional Campaigns," *Advertising Age*, December 22, 2003, p. 24; Chris Zook and James Allen, "Growth Outside the Core," *Harvard Business Review* 8 (December 2003): 66.

Key constituents for relationship marketing are customers, employees, marketing partners (channels, suppliers, distributors, dealers, agencies), and members of the financial community (shareholders, investors, analysts). Marketers must respect the need to create intimacy among all these constituents and develop policies and strategies to balance the needs of all key stakeholders. To develop strong relationships with these constituents requires an understanding of their capabilities and resources, as well as their needs, goals, and aspirations.

The ultimate outcome of relationship marketing is a unique company asset called a marketing network. A **marketing network** consists of the company and its supporting stakeholders—customers, employees, suppliers, distributors, retailers, ad agencies, universities, scientists, and others—with whom it has built mutually profitable business relationships. The operating principle is simple: build an effective network of relationships with key stakeholders, and profits will follow.³⁴ Following this reasoning, more companies are choosing to own brands rather than physical assets. They are also increasingly subcontracting activities to outsourcing firms that can do them better and more cheaply, while retaining core activities.

An increasing number of today's companies are also shaping separate offers, services, and products to *individual customers*, based on information about past transactions, demographics, psychographics, and media and distribution preferences. By focusing on their most profitable customers, products, and channels, these firms hope to achieve profitability by capturing a larger share of each customer's expenditures by building high customer lifetime value. They estimate individual customer lifetime value and design their market offerings to make a profit over the customer's lifetime.

These activities fall under what Columbia Business School professor Larry Selden and his wife and business consulting partner, Yoko Sugiura Selden, call "customer centricity." They offer the Royal Bank of Canada as an example:

ROYAL BANK OF CANADA

In thinking of its business in terms of customer segments rather than product segments, Royal Bank of Canada (RBC) has tagged each of its roughly 11 million clients and put them into meaningful segments. Now it can focus on measuring and managing the customer profitability of these segments. In the process, RBC discovered a sizeable subsegment of customers hidden within its broader categories of "wealth preservers" and "wealth accumulators." Dubbed "snowbirds," these individuals spent a number of months each winter in Florida, where they were experiencing difficulties establishing credit as well as missing their Canadian communities, particularly the familiarity of the French-Canadian accent and fluency in French. In order to meet their unique needs, RBC created a Canadian banking experience in Florida.³⁵

Another goal of relationship marketing is to place much more emphasis on customer retention. Attracting a new customer may cost five times as much as doing a good enough job to retain an existing one. A bank aims to increase its share of the customer's wallet; the supermarket aims to capture a larger share of the customer's "stomach." Companies build customer share by offering a larger variety of goods to existing customers. They train their employees in cross-selling and up-selling.

Marketing must skillfully conduct not only customer relationship management (CRM), but partner relationship management (PRM) as well. Companies are deepening their partnering arrangements with key suppliers and distributors, thinking of these intermediaries not as customers but as partners in delivering value to final customers so everybody benefits. For example, tired of having its big rigs return empty as often as 15% of the time after making a delivery, General Mills entered a program with Fort James and a dozen other companies to combine one-way shipping routes into a cross-country loop served by a tag team of contracted trucks. As a result, General Mills reduced its empty-truck time to 6%, saving 7% on shipping costs in the process.³⁶

Integrated Marketing

The marketer's task is to devise marketing activities and assemble fully integrated marketing programs to create, communicate, and deliver value for consumers. Marketing activities come in all forms.³⁷ McCarthy classified these activities as *marketing-mix* tools of four broad kinds, which he called *the four Ps* of marketing: product, price, place, and promotion.³⁸

The particular marketing variables under each P are shown in Figure 1.5. Marketers make marketing-mix decisions for influencing their trade channels as well as their final consumers. Once they understand these groups, marketers make or customize an offering or solution,

G. 1.5

our P Components of the Marketing Mix



inform consumers—recognizing that many other sources of information also exist—set a price that offers real value, and choose places where the offering will be accessible.

The firm can change its price, sales force size, and advertising expenditures in the short run. It can develop new products and modify its distribution channels only in the long run. Thus the firm typically makes fewer period-to-period marketing-mix changes in the short run than the number of marketing-mix decision variables might suggest.

The four Ps represent the sellers' view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. A complementary breakdown of marketing activities has been proposed that centers on customers. Its four dimensions (SIVA) and the corresponding customer questions these are designed to answer are:³⁹

1. **Solution:** How can I solve my problem?
2. **Information:** Where can I learn more about it?
3. **Value:** What is my total sacrifice to get this solution?
4. **Access:** Where can I find it?

Winning companies satisfy customer needs and surpass their expectations economically and conveniently and with effective communication.

Two key themes of integrated marketing are that (1) many different marketing activities communicate and deliver value and (2) when coordinated, marketing activities maximize their joint effects. In other words, marketers should design and implement any one marketing activity with all other activities in mind.

For example, using an integrated communication strategy means choosing communication options that 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 that each contributes on its own as well as improving the effectiveness of the others. Each communication must also deliver a consistent brand image to customers at every brand contact. Applying an integrated channel strategy ensures that direct and indirect channels, such as online and retail sales, work together to maximize sales and brand equity.

Internal Marketing

Holistic marketing incorporates *internal marketing*, ensuring that everyone in the organization embraces appropriate marketing principles, especially senior management. Internal 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 company can be as important or even more important than marketing activities directed outside the company. It makes no sense to promise excellent service before the company's staff is ready to provide it.

Internal marketing must take place on two levels. At one level, the various marketing functions—sales force, advertising, customer service, product management, marketing research—must work together. Too often, the sales force thinks product managers set prices or sale quotas "too high"; or the advertising director and a brand manager cannot agree on an advertising campaign. All these marketing functions must be coordinated from the customer's point of view. The following example highlights the coordination problem:

The marketing vice president of a major European airline wants to increase the airline's traffic share. His strategy is to build up customer satisfaction by providing better food, cleaner cabins, better-trained cabin crews, and lower fares, yet he has no authority in these matters. The catering department chooses food that keeps food costs down; the maintenance department uses cleaning services that keep cleaning costs down; the human resources department hires people without regard to whether they are naturally friendly; the finance department sets the fares. Because these departments generally take a cost or production point of view, the vice president of marketing is stymied in his efforts to create an integrated marketing mix.

At the second level, other departments must embrace marketing; they must also "think customer." Marketing is not a department so much as a company orientation.⁴⁰ See Table 1.1.

Internal marketing thus requires vertical alignment with senior management and horizontal alignment with other departments, so everyone understands, appreciates, and

TABLE 1.1

Assessing Which Company Departments Are Customer Minded

H & D	<ul style="list-style-type: none">■ They spend time meeting customers and listening to their problems.■ They welcome the involvement of marketing, manufacturing, and other departments to each new project.■ They benchmark competitors' products and seek "best of class" solutions.■ They solicit customer reactions and suggestions as the project progresses.■ They continuously improve and refine the product on the basis of market feedback.
Purchasing	<ul style="list-style-type: none">■ They proactively search for the best suppliers.■ They build long-term relationships with fewer but more reliable, high-quality suppliers.■ They don't compromise quality for price savings.
Manufacturing	<ul style="list-style-type: none">■ They invite customers to visit and tour their plants.■ They visit customer plants.■ They willingly work overtime to meet promised delivery schedules.■ They continuously search for ways to produce goods faster and/or at lower cost.■ They continuously improve product quality, aiming for zero defects.■ They meet customer requirements for "customization" where possible.
Marketing	<ul style="list-style-type: none">■ They study customer needs and wants in well-defined market segments.■ They allocate marketing effort in relation to the long-run profit potential of the targeted segments.■ They develop winning offers for each target segment.■ They measure company image and customer satisfaction on a continuous basis.■ They continuously gather and evaluate ideas for new products, product improvements, and services.■ They urge all company departments and employees to be customer centered.
Sales	<ul style="list-style-type: none">■ They have specialized knowledge of the customer's industry.■ They strive to give the customer "the best solution."■ They make only promises that they can keep.■ They feed back customers' needs and ideas to those in charge of product development.■ They serve the same customers for a long period of time.
Logistics	<ul style="list-style-type: none">■ They set a high standard for service delivery time and meet this standard consistently.■ They operate a knowledgeable and friendly customer service department that can answer questions, handle complaints, and resolve problems in a satisfactory and timely manner.
Accounting	<ul style="list-style-type: none">■ They prepare periodic "profitability" reports by product, market segment, geographic areas (regions, sales territories), order sizes, channels, and individual customers.■ They prepare invoices tailored to customer needs and answer customer queries courteously and quickly.
Finance	<ul style="list-style-type: none">■ They understand and support marketing expenditures (e.g., image advertising) that produce long-term customer preference and loyalty.■ They tailor the financial package to the customer's financial requirements.■ They make quick decisions on customer creditworthiness.
Public Relations	<ul style="list-style-type: none">■ They send out favorable news about the company and "damage control" unfavorable news.■ They act as an internal customer and public advocate for better company policies and practices.

Source: Philip Kotler, *Kotler on Marketing* (New York: Free Press, 1999), pp. 21–22. Reprinted with permission of The Free Press, a Division of Simon & Schuster Adult Publishing Group. Copyright © 1999 by Philip Kotler. All rights reserved.

Growth Champions (14.7%) emphasize growth-support functions, leading such general-management activities as product innovation and new-business development.

Marketing Masters (38.4%) oversee company-wide marketing efforts and the customer-focused side of new product and service launches, although are typically not involved with strategic decisions.

Senior Counselors (16.9%) specialize in marketing strategy, advising the CEO and individual businesses, and may drive major communication programs, although not typically new product development.

Best Practices Advisors (8.9%) work with individual business units to improve their marketing effectiveness and, but are less likely to be linked with above-average growth than both the Growth Champions and the Marketing Masters.

Brand Builders (12.2%) support brands by providing marketing services like communications strategy, creative output, and campaign execution, but exhibit little strategic leadership.

Service Providers (14.7%) coordinate marketing communications, but often work in firms with lower revenue growth and profitability.

FIG. 1.6

Types of Marketing Organizations
(percentage of sample population in parentheses)

Source: Based on Booz Allen Hamilton/Assn. of National Advertisers Marketing Profiles, in conjunction with Brandweek from Constantine von Hoffman, "Armed with Intelligence," Brandweek, May 29, 2006, pp. 17-20.

supports the marketing effort. As former Yahoo! CMO Cammie Dunaway states, "You want to be connecting at the very senior levels of the organization, and you also want to be connecting in with the engineers and scientists who are doing a lot of the work on the front lines." Dunaway also emphasizes the importance of integrated marketing, comparing her job to that of an orchestra conductor: "You have to figure out how to pull all those instruments together in a way that's delivering great marketing accountability and engaging marketing programs."⁴¹

A study conducted by Booz Allen Hamilton and the Association of National Advertisers, in conjunction with *Brandweek* magazine, asked 2,000 executives to describe the marketing structure within their organizations and to detail the tasks they consider integral to their missions. The researchers identified six types of marketing organizations (see Figure 1.6 for a breakdown and descriptions). In the most successful type, Growth Champions, marketing heavily influenced all aspects of the organization. Growth Champions were 20% more likely to deliver revenue growth and profitability than the other types of marketing organizations.

Performance Marketing

Holistic marketing incorporates *performance marketing* and understanding the returns to the business from marketing activities and programs, as well as addressing broader concerns and their legal, ethical, social, and environmental effects. Top management is going beyond sales revenue to examine the marketing scorecard and interpret what is happening to market share, customer loss rate, customer satisfaction, product quality, and other measures.

FINANCIAL ACCOUNTABILITY Marketers are thus being increasingly asked to justify their investments to senior management in financial and profitability terms, as well as in terms of building the brand and growing the customer base.⁴² As a consequence, they're employing a broader variety of financial measures to assess the direct and indirect value their marketing efforts create. They're also recognizing that much of their firms' market value comes from intangible assets, particularly their brands, customer base, employees, distributor and supplier relations, and intellectual capital.

SOCIAL RESPONSIBILITY MARKETING The effects of marketing clearly extend beyond the company and the customer to society as a whole. Marketers must carefully consider their role in broader terms, and the ethical, environmental, legal, and social context of their activities.⁴³ Increasingly, consumers demand such behavior, as Starbucks Chairman Howard Schultz has observed:⁴⁴

"We see a fundamental change in the way consumers buy their products and services. . . . Consumers now commonly engage in a cultural audit of providers. People want to know your value and ethics demonstrated by how you treat employees, the community in which you operate. The implication for marketers is to strike

the balance between profitability and social consciousness and sensitivity. . . . It is not a program or a quarterly promotion, but rather a way of life. You have to integrate this level of social responsibility into your operation."

This realization calls for a new term that enlarges the marketing concept. We propose calling it the "societal marketing concept." The *societal marketing concept* holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's long-term well-being. Sustainability has become a major corporate concern in the face of challenging environmental forces. Firms such as Hewlett-Packard have introduced recyclable computers and printers and reduced greenhouse emissions; McDonald's strives for a "socially responsible supply system" encompassing everything from healthy fisheries to redesigned packaging.⁴⁵

The societal marketing concept calls upon marketers to build social and ethical considerations into their marketing practices. They must balance and juggle the often conflicting criteria of company profits, consumer want satisfaction, and public interest. Table 1.2 displays some different types of corporate social initiatives, illustrated by McDonald's.⁴⁶

As goods become more commoditized, and as consumers grow more socially conscious, some companies—including the Body Shop, Timberland, and Patagonia—are adding social responsibility as a way to differentiate themselves from competitors, build consumer preference, and achieve notable sales and profit gains. They believe customers will increasingly look for signs of good corporate citizenship.

BEN & JERRY'S

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, which would include a measurement of the environmental impact of their products and processes. That "double bottom line" later expanded into a "triple bottom line," to represent in objective terms the social impacts, both negative and positive, of the firm's entire range of business activities. Cohen and Greenfield informed their senior managers that they were going to be held accountable to maintain two bottom lines: "To improve the quality of life in the communities in which we operate, and to make a reasonable profit." Ben & Jerry's also recognized that just as companies require outside auditors to measure financial performance, they also require outside auditors to measure their performance along the environmental and social dimensions. As one of those outside auditors later recalled: "Measurement is a key tool to convince boards of directors and core executives that the socially responsible company is a sound business strategy. As companies make more data from their efforts available, the story becomes more compelling. . . . To advocate transparency in business and for all of us to ascribe to that—that's the ultimate acid test."⁴⁷

::: Marketing Management Tasks

With the holistic marketing philosophy as a backdrop, we can identify a specific set of tasks that make up successful marketing management and marketing leadership. We'll use the following situation to illustrate these tasks in the context of the plan of the book. (The "Marketing Memo: Marketers' Frequently Asked Questions" is a good checklist for the questions marketing managers ask, all of which we examine in this book.)

Zeus Inc. (name disguised) operates in several industries, including chemicals, cameras, and film. The company is organized into SBUs. Corporate management is considering what to do with its Atlas camera division, which produces a range of 35 mm and digital cameras. Although Zeus has a sizable share and is producing revenue, the 35 mm market itself is rapidly declining and its market share is slipping. In the faster-growing digital camera segment, Zeus faces strong competition and has been slow to gain sales. Zeus's corporate management wants Atlas's marketing group to produce a strong turnaround plan for the division.

Developing Marketing Strategies and Plans

The first task facing Atlas is to identify its potential long-run opportunities, given its market experience and core competencies (see Chapter 2). Atlas can design its cameras with better

TABLE 1.2 | Corporate Social Initiatives

Type	Description	Example
Corporate social marketing	Supporting behavior change campaigns	McDonald's promotion of a statewide childhood immunization campaign in Oklahoma
Cause marketing	Promoting social issues through efforts such as sponsorships, licensing agreements, and advertising	McDonald's sponsorship of Forest (a gorilla) at Sydney's Zoo—a 10-year sponsorship commitment, aimed at preserving this endangered species
Cause-related marketing	Donating a percentage of revenues to a specific cause based on the revenue occurring during the announced period of support	McDonald's earmarking of \$1 for Ronald McDonald Children's Charities from the sale of every Big Mac and pizza sold on McHappy Day
Corporate philanthropy	Making gifts of money, goods, or time to help nonprofit organizations, groups, or individuals	McDonald's contributions to Ronald McDonald House Charities
Corporate community involvement	Providing in-kind or volunteer services in the community	McDonald's catering meals for firefighters in the December 1997 bushfires in Australia
Socially responsible business practices	Adapting and conducting business practices that protect the environment and human and animal rights	McDonald's requirement that suppliers increase the amount of living space for laying hens on factory farms

Source: Philip Kotler and Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause* (Hoboken, NJ: Wiley, 2004). Copyright © 2005 by Philip Kotler and Nancy Lee. Used by permission of John Wiley & Sons, Inc.

features. It can make a line of video cameras, or it can use its core competency in optics to design a line of binoculars and telescopes. Whichever direction it chooses, it must develop concrete marketing plans that specify the marketing strategy and tactics going forward.

Capturing Marketing Insights

Atlas needs a reliable marketing information system to closely monitor its marketing environment. Its microenvironment consists of all the players who affect its ability to produce and sell cameras—suppliers, marketing intermediaries, customers, and competitors. Its macroenvironment includes demographic, economic, physical, technological, political-legal, and social-cultural forces that affect sales and profits (see Chapter 3).

Atlas also needs a dependable marketing research system. To transform marketing strategy into marketing programs, marketing managers must measure market potential, forecast demand, and make basic decisions about marketing expenditures, marketing activities, and marketing allocation.⁴⁸ To make these allocations, marketing managers may

MARKETING MEMO		MARKETERS' FREQUENTLY ASKED QUESTIONS
1. How can we spot and choose the right market segment(s)? 2. How can we differentiate our offerings? 3. How should we respond to customers who buy on price? 4. How can we compete against lower-cost, lower-price competitors? 5. How far can we go in customizing our offering for each customer? 6. How can we grow our business? 7. How can we build stronger brands? 8. How can we reduce the cost of customer acquisition?	9. How can we keep our customers loyal for longer? 10. How can we tell which customers are more important? 11. How can we measure the payback from advertising, sales promotion, and public relations? 12. How can we improve sales force productivity? 13. How can we establish multiple channels and yet manage channel conflict? 14. How can we get the other company departments to be more customer oriented?	

use sales-response functions that show how the amount of money spent in each application will affect sales and profits (see Chapter 4).

Connecting with Customers

Atlas must consider how to best create value for its chosen target markets and develop strong, profitable, long-term relationships with customers (see Chapter 5). To do so, it needs to understand consumer markets (see Chapter 6). Who buys cameras, and why do they buy? What are they looking for in the way of features and prices, and where do they shop? Atlas also sells cameras to business markets, including large corporations, professional firms, retailers, and government agencies (see Chapter 7), where purchasing agents or buying committees make the decisions. Atlas needs to gain a full understanding of how organizational buyers buy. It needs a sales force that is well trained in presenting product benefits.

Atlas will not want to market to all possible customers. It must divide the market into major market segments, evaluate each one, and target those it can best serve (see Chapter 8).

Building Strong Brands

Atlas must pay close attention to competitors (see Chapter 9), anticipating its competitors' moves and knowing how to react quickly and decisively. It may also want to initiate some surprise moves, in which case it needs to anticipate how its competitors will respond.

Atlas must also understand the strengths and weaknesses of the Zeus brand as consumers see it (see Chapter 10). Is its 35 mm film heritage a handicap in the digital camera market? Suppose Atlas decides to focus on the consumer market and develop a positioning strategy (see Chapter 11). Should it position itself as the "Cadillac" brand, offering superior cameras at a premium price with excellent service and strong advertising? Should it build a simple, low-priced camera aimed at more price-conscious consumers? Or something in between?

Shaping the Market Offerings

At the heart of the marketing program is the product—the firm's tangible offering to the market, which includes the product quality, design, features, and packaging (see Chapter 12). To gain a competitive advantage, Atlas may provide leasing, delivery, repair, and training as part of its product offering (see Chapter 13).

A critical marketing decision relates to price (see Chapter 14). Atlas must decide on wholesale and retail prices, discounts, allowances, and credit terms. Its price should match well with the offer's perceived value; otherwise, buyers will turn to competitors' products.

Delivering Value

Atlas must also determine how to properly deliver to the target market the value embodied in its products and services. Channel activities include those the company undertakes to make the product accessible and available to target customers (see Chapter 15). Atlas must identify, recruit, and link various marketing facilitators to supply its products and services efficiently to the target market. It must understand the various types of retailers, wholesalers, and physical-distribution firms and how they make their decisions (see Chapter 16).

Communicating Value

Atlas must also adequately communicate to the target market the value embodied by its products and services. It will need an integrated marketing communication program that maximizes the individual and collective contribution of all communication activities (see Chapter 17). Atlas needs to set up mass communication programs consisting of advertising, sales promotion, events, and public relations (see Chapter 18). It also needs to plan more personal communications, in the form of direct and interactive marketing, as well as hire, train, and motivate salespeople (see Chapter 19).

Creating Long-Term Growth

Based on its product positioning, Atlas must initiate new-product development, testing, and launching as part of its long-term view (see Chapter 20). The strategy should take into account changing global opportunities and challenges (see Chapter 21).