



Student Course
Mastery Guide for

Modern Marketing Management

Revised Edition

Prepared by Lee Dahringer
and Dennis Guseman

**STUDENT COURSE MASTERY GUIDE
FOR**

**MODERN
MARKETING
MANAGEMENT**

revised edition

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**Random House
Business Division
New York**

REVERSE SIDE OF BOOK
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First Edition

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ISBN: 0-394-32489-7

Manufactured in the United States of America

INTRODUCTION

This study guide has been prepared to help you comprehend the concepts presented in the text, to highlight the relationships between the concepts, and to help you prepare for tests. The study guide will lead you through the text material, emphasizing the most important material in the chapter so you can best spend your time when studying for exams.

Each chapter of the study guide begins with an outline of the text, which provides a quick overview of the material covered in the chapter. Even more important, the chapter outline highlights the relationships among the various topics. In studying for exams, you should first study the broad perspective—the overview of the major topics of the entire chapter and the relationship among them. Once this has been mastered, emphasis can then be placed on studying the specifics of each topic. Thus, the chapter outline acts as a guide to organize your study.

The Key Terms section lists the major terms and concepts presented in the chapter. To be adequately prepared for exams, you should be able to define each term and/or provide an example of what it is.

The Major Points to Remember section provides a check to ensure that you have accurately interpreted the material in the chapter and that you comprehend all the important points. These points should also be reviewed when studying for a test, and special emphasis should be given to this material in the text.

The self-tests provide examples of potential test questions. The self-tests have true-false questions, multiple choice questions, and completion questions. The self-tests can be used in two ways—first, they can be used as a check on your preparedness to take a test. You should go back to study the point of the questions that were missed. Second, by studying the point that each question is making, the self-tests can also be used to help study for exams.

It should be remembered that this book is only an aid to your own study procedures. You will want to cover more material than is in this book, but this book will definitely act as a guide to make your studying more productive and profitable.

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PART 1
AN OVERVIEW

Chapter 1

MARKETING AND THE MARKETING CONCEPT

OUTLINE

- I. Marketing's Evolving Definition
- II. Today's Focus
- III. The Marketing Concept
 - A. Production, Sales, and Marketing Orientation
 - B. Birth and Development of the Marketing Concept
- IV. The Marketing Concept in Business: Theory and Practice
- V. The Economic System and Marketing
 - A. The Impact of Economic Transition
 - B. The Emergence of Trade
 - C. Stages of Development in Western Civilization
 - D. As an Economy Develops—So Does Its Marketing Practices
 - 1. self-sufficiency
 - 2. emerging economies
 - 3. industrialization
 - 4. mass consumption
 - E. A Political View: Ideologies versus Practice
 - 1. capitalism
 - 2. socialism
 - 3. communism
 - F. The Narrowing Gap

KEY TERMS

marketing
customer orientation
the marketing concept
production orientation

sales orientation
economic transition
self-sufficiency
emergence
industrialization
mass consumption
capitalism
socialism
communism
the narrowing gap
command economy
marketplace economy

MAJOR POINTS TO REMEMBER

1. Marketing begins and ends with the consumer, and its major task is to satisfy consumer needs and wants. The definition of marketing is based on the concept of a mutually satisfactory exchange. Marketing techniques are applied in both business and nonbusiness situations. But in all cases, marketing is still centered on the fulfillment of individual needs.
2. The marketing concept is a general philosophy of making the consumer the focus of the organization's activities. It has evolved from a production through a sales orientation. If followed, the marketing concept facilitates achievement of corporate objectives through satisfaction of consumer wants and needs. The consumer movement of today calls attention to the lack of application of the marketing concept. Importantly, individual consumer satisfaction and social goals may be in conflict. Resolution of this conflict and satisfying the consumer in society will likely be part of the marketing manager's task in the future.
3. As an economic system develops, the marketing system changes also. Typically, as an economy matures economically, there is a concurrent transition from an emphasis on basic needs to satisfaction of higher order needs. As the need-satisfaction emphasis alters, it is common to find markets and marketing factors increasing in importance.
4. Whatever the political ideology, some marketing functions will be performed. However, as an economy approaches capitalism (as opposed to communism), more reliance is usually placed upon marketing as the mechanism to consummate exchange.

SELF-TESTSTrue-False

- 1. Marketing's major task is to generate profits for business organizations.
- 2. Marketing today is applied to nonbusiness as well as business situations.
- 3. The marketing concept is limited to the marketing department of an organization.
- 4. The guiding philosophy of the production orientations was to emphasize consumer satisfaction.
- 5. The best product is one that is easiest to manufacture.
- 6. Business goals and social goals are becoming increasingly mixed.
- 7. The adoption of the marketing concept offers few problems, since it is a universal concept.
- 8. Integrating and satisfying the needs of consumers and society is the marketer's future task.
- 9. Economic development and marketing activity do not seem to be closely related.
- 10. Social needs take precedence over basic needs in a self-sufficient economic system.
- 11. Production, not marketing, tends to be emphasized in emerging countries.
- 12. The differences between capitalistic and socialistic economic systems seems to be broadening.
- 13. The vocal consumerist movement is suggestive of the failure of firms to fully adopt the marketing concept.

Multiple Choice

- 1. Which of the following is an example where marketing is applicable:
 - a) religion
 - b) charities

- c) toothpaste
d) all of the above
- ___ 2. When a business spends time discovering the requirements of people who are most likely to be its customers, it is following the:
a) marketing orientation
b) production orientation
c) sales orientation
d) none of the above
- ___ 3. At which of the following stages of economic development does the marketing emphasis shift to greater interest in consumer satisfaction:
a) self-sufficiency
b) emerging
c) industrialization
d) mass consumption
- ___ 4. Which of the following items is *not* a characteristic of the mass consumption stage of economic development:
a) extensive multinational trade
b) marketing emphasis is on institutional concerns
c) manufacturing capacity outstrips distribution abilities
d) all of the above are such characteristics

Completion

1. The aim of a marketing effort is _____.
2. The _____ enables managers to tailor the marketing mix to satisfy both customer desires and company objectives.
3. A poor and stagnant economy typifies a _____ economy.
4. Economic maturity is typified by _____.
5. _____ refers to an economy where the factors of production are privately owned.
6. State ownership of productive capabilities is found in a _____ economy.
7. Private ownership and control of all wealth and resources is found in a _____ economy.

ANSWERS TO SELF-TESTSTrue-False

- | | |
|------|-------|
| 1. F | 8. T |
| 2. T | 9. F |
| 3. F | 10. F |
| 4. F | 11. T |
| 5. F | 12. F |
| 6. T | 13. T |
| 7. F | |

Multiple Choice

1. d
2. a
3. c
4. b

Completion

1. consumer satisfaction
2. marketing concept
3. self-sufficient
4. industrialization
5. capitalism
6. socialistic
7. capitalistic

Chapter 2

MARKETING AND MANAGEMENT

OUTLINE

- I. Marketing: The Basic Functions and Organizations
 - A. The Basic Exchange Process
 - B. Goods Handling
 - C. Facilitating Activities
- II. Business Organizations Involved in Marketing
 - A. Manufacturers and Processors
 - B. Wholesalers
 - C. Retailers
- III. Who Is Involved and What It Costs
 - A. A Growing Profession
 - B. The Costs of Marketing
- IV. Marketing Management
 - A. Management Goals and Marketing Objectives
 - B. The Marketing Mix: Variables the Firm Can Control
 - 1. product
 - 2. promotion
 - 3. price
 - 4. distribution
 - C. The Environmental Mix: Variables the Firm Cannot Control
- V. Examples of Marketing Strategies Developed by Particular Firms
 - A. Stanley Works
 - B. Source Perrier

KEY TERMS

marketing functions
exchange process
goods handling
facilitating functions
manufacturers and processors
wholesalers
retailers
management functions
marketing objectives
marketing mix
product
promotion
price
distribution
environmental mix
uncontrollables

MAJOR POINTS TO REMEMBER

1. The aim of marketing, satisfying the needs of the ultimate consumer, is achieved by carrying out three basic functions: the basic exchange function, goods handling, and facilitating activities.
2. Business organizations that perform the three basic functions of marketing include: manufacturers and processors, wholesalers, and retailers, all with the same overall objectives—to provide consumers with need-satisfying goods and services.
3. Some 25 to 35 percent of nonmilitary personnel employed in the United States work in marketing-related jobs, with marketing employment increasing faster than manufacturing employment. Costs of marketing, on the average, account for about half the retail price of an item. The costs, without marketing functions being performed, must be considered before determining whether marketing costs too much.
4. Management activities include planning, organizing, directing, staffing, and controlling. Marketing management typically does these things, but in a context of measurement against internal performance or outside criteria such as sales, market share, introduction into a new market, profits, or others.

5. The marketing mix (product, price, promotion, and distribution) is the variables under the direct control of the marketing manager that may be manipulated in order to achieve marketing management objectives. The optimal marketing mix will vary from organization to organization and must be developed within the constraints imposed by the environmental mix. The environmental mix is the uncontrollable variables that make up the company's external environment. Examples include: consumer, competitor, societal, governmental, scientific, natural, and economic.

SELF-TESTS

True-False

- ___ 1. Even if the basic exchange process did not occur, other business activities could continue.
- ___ 2. Grading and sorting, shipping, and financing are examples of facilitating activities.
- ___ 3. A service establishment such as a gas station is really an example of a processor, since it processes gasoline into a total product for the consumer.
- ___ 4. The overall marketing objective will vary as the number of organizations involved in the activities or the complexity of the paths taken by the produce increase.
- ___ 5. The number of people involved in marketing seems to be growing.
- ___ 6. Since about half of the retail price of an item is related to marketing cost, it is quite clear that marketing costs too much.
- ___ 7. Marketing management's objectives are derived separately from management's overall goals.
- ___ 8. Marketing management's objectives may be measured against specific criteria.
- ___ 9. The consumer is part of the marketing mix.
- ___ 10. The marketing mix that is most effective will vary from organization to organization.

- ___ 11. Availability of credit is an example of uncontrollable environment.
- ___ 12. Even though the external environments are uncontrollable, since the marketing mix is controllable, the external environments do not directly affect the success of the firm's marketing efforts.

Multiple Choice

- ___ 1. Moving and storage of goods, when performed by a trucking firm, is an example of which basic marketing function?
 - a) basic exchange process
 - b) goods handling
 - c) facilitating activities
 - d) any of the above
- ___ 2. The facilitating activities include all of the following functions except:
 - a) sales
 - b) credit
 - c) grading
 - d) all of the above are examples of facilitating activities
- ___ 3. What business organizations are not necessary for the exchange of products?
 - a) manufacturers
 - b) processors
 - c) wholesalers
 - d) retailers
 - e) all of the above are necessary
- ___ 4. Marketing management is concerned with which of the following functions:
 - a) evaluation
 - b) modification
 - c) establishing objectives
 - d) all of the above
- ___ 5. Which of the following is not likely to be found as a criterion for the measurement of marketing management's performance:
 - a) increasing sales in a market
 - b) maintaining profits
 - c) developing market share
 - d) developing sales in a new market

- e) all of the above are likely to be found as criteria
- ___ 6. Of the following factors, which is not an element of the marketing mix:
- a) consumers
 - b) product
 - c) price
 - d) distribution
 - e) all of the above are elements of the marketing mix
- ___ 7. Which of the following variables is not an element of the environmental mix:
- a) inflation
 - b) governmental regulation
 - c) competitive prices on similar products
 - d) technological change
 - e) all of the above are environmental mix variables

Completion

1. A greater concentration on secondary and tertiary demands of consumers will be found in an _____ marketing system.
2. Raw materials and production are dealt with by _____ and _____.
3. _____ facilitate the exchange between producers and consumers.
4. Customers usually deal directly with _____ for most consumer goods.
5. The combination of controllable variables the marketing manager has to work with is called the _____.
6. A _____ is a physical object, service, or bundle of ideas.
7. Organizations communicate with their audiences through _____.
8. Terms of sale and the availability of credit are encompassed in the _____ element of the marketing mix.
9. _____ is bringing products to market.

10. The environmental mix is made up of those _____ that affect the putting together of the optimal marketing mix.

ANSWERS TO SELF-TESTS

True-False

- | | |
|------|-------|
| 1. F | 7. F |
| 2. T | 8. T |
| 3. F | 9. F |
| 4. F | 10. T |
| 5. T | 11. F |
| 6. F | 12. F |

Multiple Choice

- | | |
|------|------|
| 1. b | 5. e |
| 2. a | 6. a |
| 3. e | 7. e |
| 4. d | |

Completion

1. expanded
2. manufacturers; processors
3. Wholesalers
4. retailers
5. marketing mix
6. product
7. promotion
8. price
9. Distribution
10. uncontrollable variables

PART 2
MARKETING'S EXTERNAL VARIABLES:
OPPORTUNITY ANALYSIS

Chapter 3
CONSUMER BEHAVIOR

OUTLINE

- I. The Whys and Wherefores of Consumer Behavior
 - A. Definition of Consumer Behavior
 - B. Types of Consumers
 - 1. ultimate consumer
 - a. personal use
 - b. family use
 - c. another's use
 - 2. organizational consumers
 - a. industrial companies
 - b. nonprofit companies
 - c. government
 - C. Why Study Consumer Behavior
 - 1. to be more capable of introducing new products
 - 2. to better adapt to the consumerism movement
 - 3. to better develop public policy and legislation
- II. Bases of Consumer Behavior Studies
 - A. Behavioral Science
 - 1. psychology (individual)
 - 2. sociology (group)
 - 3. anthropology (entire societies)
 - 4. economics (economic man)
 - B. Culture
 - 1. learned
 - 2. dynamic
 - C. Subcultures
 - 1. religion
 - 2. race
 - 3. nationality
 - 4. age
 - 5. sex
 - 6. occupation
 - 7. social class
 - 8. geographic location