



# Marketing Management

KNOWLEDGE AND SKILLS

7th Edition

J. PAUL PETER

JAMES H. DONNELLY, JR.

# Marketing Management

Knowledge and Skills

7th Edition

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**To Gayla, thank you for ten years.**

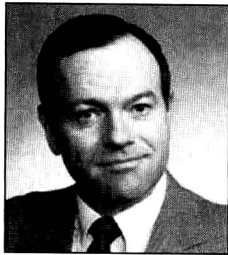
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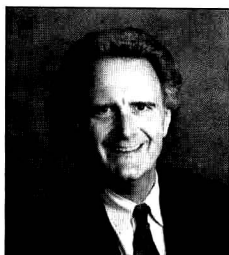
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Professor Donnelly is very active in the banking industry where he currently serves on the board of directors of the Institute of Certified Bankers and the ABA's Marketing Network. He is also the academic dean of the ABA's School of Bank Marketing and Management.

# Preface

---

From the outset, we have envisioned *Marketing Management: Knowledge and Skills* to be a complete student resource for marketing management education. Our vision for this, the seventh edition, remains the same. As the resources students and instructors need have changed, the book has changed. This edition is no exception. However, our overriding goal remains the same: to enhance students' *knowledge* of marketing management and to advance their *skills* in using this knowledge to develop and maintain successful marketing strategies.

## THE SEVENTH EDITION

The basic structure of our text continues to evolve and has been expanded, particularly during this and the previous edition. Some important changes include the following:

1. Because the text chapters are an integral part of the book, they have been completely updated and revised in this edition. In fact, several chapter titles have been changed to reflect the new content. In addition, each chapter has been updated and contains additional references that students can use for writing projects and case presentations. Some specific content changes include a new What Is Marketing? discussion, new mission statement examples, and a reorganization and new discussion of organizational strategies; expanded coverage of the marketing research process with emphasis on both qualitative and quantitative research methods; a new section, Psychological Influences on Consumer Decision Making; a new section, Categories of Organizational Buyers; revised material on the effective use of cross-functional teams in product management, a new discussion of product mix and product line, and new material on the composition of new product teams; all new discussions of public relations and direct marketing, a new discussion of the promotion mix, an expanded discussion of integrated marketing communications, and a new discussion of push versus pull marketing; all new discussions of technology and the sales force and the evolution of personal selling; expanded coverage of electronic retailing with particular emphasis on the advantages and disadvantages for marketers; a new pricing model that emphasizes breaking down pricing decisions into a set of manageable stages; new material on quality service on the Internet; and an expanded discussion of organizing the multinational firm and global branding.  
A popular feature of the text chapters that has received very positive feedback from both students and teachers is the occasional "marketing highlight" that appears throughout. Not the usual "news items" found in other texts, this feature emphasizes important information and handy tools for analyzing marketing cases and problems. We have revised and replaced many in this edition.
2. A new section initiated with the previous edition includes 11 Internet exercises for those instructors wishing to add them to the skill development component of their course. These exercises have been revised and updated and were developed to relate specifically to the content of the text chapters. They are all strategic in



focus and allow students to relate the concepts in the text chapters to the challenges of marketing on the Internet.

3. The search for new cases is an unending one because finding relevant new cases is a challenge. But we have been fortunate to continue to locate truly outstanding new cases. We have added 17 new ones to this edition. Our emphasis continues to be on well-known companies whenever possible, including both domestic and global companies, high-tech companies, consumer and organizational products, small and large businesses, products and services, and manufacturers and channel members. Additional cases “Outback Goes International,” Briggs & Stratton Corporation: Competing in the Outdoor Power Equipment Industry,” and “Carnival Corporation: 1998” can be found on the website.

We believe that many of the popular cases we retain in the book can truly be considered “classics.” But whether set in 2002 or 1992, these “snapshots in time” enable students to analyze the situation within the time period the case was written and/or bring the situation up-to-date with their own research and analysis.

4. A new resource initiated in the previous edition and revised and updated in this edition is an annotated bibliography of the major online databases used in marketing. It is an up-to-date resource for students to use in the analysis of cases, the development of marketing plans, and the analysis of Internet exercises. It is included in Section IV immediately following the Internet exercises.
5. Some of the cases include in-class exercises that provide the instructor with additional means of enhancing student learning, participation, and team building.
6. A number of the cases include video instructions and discussion questions to enhance student interest, thinking, and analysis.

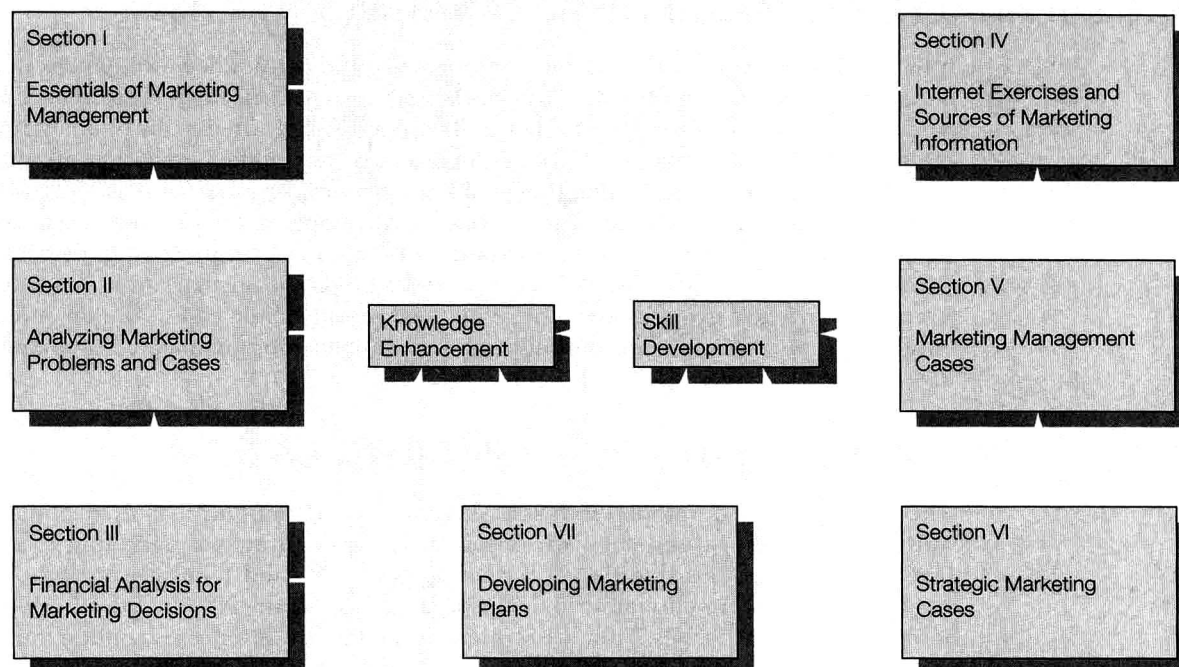
We have experimented over many years with various teaching philosophies. The structure of this book evolved and continues to evolve from these experiments. Currently, our six-stage learning approach includes (1) learning basic marketing principles, (2) learning approaches and tools for performing marketing analyses, (3) analyzing Internet exercises, (4) analyzing marketing management cases, (5) analyzing strategic marketing cases, and (6) developing marketing plans.

Our six-stage learning approach is the focus of the seven book sections. Each section has as its objective either *knowledge enhancement*, or *skill development*, or both. The framework and structure of our book is presented in the diagram on page ix, which will be used throughout the text to integrate various sections.

## STAGE 1: LEARNING BASIC MARKETING PRINCIPLES

It is clearly necessary for students to learn and understand basic definitions, concepts, and marketing logic before they can apply them in the analysis of marketing problems or development of marketing plans. Section I of the book contains 13 chapters that present the essentials of marketing management. One problem we continually face in more advanced case-oriented courses is that most students have long ago discarded or sold their basic marketing texts. Consequently, when they are faced with case problems they have nothing to rely on but their memories. We believe this seriously detracts from the usefulness of case analysis. Thus, we include this section as a reference source for key marketing concepts. Our objective in this section is to focus on material that is relevant primarily for analyzing marketing problems and cases.





## STAGE 2: LEARNING APPROACHES AND TOOLS FOR PROBLEM ANALYSIS

The second stage in our approach involves offering students basic tools and approaches for solving marketing problems. Section II, “Analyzing Marketing Problems and Cases,” is a widely praised approach to analyzing, writing, and presenting case analyses. Section III, “Financial Analysis for Marketing Decisions,” presents some important financial calculations that can be useful in evaluating the financial position of a firm and the financial impact of various marketing strategies. Section IV includes an annotated bibliography of some of the most widely used marketing databases. It will assist students in researching a particular industry or firm and can greatly improve the analysis of cases.

## STAGE 3: ANALYZING INTERNET EXERCISES

As a way of introducing students to the challenges of case analysis, some instructors utilize Internet exercises. They find that these exercises are an especially useful way to integrate text material with case work. Accordingly, Section IV provides 11 such exercises. Other instructors, especially those with more advanced marketing students, find their students are fully prepared to tackle case analyses. For these instructors, this section is optional.

## STAGE 4: ANALYZING MARKETING MANAGEMENT CASES

It has been our experience that few students have the confidence and experience necessary to analyze complex strategic marketing cases in their first exposure to this type of learning. We believe it is far better for them to apply their skills by analyzing cases for which traditional marketing principles can be applied somewhat directly before they attempt more challenging problems. Accordingly, Section V of the book has been expanded to include 32 marketing management cases, organized into six groups: market opportunity analysis, product strategy, promotion strategy, distribution strategy, pricing strategy, and social and ethical issues in marketing management. Within each group, cases are sequenced so that later cases contain more information and typically require higher levels of marketing management analysis skills than earlier ones.

## STAGE 5: ANALYZING STRATEGIC MARKETING CASES

Once students have developed sufficient skills to provide thoughtful analyses of marketing management cases, they are prepared to tackle strategic marketing cases. These cases go beyond traditional marketing principles and focus on the role of marketing in cross-functional business or organization strategies. Section VI of our book contains 9 such cases. They are sequenced so that the latter cases contain more information and require higher skill levels to analyze them properly.

## STAGE 6: DEVELOPING MARKETING PLANS

The final stage in our approach involves the development of an original marketing plan. We believe that after a two-course sequence in marketing management, students should be able to do one thing very well and should know that they can do it well: Students should be able to construct a quality marketing plan for any product or service. Section VII provides a framework for developing such a plan. Instructors can consult the *Instructors Manual* that accompanies this book for alternative ways to incorporate this stage into their course.

We have found that this six-stage process is very flexible and can easily be adapted to student needs and instructor objectives. For example, if the course is the first learning experience in marketing, then emphasis could be placed on the first four stages. If students progress well through these stages, then marketing management cases can be assigned on an individual or group basis.

If the course is for students with one or more previous courses in marketing or is the capstone marketing management course, then major attention should shift to stages 2 through 6. In this instance, Section I becomes a resource for review and reference and the course focuses more on skill development.

Finally, the text can be used for a two-course sequence in marketing management. The first course can emphasize stages 1 through 4 and the second can concentrate on stages 5 and 6.

# Acknowledgments

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**J. Paul Peter**  
**James H. Donnelly, Jr.**

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