

STRATEGIC MARKETING MANAGEMENT



ALEXANDER CHERNEV

ELEVENTH EDITION

Strategic Marketing Management

Eleventh Edition | June 2025

ISBN: 978-1-936572-89-2 (paperback)

ISBN: 978-1-936572-90-8 (hardcover)

Copyright © 2025 by Alexander Chernev

Author website: Chernev.com

Published by Cerebellum Press | Chicago, IL

No part of this publication may be recorded, stored in a retrieval system, or transmitted in any form or by any means electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the United States Copyright Act, without the prior written permission of the publisher. Requests to the publisher for permission should be addressed to Cerebellum Press, Inc., at sales@cerebellumpress.com. All trademarks and trade names appearing in this book are the property of their respective owners.

While the publisher and the author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of its contents and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. The advice and strategies contained herein may not be suitable for your situation; you should consult a professional when appropriate. Neither the publisher nor the author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

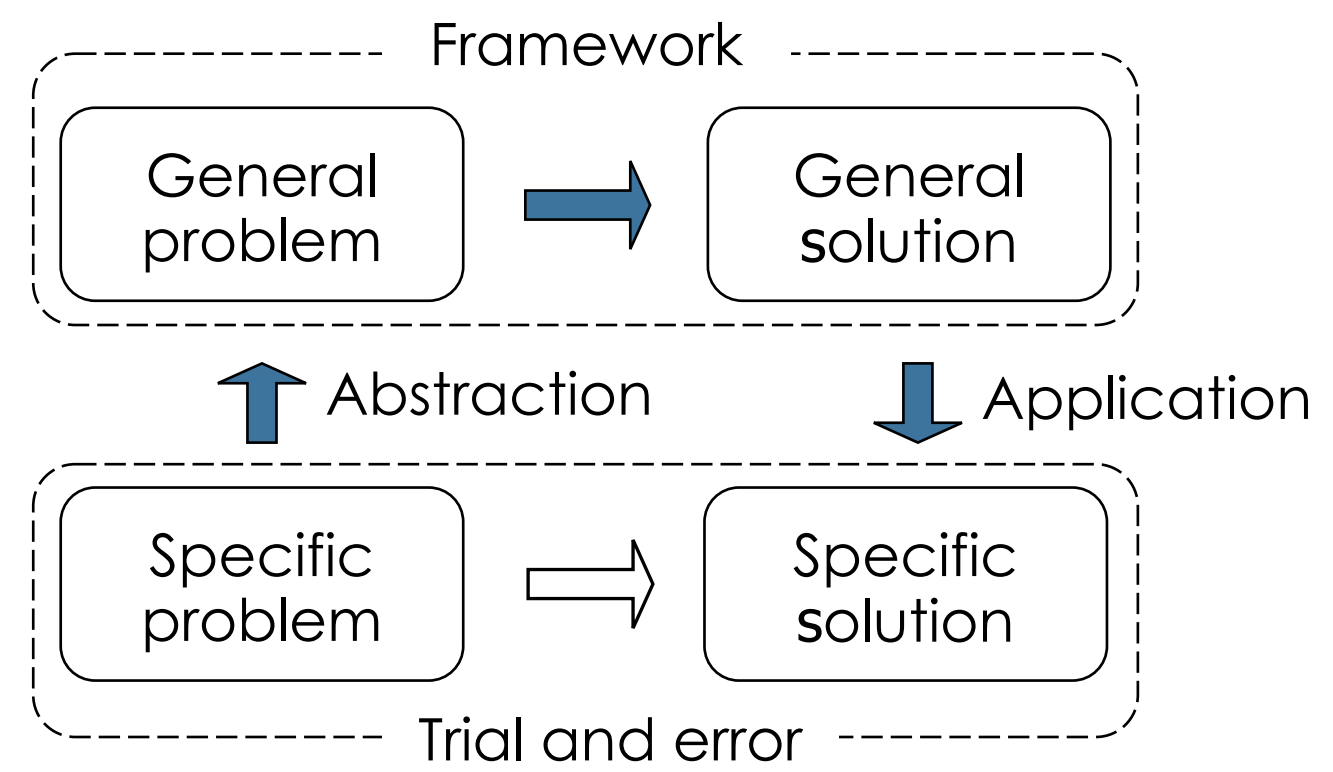
Part One: The Framework for Marketing Management



Chapter 1

Marketing as a Business Discipline

Figure 1. Making Decisions Using a Framework



Chapter 2

Marketing Strategy and Tactics

Figure 1. Identifying the Target Market: The 5-C Framework

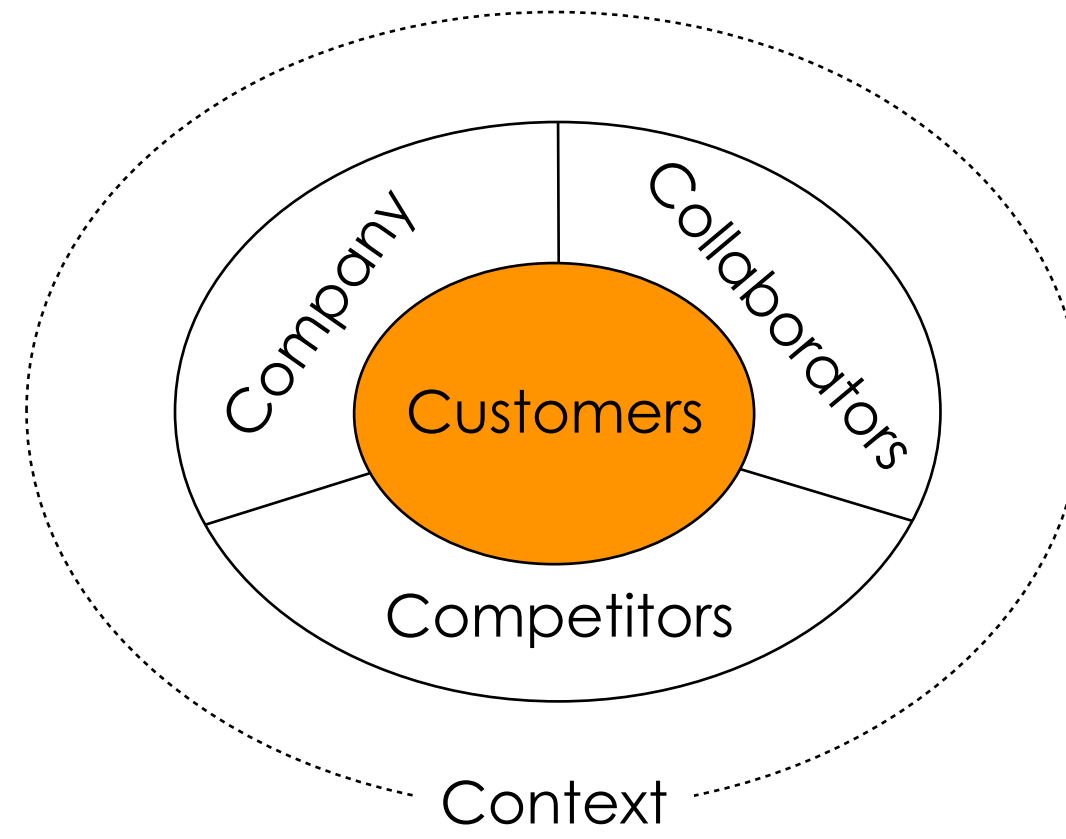


Figure 2. Defining the Value Exchange

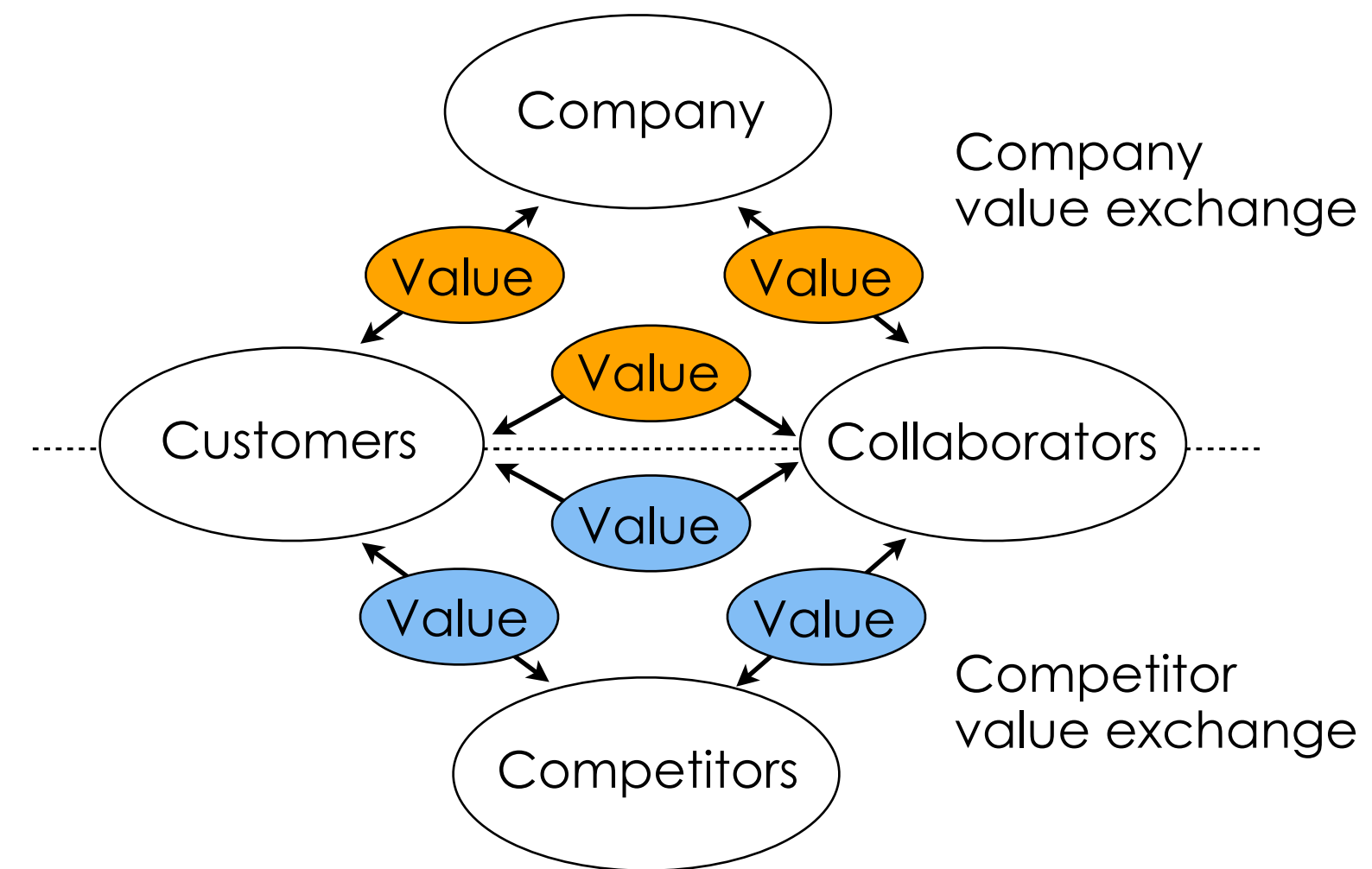


Figure 3. The 3-V Market Value Principle

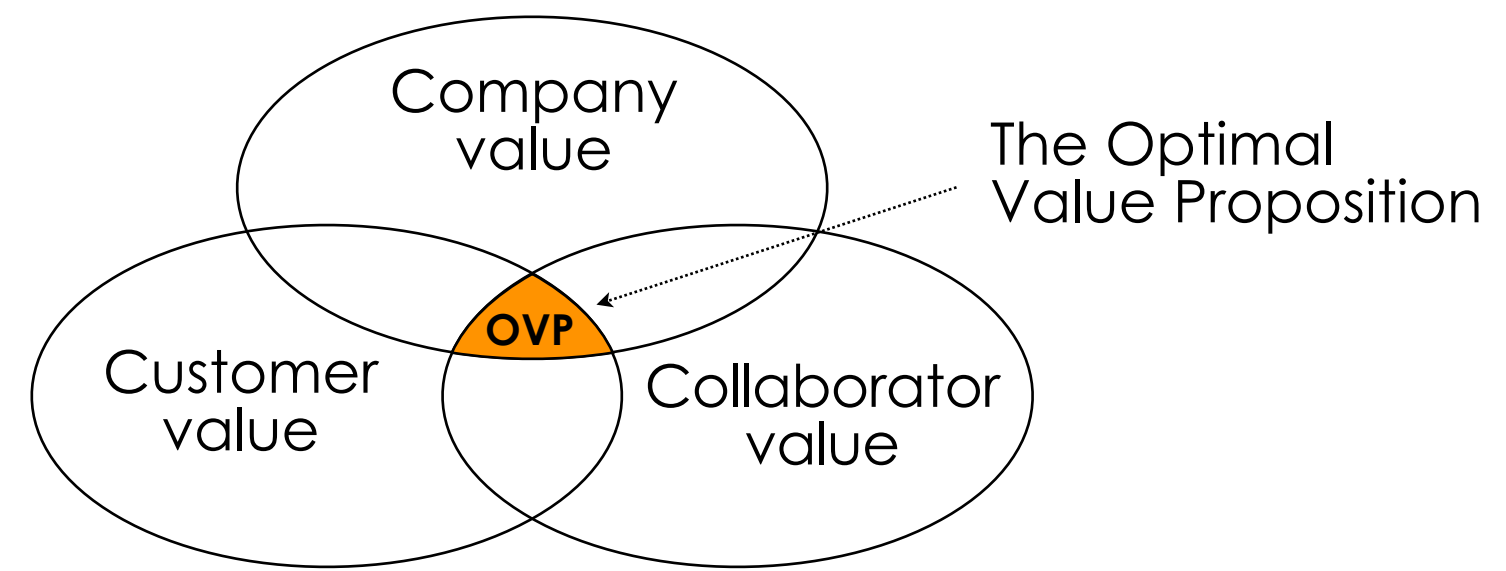


Figure 4. The 7-T Framework Defining the Market Offering

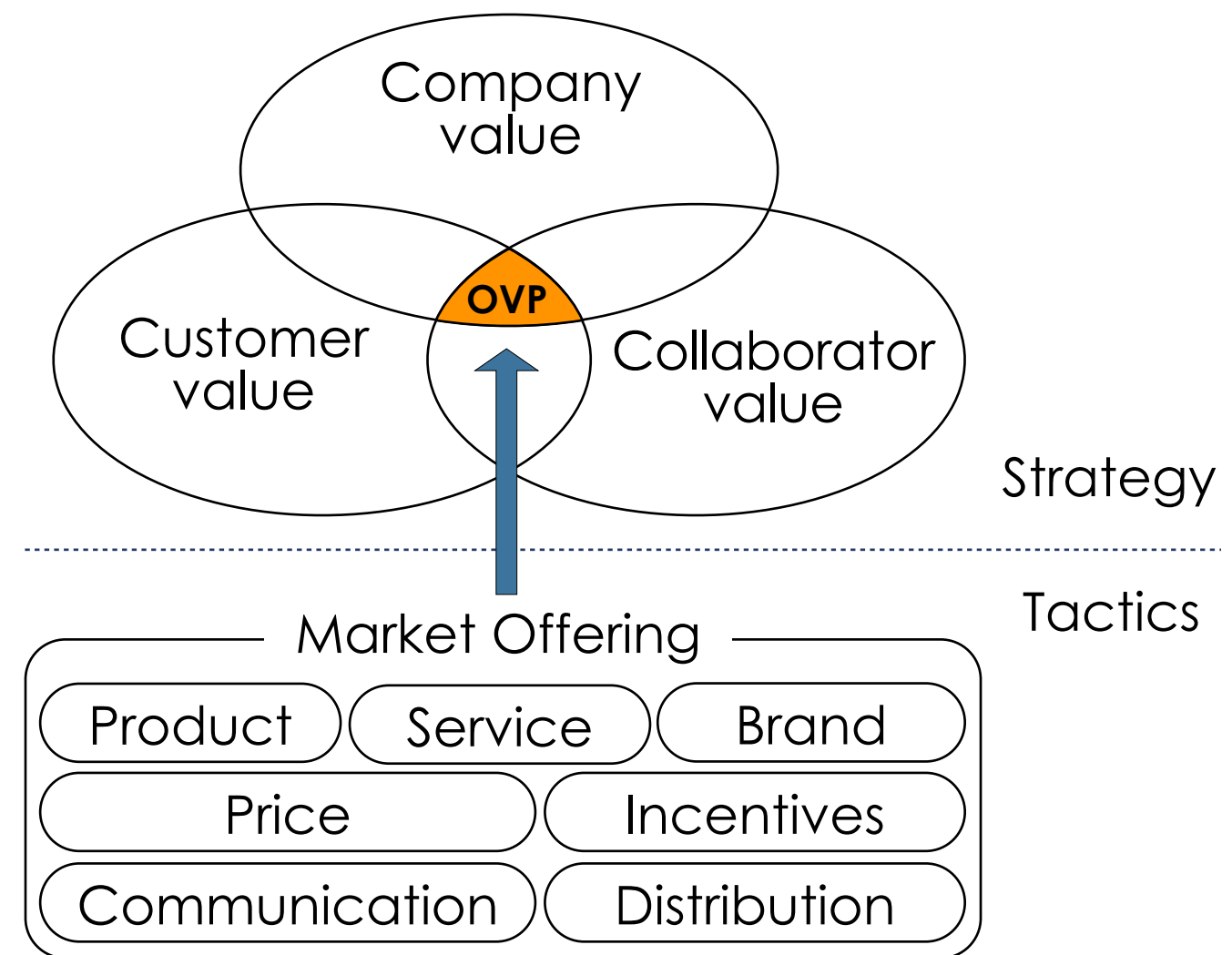


Figure 5. Marketing Tactics as a Process of Designing, Communicating and Delivering Value

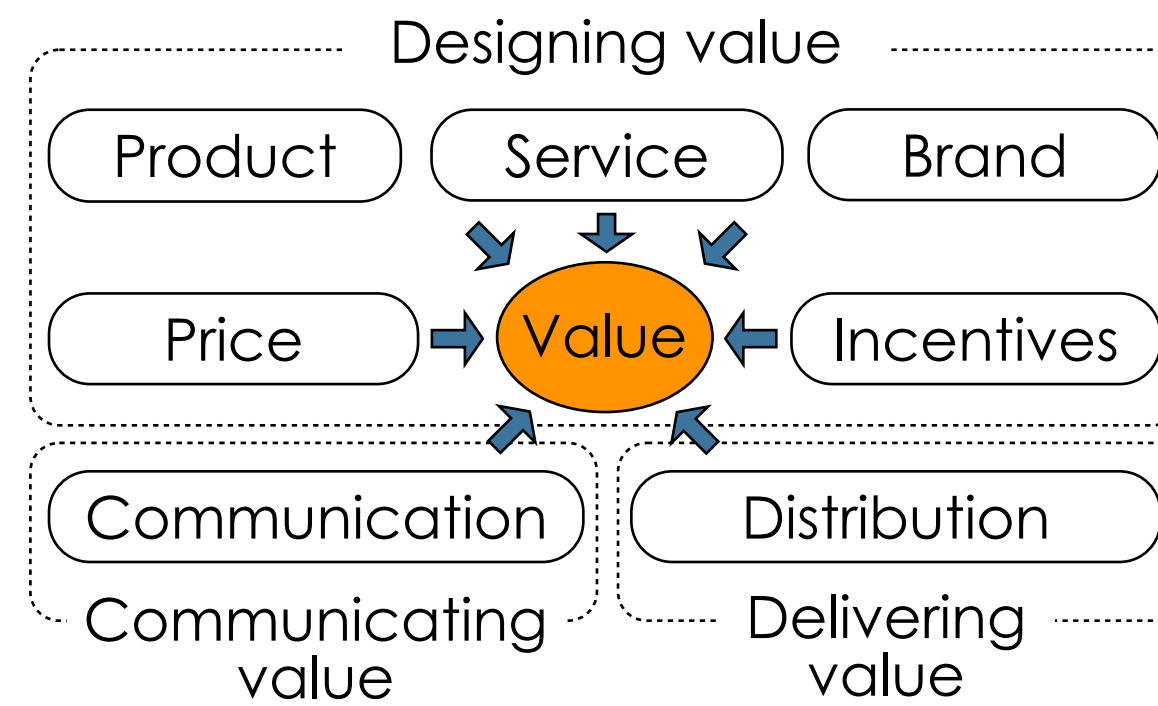


Figure 7. The Market Value Map

| Target Market | | Market Offering | |
|---|--------------------|---|---------------|
| What customer need does the company aim to fulfill? Who are the customers with this need? | Customers | What are the key features of the company's product? | Product |
| What other entities will work with the company to fulfill the identified customer need? | Collaborators | What are the key features of the company's service? | Service |
| What are the company's resources that will enable it to fulfill the identified customer need? | Company | What are the key features of the offering's brand? | Brand |
| What other offerings aim to fulfill the same need of the same target customers? | Competition | What is the offering's price? | Price |
| What are the sociocultural, technological, regulatory, economic, and physical aspects of the environment? | Context | What incentives does the offering provide? | Incentives |
| What value does the offering create for target customers? | Customer Value | How will target customers and collaborators become aware of the company's offering? | Communication |
| What value does the offering create for the company's collaborators? | Collaborator Value | How will the offering be delivered to target customers and collaborators? | Distribution |
| What value does the offering create for the company? | Company Value | | |

Chapter 3

Marketing Planning and Management

Figure 1. The G-STIC Framework for Marketing Management

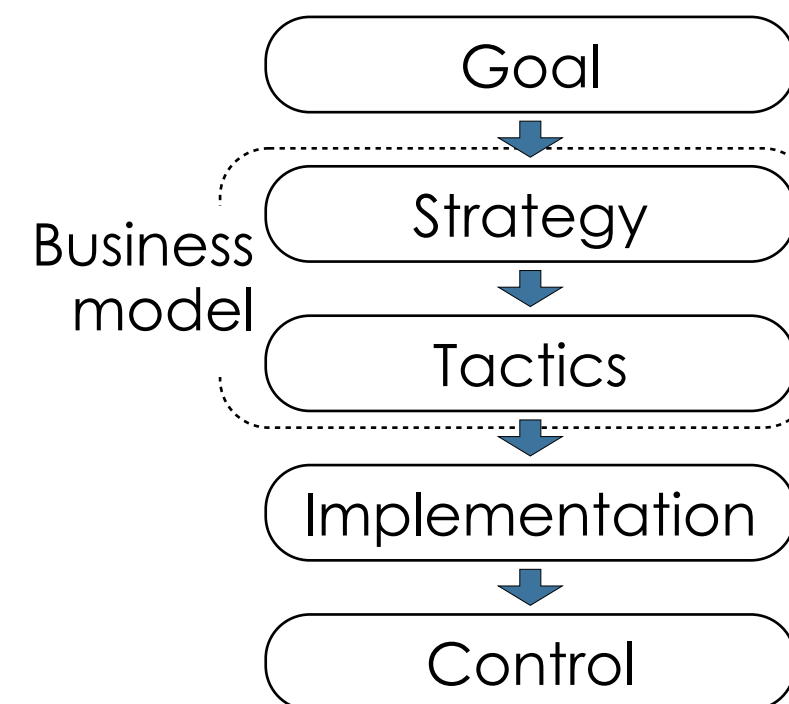


Figure 2. The G-STIC Action-Planning Flowchart

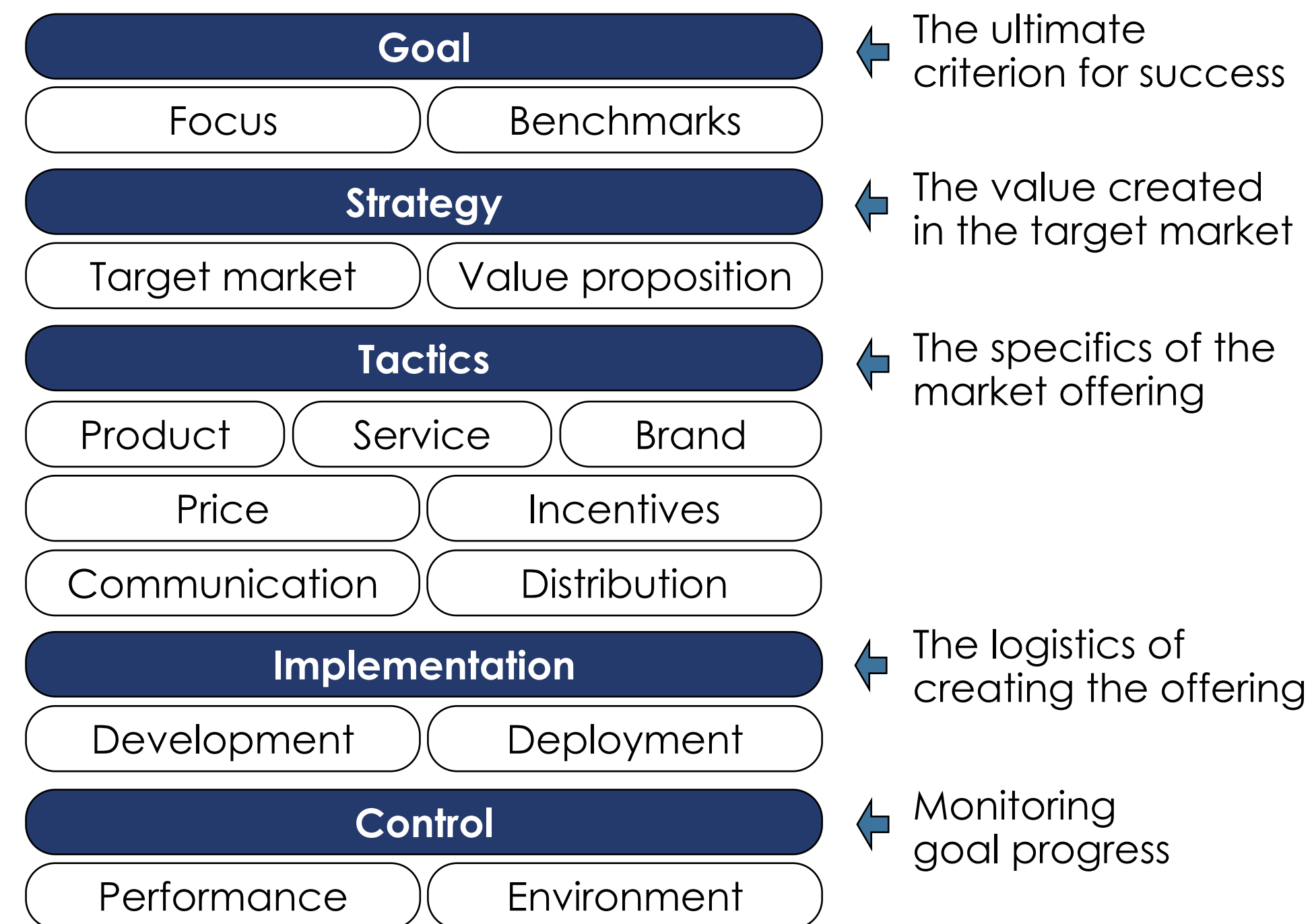


Figure 3. Company Goal and Objectives

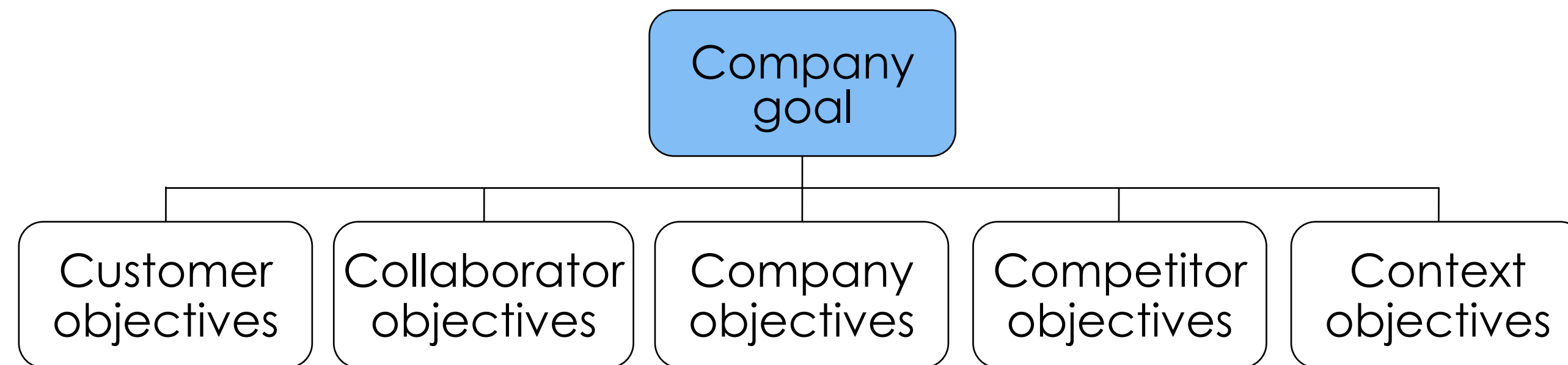


Figure 4. The Marketing Plan

| | | |
|--|---|---|
| Executive Summary | | |
| What are the key aspects of the company's marketing plan? | | |
| Situation Overview | | |
| What are the key aspects of the markets in which the company competes and/or will compete? | Market | What are the company's goals, resources, offerings, market position, and ongoing activities? |
| Goal | | |
| What is the key performance metric the company aims to achieve with the offering? | Focus | What are the temporal and quantitative criteria for reaching the goal? |
| Strategy | | |
| What are the key aspects of the target market (the 5 Cs)? | Target market | What value does the offering create for target customers, the company, and its collaborators? |
| Action plan | Tactics | |
| | What are the product, service, brand, price, incentives, communication, and distribution aspects of the offering? | |
| | Market offering | |
| Implementation | | |
| How is the company offering being developed? | Development | What processes will be used to bring the offering to market? |
| Control | | |
| How will the company evaluate the progress toward its goal? | Performance | How will the company monitor the environment to identify new opportunities and threats? |
| Exhibits | | |
| What are the details/evidence supporting the company's action plan? | | |

Part Two: Developing a Marketing Strategy



Chapter 4

Identifying Target Customers

Figure 1. Segment-Based Targeting

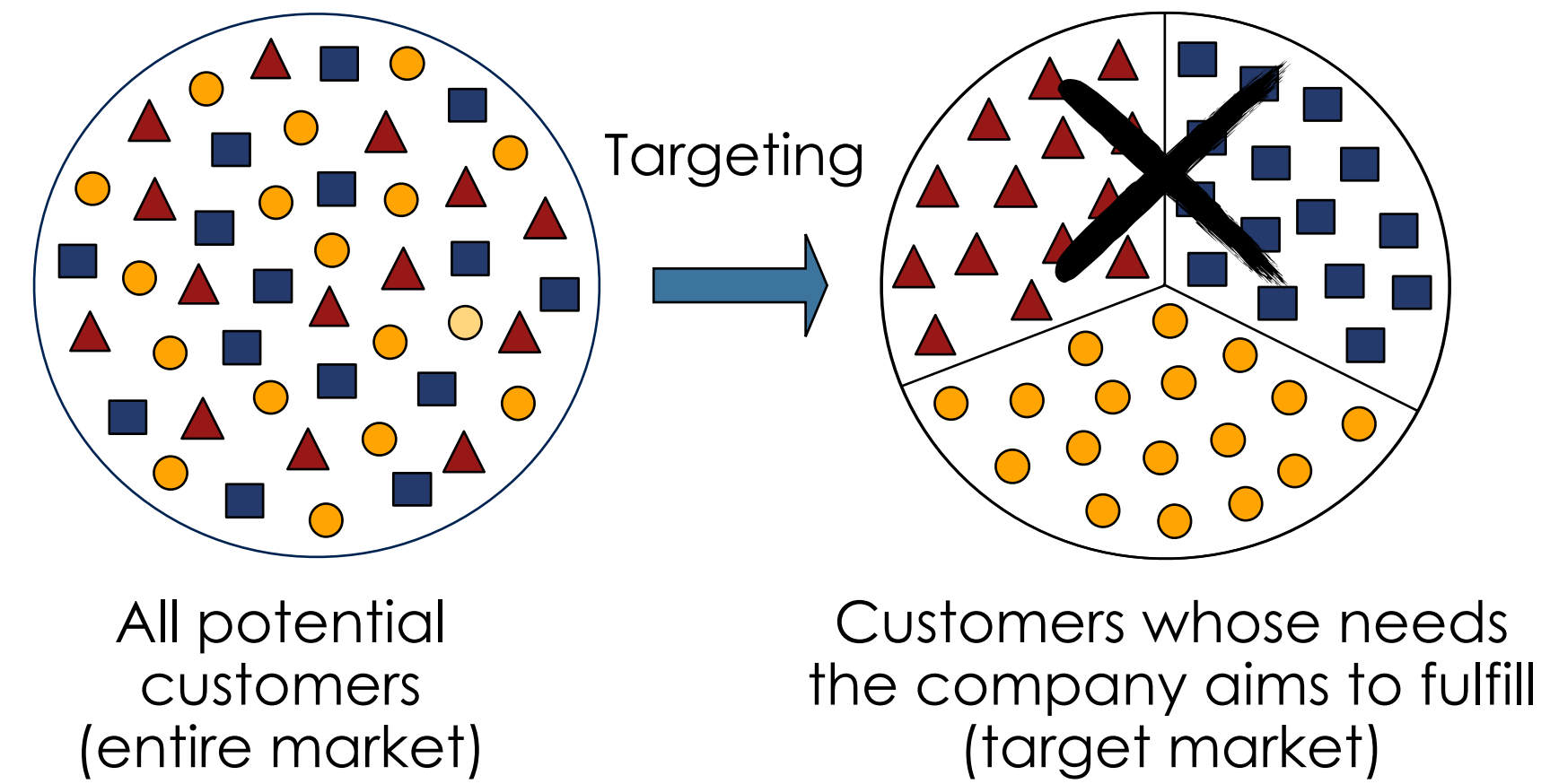


Figure 2. Strategic Targeting: Key Principles

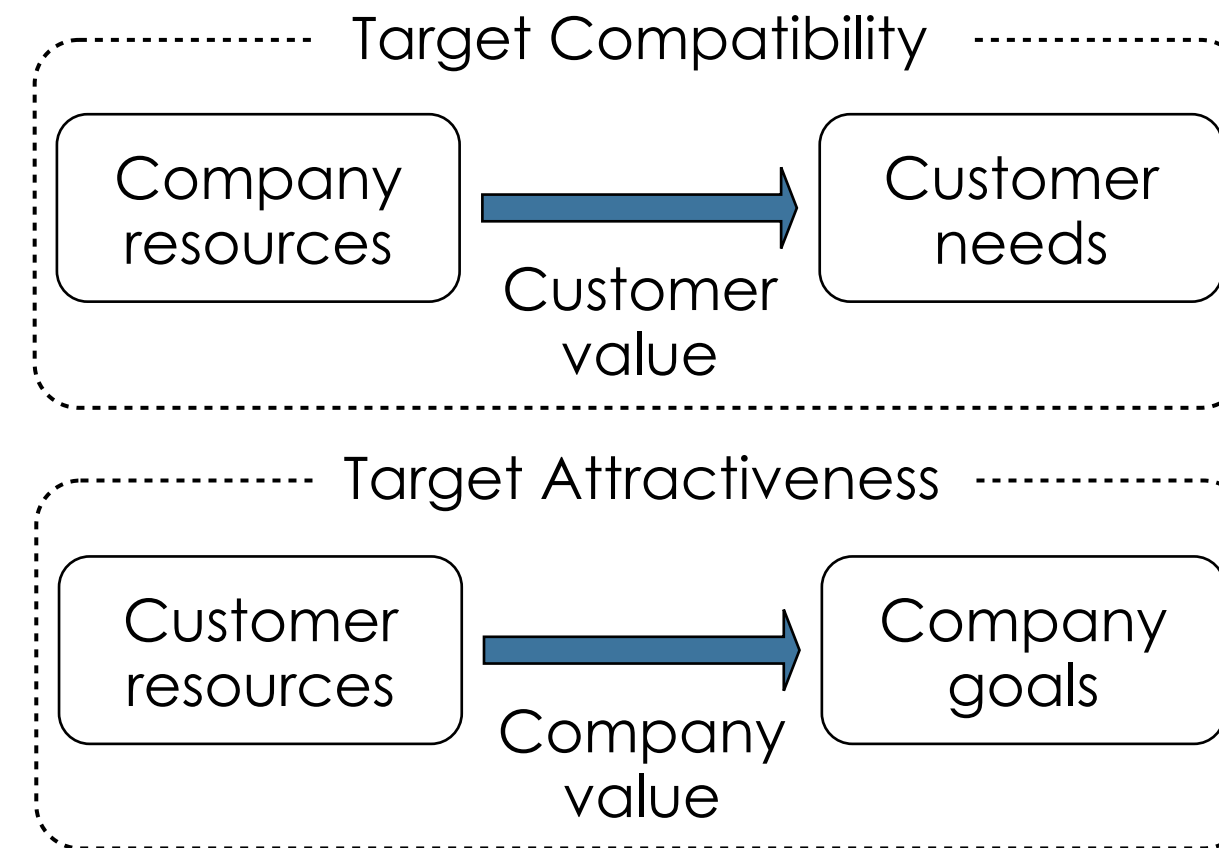


Figure 2. Strategic Targeting: Key Principles

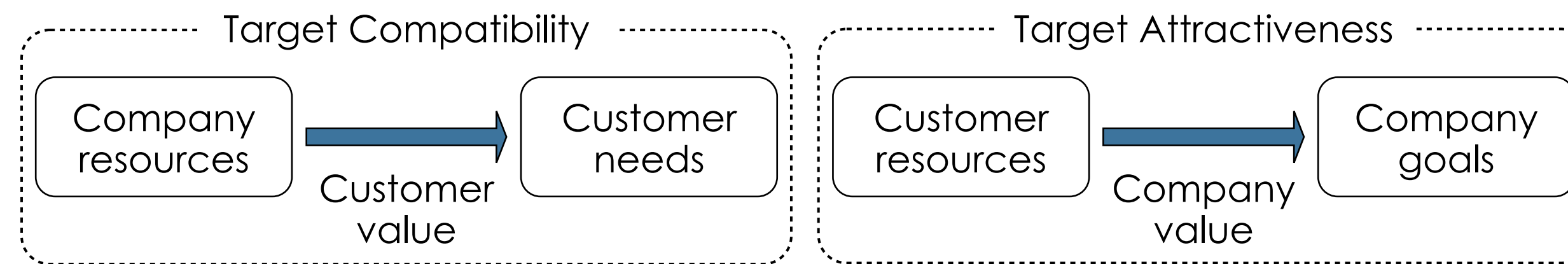


Figure 3. The Resource Advantage Principle

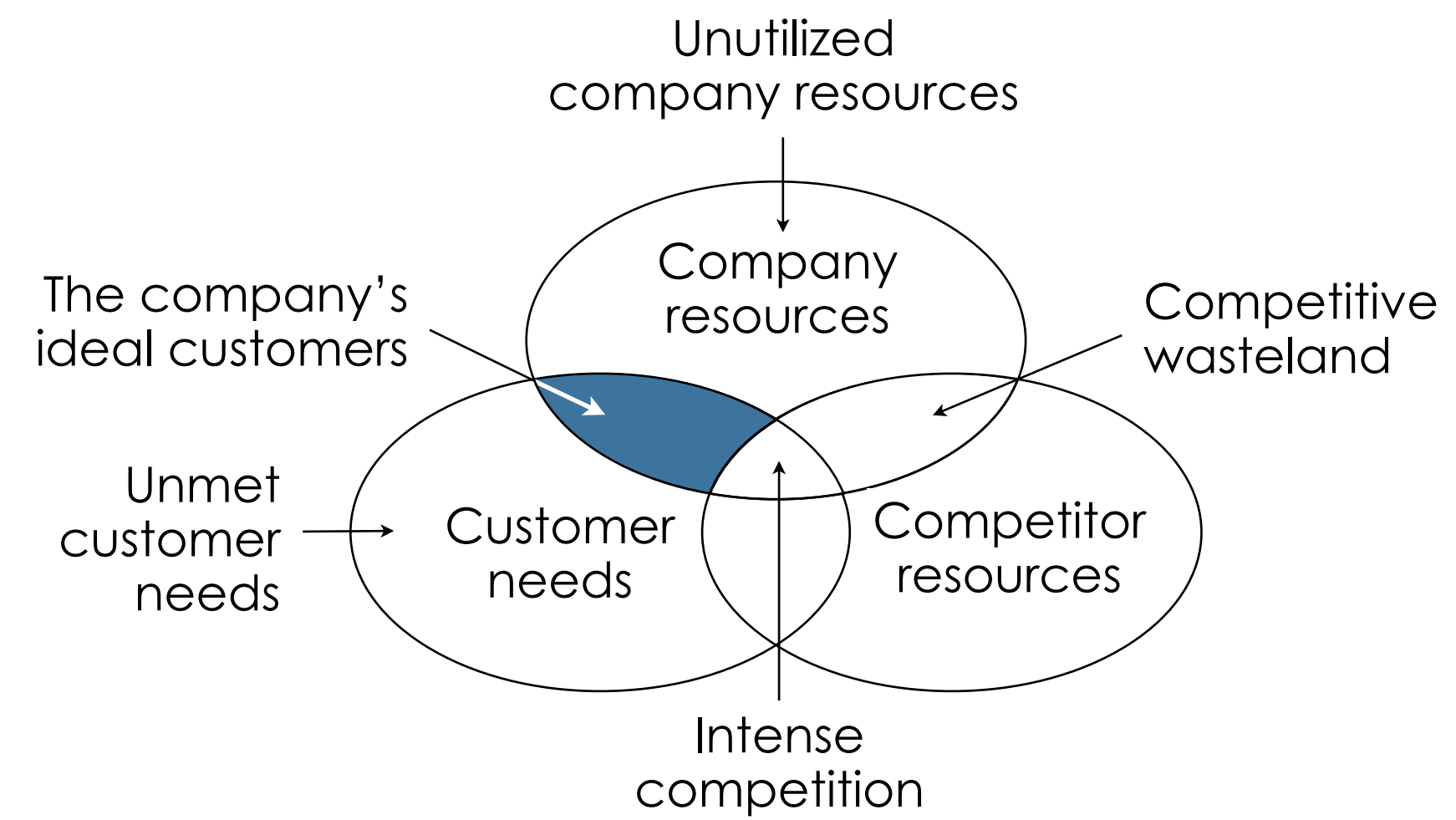


Figure 4. Customer Profile and Customer Needs

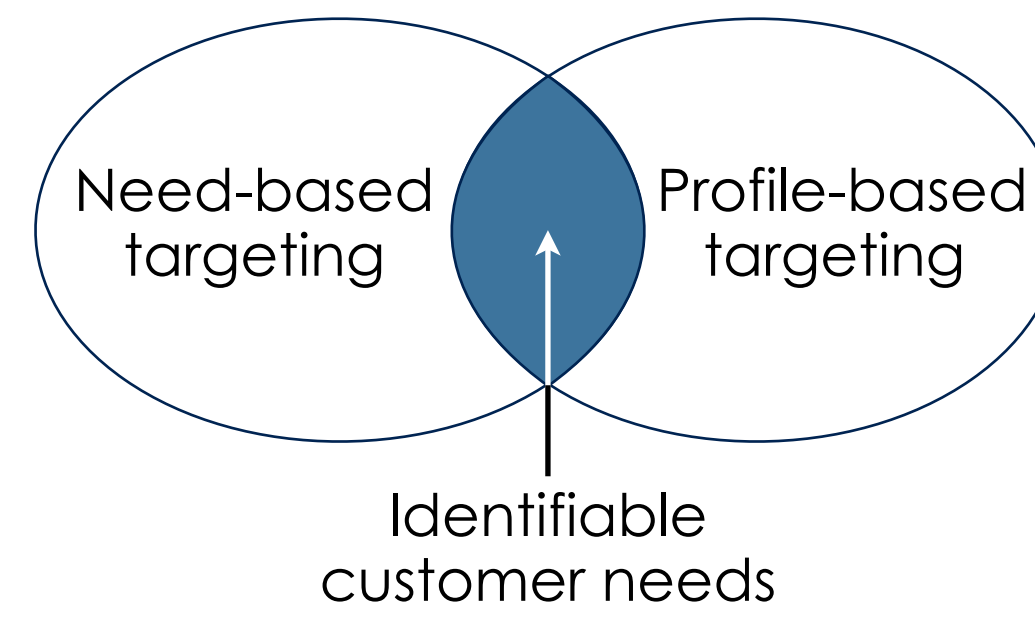


Figure 5. Linking Customer Value and Profile

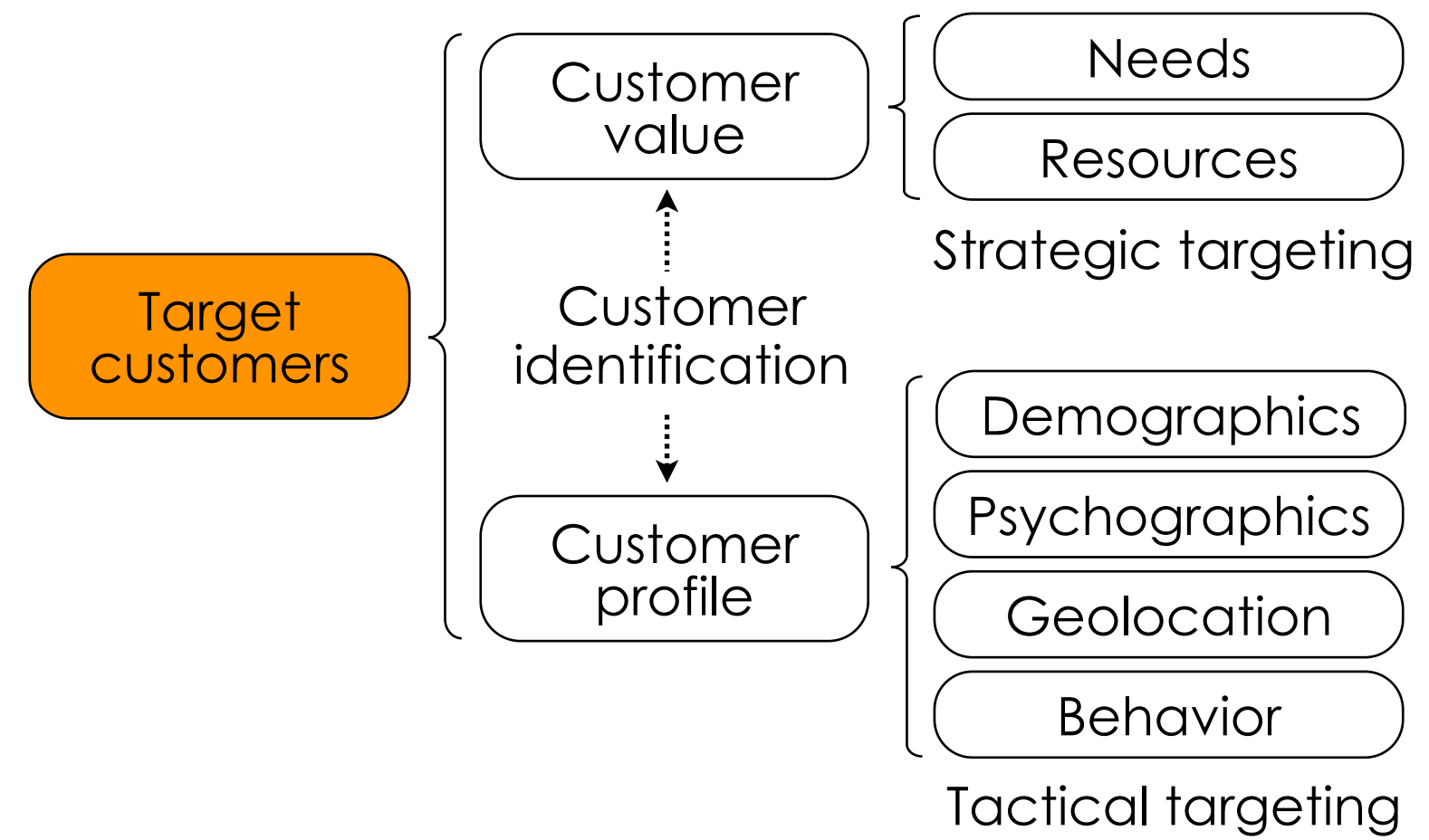


Figure 6. Tactical Targeting: Effectiveness

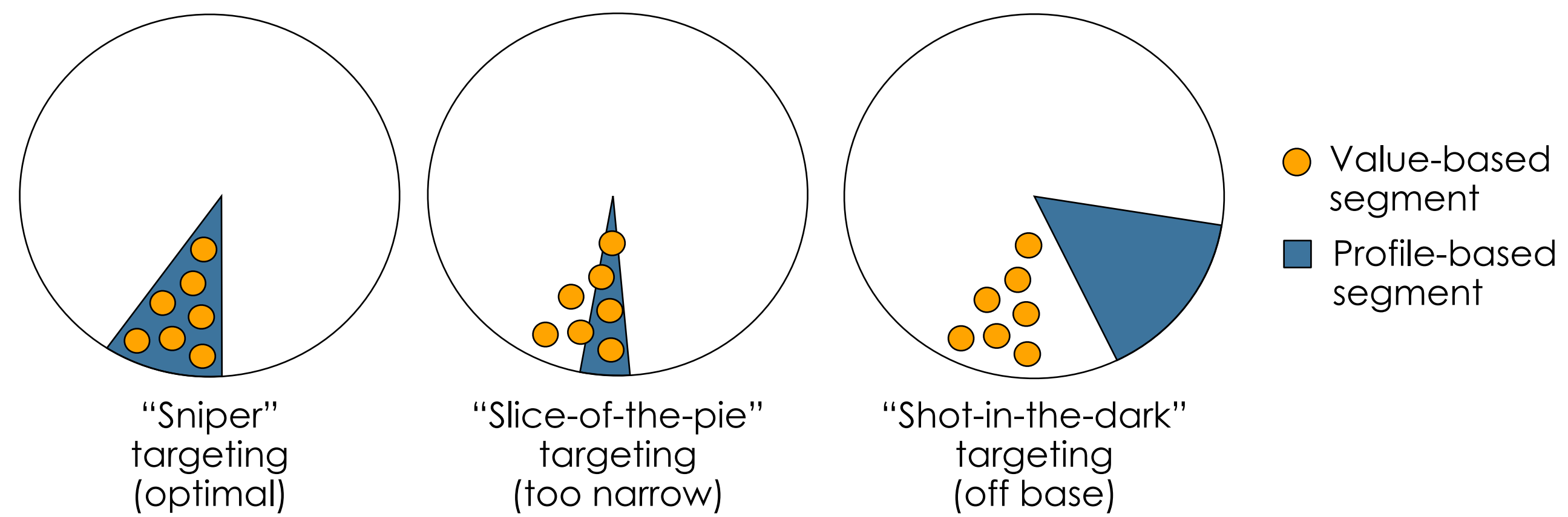


Figure 7. Tactical Targeting: Cost Efficiency

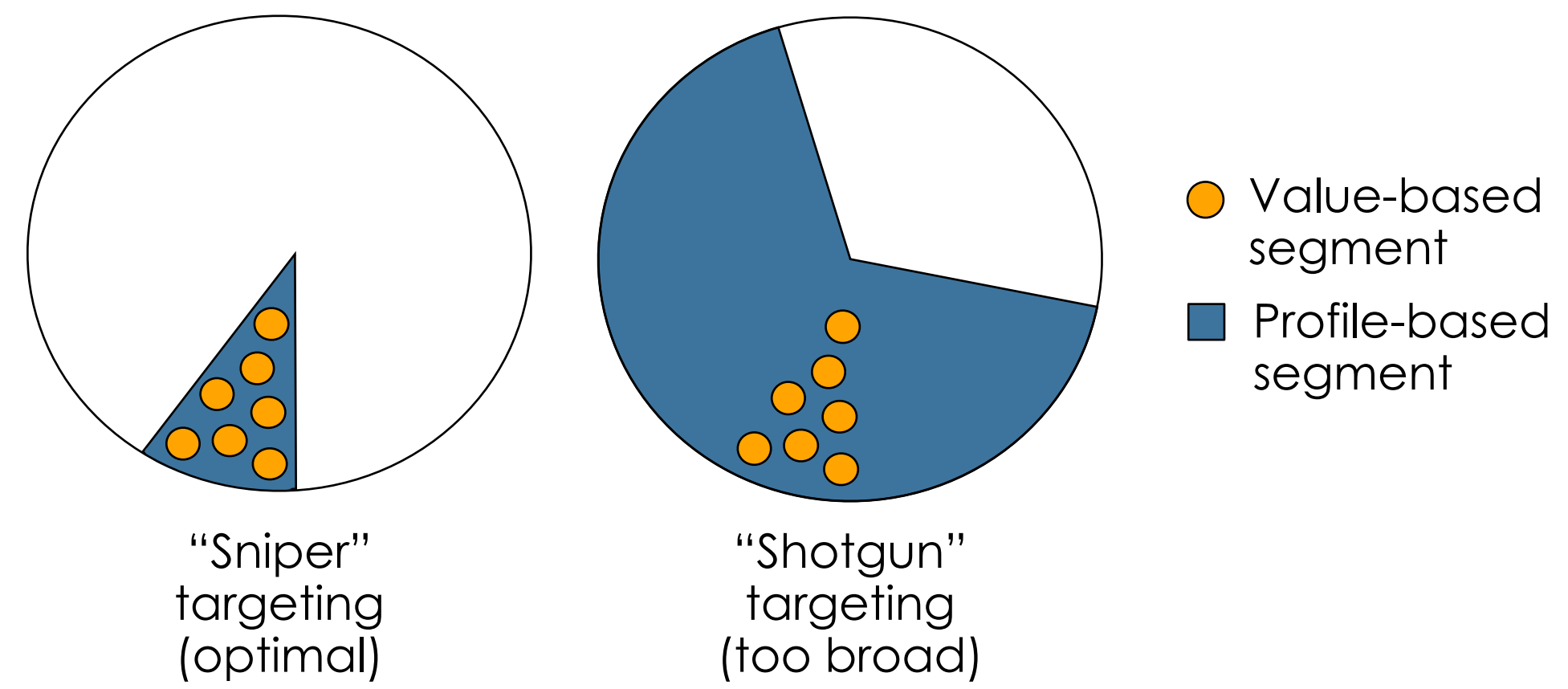


Figure 8. Strategic and Tactical Segmentation and Targeting

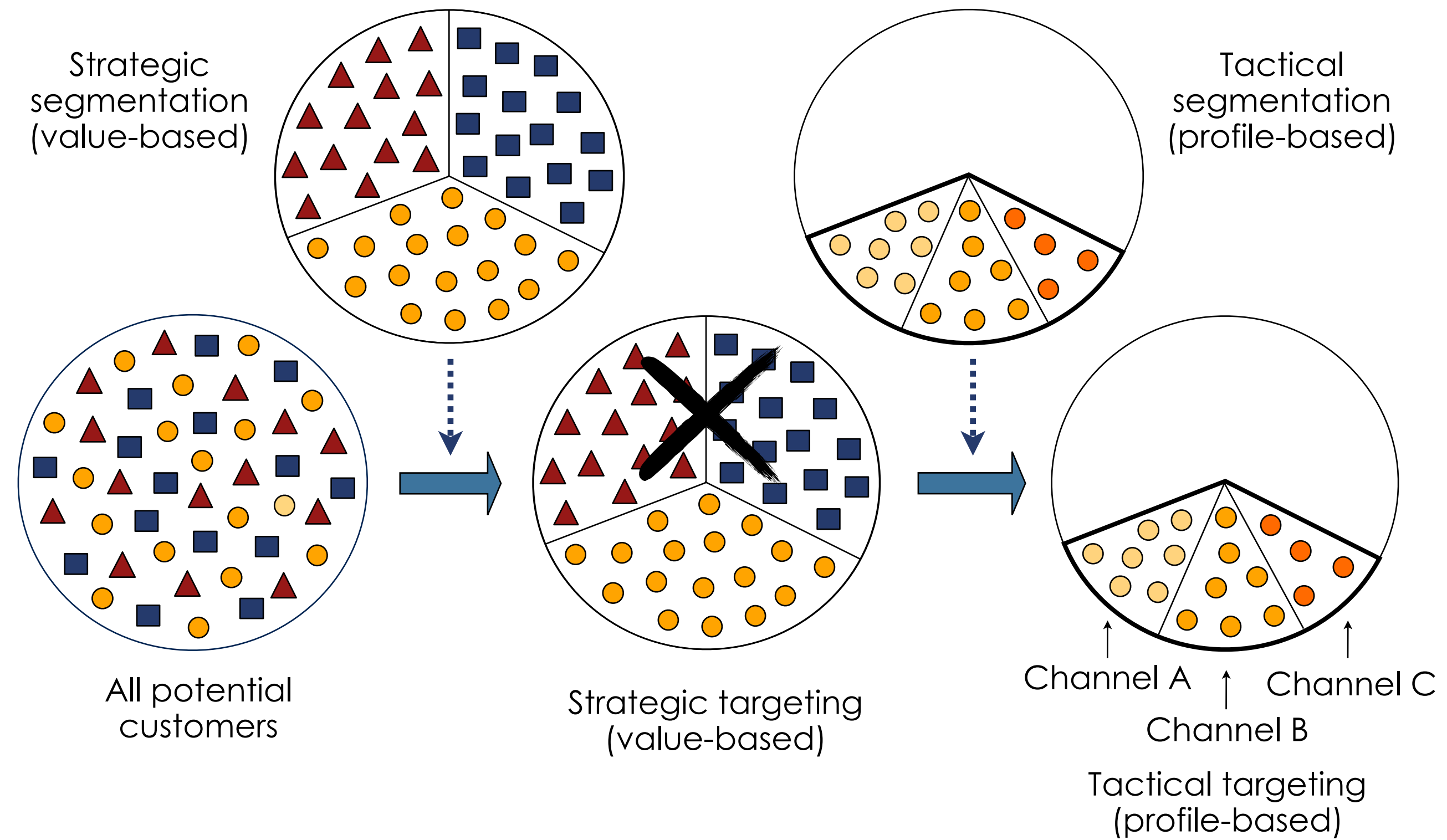
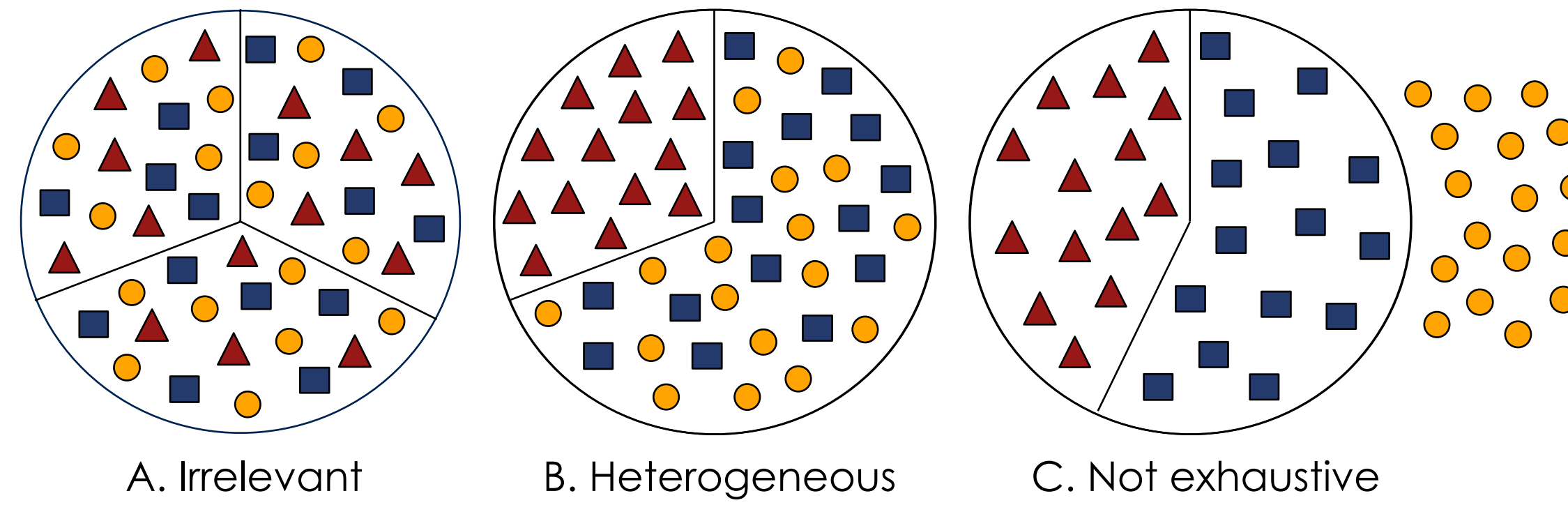


Figure 9. Common Segmentation Errors



Creating Customer Value

Figure 1. Value as a Function of Customer Needs and Offering Attributes



Figure 3. The Customer Value Proposition

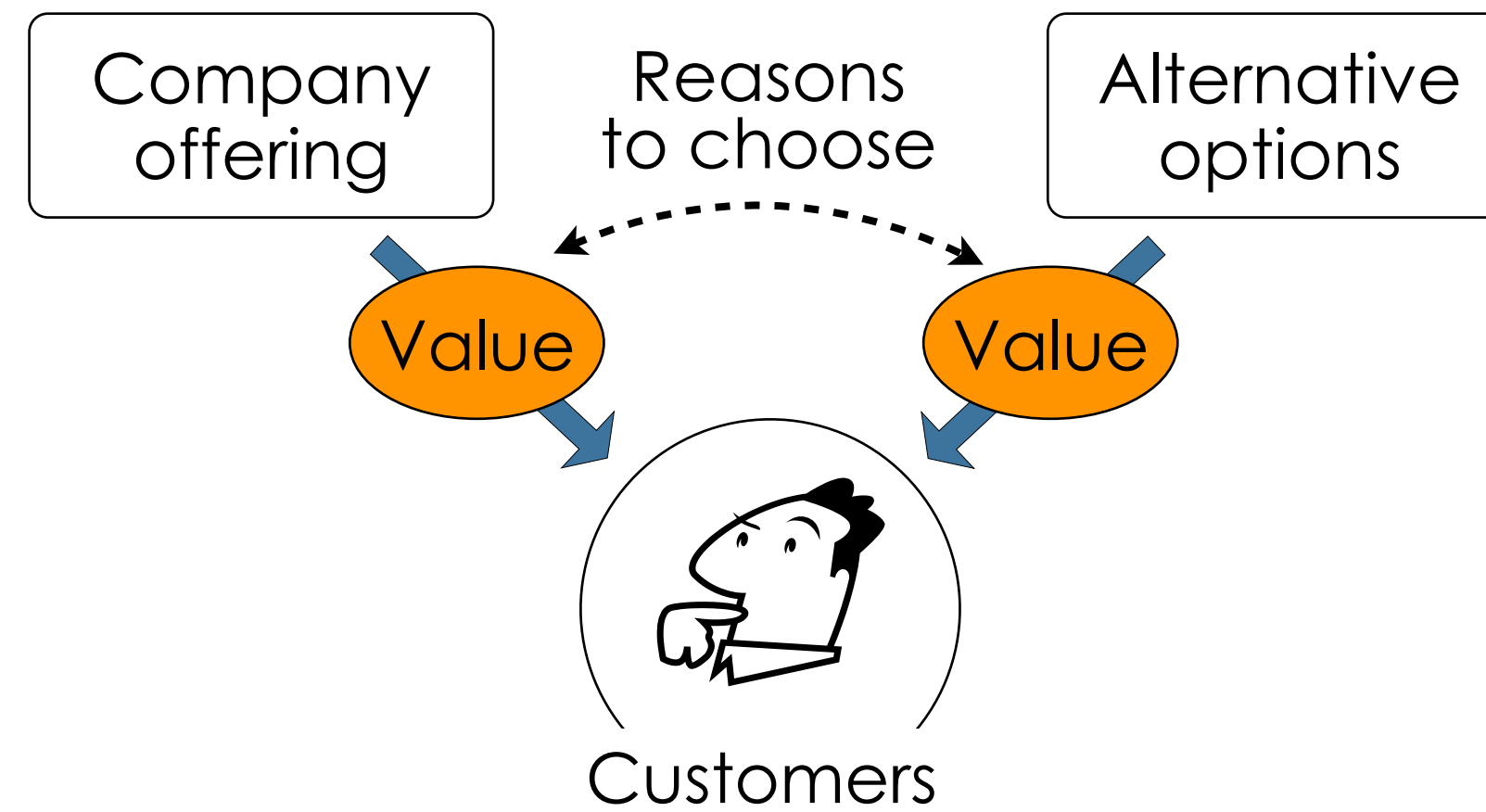


Figure 4. Competitive Value Map

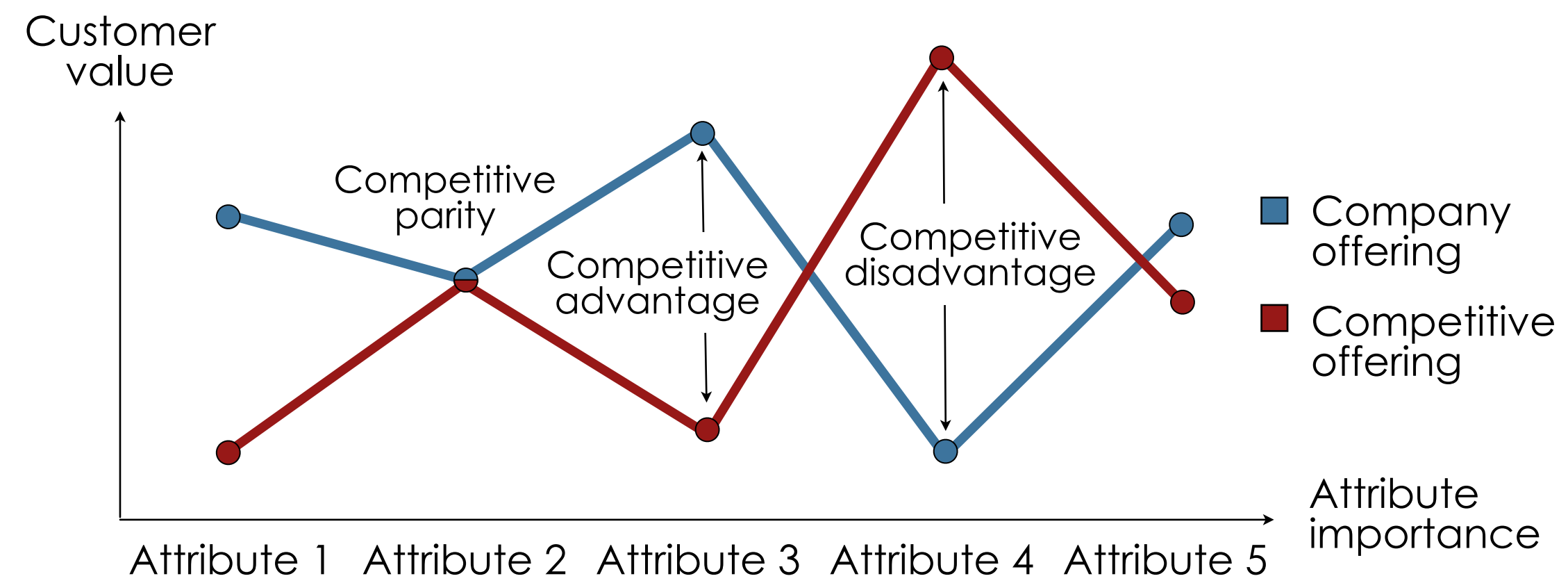


Figure 5. Customer Value Proposition and Positioning

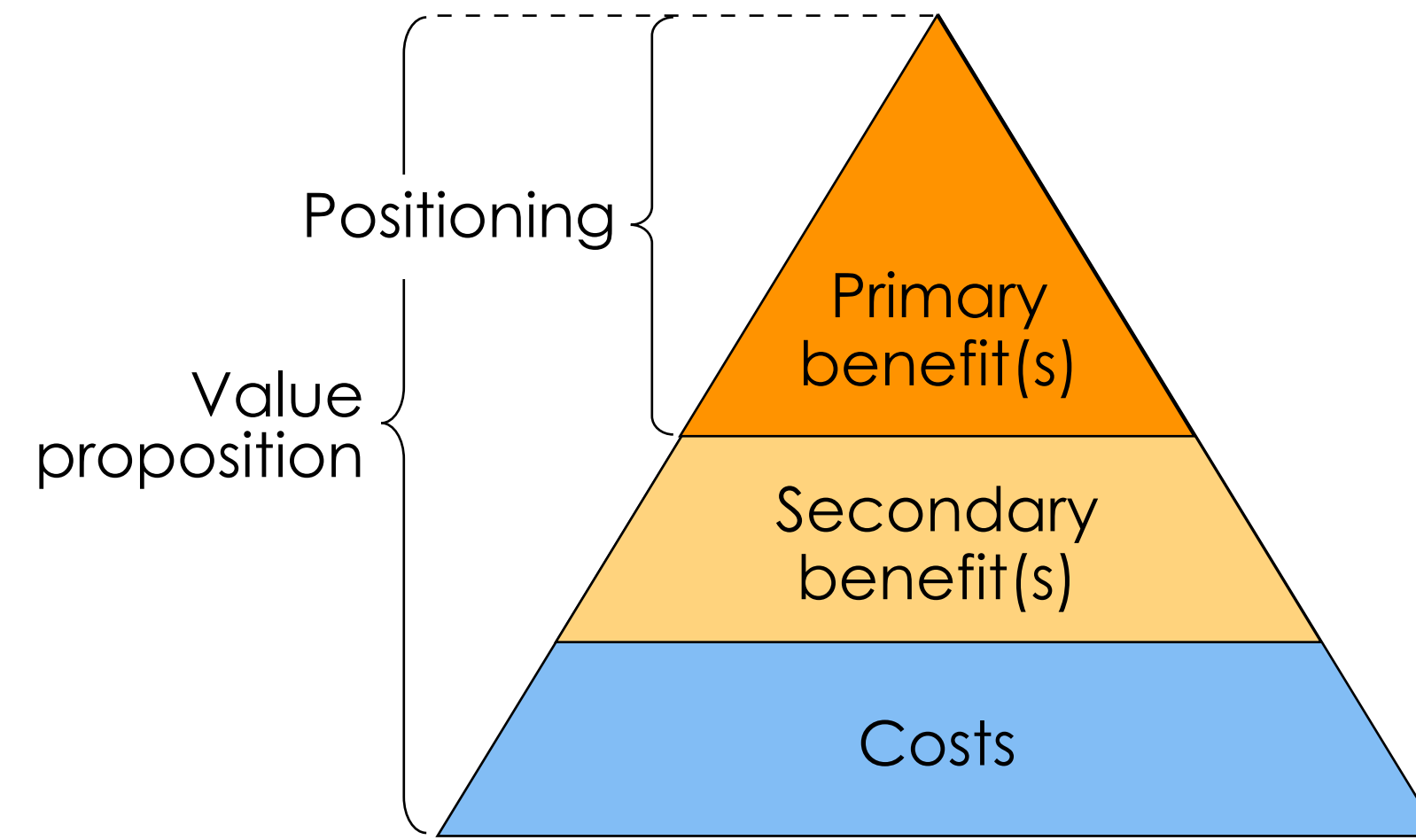


Figure 6. Single-Benefit Positioning

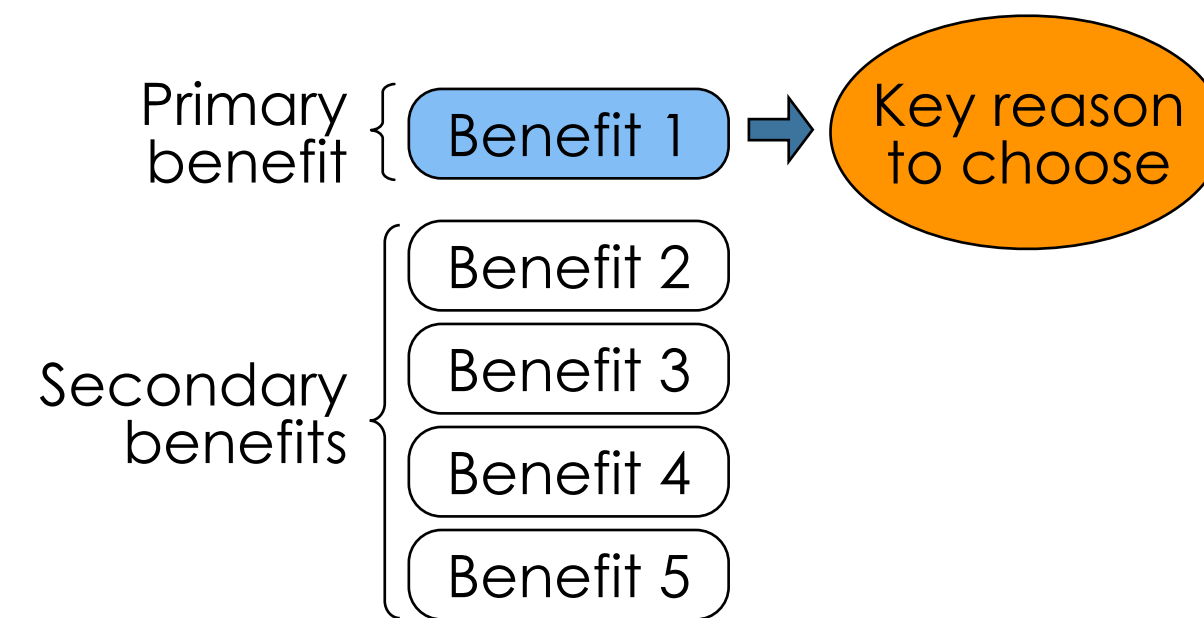


Figure 7. Dual-Benefit Positioning

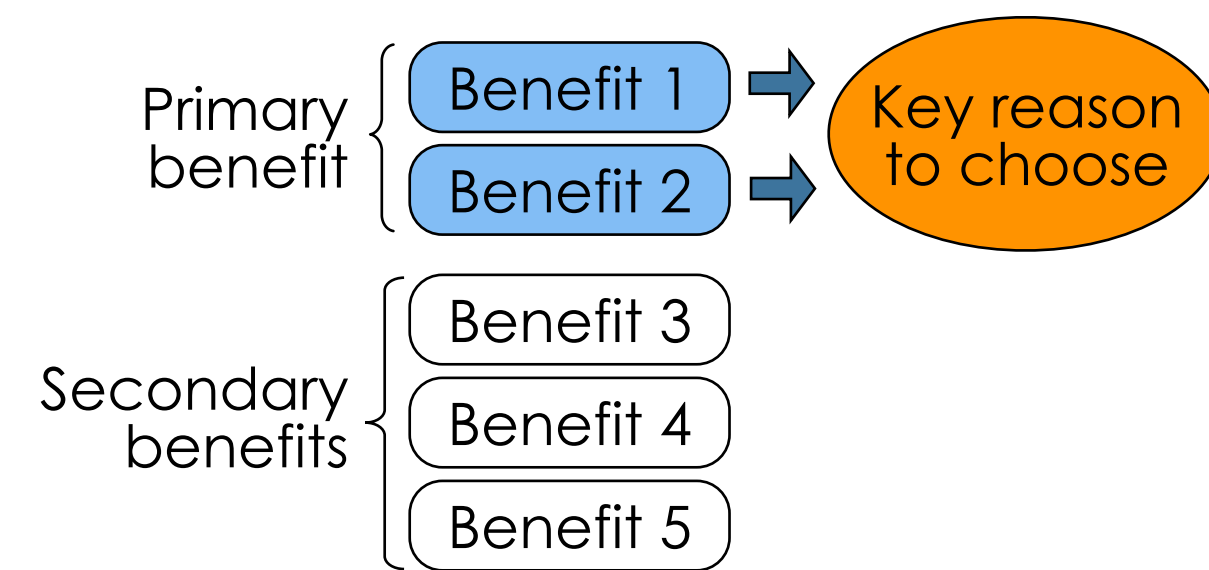


Figure 8. Holistic Positioning

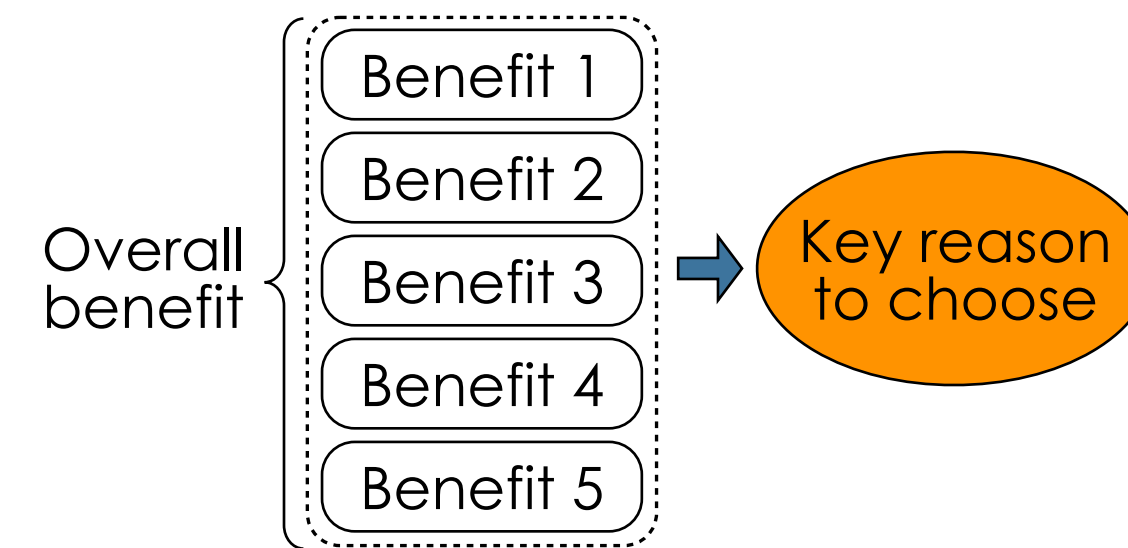
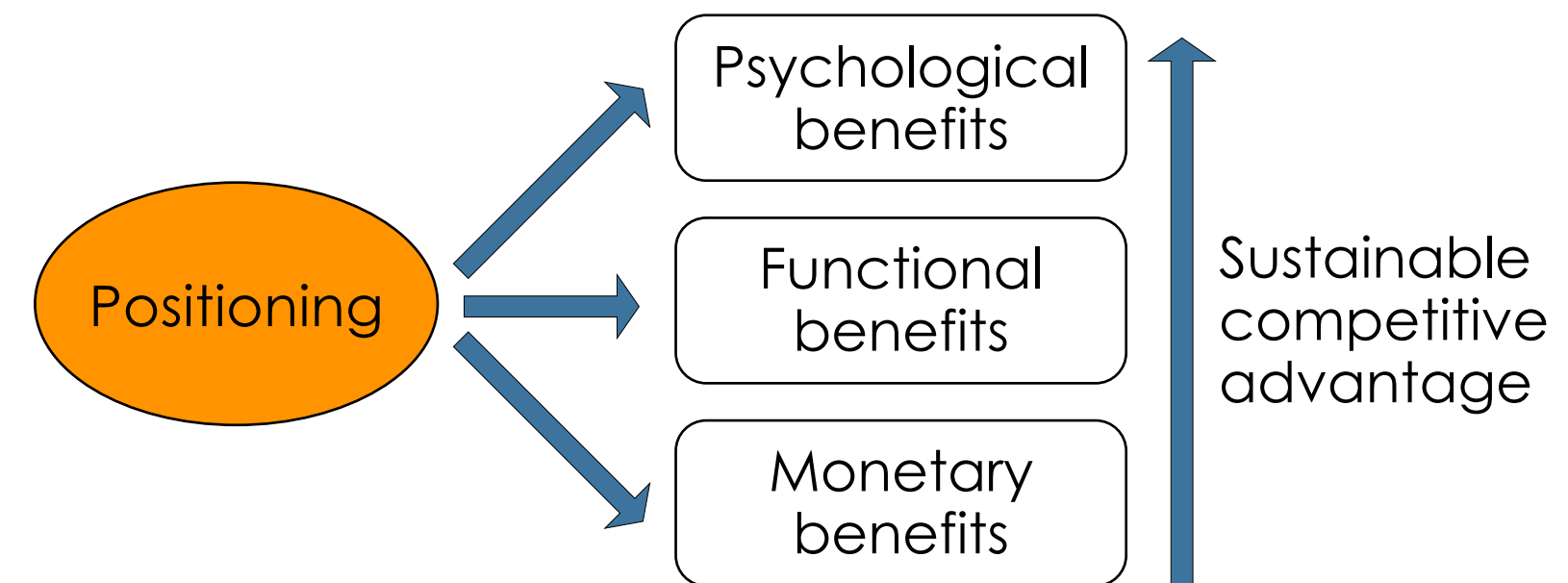


Figure 9. Positioning as a Source of Sustainable Competitive Advantage



Chapter 6

Creating Company Value

Figure 1. Dimensions of Company Value

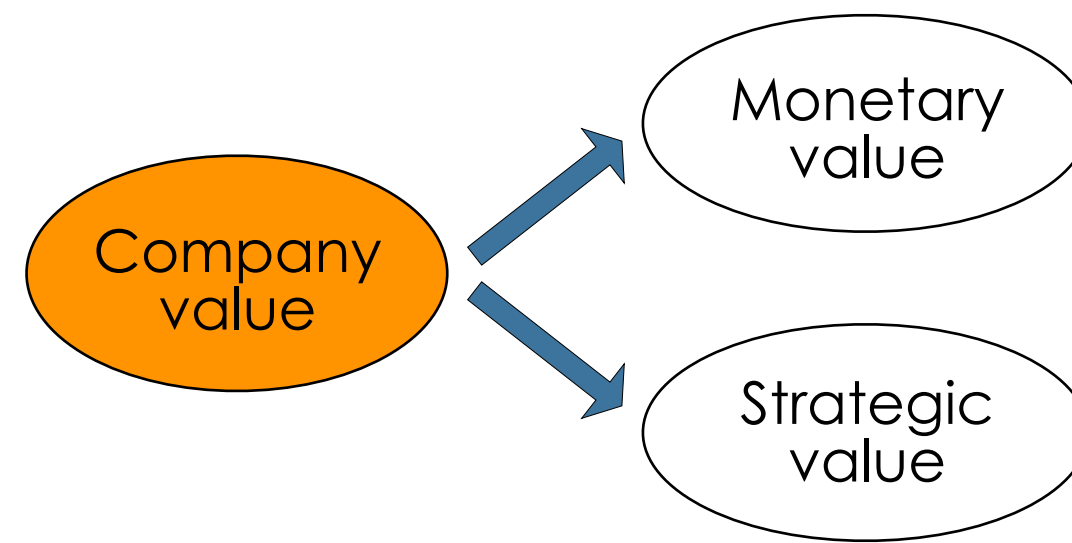


Figure 2. The Key Profit Drivers

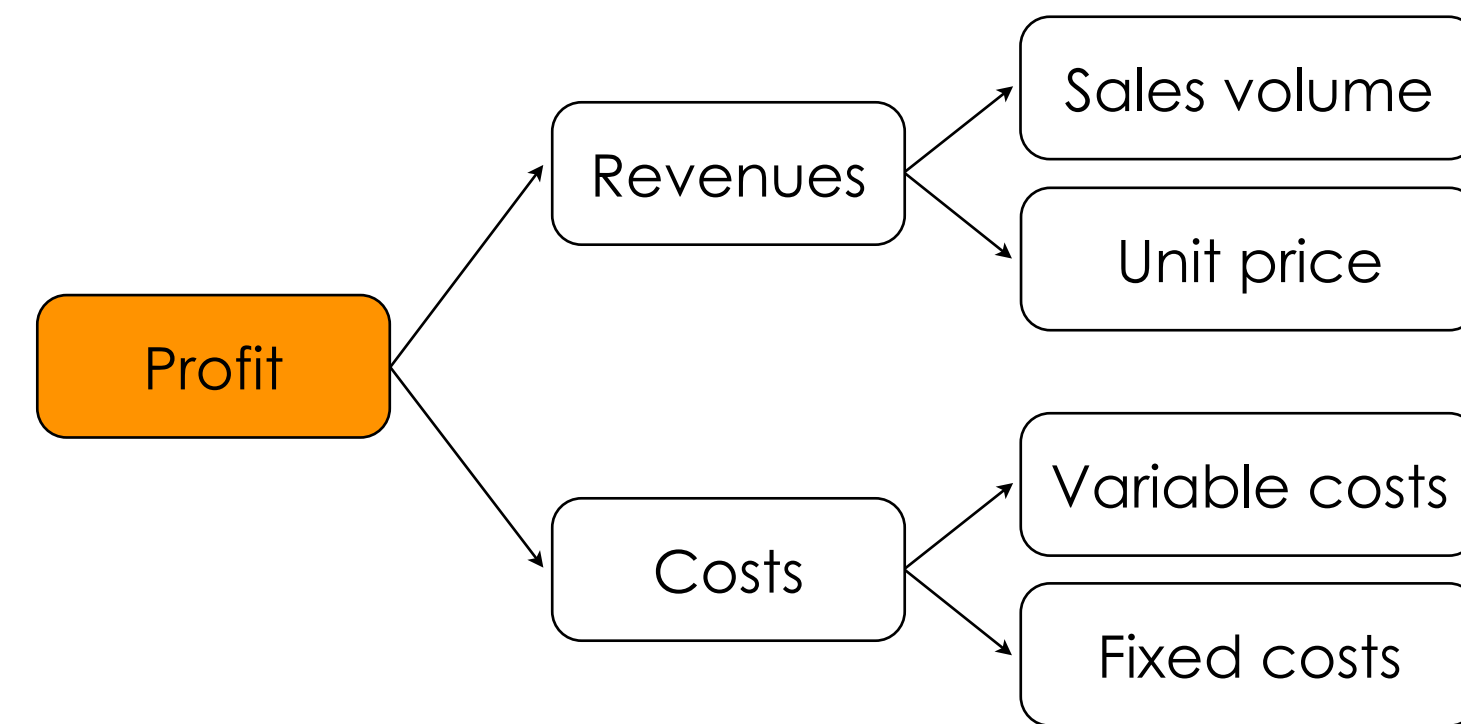


Figure 3. Strategies for Growing Sales Volume

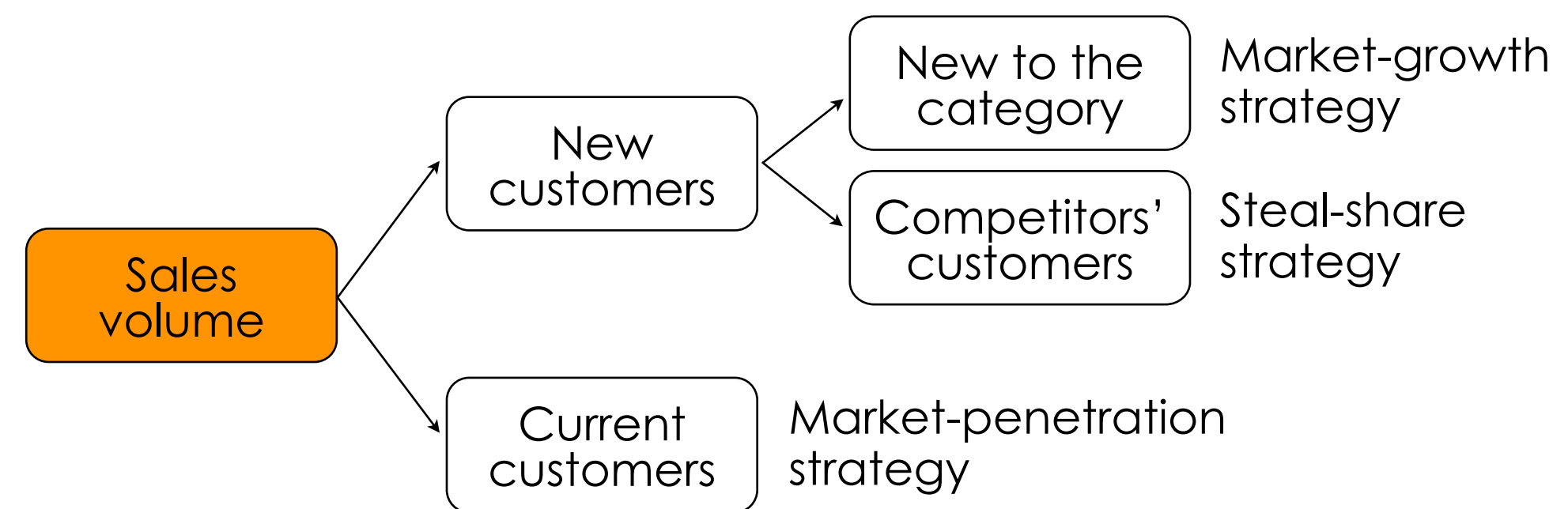


Figure 4. Managing Profits by Lowering Costs

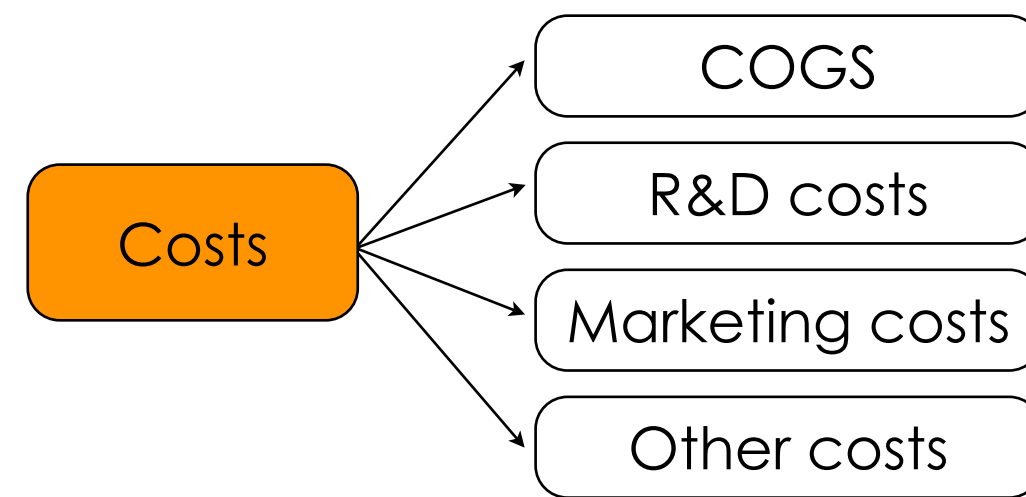


Figure 5. The Profit Impact of Strategic Offerings

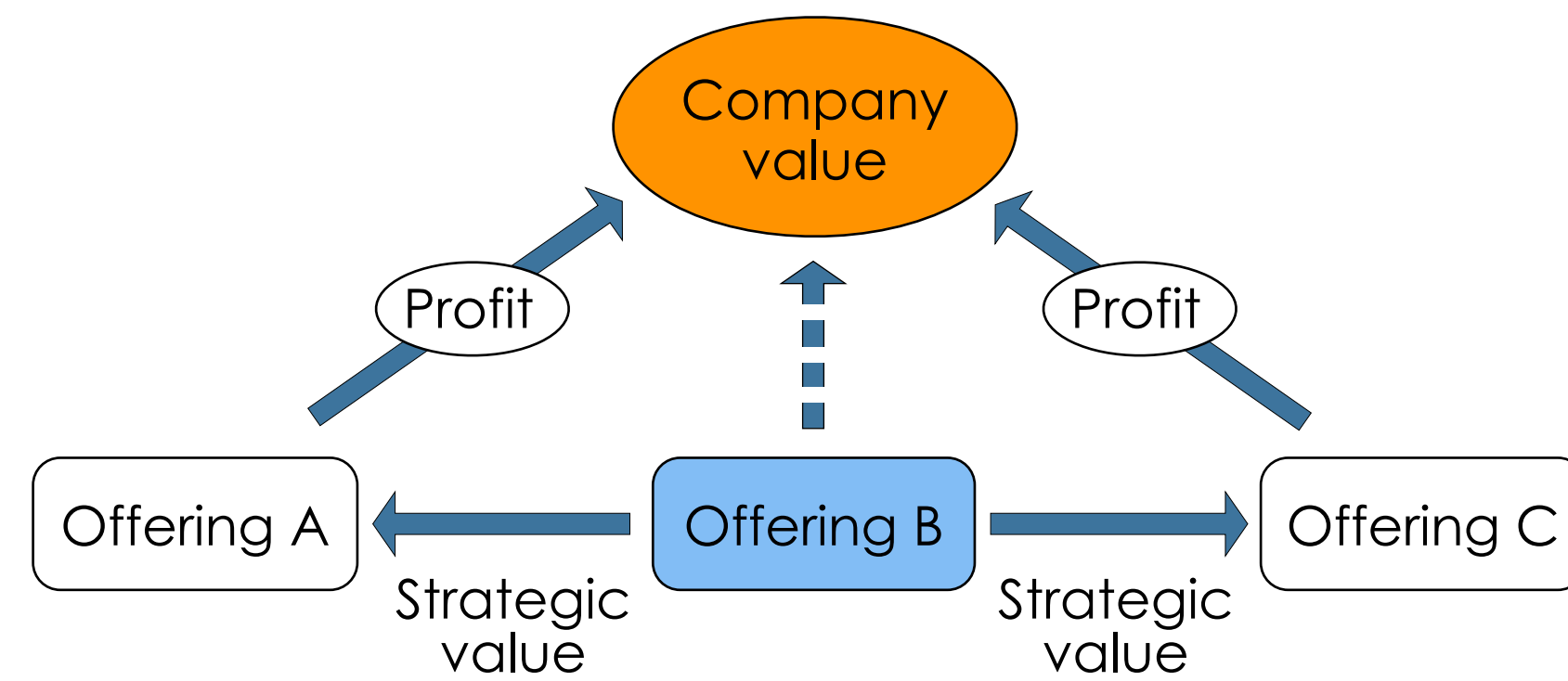


Figure 6. Economic Value Analysis

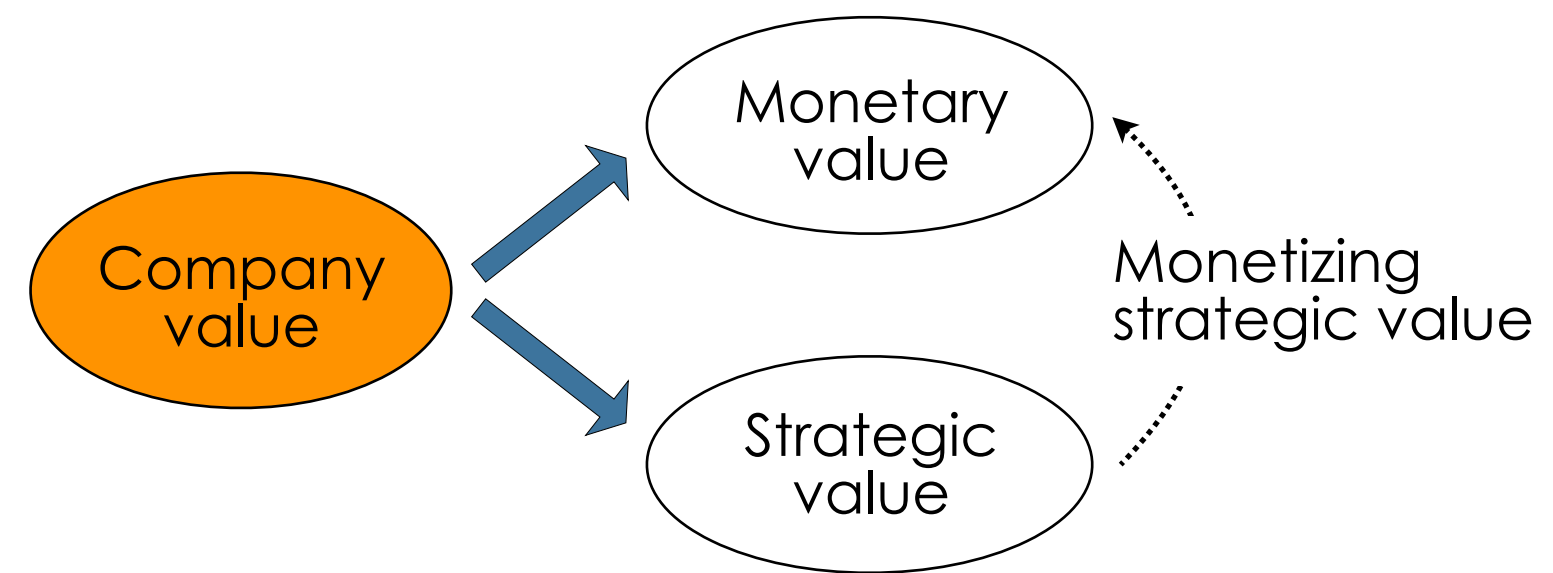


Figure 7. Analyzing the Value of an Offering in a Competitive Context

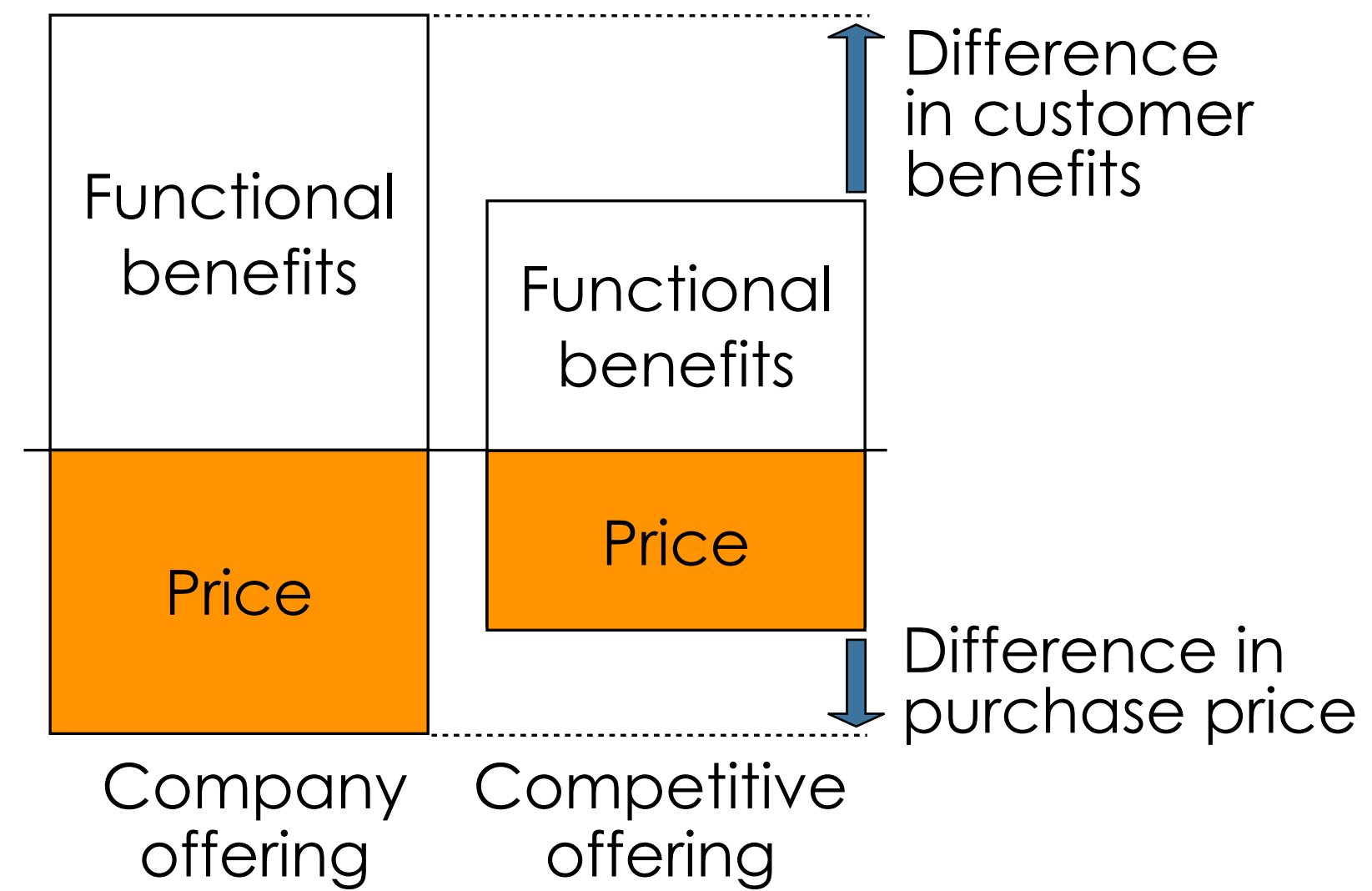


Figure 8. Creating Value through Collaboration

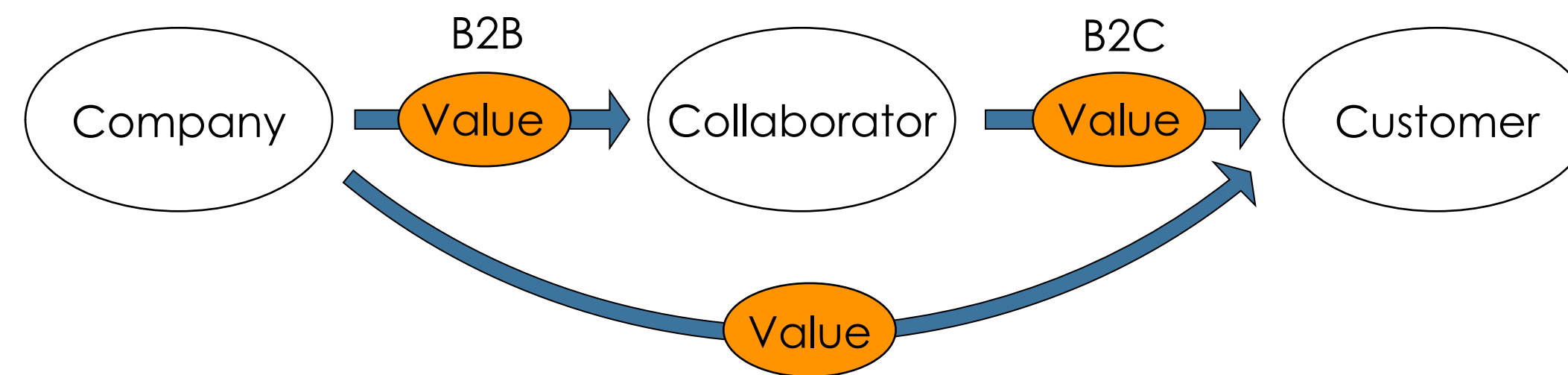


Figure 9. The Income (Profit and Loss) Statement

| | |
|--|----------|
| Gross Revenues | |
| Sales revenues | \$18,000 |
| Returns and allowances | (3,000) |
| <i>Total Gross Revenues</i> | 15,000 |
| Cost of Goods Sold | |
| Product costs | (4,500) |
| Services costs | (1,500) |
| <i>Total Cost of Goods Sold</i> | (6,000) |
| Gross Profit | 9,000 |
| Gross Margin | 60% |
| Operating Expenses | |
| Sales and marketing | (5,000) |
| General and administrative | (1,000) |
| Research and development | (1,500) |
| <i>Total Operating Expenses</i> | (7,500) |
| Operating Income | 1,500 |
| Operating Margin | 10% |
| Other Revenues (Expenses) | |
| Interest expense | (250) |
| Depreciation and amortization | (100) |
| Income tax expense | (400) |
| <i>Total Other Revenues (Expenses)</i> | (750) |
| Net Income (Earnings) | 750 |
| Net (Profit) Margin | 5% |

Figure 10. Calculating Trade Margins

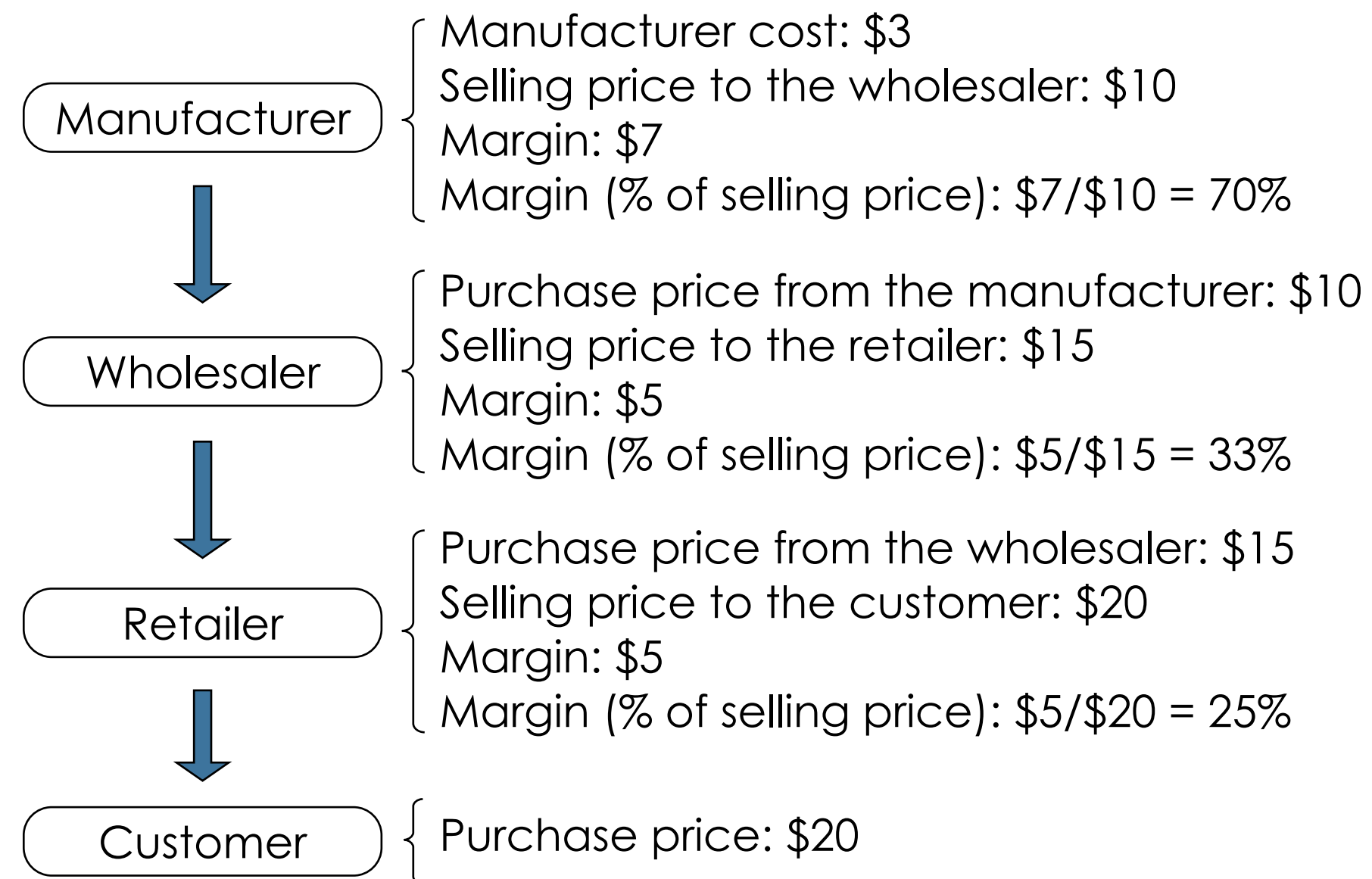
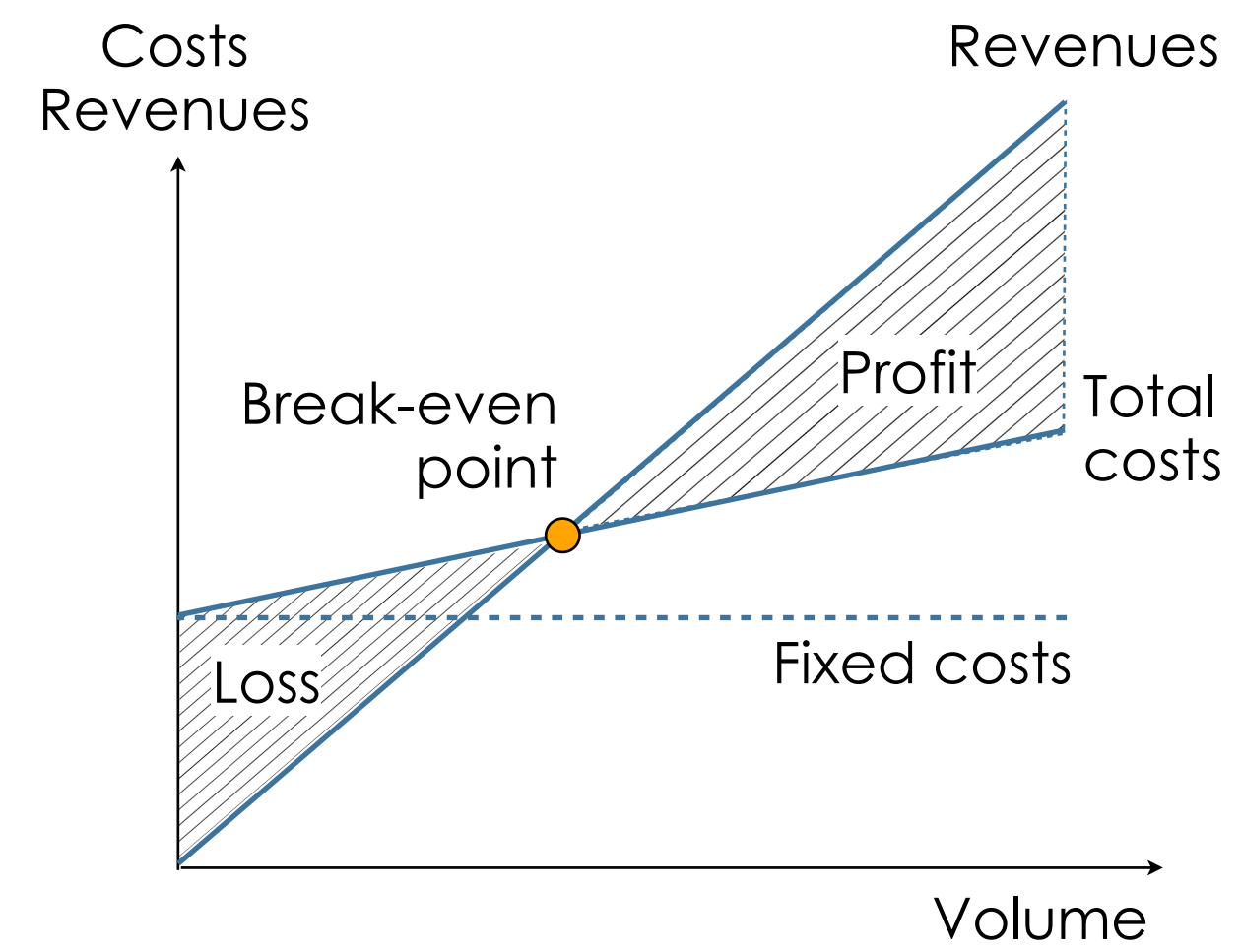
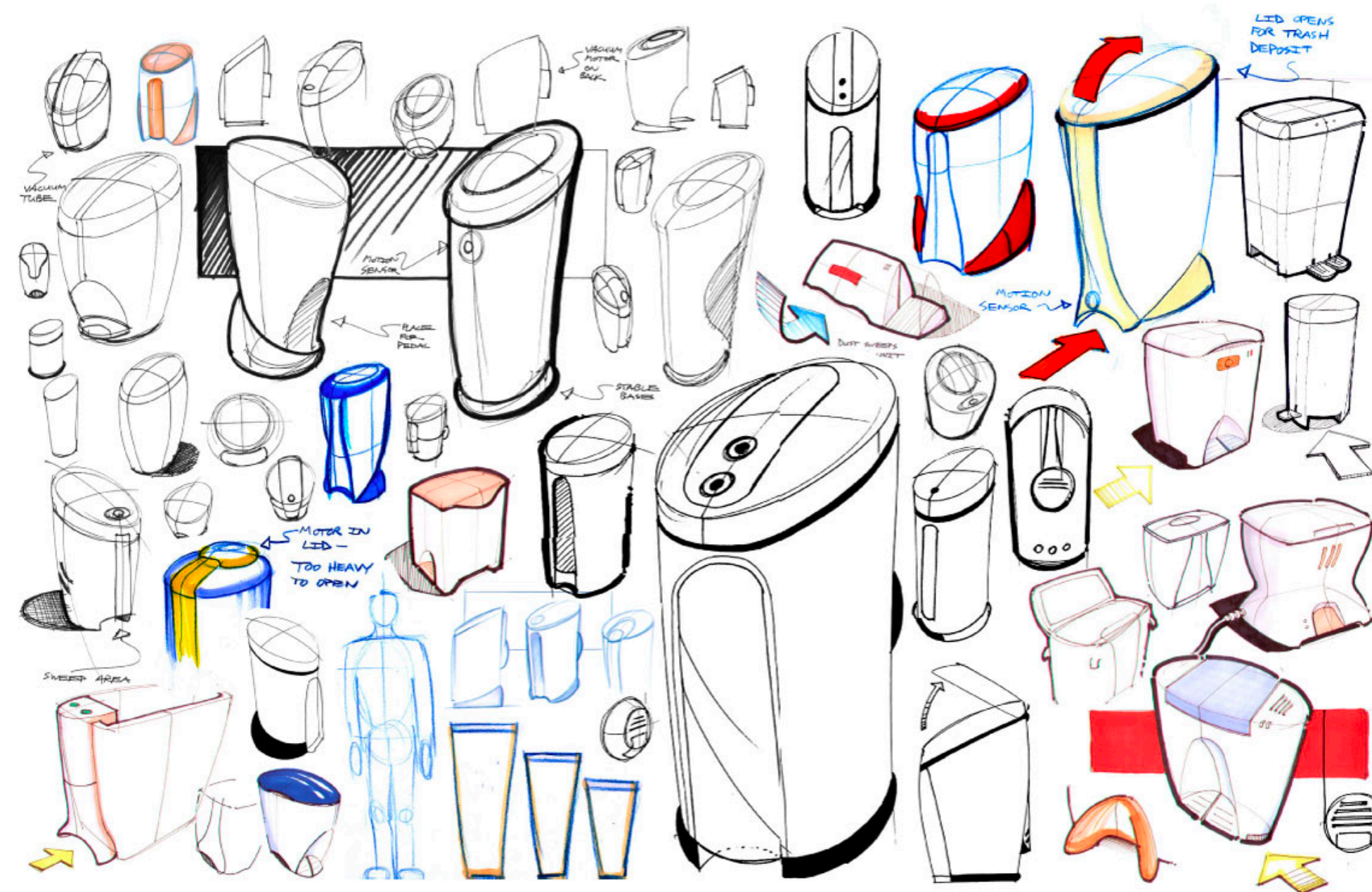


Figure 11. Break-Even of a Fixed Cost Investment



Part Three: Designing the Marketing Tactics



Chapter 7

Managing Products

Figure 1. The Product as a Tool for Creating Market Value

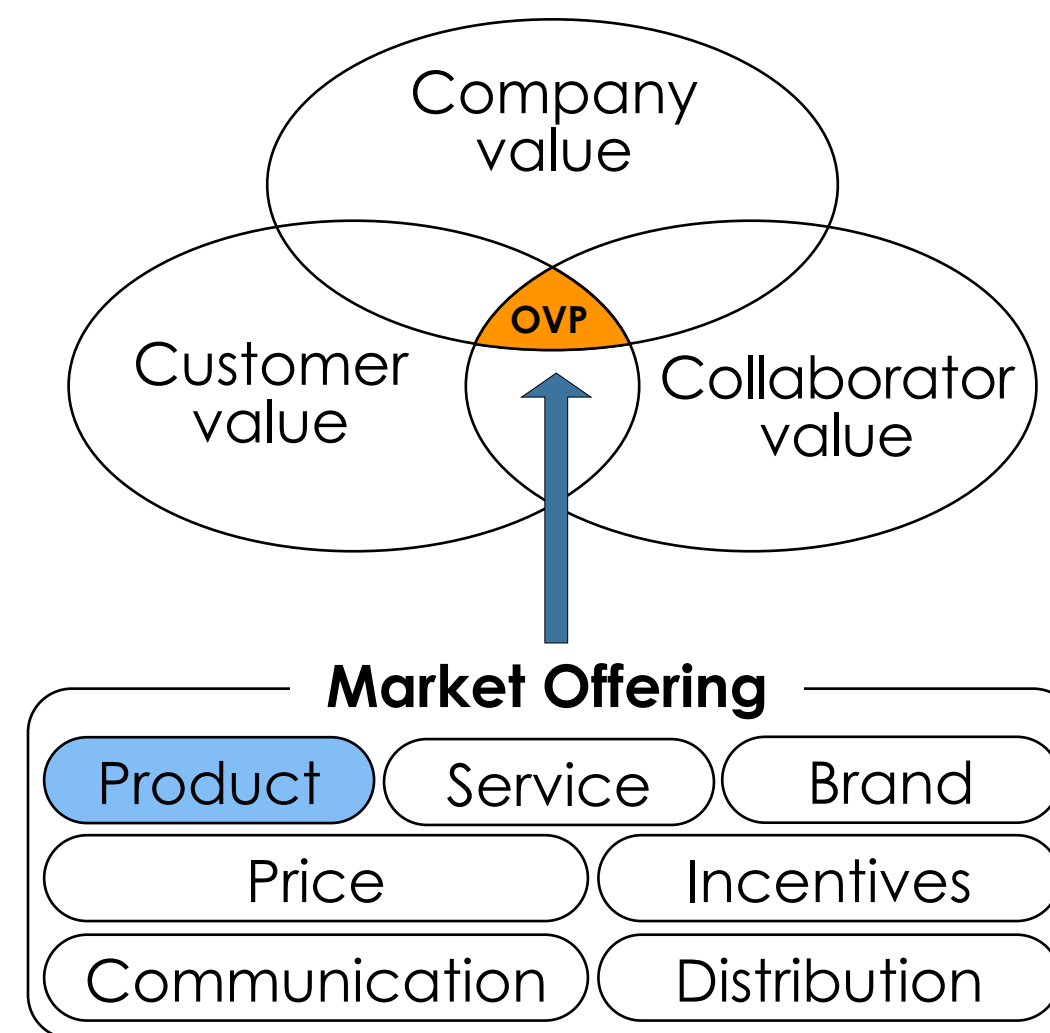


Figure 2. Product Attributes and Customer Benefits

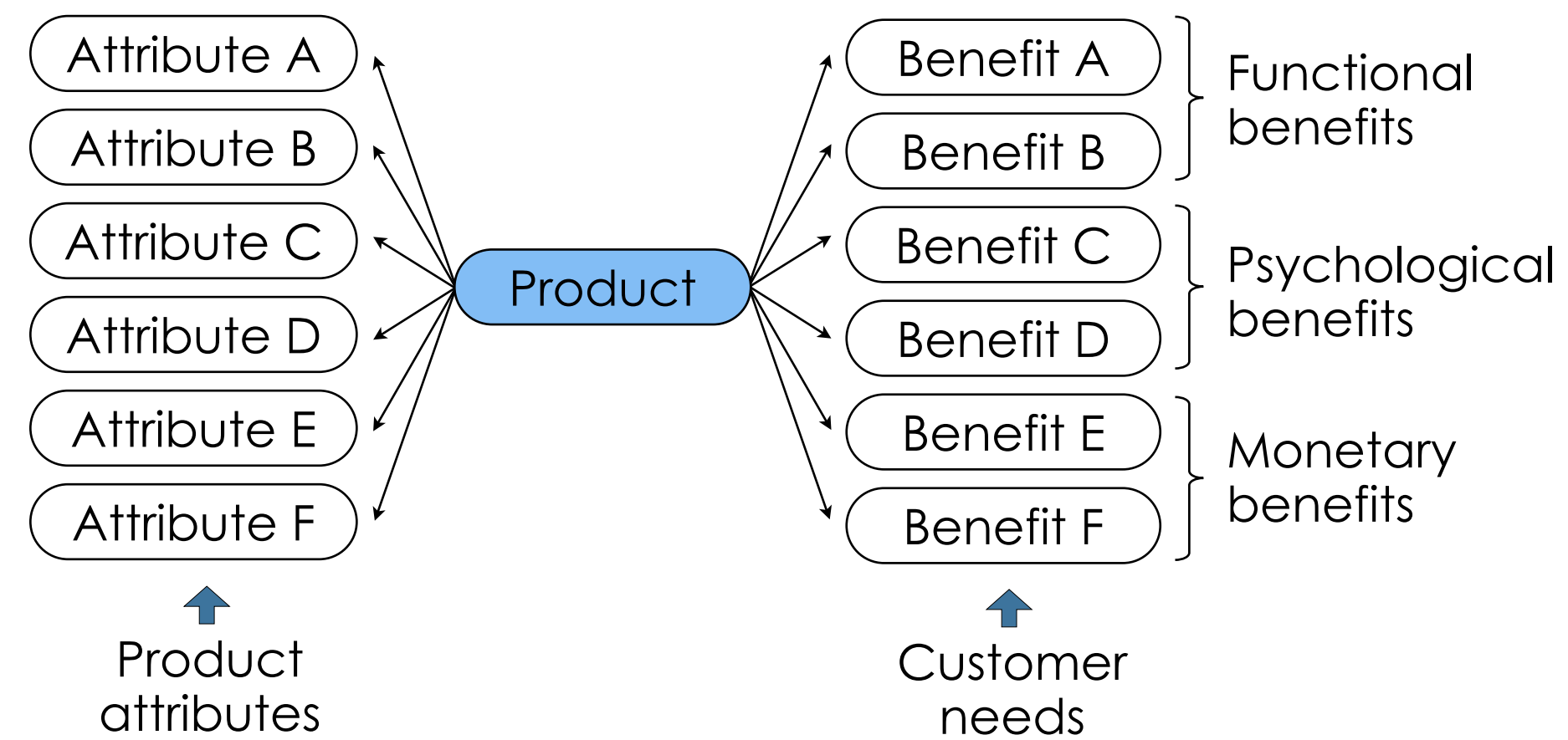


Figure 3. Managing the Product Life Cycle

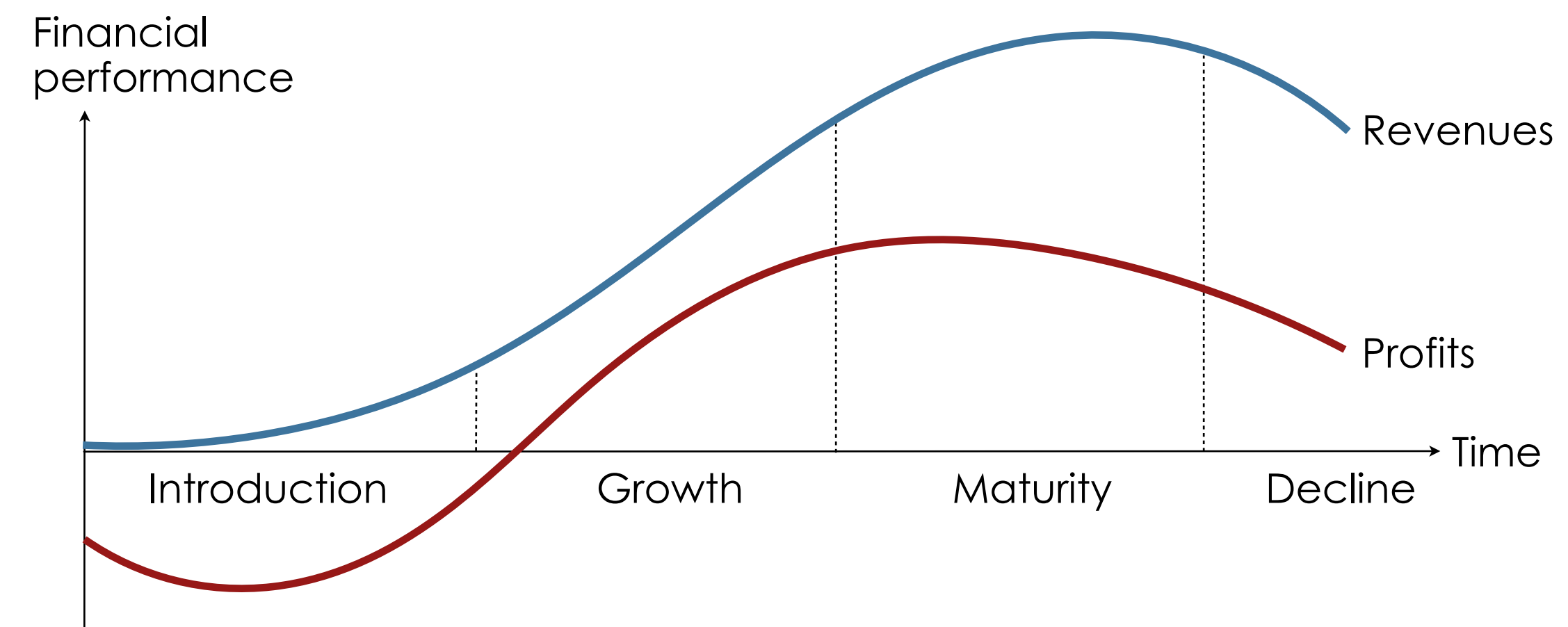
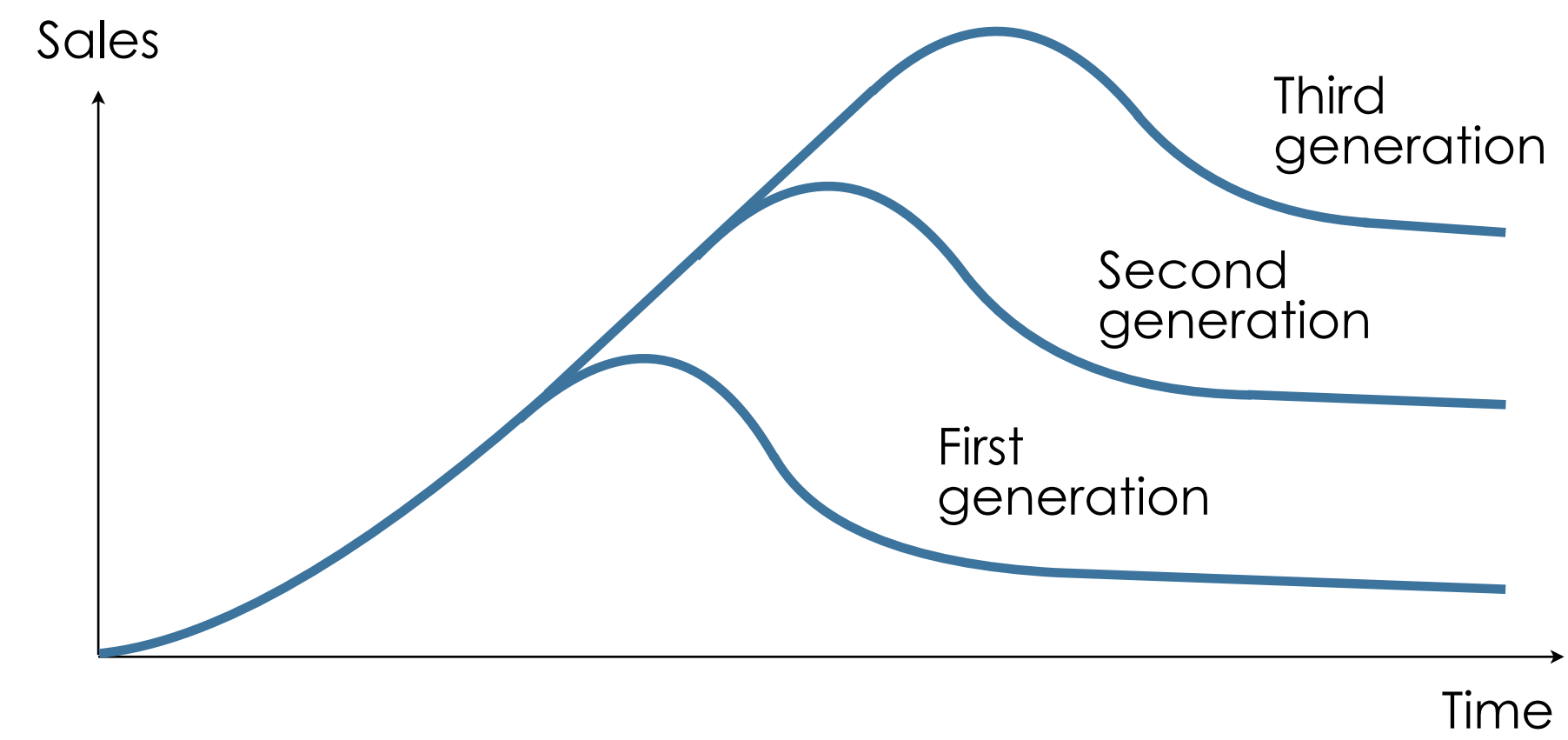


Figure 4. Extending Product Lifestyle Through Innovation



Chapter 8

Managing Services

Figure 1. The Service as a Tool for Creating Market Value

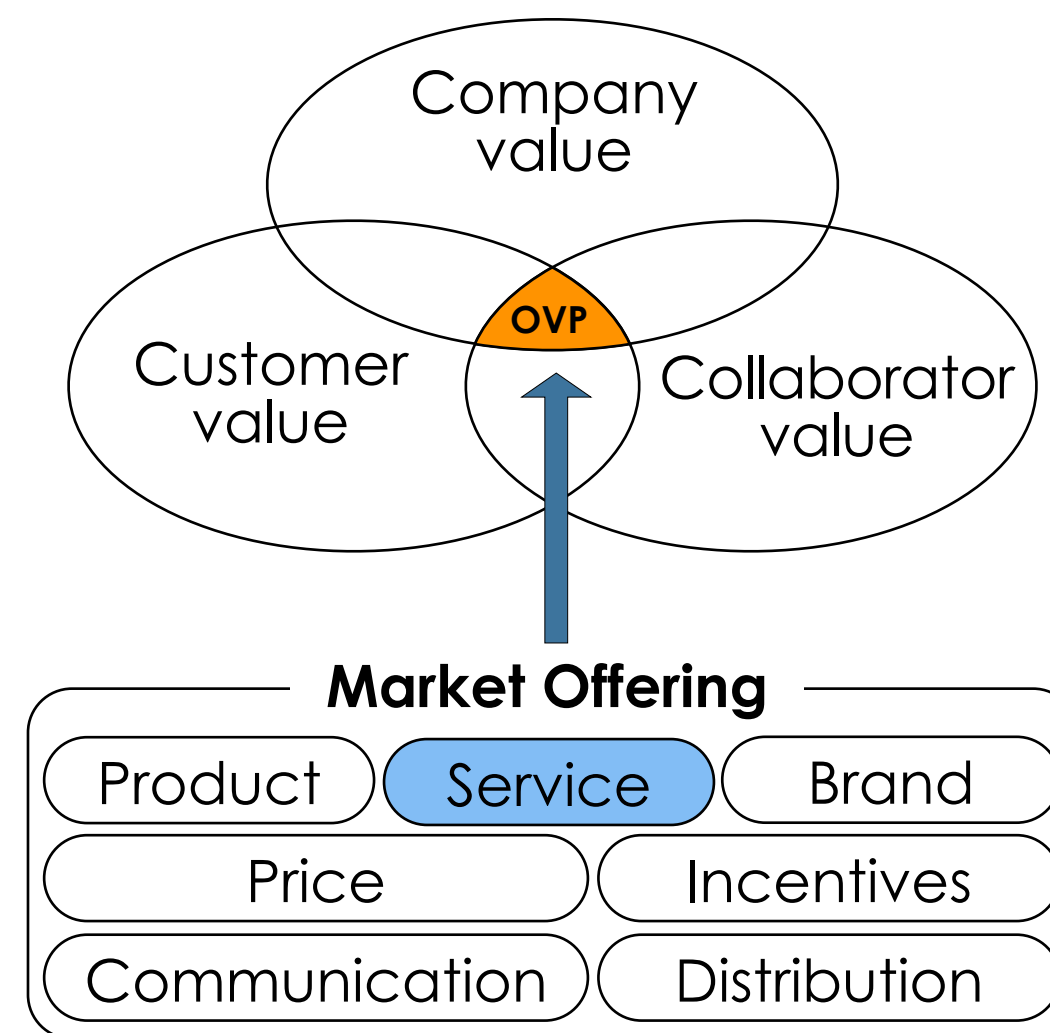


Figure 2. Managing Employee Performance to Deliver Superior Customer Service

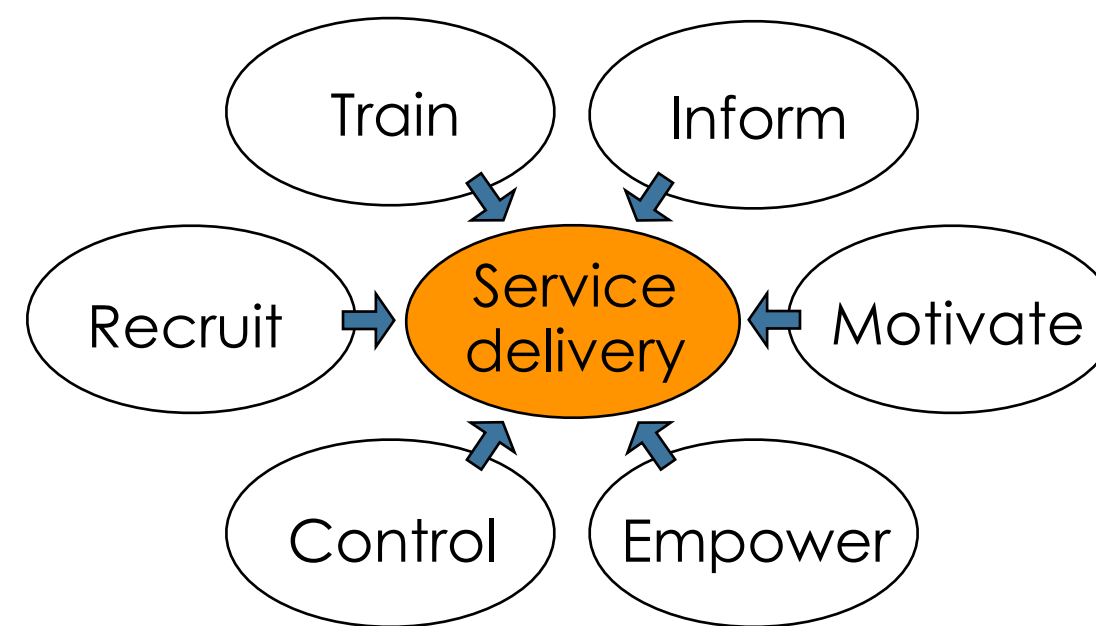


Figure 3. Creating Market Value Through Superior Customer Service

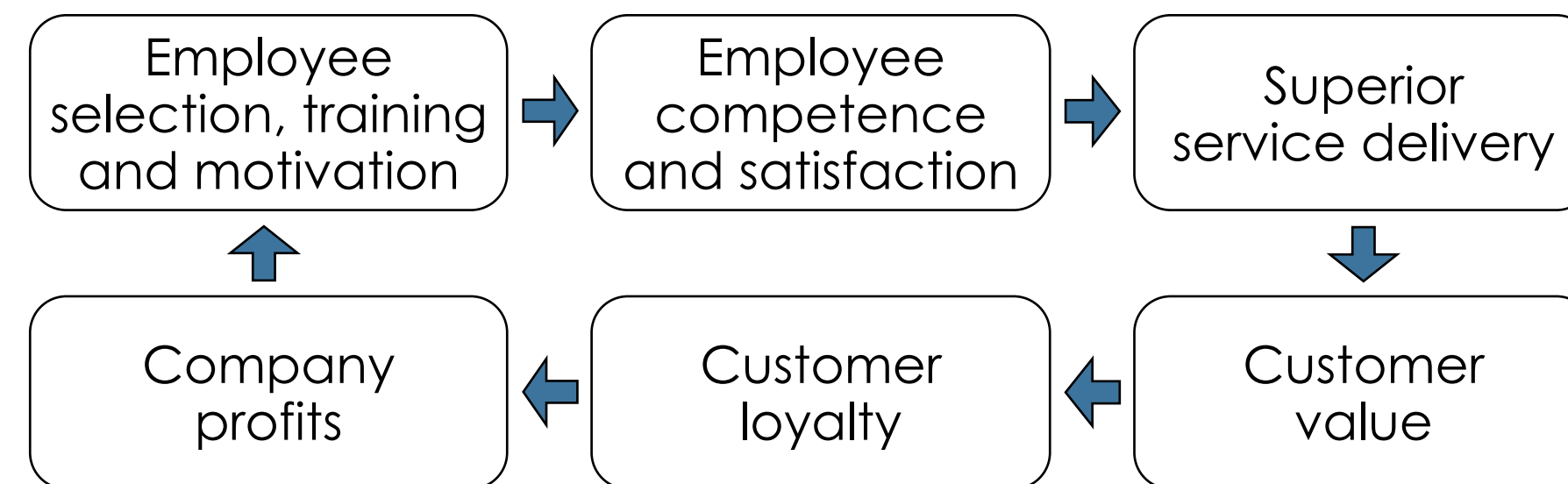


Figure 4. Building a Service-Centric Company Culture

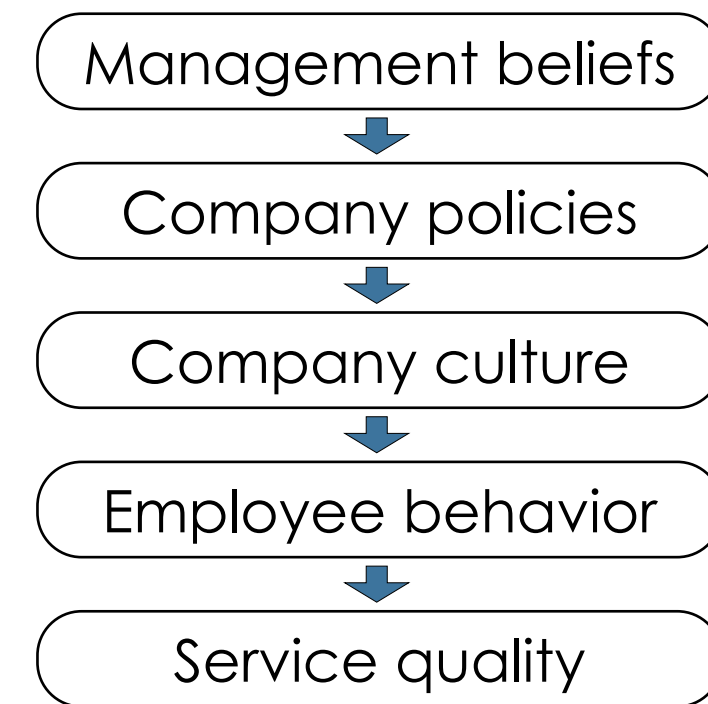
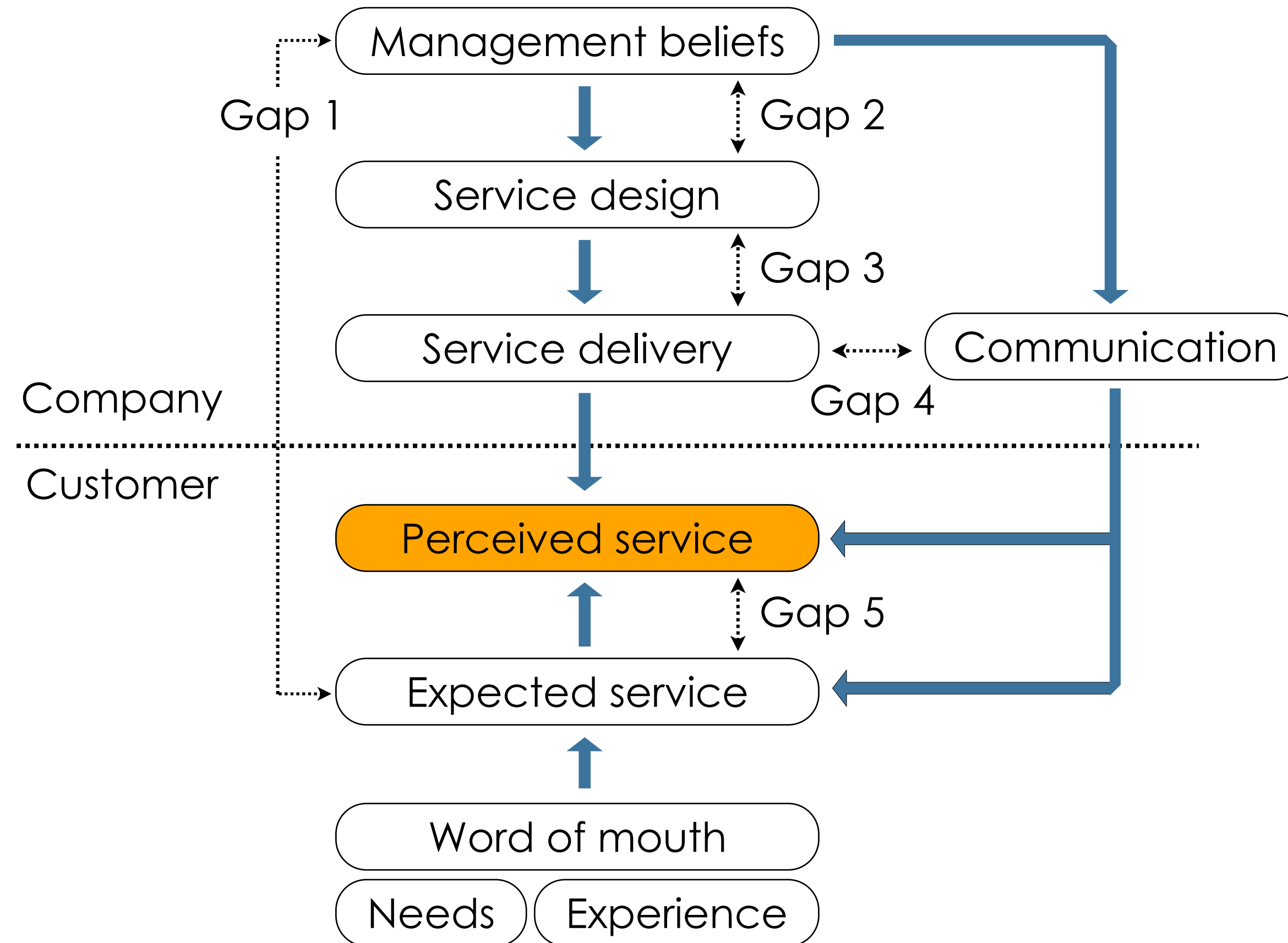


Figure 9. The Service-Gap Model



Chapter 9

Managing Brands

Figure 1. The Brand as a Tool for Creating Market Value

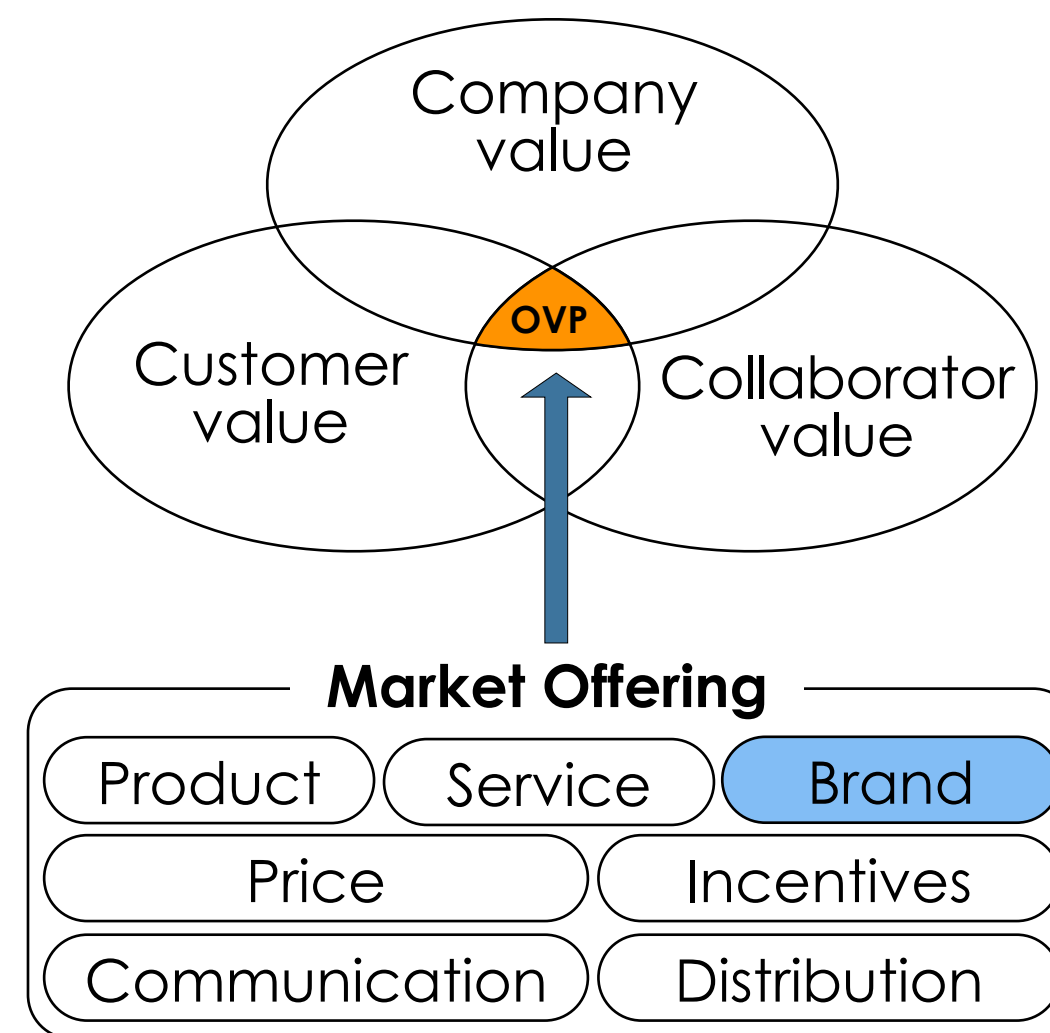


Figure 1. Brand Association Map of Starbucks

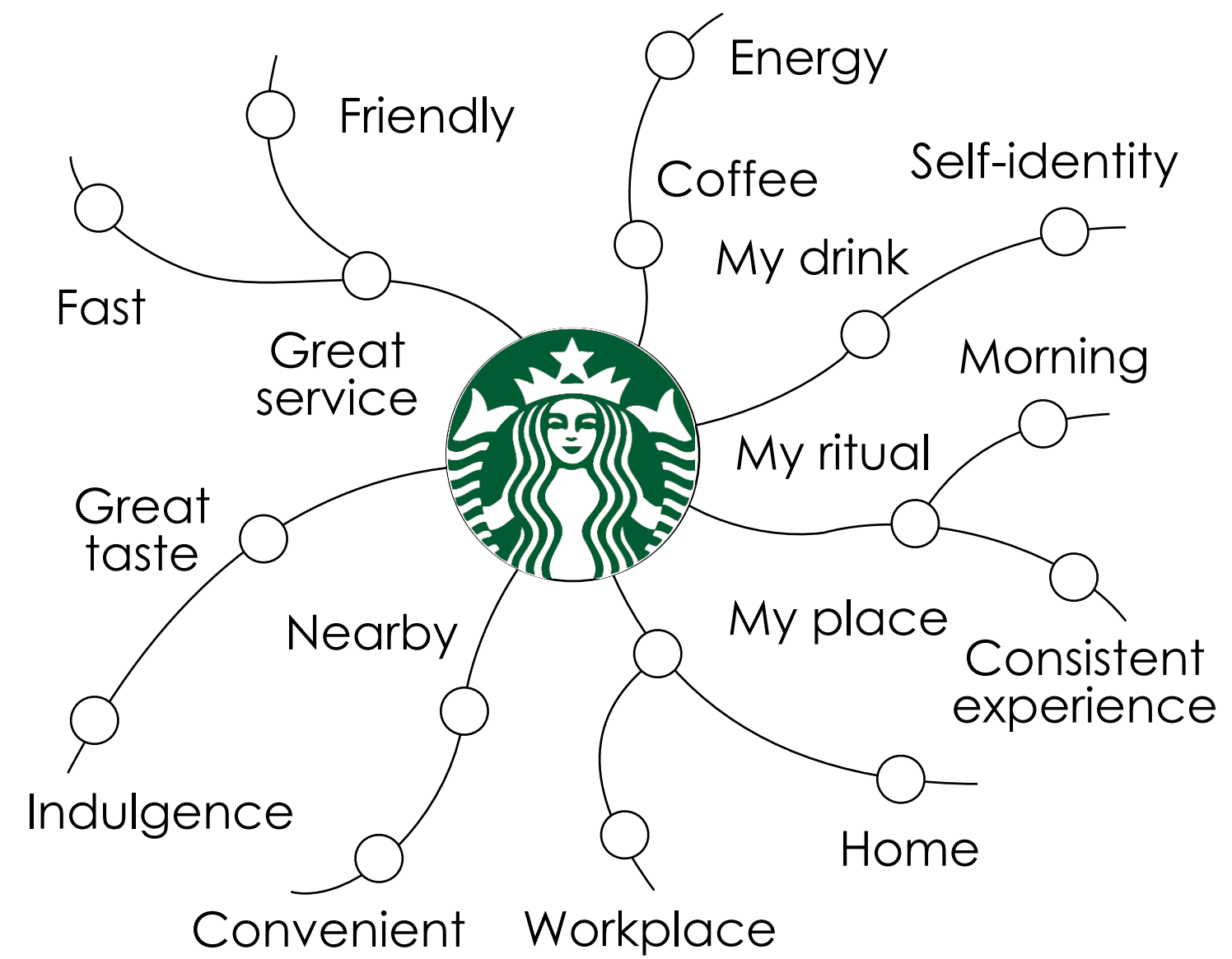


Figure 3. The Brand as a Means of Amplifying the Impact of the Offering

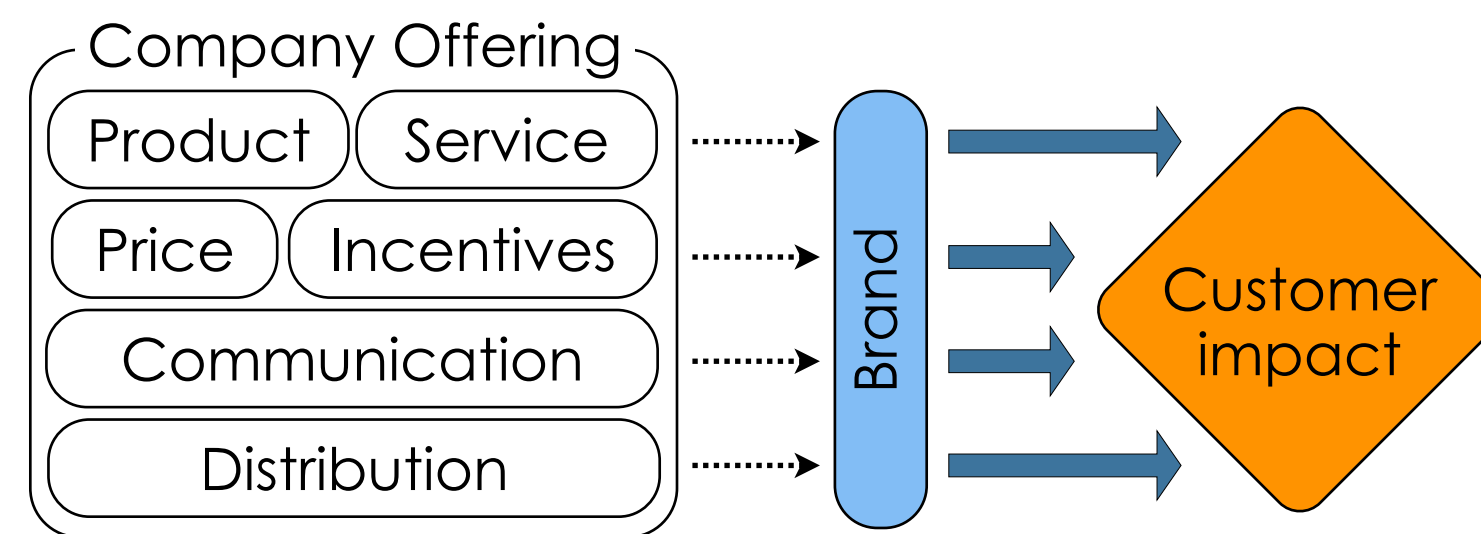


Figure 4. Brand Power and Brand Equity

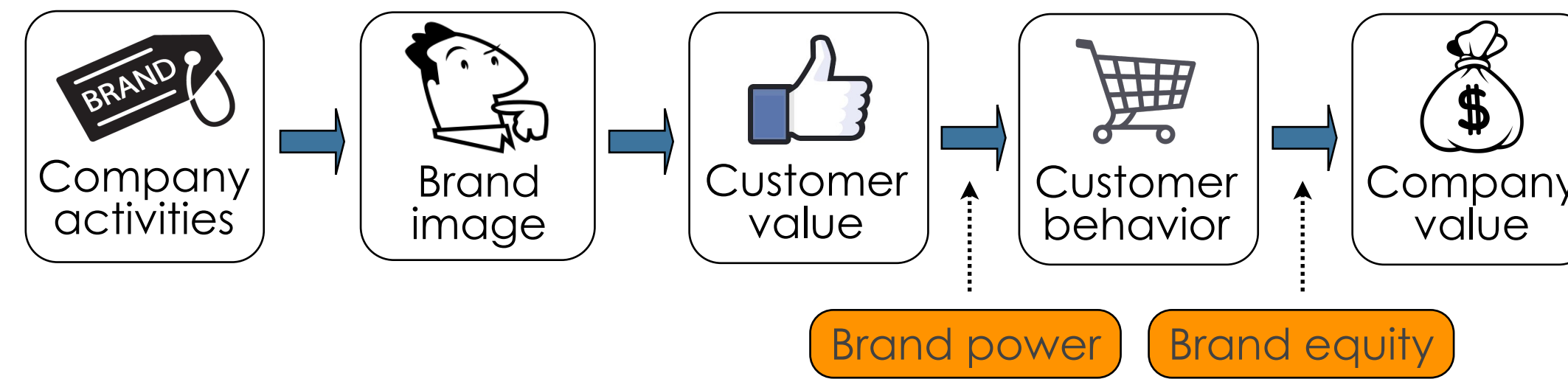


Figure 5. Vertical Brand Extensions

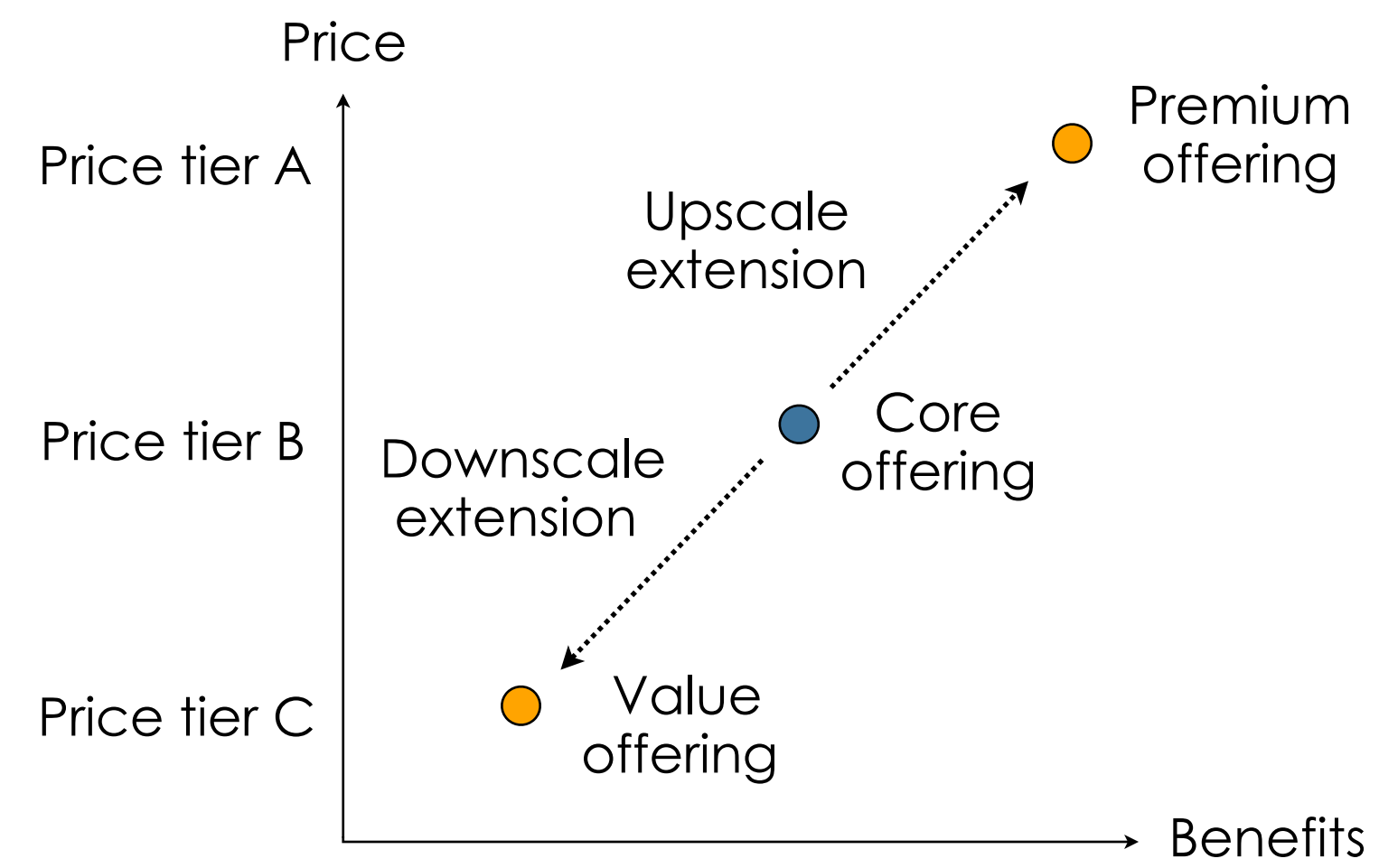
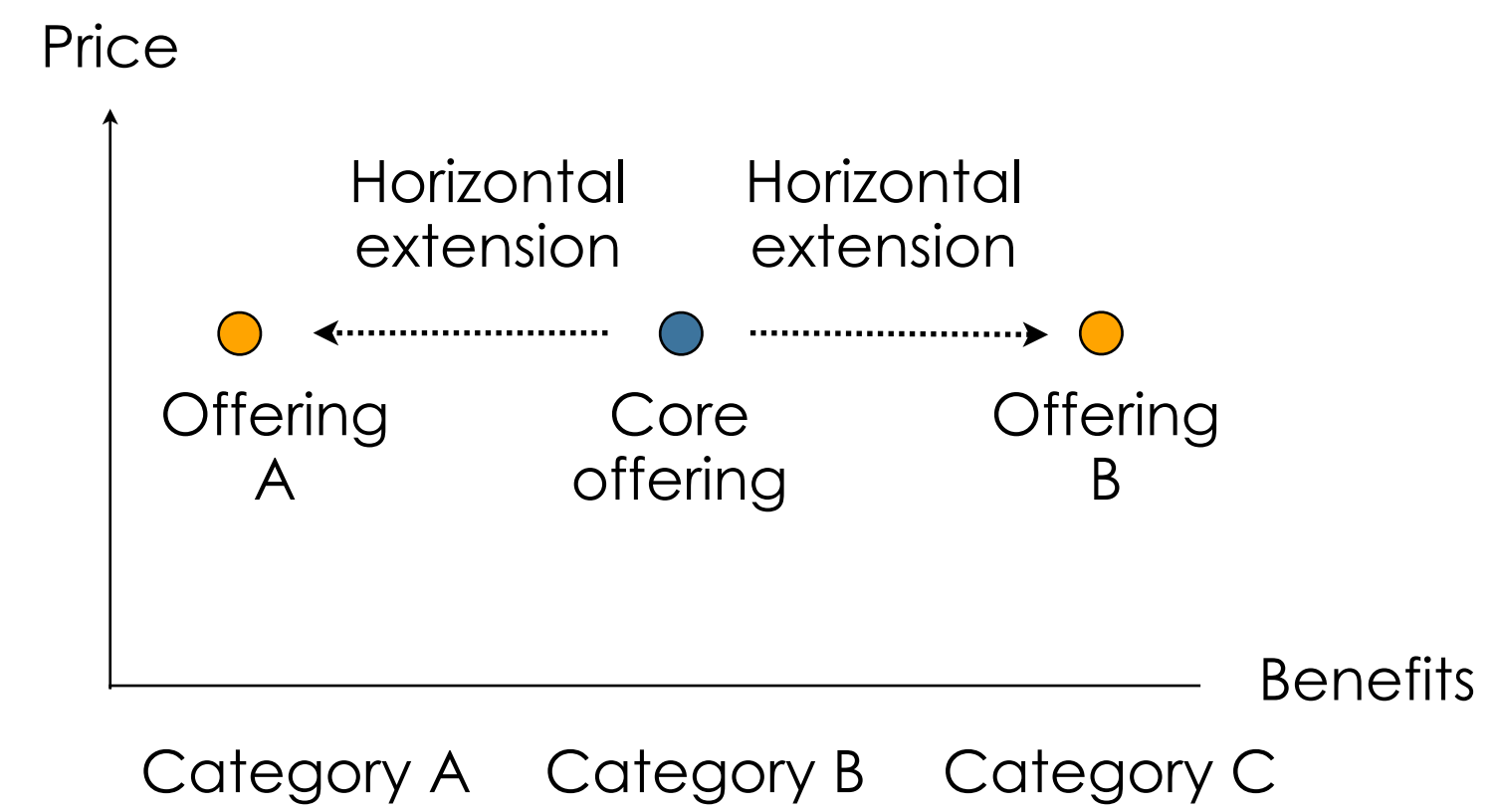


Figure 6. Horizontal Brand Extensions



Chapter 10

Managing Price

Figure 1. The Price as a Tool for Creating Market Value

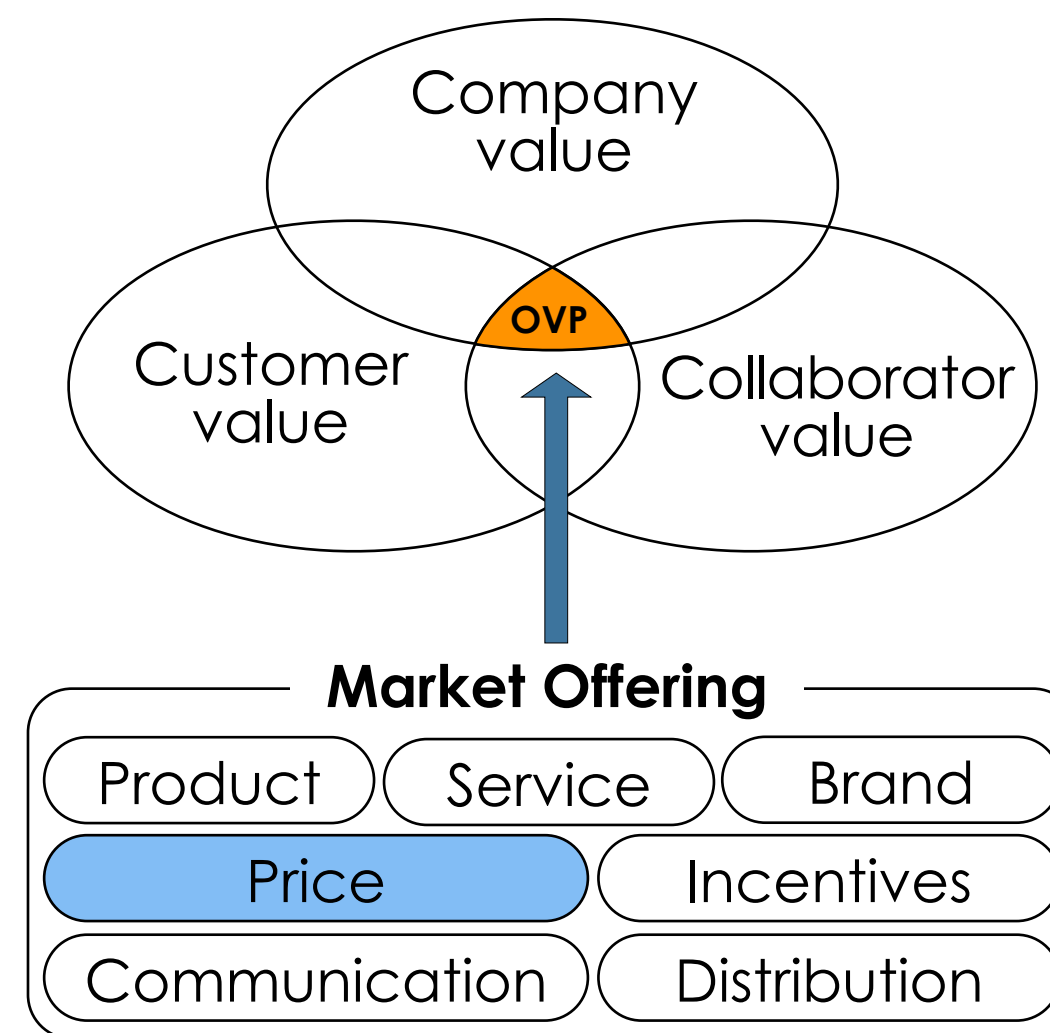


Figure 2. The Price Elasticity of Demand

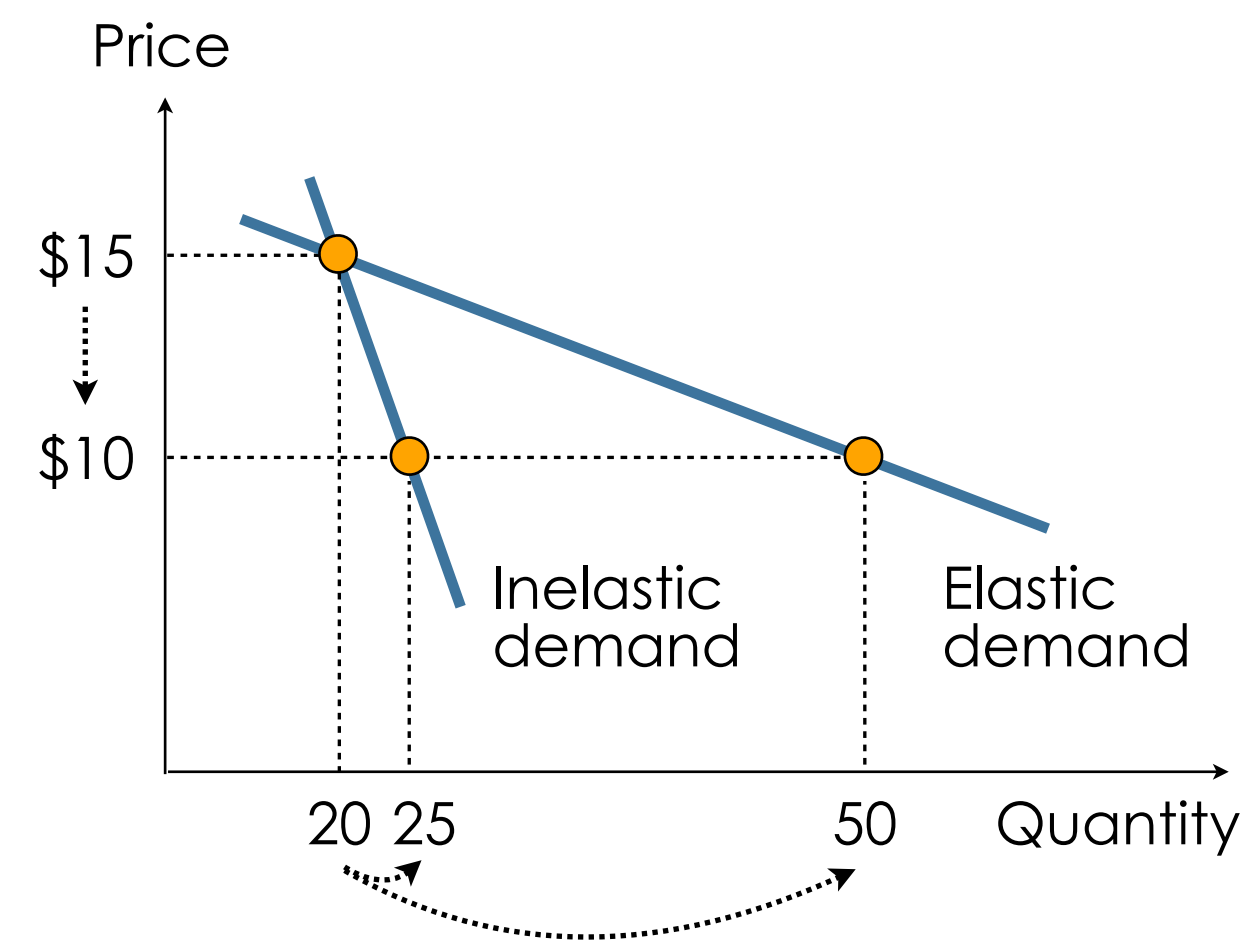


Figure 3. Penetration, Skim, and Loss-Leader Pricing

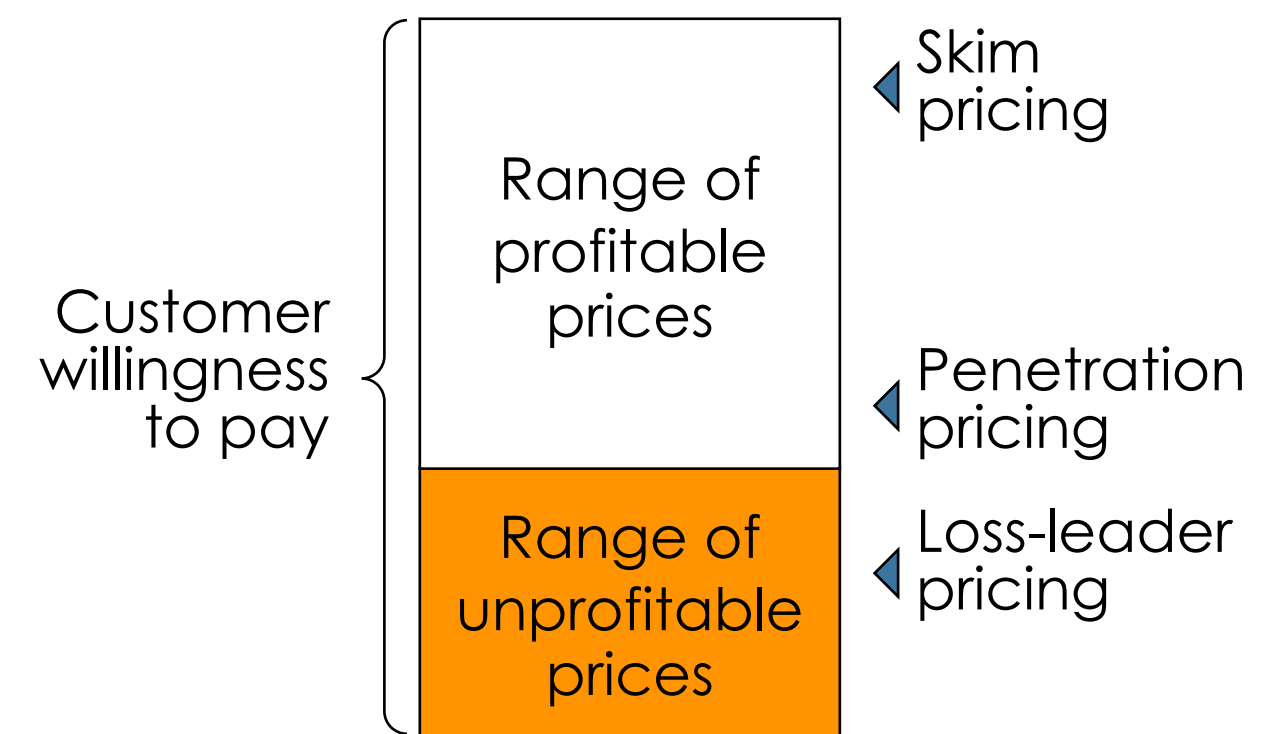
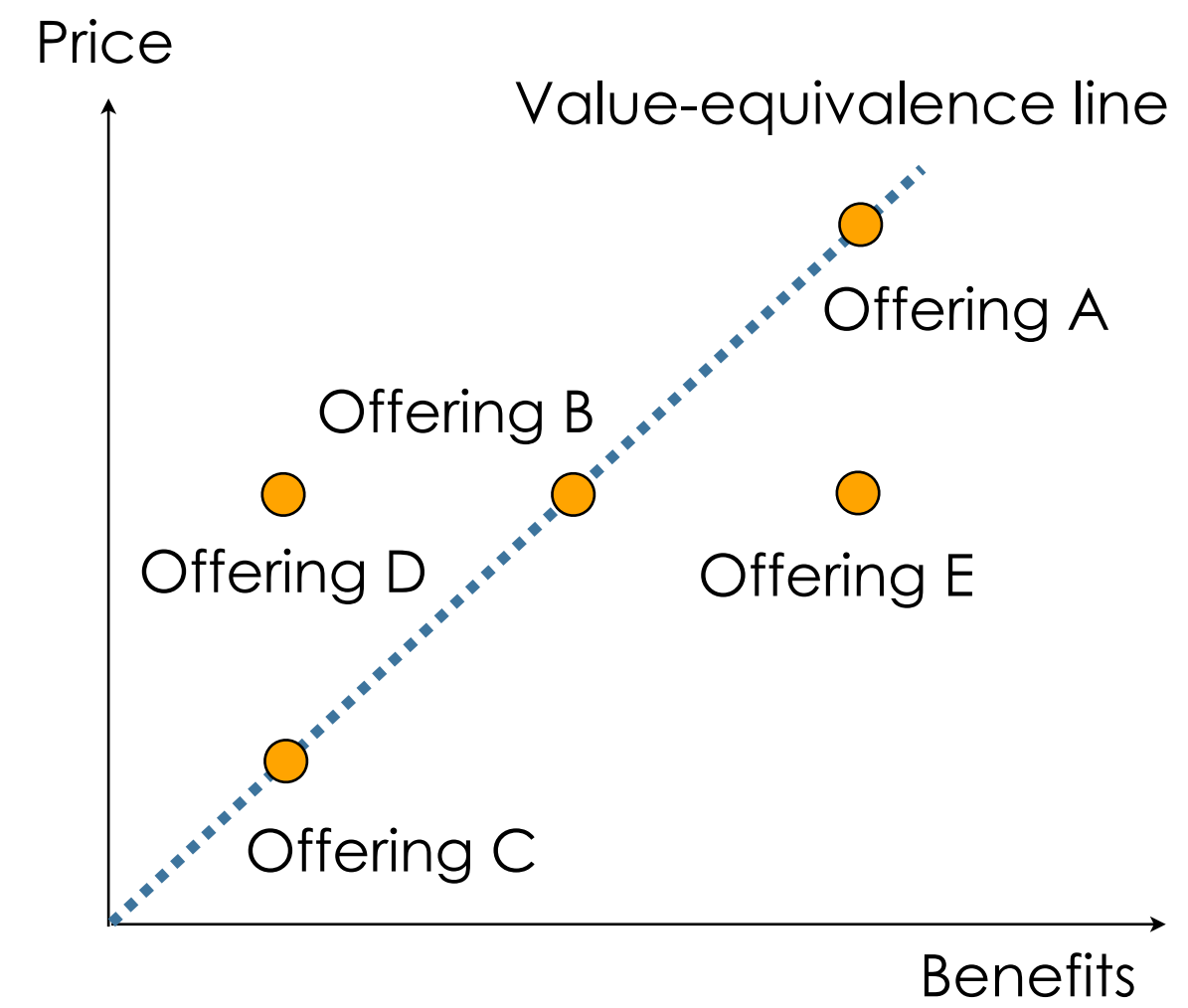


Figure 4. Competitive Price–Benefit Map



Chapter 11

Managing Incentives

Figure 1. Incentives as a Tool for Creating Market Value

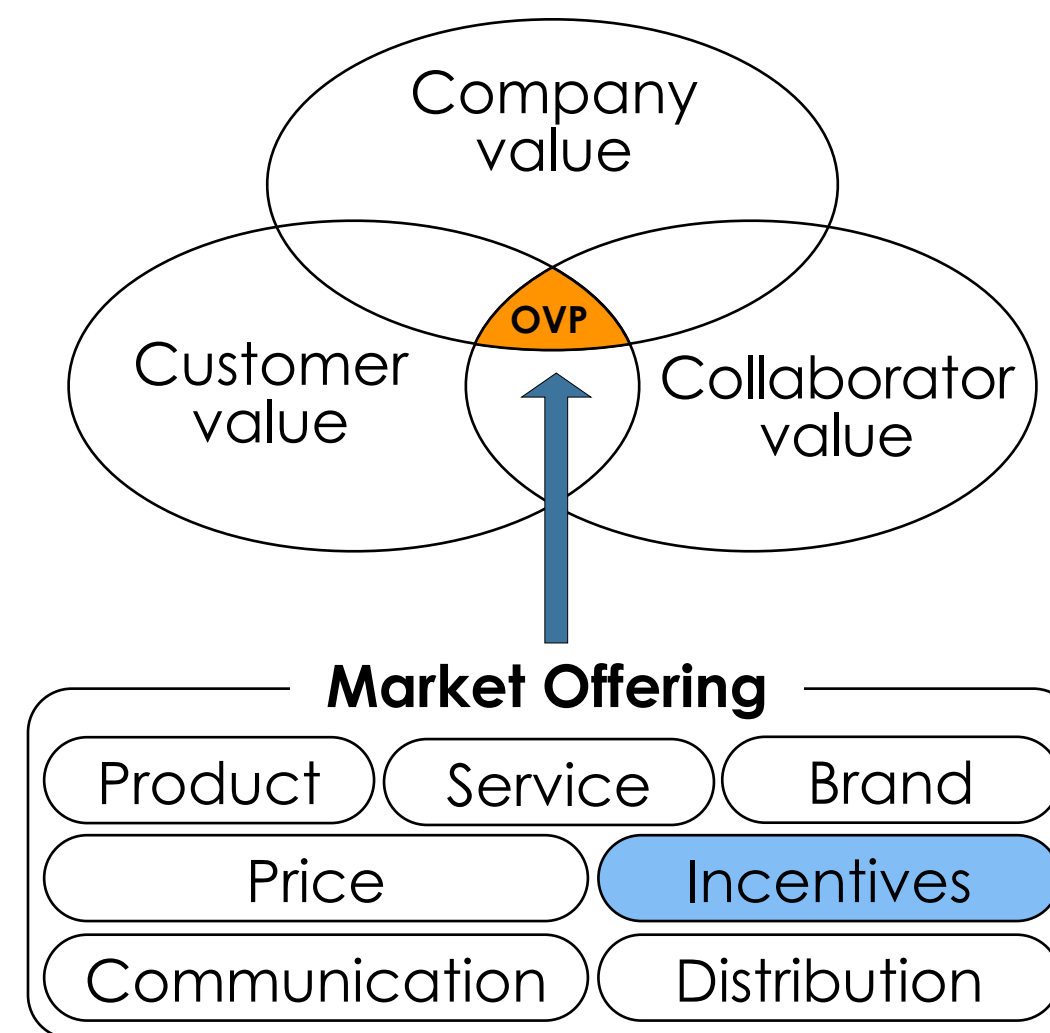


Figure 3. Push and Pull Promotions

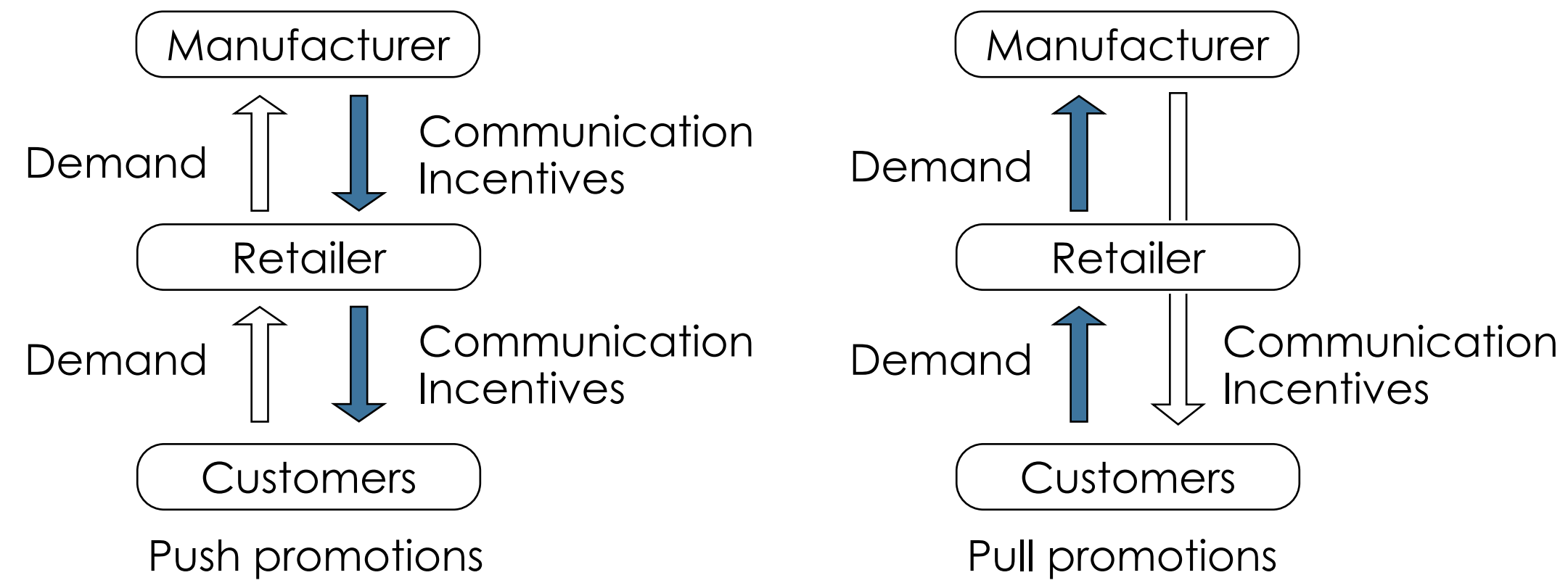


Figure 4. The Prisoner's Dilemma

| | | | |
|-------------|---|------------|-------------|
| | | Prisoner B | |
| | | | ↓ |
| Prisoner A | | Confess | Not confess |
| | ↓ | | |
| Confess | | -5 / -5 | -1 / -10 |
| | | | |
| Not confess | | -10 / -1 | -3 / -3 |

Figure 5. The Prisoner's Dilemma in Sales Promotion

| | | |
|--------------|---------------|---------------|
| | Company B | |
| | Discount | Not discount |
| Company A | | |
| ↓ | | |
| Discount | \$10M / \$10M | \$20M / \$5M |
| Not discount | \$5M / \$20M | \$15M / \$15M |

Chapter 12

Managing Communication

Figure 1. Communication as a Tool for Creating Market Value

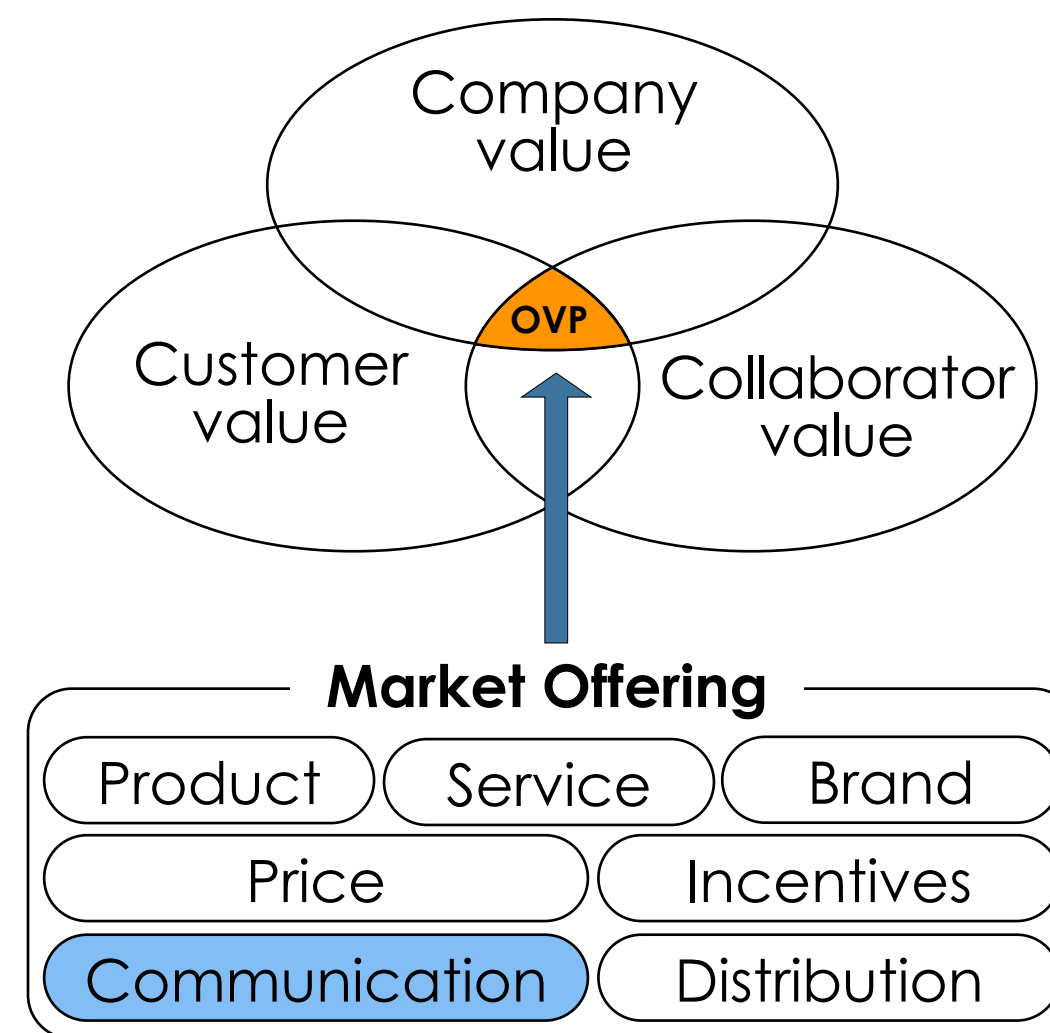


Figure 2. The G-STIC Framework for Managing Communication

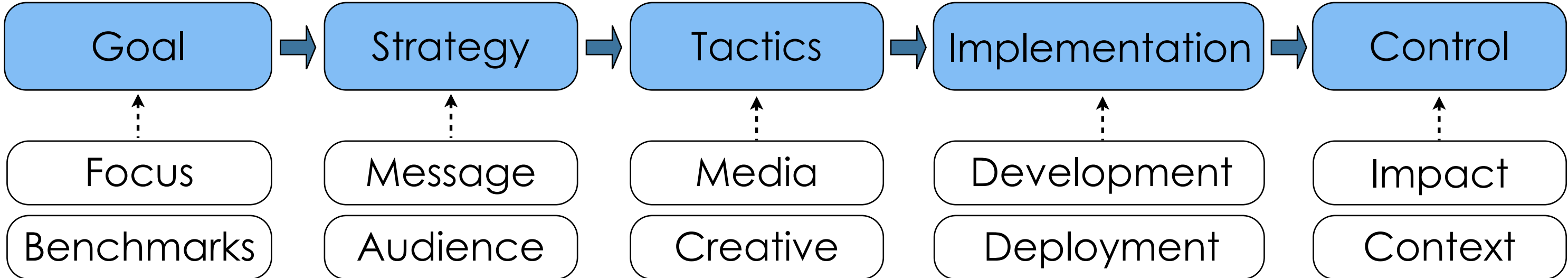
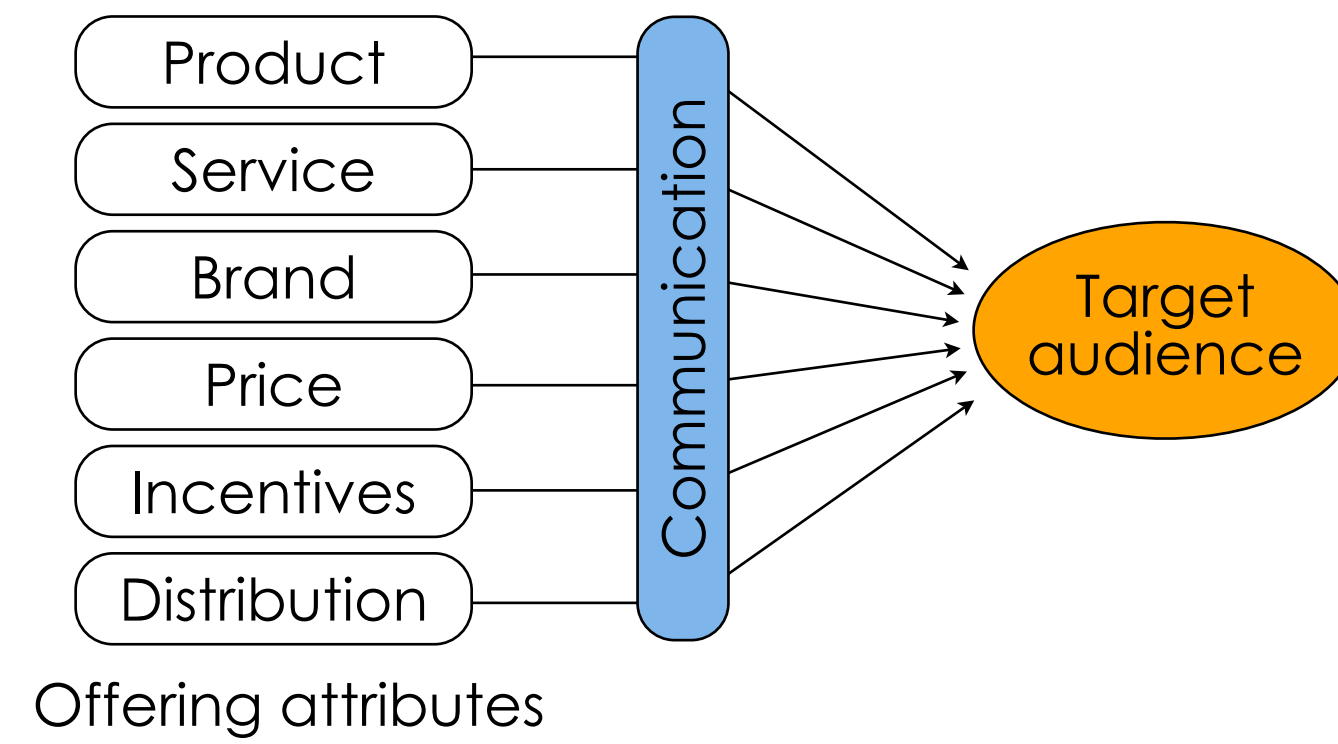


Figure 3. Determining the Message Content



Chapter 13

Managing Distribution

Figure 1. Distribution as a Tool for Creating Market Value

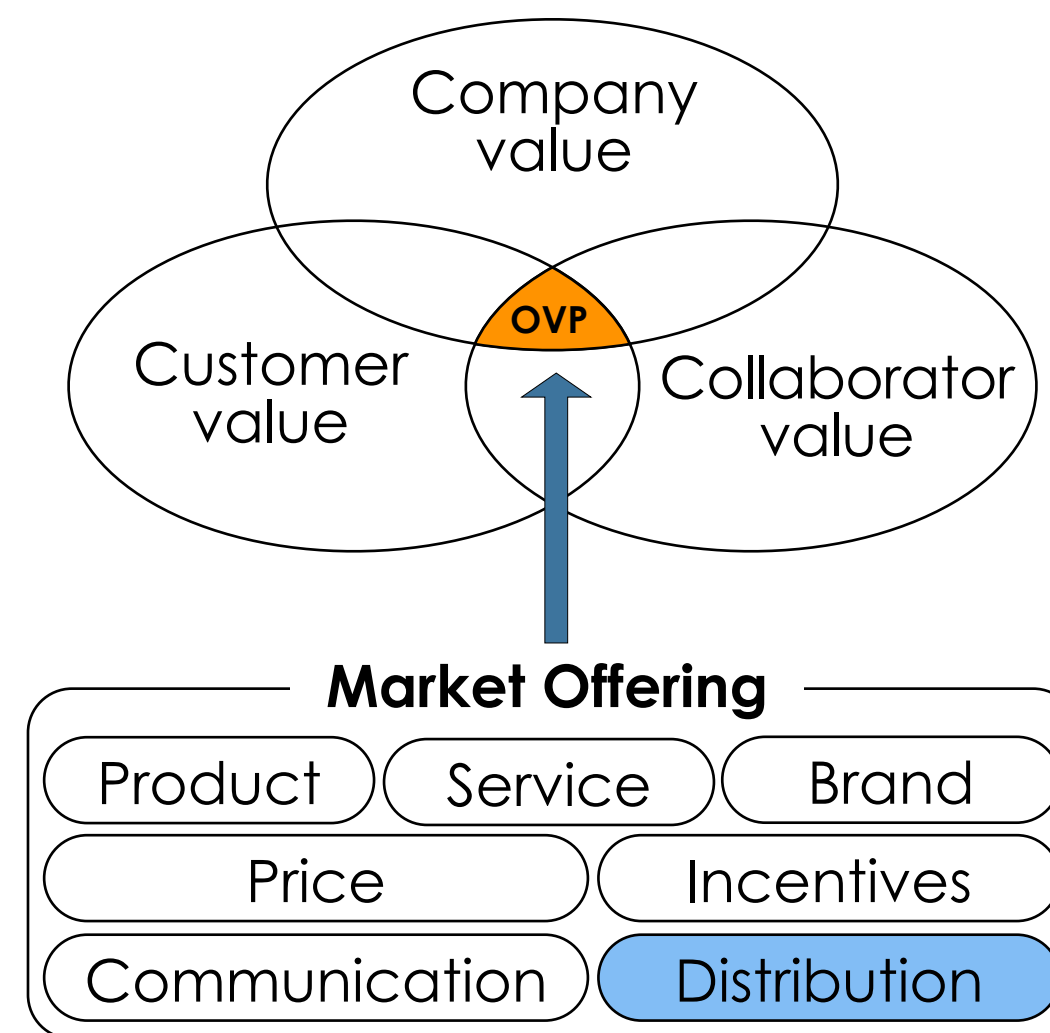
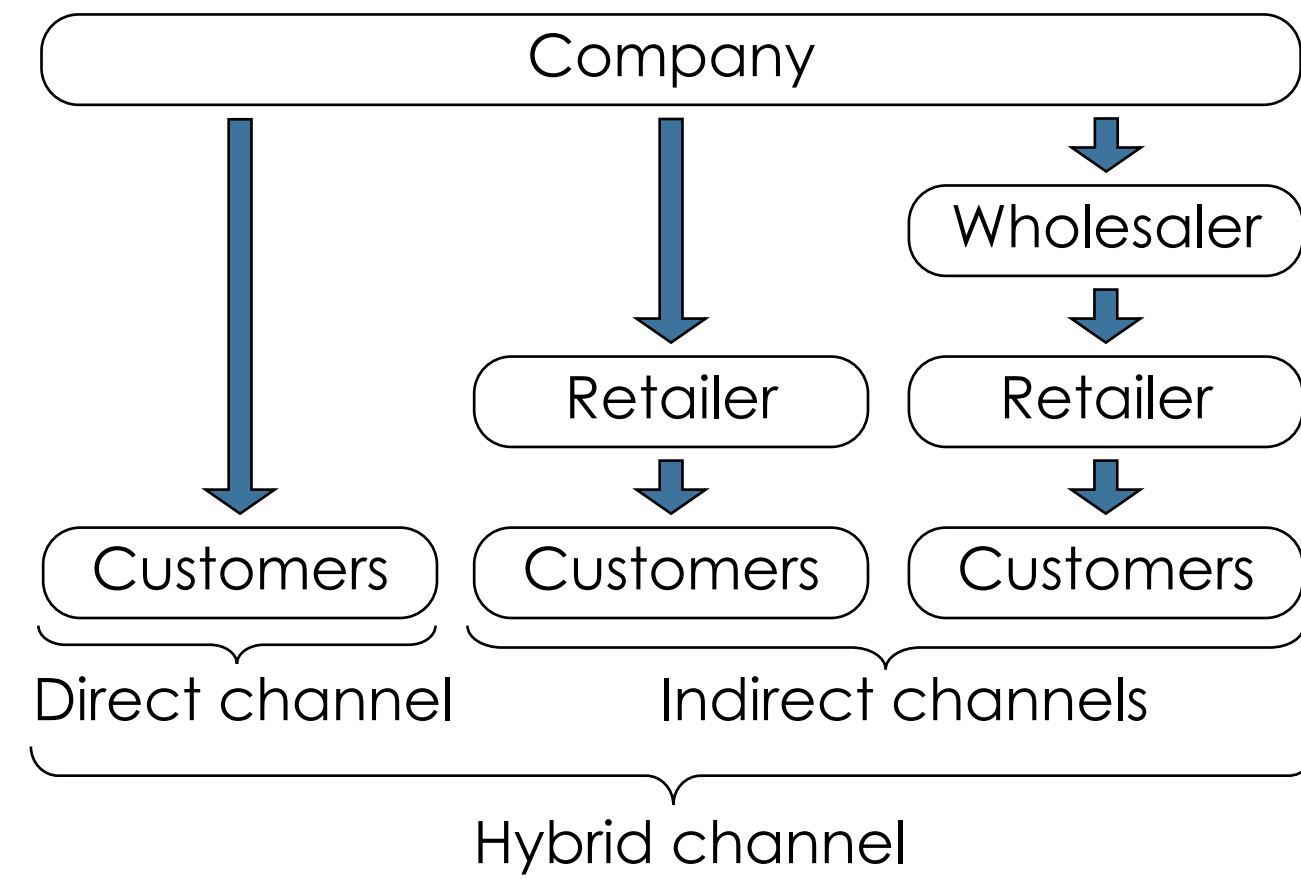


Figure 2. Distribution Channel Structure



Part IV: Managing Growth



Chapter 14

Gaining and Defending Market Position

Figure 1. Steal-Share Strategy

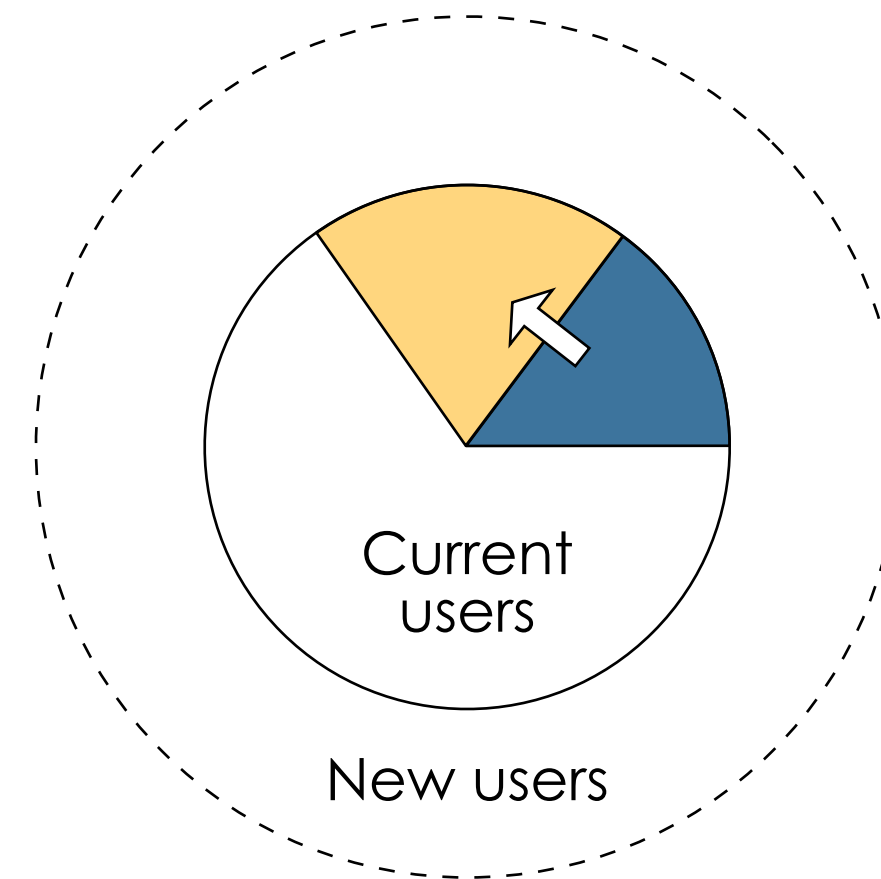


Figure 2. Market-Growth Strategy

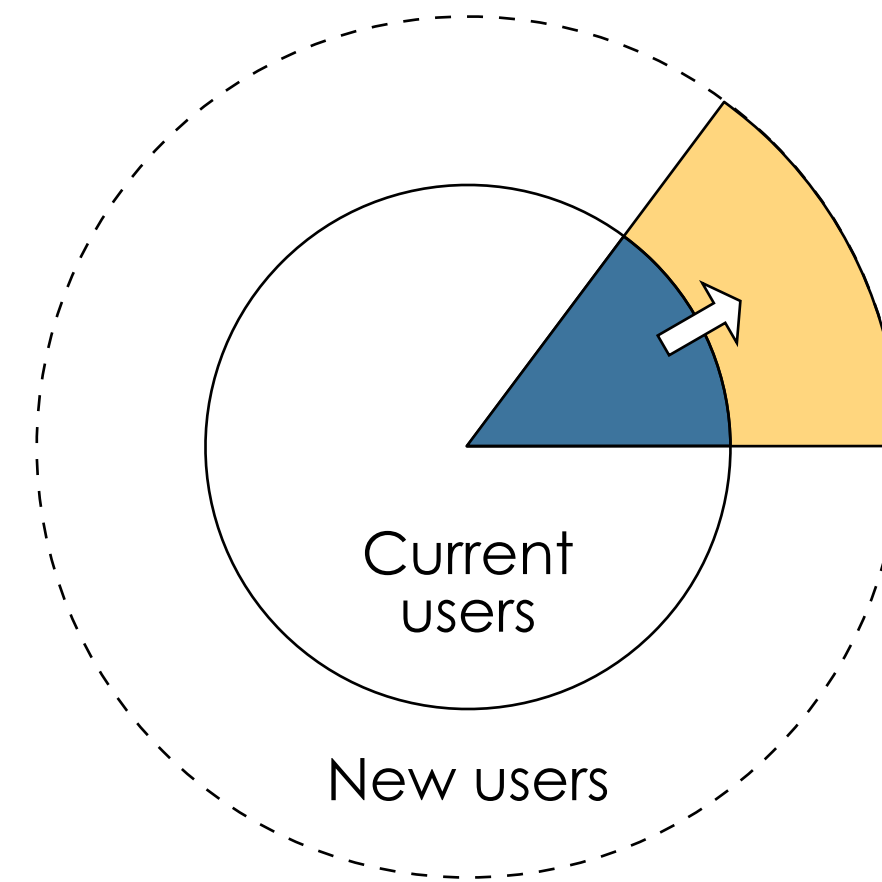


Figure 3. Market-Growth Strategy for a Superior Offering

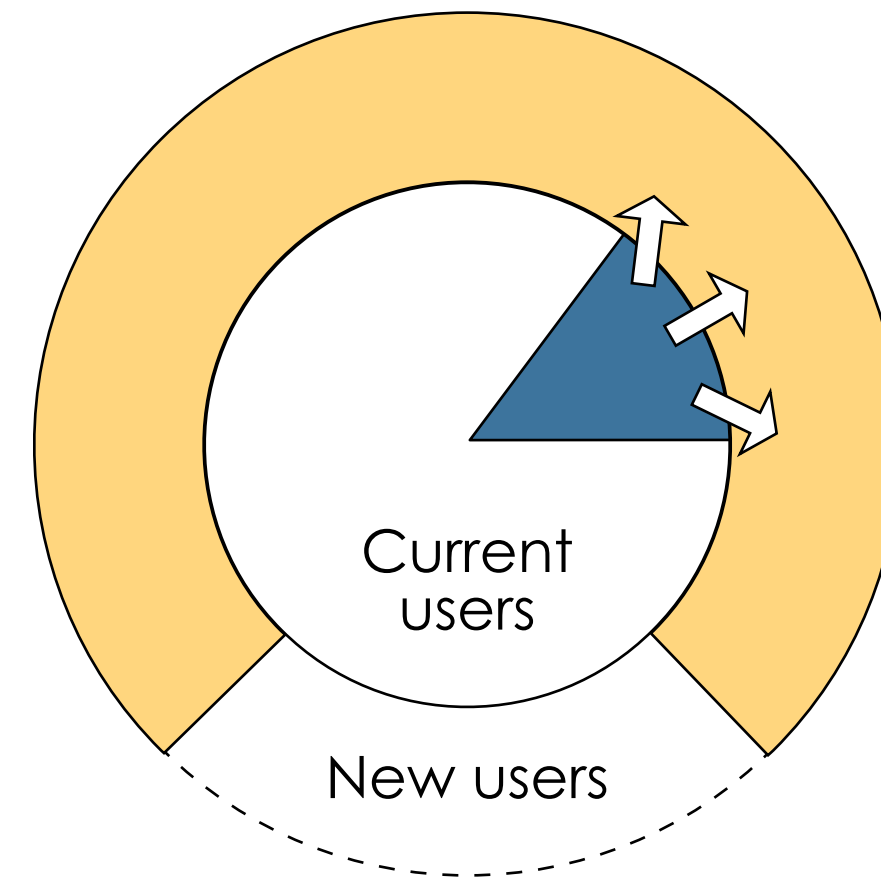


Figure 4. Market-Penetration Strategy

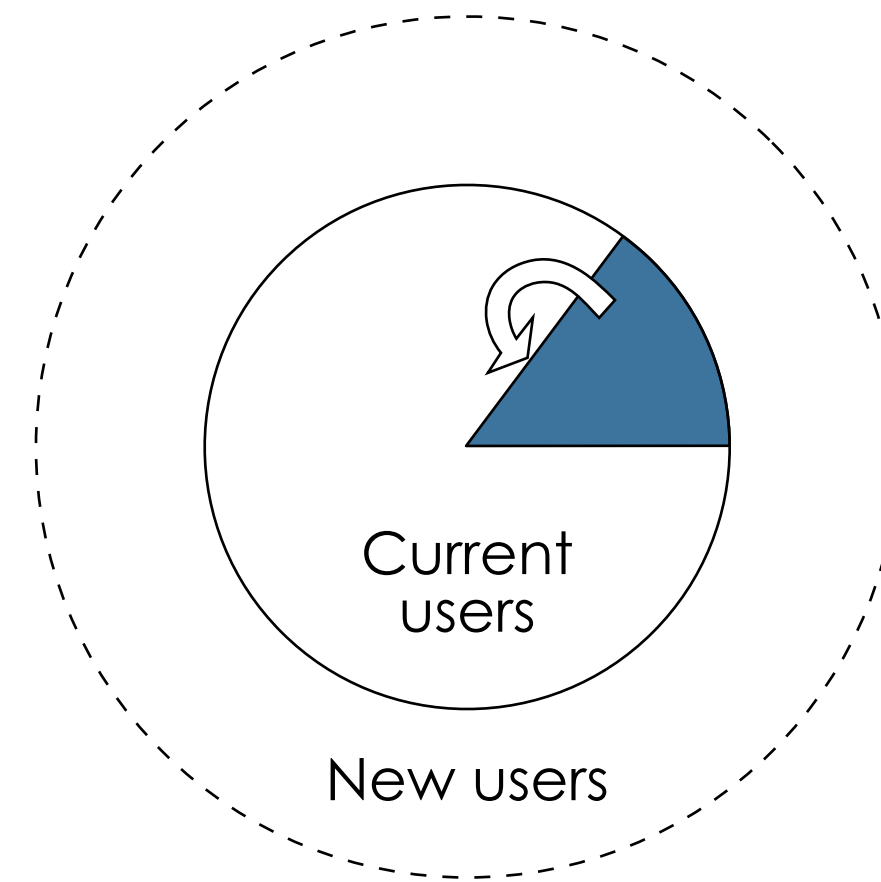


Figure 5. Market-Creation Strategy

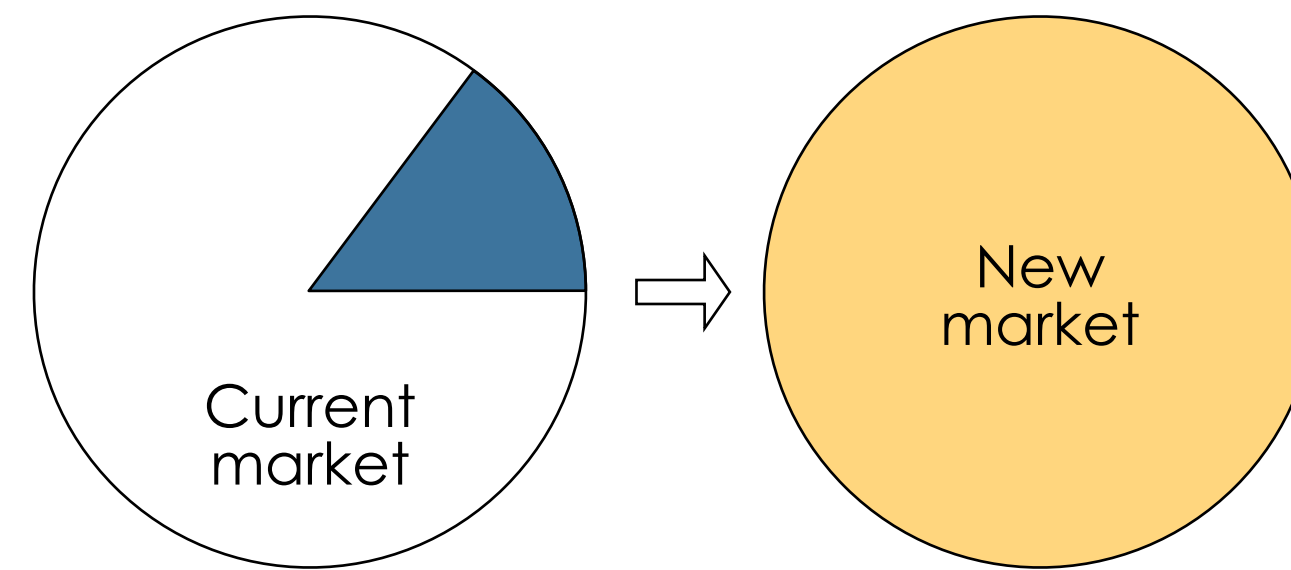
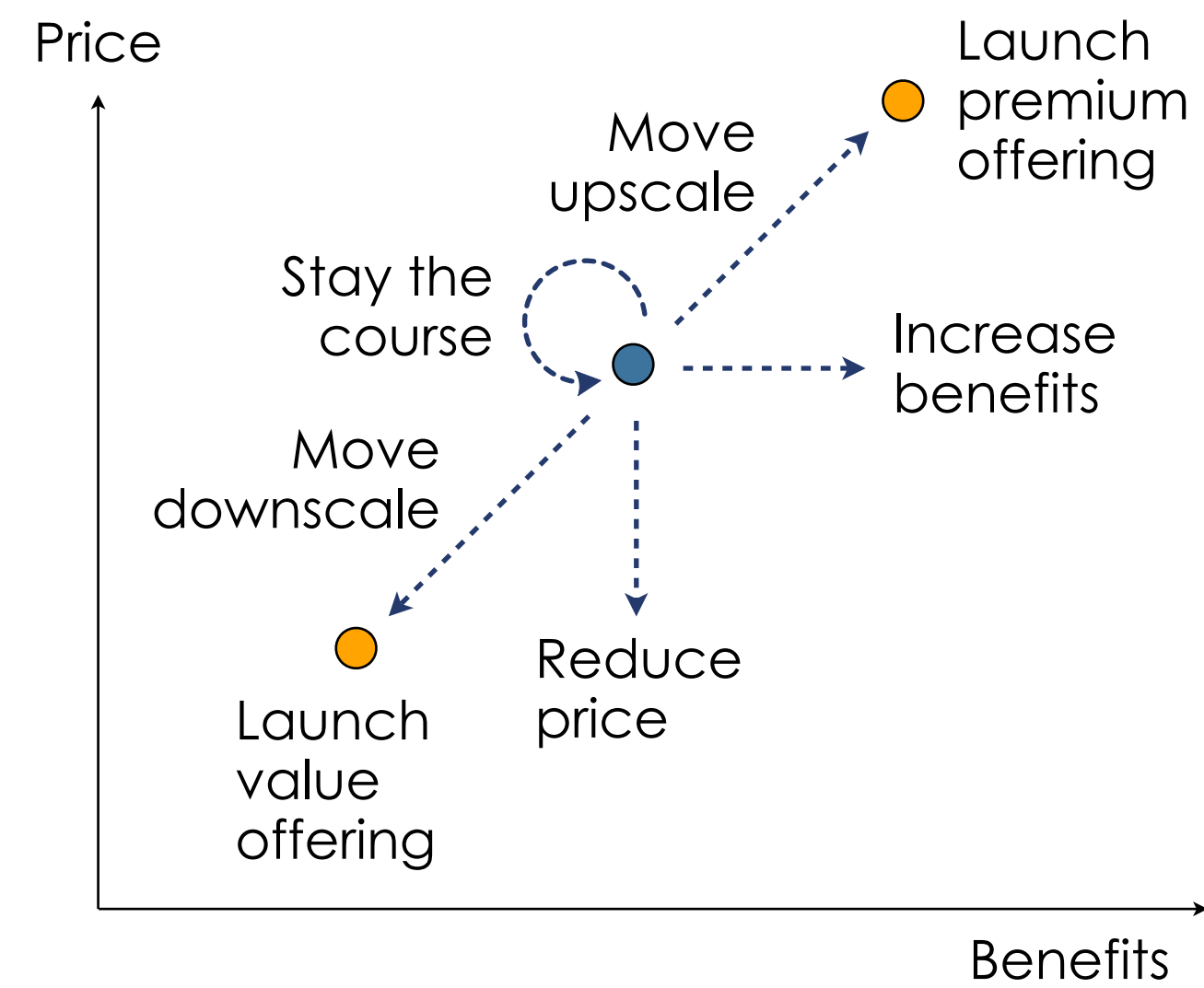


Figure 6. Defensive Marketing Strategies



Source: Stephen Hoch (1996), "How Should National Brands Think about Private Labels?" Sloan Management Review, 37 (2), 89-102

Figure 7. The Adoption Funnel

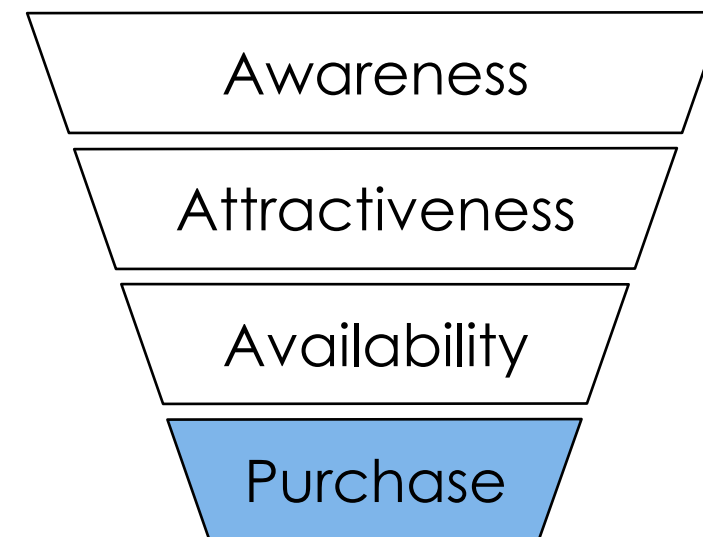


Figure 8. Identifying Adoption Gaps

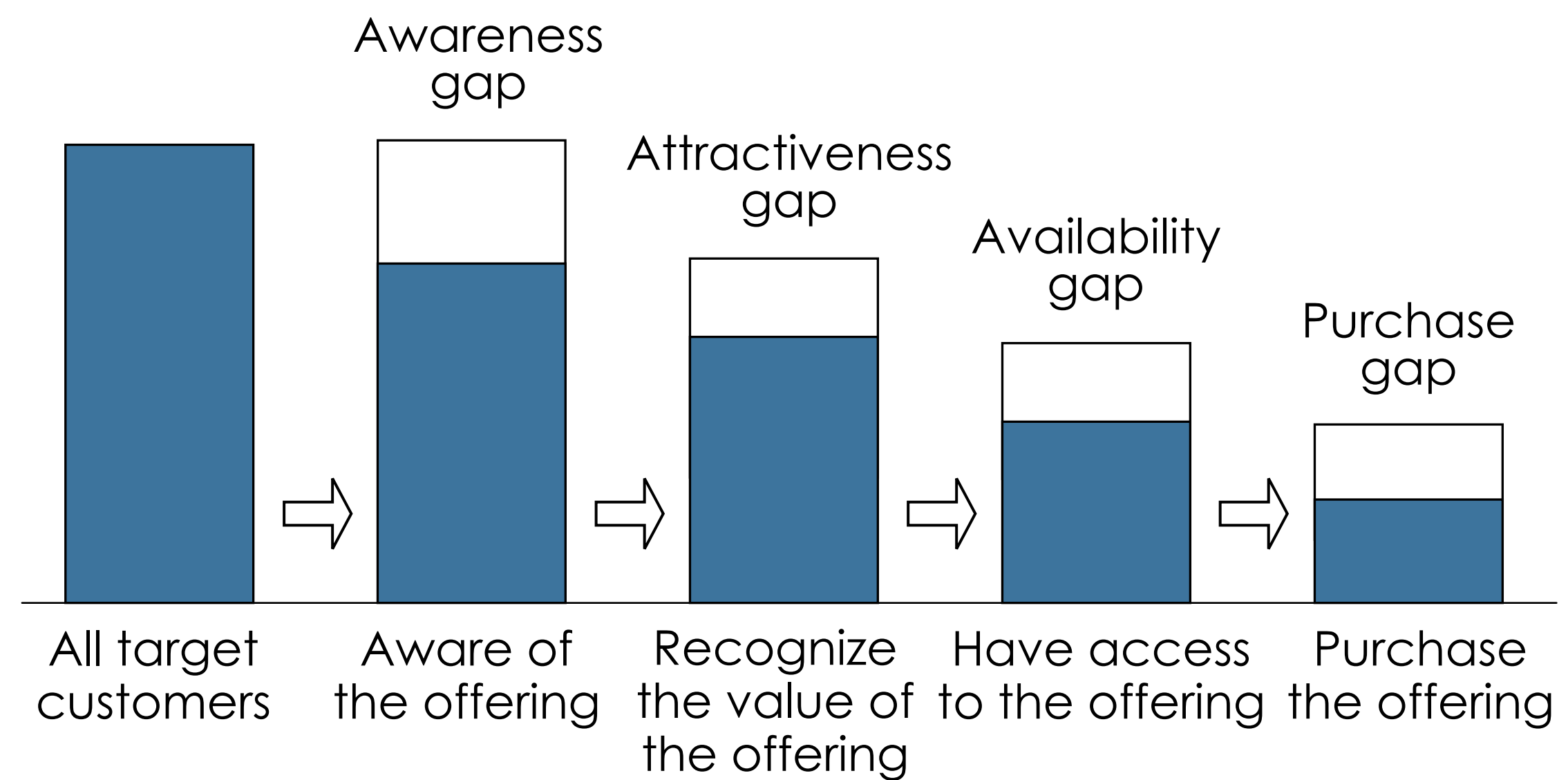


Figure 9. The Usage Funnel

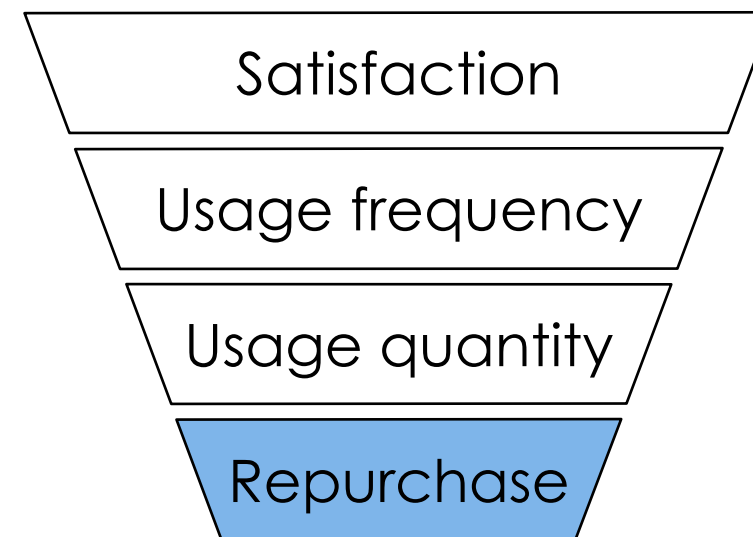


Figure 10. Identifying Usage Gaps

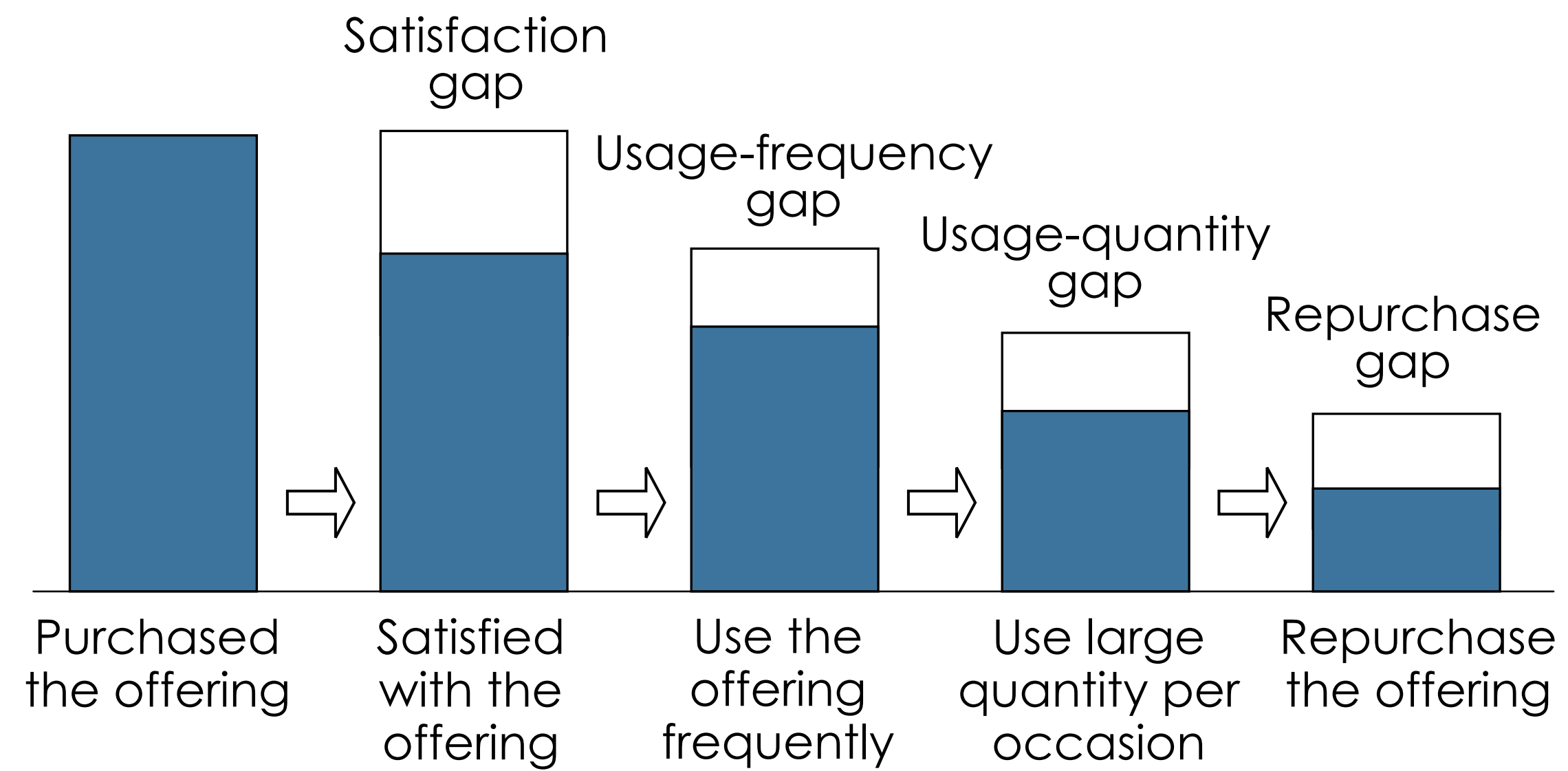
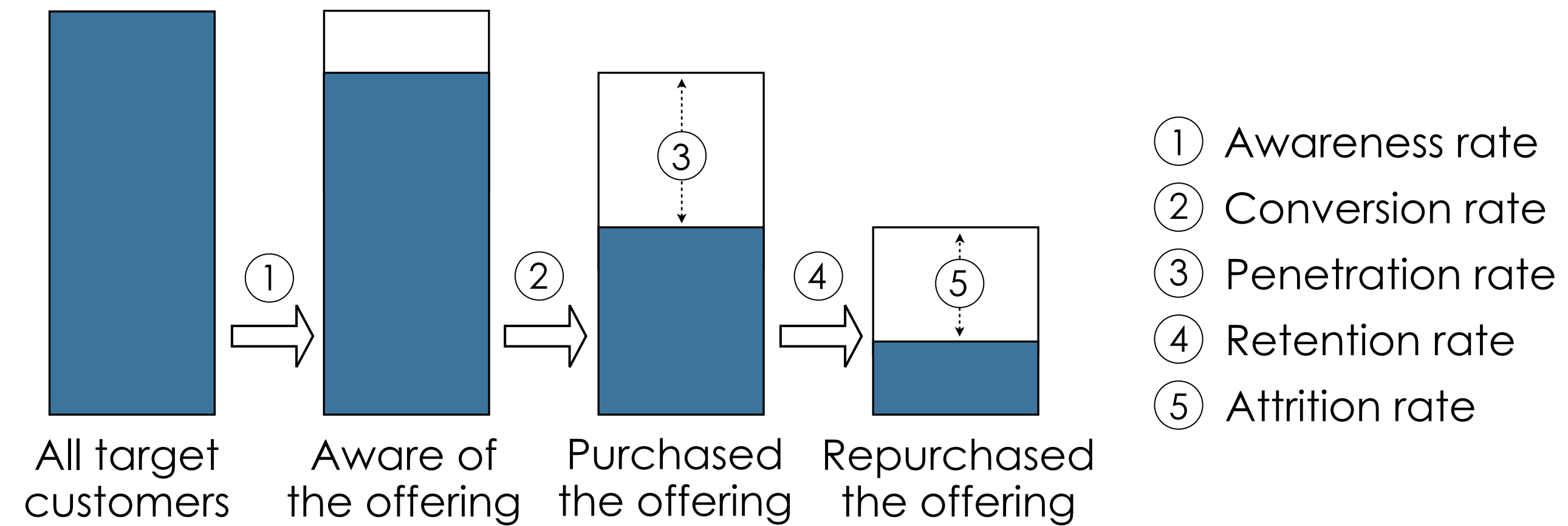


Figure 11. Key Customer Adoption Metrics



Chapter 15

Developing New Market Offerings

Figure 2. Top-Down (Market-Driven) Idea Generation

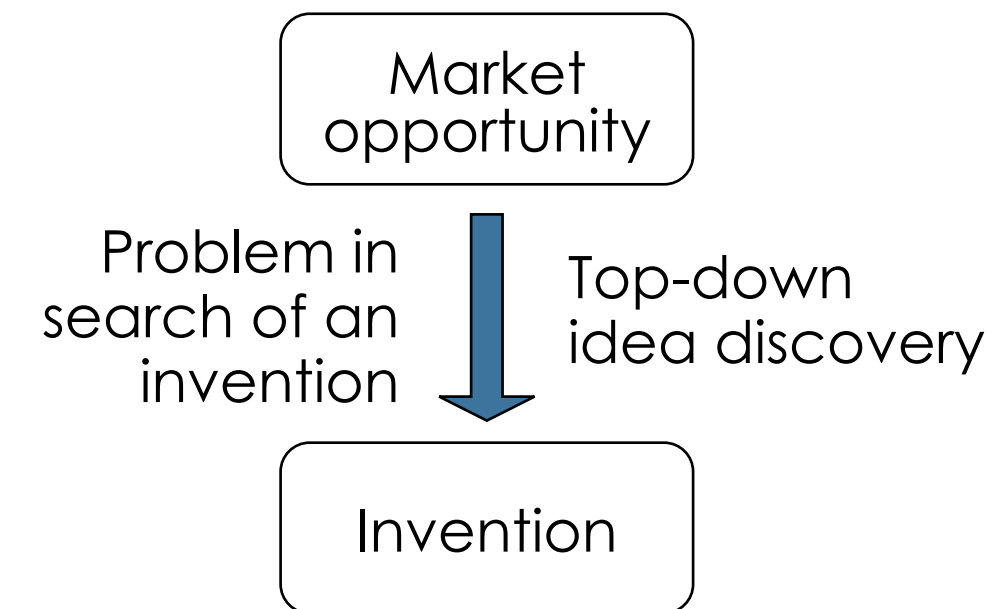


Figure 4. The Validated-Learning Approach

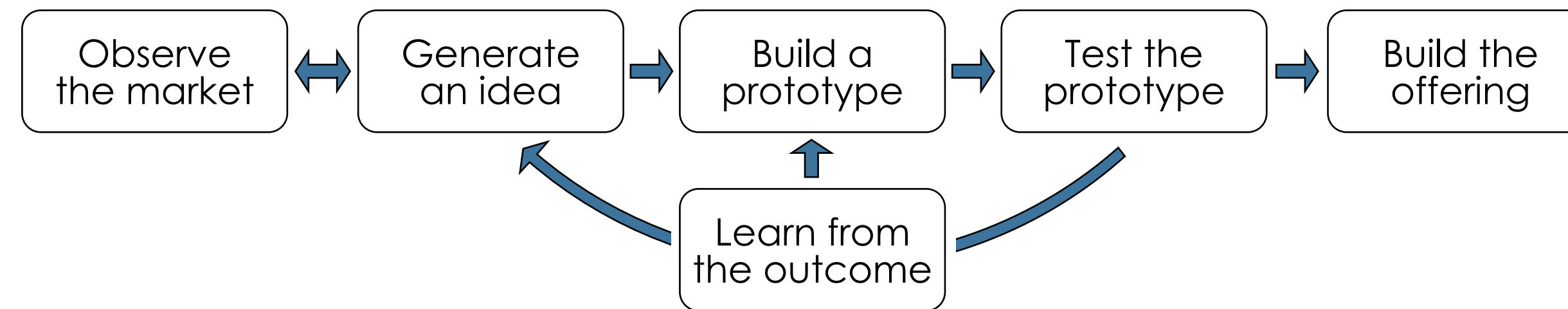


Figure 5. The Key Components of a Business Model of a New Offering

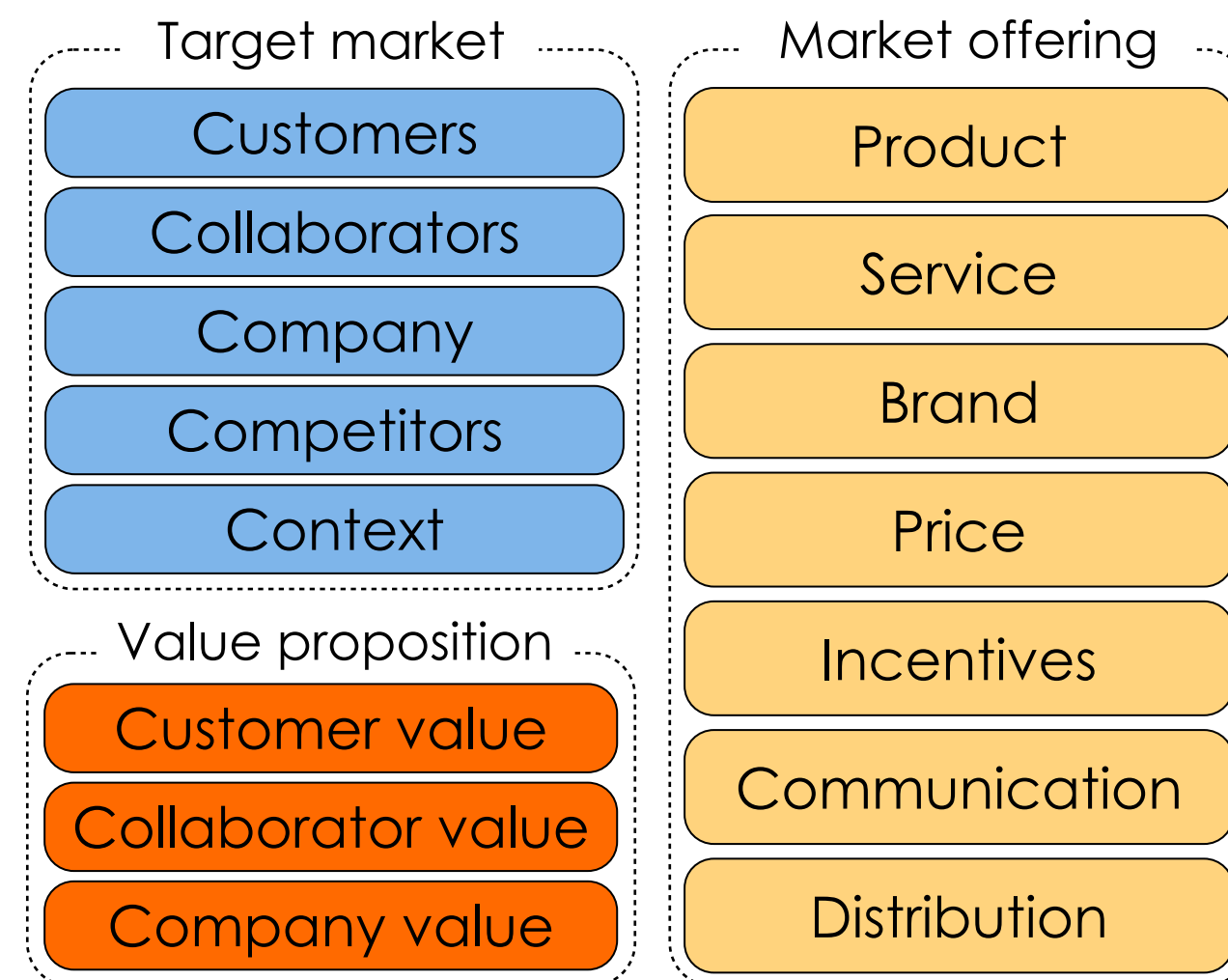
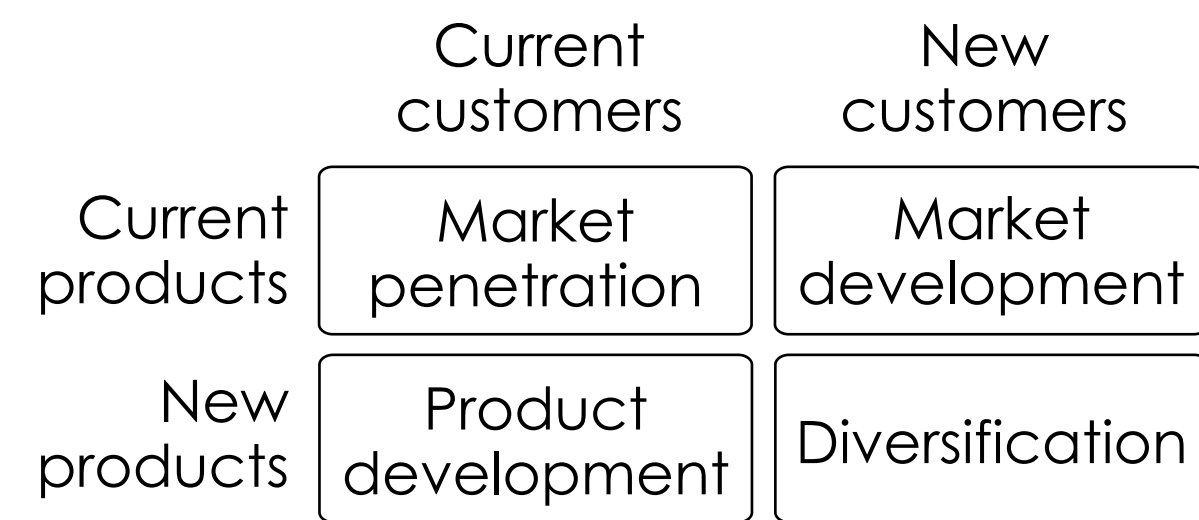


Figure 6. The Product-Market Growth Framework



Chapter 16

Managing Product Lines

Figure 1. Product Portfolio and Product Lines

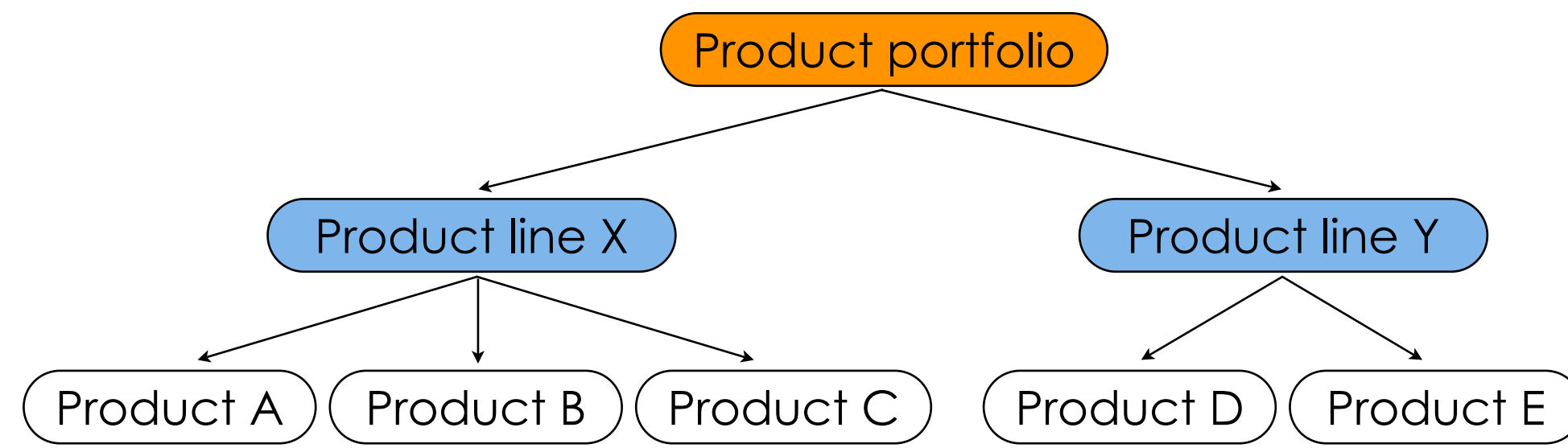
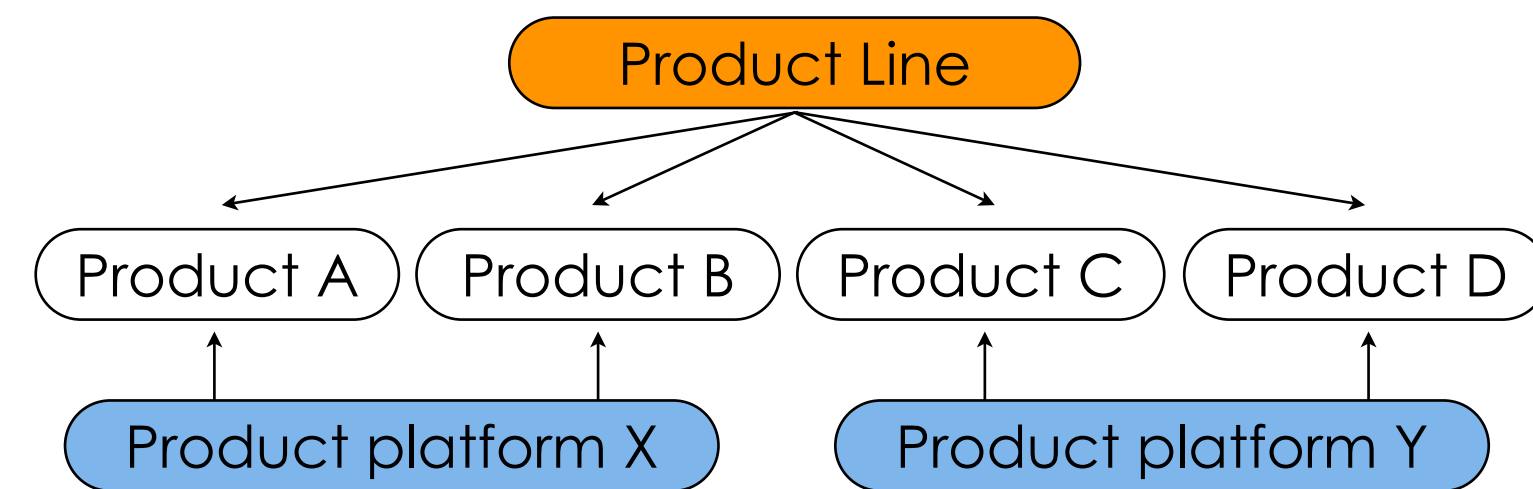


Figure 2. Product Line and Product Platforms



Product 3. Network Product Platforms

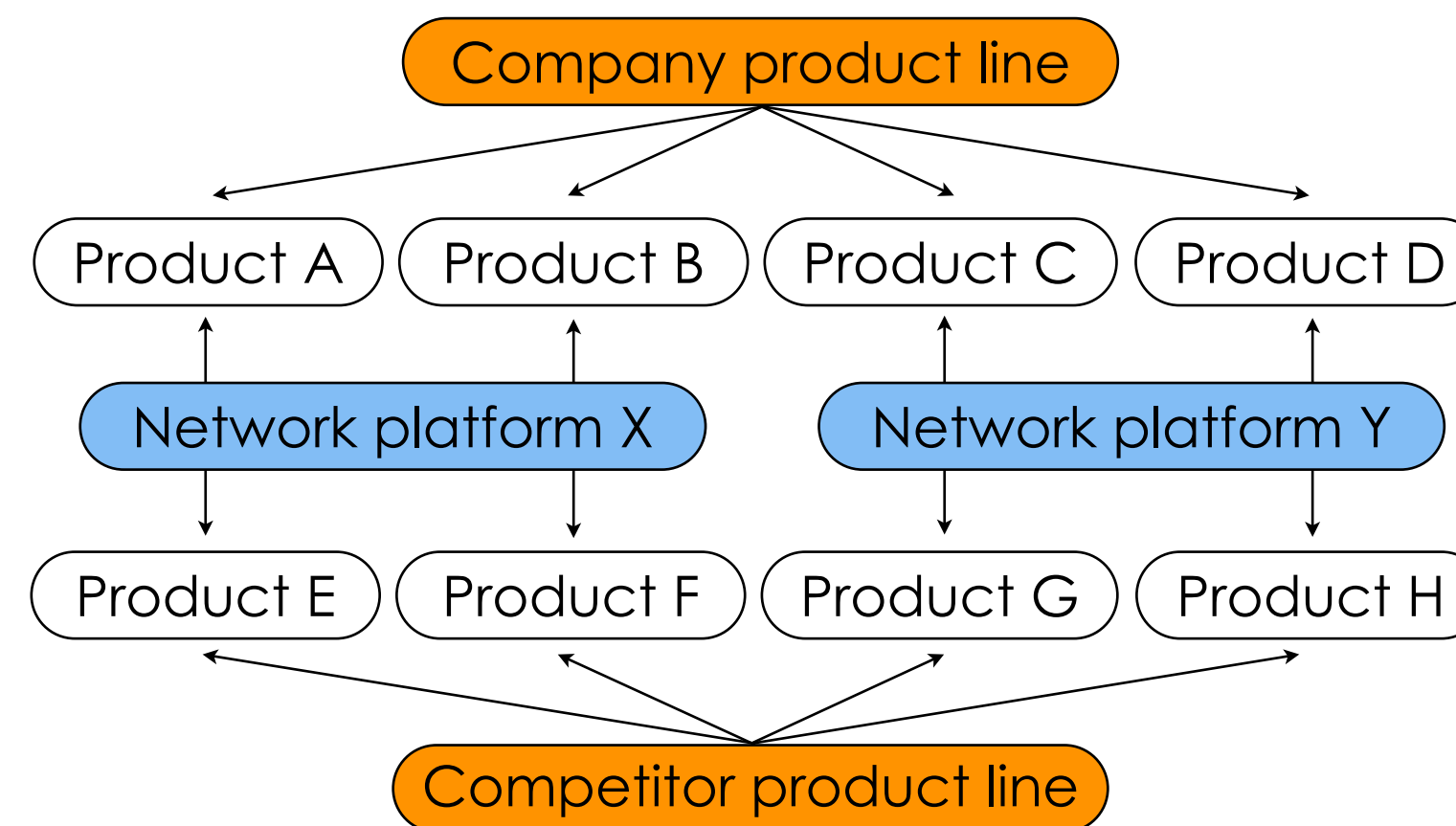


Figure 4. Vertical Product-Line Extensions

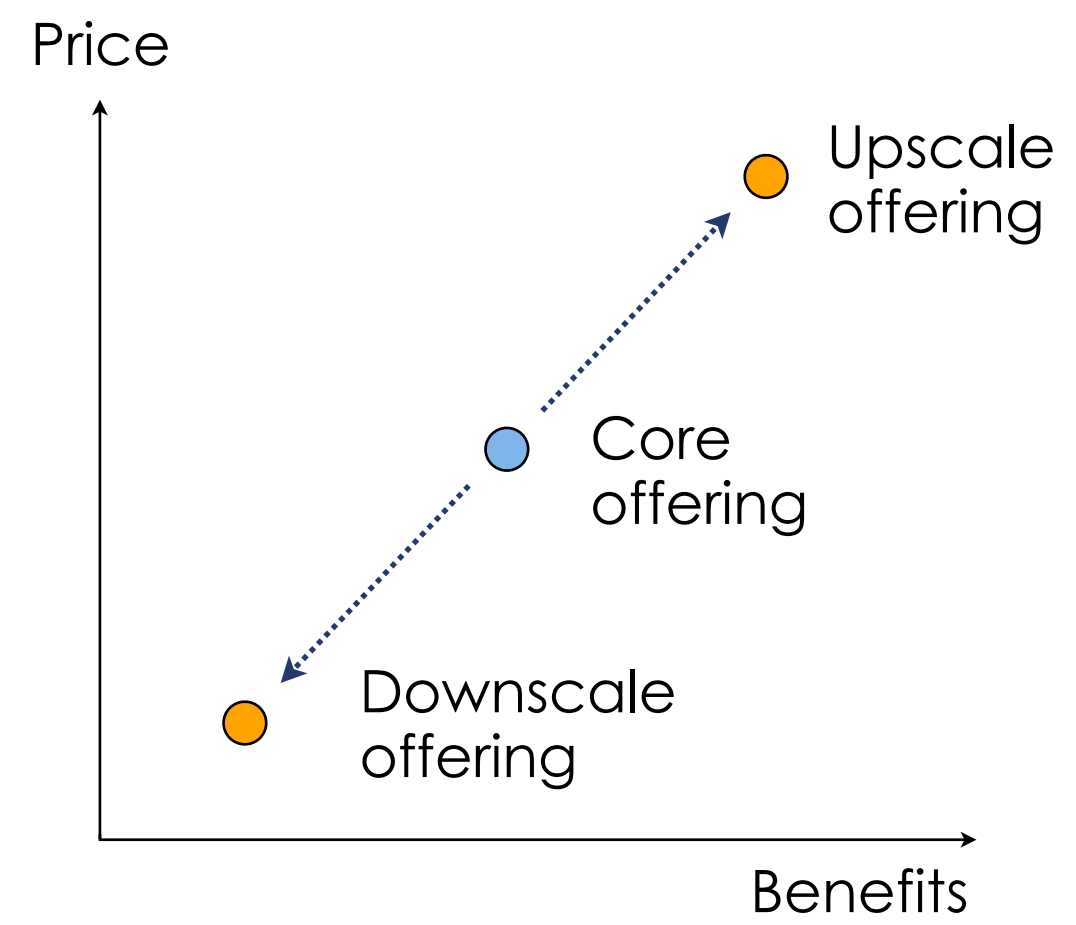


Figure 5. Horizontal Product-Line Extensions

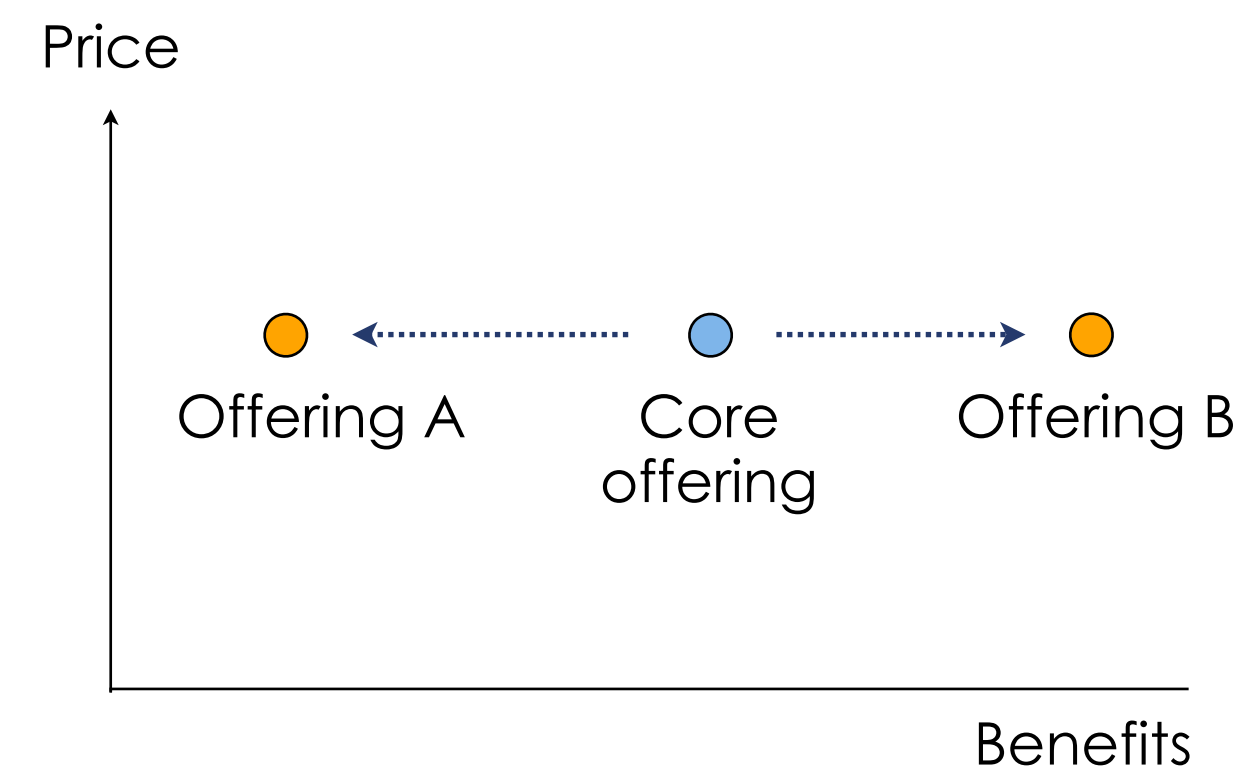


Figure 6. Product-Line Cannibalization

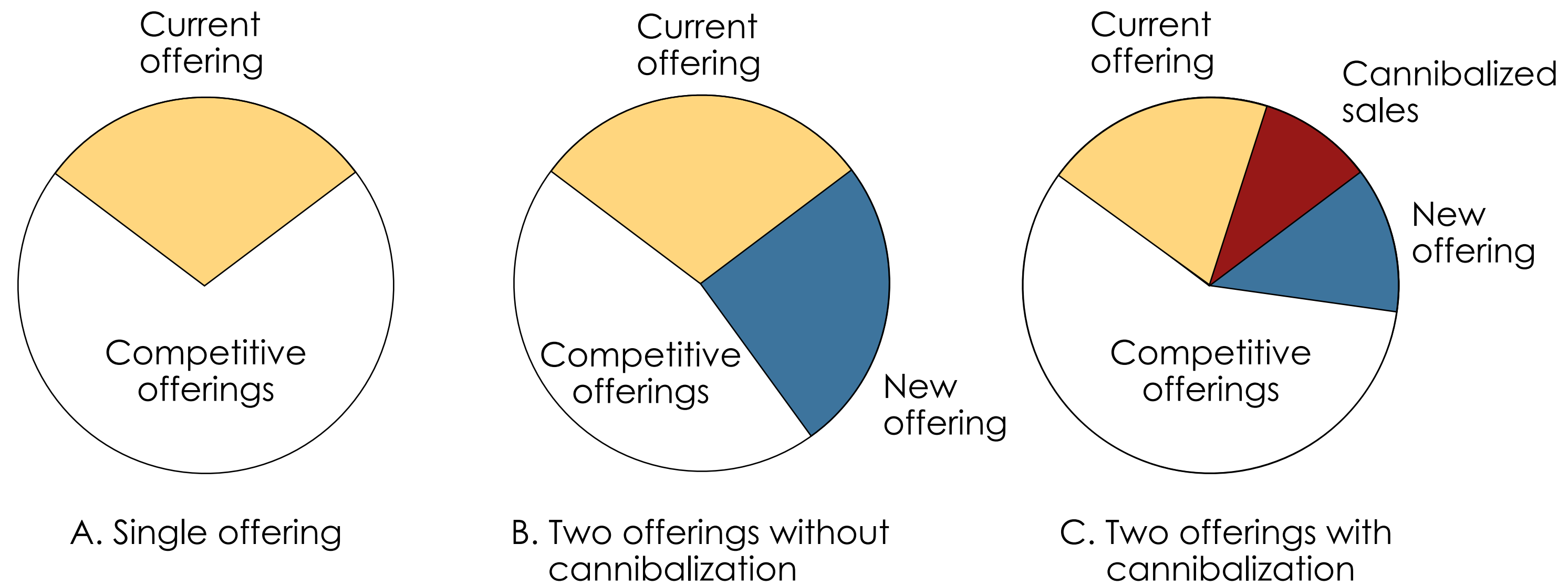


Figure 7. The Fighting-Brand Strategy

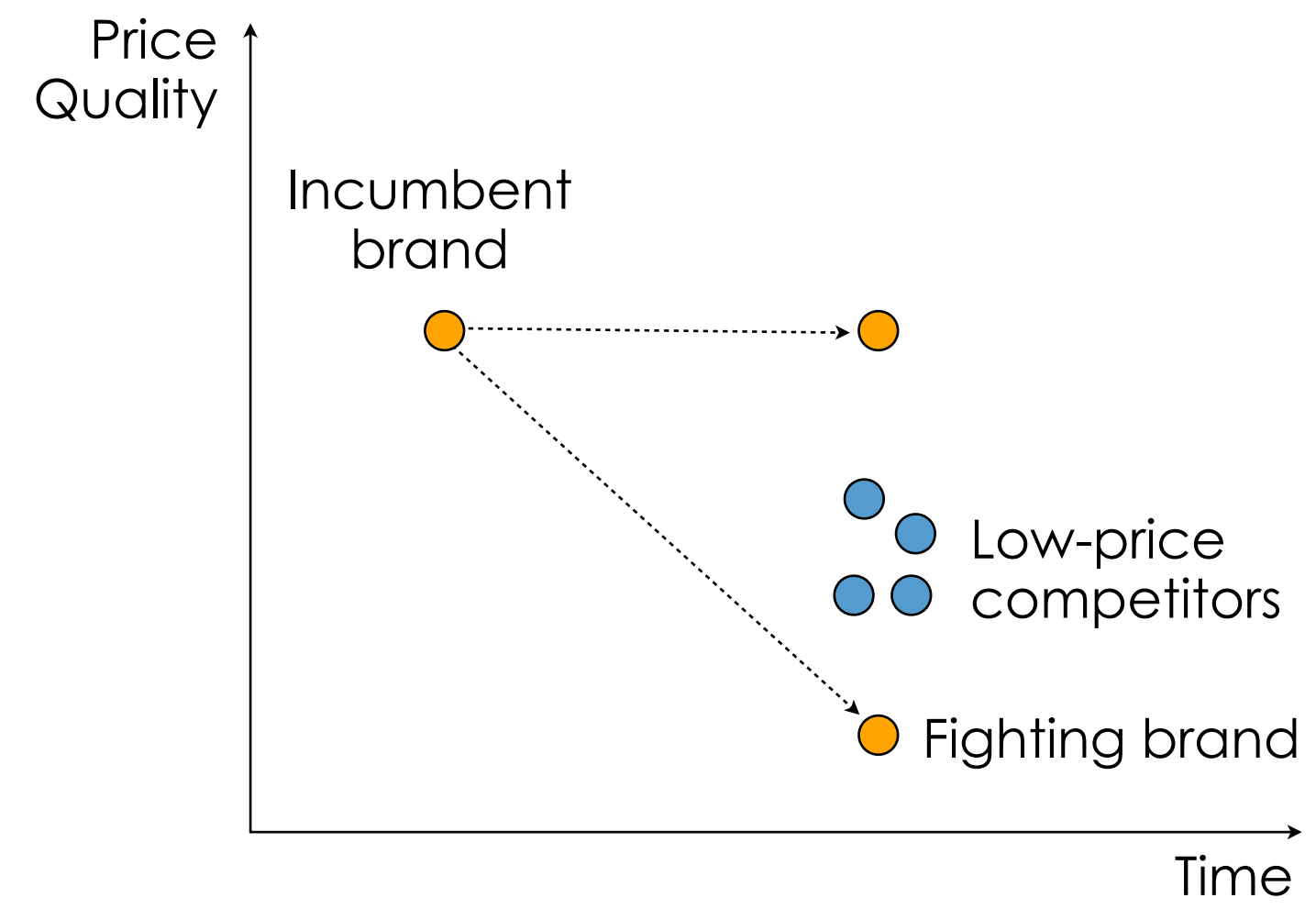


Figure 8. The Sandwich Strategy

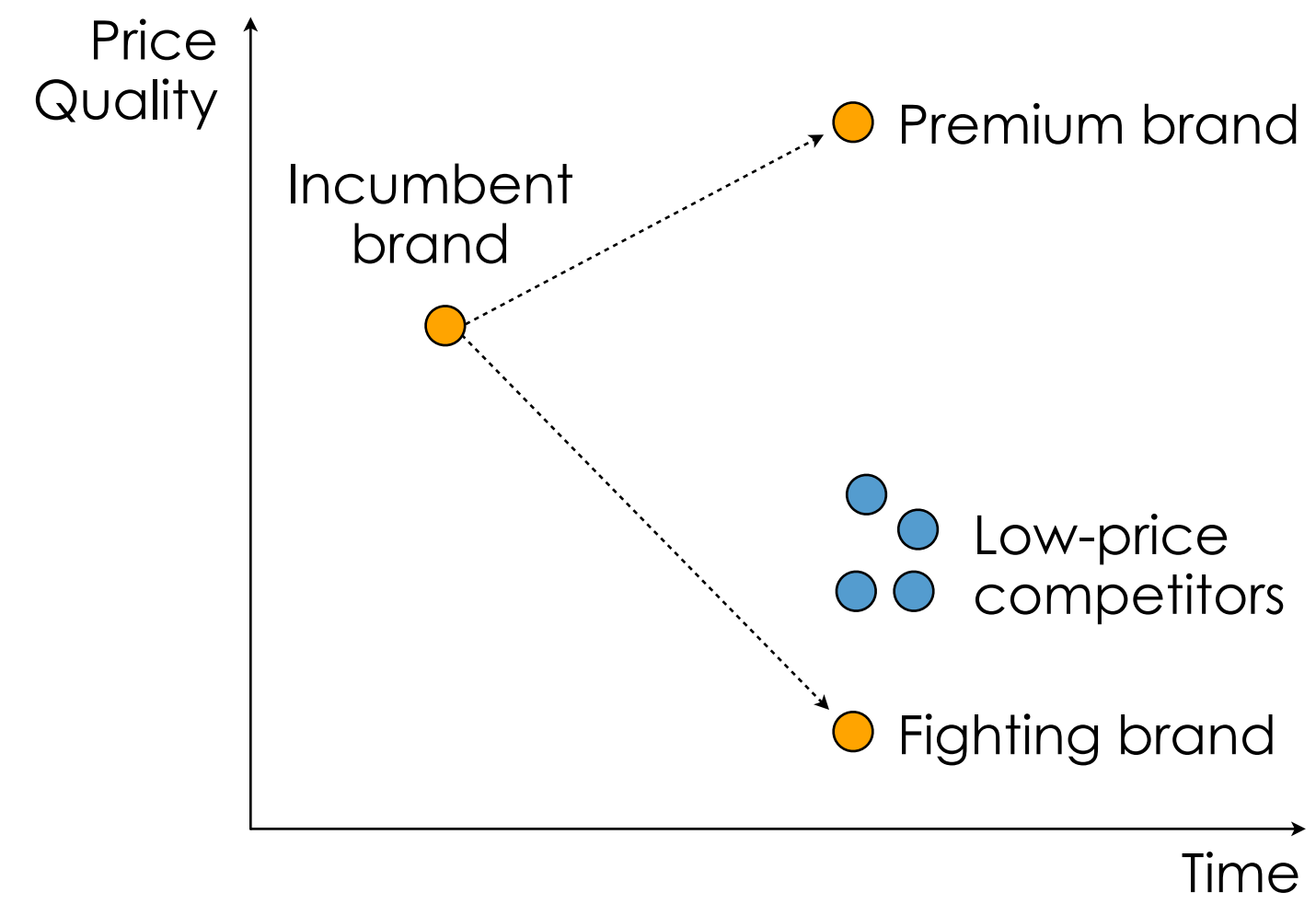


Figure 9. The Good-Better-Best Strategy

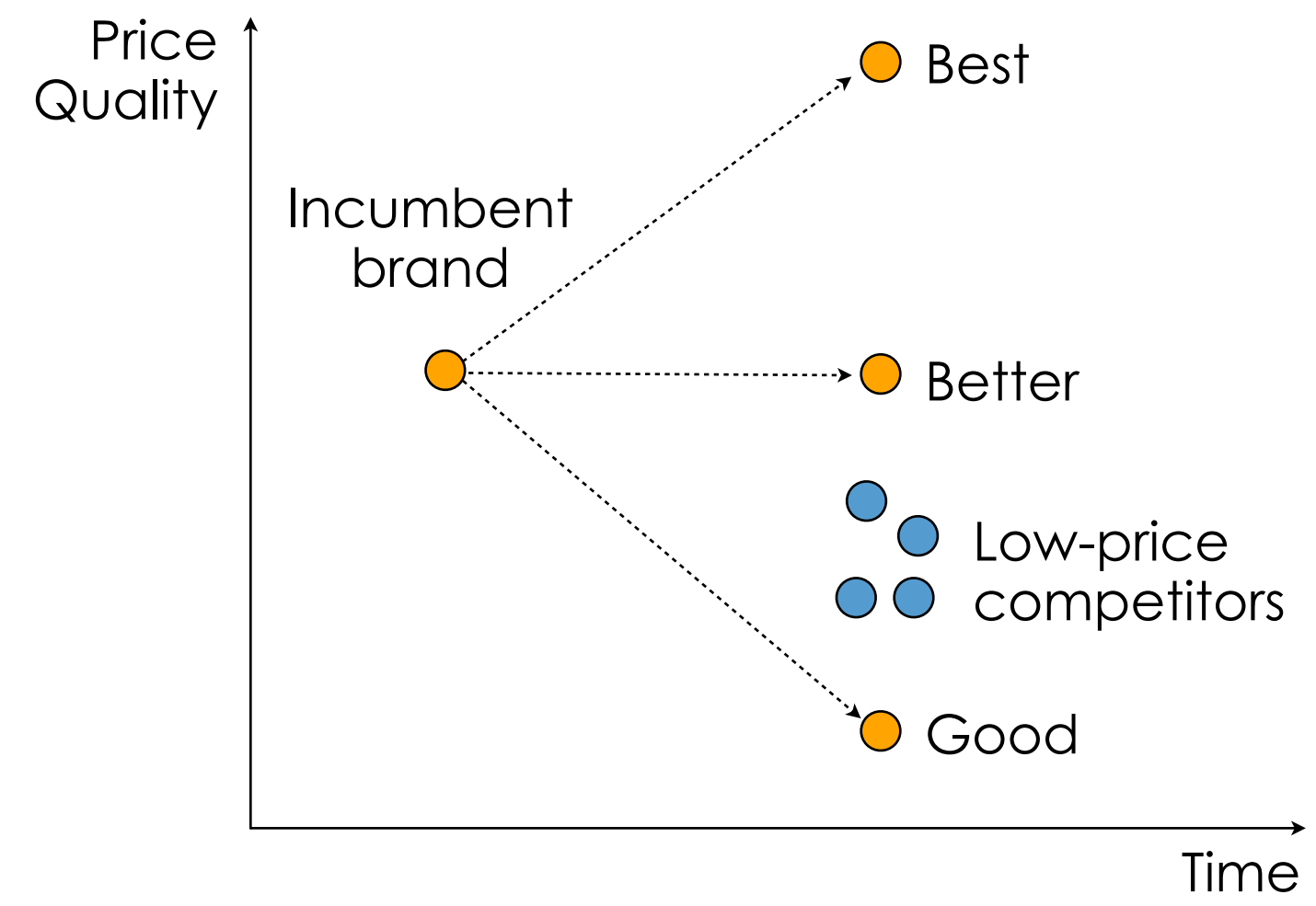
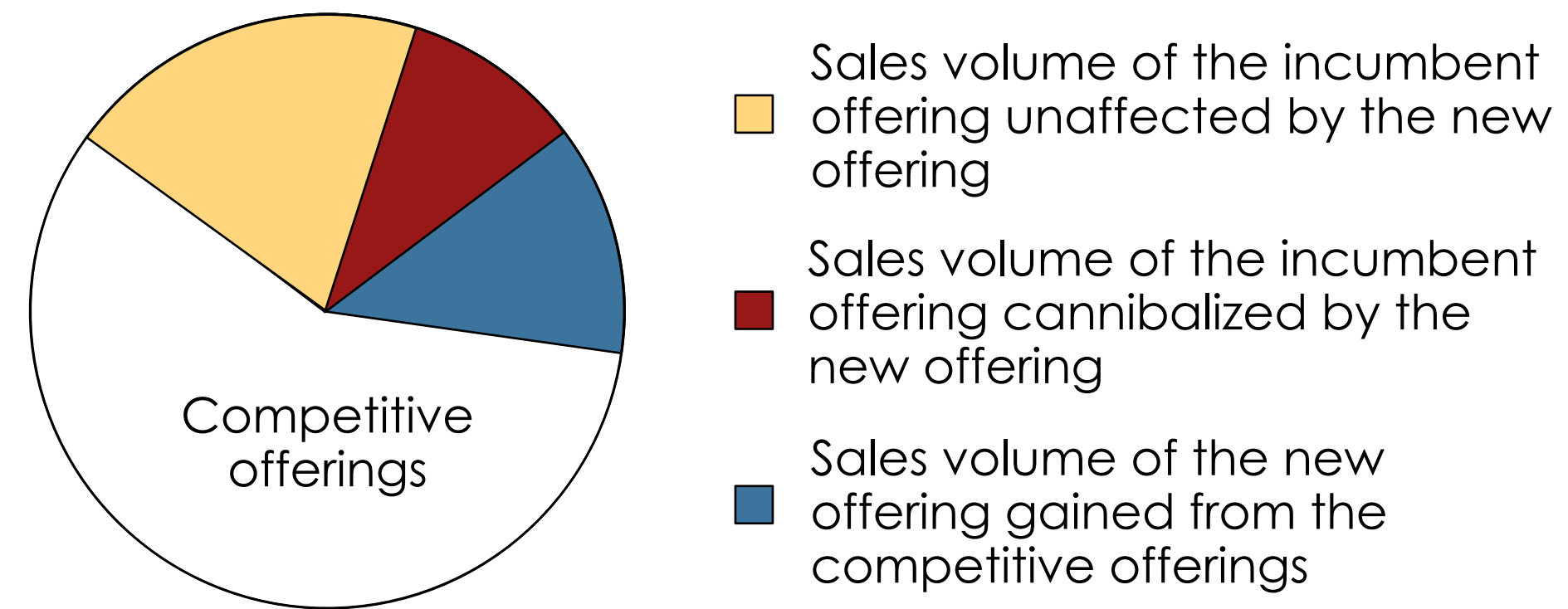
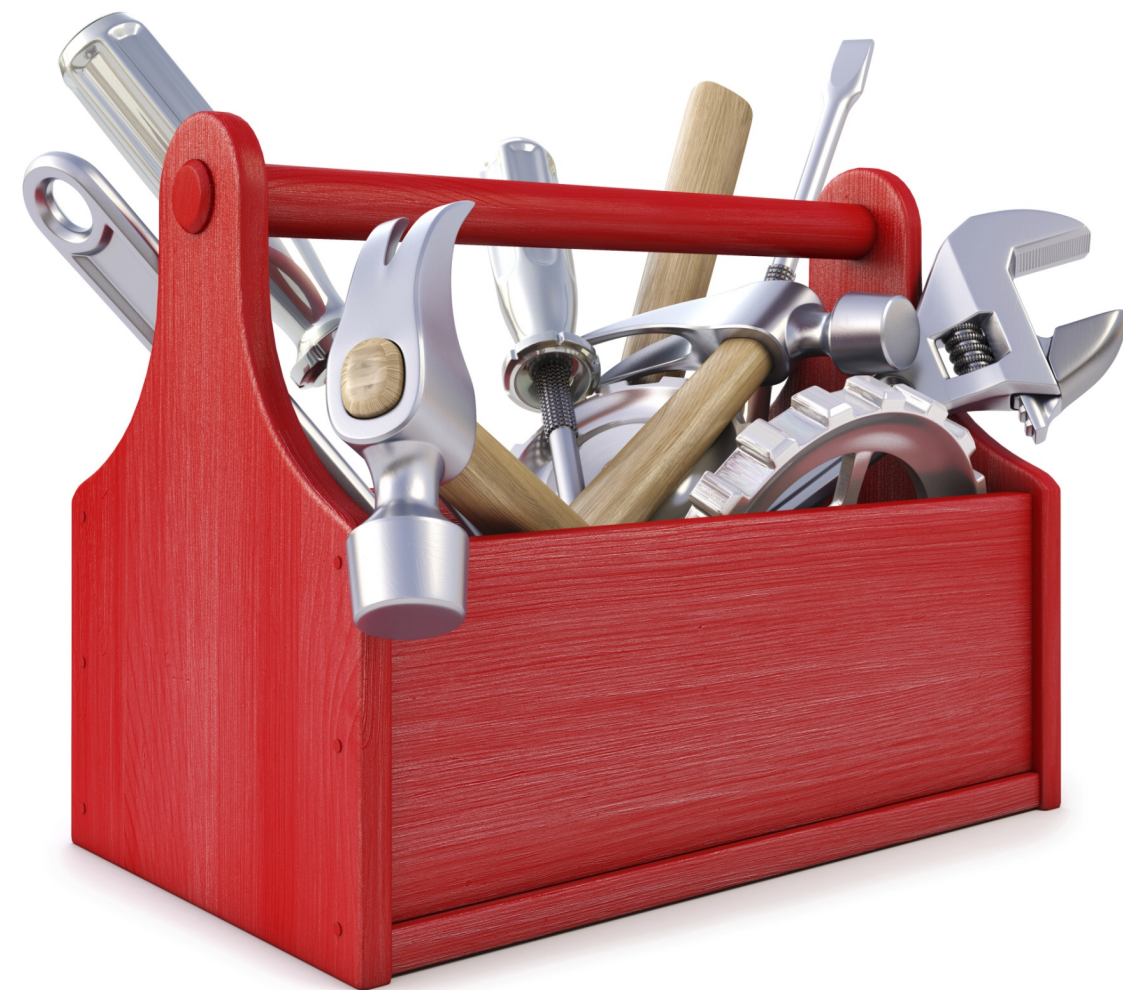


Figure 10. Cannibalization Analysis



Part V: Marketing Toolbox



Appendix A

Segmentation and Targeting Workbook

Figure 1. Identifying Target Customers

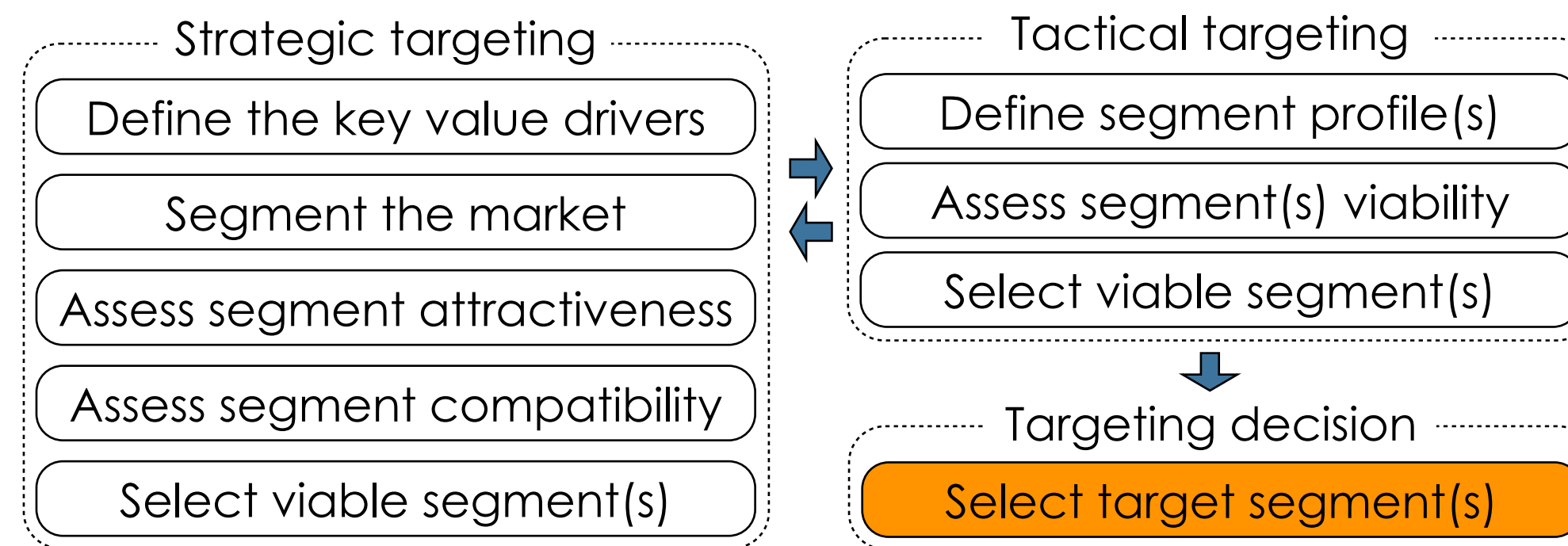


Figure 2. The Targeting Workbook

| | | Step 2 ⇨ Customer value analysis | | | Step 4 ⇨ Compatibility analysis | | | |
|-------------------------------------|-------------------------|---|-----------|-----------|--|-----------------------|------------|------------|
| Step 1 ⇩ Value drivers | | Customer segments | | | Company offering | Competitive offerings | | |
| | | Segment A | Segment B | Segment C | | Offering X | Offering Y | Offering Z |
| Strategic targeting | Attribute 1 | | | | | | | |
| | Attribute 2 | | | | | | | |
| | Attribute 3 | | | | | | | |
| | Attribute 4 | | | | | | | |
| | Attribute 5 | | | | | | | |
| Tactical targeting | Segment attractiveness | | | | ⇨ Step 3 | | | |
| | Segment compatibility | | | | ⇨ Step 4 ← | | | |
| | Strategic viability | | | | ⇨ Step 5 | | | |
| | Segment profile | | | | ⇨ Step 6 | | | |
| | Tactical viability | | | | ⇨ Step 7 | | | |
| | Target selection | | | | ⇨ Step 8 | | | |

Figure 3. Customer Value Analysis Workbook (Two Segments)

| Attributes | Customer segments | |
|-------------|-------------------|---------------|
| | Consumer | Commercial |
| Power | Low | High |
| Reliability | Low | High |
| Service | Low | Medium - High |
| Brand | Medium | Low - High |
| Price | High | Low - Medium |

Figure 4. Customer Value Analysis Workbook (Three Segments)

| Attributes | Customer segments | | |
|-------------|-------------------|-------|------------|
| | Consumer | Trade | Industrial |
| Power | Low | High | High |
| Reliability | Low | High | High |
| Service | Low | High | Medium |
| Brand | Medium | High | Low |
| Price | High | Low | Medium |

Figure 5. Compatibility Analysis Workbook (Trade Segment)

| Attributes | Attribute | Market offerings | | | |
|-------------|------------|------------------|--------|-----------|--------|
| | importance | Black&Decker | Makita | Milwaukee | Ryobi |
| Power | High | Medium | High | High | Medium |
| Reliability | High | High | High | High | High |
| Service | High | Medium | Medium | Medium | Low |
| Brand | High | Low | High | High | Low |
| Price | Low | Medium | High | High | Medium |

Figure 6. The Targeting Workbook: Black & Decker

| | | Customer value analysis | | | Compatibility analysis | | | |
|--------------------|-------------------------|-------------------------|--------------------|------------|--|-----------------------|-----------|--------|
| | | Customer segments | | | Black & Decker | Competitive offerings | | |
| Value drivers | | Consumer | Trade | Industrial | | Makita | Milwaukee | Ryobi |
| Strategic analysis | Power | Low | High | High | Medium | High | High | Medium |
| | Reliability | Low | High | High | High | High | High | High |
| | Service | Low | High | Medium | Medium | Medium | Medium | Low |
| | Brand image | Medium | High | Low | Low | High | High | Low |
| | Price | High | Low | Medium | Medium | High | High | Medium |
| Tactical analysis | Segment attractiveness | Medium | High | Medium | ← Improve on power, brand, and service | | | |
| | Segment compatibility | Low | High | Low | | | | |
| | Strategic viability | Low | High | Low | | | | |
| | Segment profile | – | Behavioral profile | – | | | | |
| | Tactical viability | – | High | – | | | | |
| | Target selection | – | Yes | – | | | | |

Appendix B

The Business Model Workbook

Figure 1. The Market Value Map

| Target Market | | Market Offering | |
|---|--------------------|---|---------------|
| What customer need does the company aim to fulfill? Who are the customers with this need? | Customers | What are the key features of the company's product? | Product |
| What other entities will work with the company to fulfill the identified customer need? | Collaborators | What are the key features of the company's service? | Service |
| What are the company's resources that will enable it to fulfill the identified customer need? | Company | What are the key features of the offering's brand? | Brand |
| What other offerings aim to fulfill the same need of the same target customers? | Competition | What is the offering's price? | Price |
| What are the sociocultural, technological, regulatory, economic, and physical aspects of the environment? | Context | What incentives does the offering provide? | Incentives |
| What value does the offering create for target customers? | Customer Value | How will target customers and collaborators become aware of the company's offering? | Communication |
| What value does the offering create for the company's collaborators? | Collaborator Value | How will the offering be delivered to target customers and collaborators? | Distribution |
| What value does the offering create for the company? | Company Value | | |

Figure 2. The Customer Value Map

| | | | |
|--|----------------------------|---|----------------------|
| Target Customers | | Customer Offering | |
| | Customer need | What are the features of the product that the company offers to target customers? | Product |
| What customer need does the company aim to fulfill? | | | |
| | Customer profile | What are the features of the service that the company offers to target customers? | Service |
| Who are the customers with this need? | | | |
| Competition | | | Brand |
| | Key competitors | What are the features of the offering's brand? | |
| What other offerings aim to fulfill the same customer need? | | | |
| | Value proposition | What is the offering's price for target customers? | Price |
| What value do these offerings create for target customers? | | | |
| | Offering attributes | What incentives does the offering provide to target customers? | Incentives |
| What are the key aspects of the competitive offerings? | | | |
| Customer Value | | How will target customers become aware of the company's offering? | Communication |
| | Reason to choose | How will the offering be delivered to target customers? | Distribution |
| What value does the offering create for target customers? Why would they choose this offering? | | | |

Figure 3. The Collaborator Value Map

| | | | |
|---|----------------------|--|---------------|
| Collaborators | | Collaborator Offering | |
| Which entities will partner with the company to create value for target customers? | Collaborator profile | What are the features of the product that the company offers to collaborators? | Product |
| What goals do collaborators pursue by partnering with the company? | Collaborator goals | What are the features of the service that the company offers to collaborators? | Service |
| Competition | | What are the features of the offering's brand? | Brand |
| What other offerings aim to fulfill the same collaborator goals? | Key competitors | What is the price of the offering for the company's collaborators? | Price |
| What value do these offerings create for the company's collaborators? | Value proposition | What incentives does the offering provide to the company's collaborators? | Incentives |
| What are the key attributes of the competitive offerings? | Offering attributes | How will the company's collaborators become aware of the offering? | Communication |
| Collaborator Value | | How will the offering be delivered to the company's collaborators? | Distribution |
| What value does the offering create for collaborators? Why would they partner with the company? | Reason to choose | | |

Figure 4. The Company Value Map

| | | | |
|---|-------------------|---|--------------|
| Company | | Company Offering | |
| What entity is managing the offering? What are its key resources? | Company profile | What are the features of the product that the company offers to target customers and collaborators? | Product |
| What goal does the company aim to fulfill with this offering? | Company goals | What are the features of the service that the company offers to target customers and collaborators? | Service |
| Alternative Options | | Brand | |
| What alternative options can fulfill the same company goal? | Key alternatives | What are the features of the offering's brand? | |
| What value do these options create for the company? | Value proposition | What is the offering's price for target customers and collaborators? | Price |
| What are the key aspects of the alternative options? | Option attributes | What incentives does the offering provide to target customers and collaborators? | Incentives |
| Company Value | | Communication | |
| What value does the offering create for target customers? Why would they choose this offering? | Reason to choose | How will target customers and collaborators become aware of the company's offering? | |
| | | How will the offering be delivered to target customers and collaborators? | Distribution |