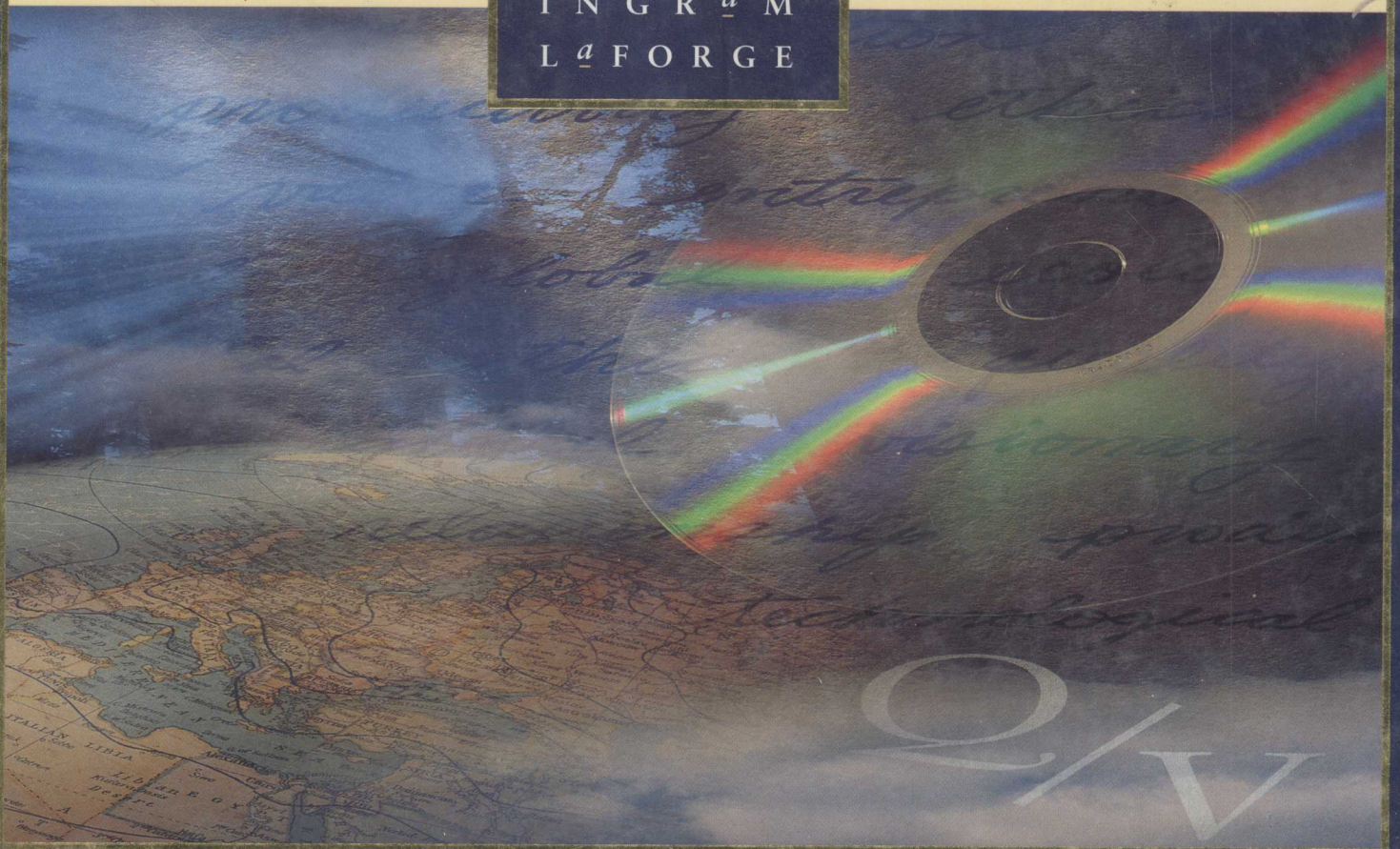

M_aRKETING

P R I N C I P L E S



P E R S P E C T I V E S

B E _a R D E N
I N G R _a M
L _a F O R G E



MaRKETING

P R I N C I P L E S



P E R S P E C T I V E S

WILLIAM O. BEARDEN

University of South Carolina

THOMAS N. INGRAM

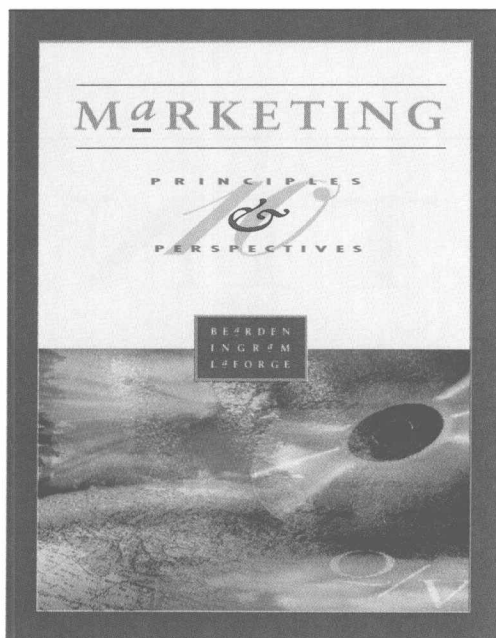
The University of Memphis

RAYMOND W. LAFORGE

University of Louisville

IRWIN

Chicago • Bogotá • Boston • Buenos Aires • Caracas
London • Madrid • Mexico City • Sydney • Toronto



About the cover

When tomorrow comes, the messages sent to students today will help them survive in the complex and turbulent marketplace of tomorrow. To be successful, students need an accurate overall picture of contemporary marketing. Seeing into the future of marketing is represented on the cover by a shaft of light streaming through the dense forest. Bearden, Ingram, and LaForge deliver this vision to help students develop the understanding and skills necessary for future marketing success. It is held together by the ten vantage points of marketing called the Ten Key Marketing Perspectives.

The Ten Key Marketing Perspectives are interwoven throughout the book. They are the framework that applies the basic concepts of marketing defined in real-world situations. The handwritten script, used as an underlying texture behind the overall picture, represents the Ten Key Marketing Perspectives. This emphasizes the importance of the ten perspectives as the basic structure that holds the many complex pieces of marketing together. The handwriting is a reminder of the essential role people play in the marketing around the world.

Other images and objects, rendered in a collage fashion, focus on marketing's interaction within its internal and external environments. A laser disc emphasizes technology and reminds

marketers of its importance when establishing a competitive edge. A globe represents the vast number of global markets and the need to search for marketing opportunities around the world. The initials Q/V symbolize quality & value and direct marketers toward generating customer satisfaction. Ecology is pictured as clouds and suggests that marketers consider the environmental consequences when making marketing decisions. Together, these images form a fragile, yet crucial, connection within the marketing environment of the future.

© RICHARD D. IRWIN, INC., 1995

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Sponsoring editor: Nina McGuffin
 Managing development editor: Eleanore Snow
 Marketing manager: Jim Lewis
 Project editor: Ethel Shiell
 Production manager: Ann Cassady
 Designer: Mercedes Santos
 Cover photographer: Tom Collicott
 Art studio: Boston Graphics, Inc.
 Art coordinator: Mark Malloy/Kim Meriwether
 Photo research coordinator: Charlene Breeden
 Photo researcher: Michael J. Hruby
 Compositor: William C. Brown Communications, Inc.
 Typeface: 10/12 Sabon
 Printer: Von Hoffmann Press, Inc.

Library of Congress Cataloging-in-Publication Data

Bearden, William O.

Marketing: principles & perspectives/William O.

Bearden, Thomas N. Ingram, Raymond W. LaForge.

p. cm.—(Irwin series in marketing)

Includes index.

ISBN 0-256-11319-X

1. Marketing—United States. I. Ingram, Thomas

N. II. LaForge, Raymond W. III. Title. IV. Series

HF5415.1.B4155 1995

658.8—dc20

94-31421

Printed in the United States of America

2 3 4 5 6 7 8 9 0 VH 1 0 9 8 7 6 5

To Patti, Anna, Wallace, and my parents

Bill Bearden

To Jacque and my parents

Tom Ingram

To Susan, Alexandra, Kelly, and my parents

Buddy LaForge

Meet the Authors . . .

A note from the publisher:

We knew going into this project that Bill Bearden, Tom Ingram, and Buddy LaForge were eminent researchers and scholars and highly acclaimed teachers; and we were tremendously pleased when this illustrious team agreed to publish an introductory marketing textbook with IRWIN.

What we didn't know, but soon found out, was that they are also extremely hardworking, dedicated, and patient authors, sensitive and open to reviewer and Publisher suggestions for improving and polishing the various manuscript drafts. Their passionate commitment to facilitating student learning with the most current material and to making marketing *fun* for their students is unsurpassed. Through it all they kept a sense of humor, needling each other (and IRWIN) whenever the opportunity arose—which happened often over the course of the project. As Publisher, however, IRWIN gets the last word. And so we present Achievement Awards to Bill, for meeting all deadlines and submitting the longest chapters; to Tom, for taking the most minivacations; and to Buddy, for not failing to miss every single deadline.



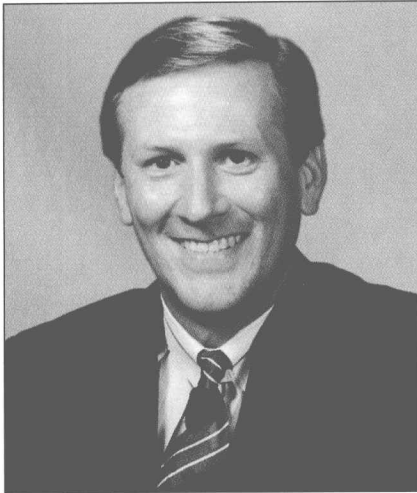
WILLIAM O. BEARDEN (Ph.D., University of South Carolina)
University of South Carolina

Bill Bearden is Distinguished Foundation Fellow and Professor of Marketing at the University of South Carolina. He has focused his teaching and research interests in consumer behavior and marketing research. In addition, Bill teaches principles of marketing and marketing management.

His teaching awards include Outstanding MBA Teacher, the College of Business Administration Alfred G. Smith Excellence in Teaching Award, and the University of South Carolina AMOCO Award for Excellence in Undergraduate Teaching.

He is currently a member of the Editorial Review Boards for the *Journal of Consumer Research*, the *Journal of Marketing Research*, the *Journal of the Academy of Marketing Science*, the *Journal of Retailing*, the *Journal of Business Research*, and the *Marketing Education Review*. His professional experience includes past president of the Southern Marketing Association, past vice president of the American Marketing Association, Education Division, and member of the American Marketing Association Board of Directors. He is currently Co-Director of the USC Lilly Endowment Teaching Fellows Program.

Bill lives in Columbia, South Carolina, with his wife Patti, while his two daughters, Anna and Wallace, attend the University of Tennessee and Clemson University. Bill and his entire family are active in tennis and enjoy frequent trips to the SC coast.



**THOMAS N. INGRAM (Ph.D., Georgia State)
The University of Memphis**

Tom Ingram is holder of the Sales and Marketing Executives of Memphis Chair of Excellence at The University of Memphis, where he teaches principles of marketing, sales management, and professional selling courses. Previously, he was on the faculty at the University of Kentucky, where he received the university's highest recognition for teaching, the National Alumni Association's Great Teacher Award. Prior to his academic career, Tom worked in sales, product management, and sales management with Exxon Company, USA, and Mobil Corporation.

In 1990, Tom was named educator of the year by Sales and Marketing Executives International (SMEI), an organization of 9,600 members. He is Chair of the SMEI Accreditation Institute, which oversees professional certification programs in marketing management, professional selling, and sales management. In 1994, he was recognized by national honorary Mu Kappa Tau for his contributions to the sales/sales management discipline.

Tom has published extensively in professional journals, including the *Journal of Marketing*, the *Journal of Marketing Research*, the *Journal of the Academy of Marketing Science*, and the *Journal of Personal Selling and Sales Management*. He is past editor of the latter journal, and is coauthor of *Sales Management: Analysis and Decision Making*, 2nd ed.

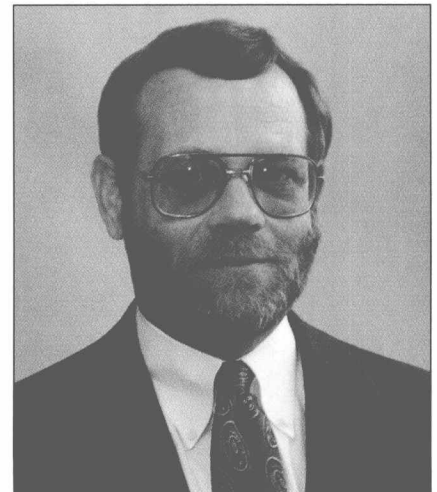
Currently, Tom is vice president of development for the Academy of Marketing Science, and has just completed a term as vice president of research and publications for the Southern Marketing Association. He and his wife Jacque enjoy life in Memphis, home of some of the world's best music and barbecue.

**RAYMOND W. (BUDDY) LAFORGE (DBA, University of Tennessee)
University of Louisville**

Buddy LaForge is the Brown-Forman Professor of Marketing at the University of Louisville. He is the founding editor of the *Marketing Education Review* and served as senior vice president of teaching and information dissemination for the American Marketing Association Academic Council.

Buddy teaches principles of marketing, sales management, and professional selling courses, and is coauthor of *Sales Management: Analysis and Decision Making*, 2nd ed. His research in the sales management and marketing strategy/entrepreneurship areas has been published in various journals, including the *Journal of Marketing* and the *Journal of Marketing Research*. He received the 1993 Best Paper Award from the *Journal of Personal Selling and Sales Management*.

Buddy lives in Louisville, Kentucky, with his wife Susan and daughters Alexandra and Kelly. He enjoys golf, tennis, and breeding/racing thoroughbred horses.



Preface

.....

The marketing world is changing rapidly. Global economic conditions, political situations, and competitive landscapes are in constant flux. Marketing approaches that worked yesterday may not work tomorrow. Increasingly, marketing success requires doing things differently.

Our students will face a marketing environment different than the one discussed in our classes today. Learning what was done in the past will not prepare them sufficiently for what they need to do tomorrow. We must prepare our students to operate in the complex and dynamic marketing environment of the future.

.....

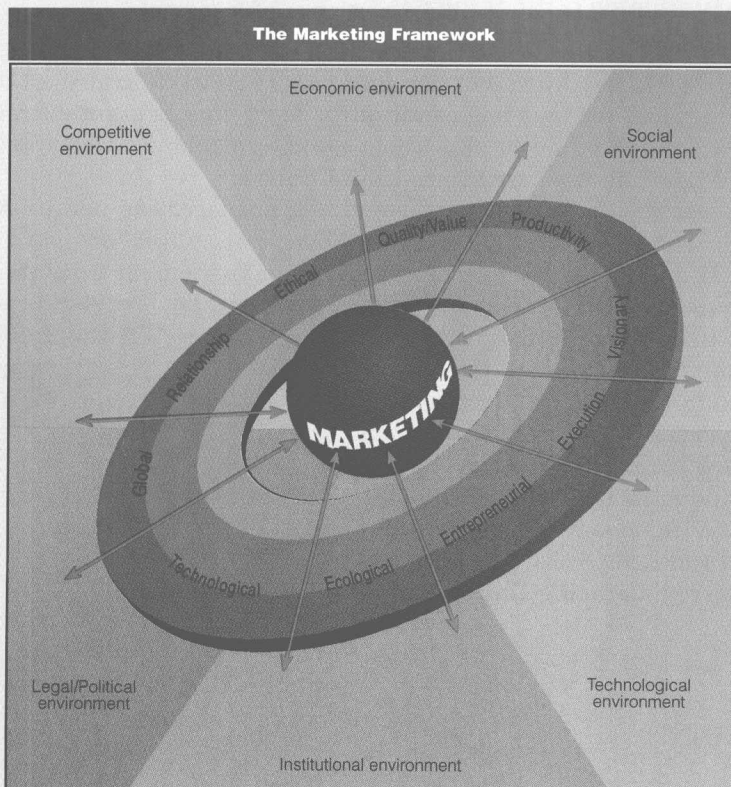
Preparing students for marketing in the future

Our major objective in writing this text is to help students develop the understanding and skills necessary for marketing success in the future. Yes, students must still learn basic marketing terms and concepts. But more important, they need to develop the capacity to think and act like marketers in a difficult and uncertain environment. This requires the ability to assess complex and changing marketing situations, to determine the best marketing strategies for these situations, and to execute the strategies effectively and efficiently.

Everything in our text and in the accompanying teaching resources is intended to help students develop the understanding and skills to become successful marketers. The text is designed to facilitate student learning from individual reading and study. The teaching resources provide useful tools for

instructors to go beyond what is covered in the text. Together, the text and teaching resources represent an integrated package for preparing students for marketing in the future.

This package differs from currently available products in many important ways. The critical differences stand out in the integration of ten key marketing perspectives throughout the text, the presentation of comments from an Executive Roundtable of practicing marketers, the implementation of an integrated marketing communications (IMC) approach, and an intense emphasis on student learning.



Ten Key Marketing Perspectives

We studied emerging trends in business and identified ten key marketing perspectives to help marketers identify and respond to opportunities in the marketing environment. These perspectives provide unifying themes for the text. The perspectives are introduced in the contemporary marketing framework in Chapter 1, discussed in detail in Chapter 2, and covered in the remaining chapters in various ways.

The text concludes with an illustrated essay, **Epilog: Key Perspectives Revisited**, where the perspectives are examined in relation to the marketing efforts of The Timberland Company. The Epilog ties everything together by synthesizing and summarizing the major points presented in the text.

A brief overview of each perspective and examples of the integration illustrate the value of the perspectives:

A global perspective

This perspective helps marketers cultivate a global view of the marketplace that includes searching for marketing opportunities around the world, competing against international competitors, and working with multicultural suppliers, employees, channel partners, and customers. The global perspective is integrated throughout the text by discussion, real-world company examples, photos, and ads. Examples of detailed coverage of the global perspective include the global marketing environment (Chapter 3), international marketing strategies (Chapter 4), and international considerations in marketing research (Chapter 7).

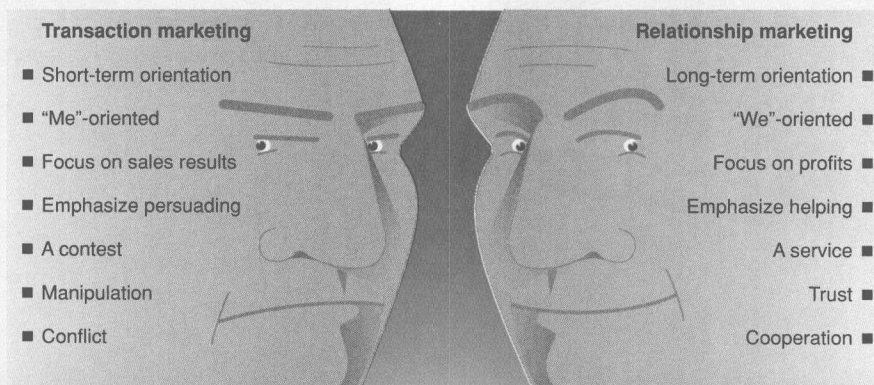


Coca-Cola for example, uses a largely standardized marketing strategy, where the brand name, concentrate formula, positioning, and advertising are virtually the same worldwide, but the artificial sweetener and packaging differ across countries.²⁴ TGI Friday's restaurants are successful in the Far East using the same concept as in the United States. The mix of American memorabilia and chatty, high-fiving waiters produces high sales per store. In fact, the TGI Friday's in Seoul generates double the sales volume of an average restaurant in the United States.²⁵

Nissan, in contrast, uses a more customized marketing strategy by tailoring cars to local needs and tastes. One success has been the Nissan Micra, designed specifically to negotiate the narrow streets in England.²⁶ Similarly, Campbell Soup gets higher sales by adapting its products to local tastes. For example, sales accelerated when it introduced a cream of chile poblano soup to the Mexican market.²⁷

Exhibit 2.3

Transaction marketing versus relationship marketing



A relationship perspective

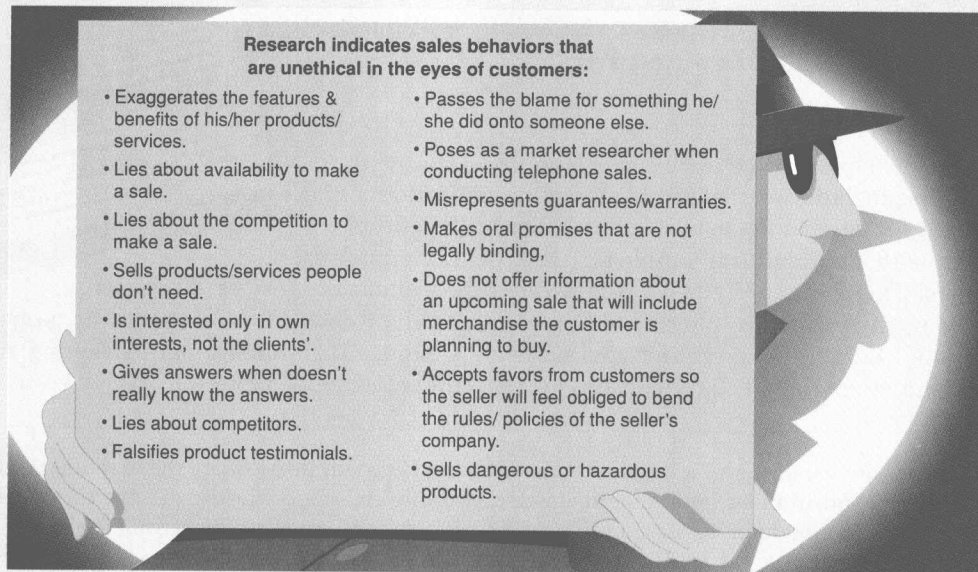
This perspective orients marketers toward long-term mutually beneficial relationships that include customer relationships, organizational partnerships, and teamwork within a company. Examples of specific attention to the relationship perspective include teamwork in the new-product development process (Chapter 10), channel relationships (Chapter 14), and a relationship approach to personal selling and sales management (Chapter 20).

An ethical perspective

The ethical perspective helps marketers incorporate moral and social responsibility issues into marketing decisions and activities. Many chapters conclude with a discussion of ethics and social responsibility—for example, ethical issues in marketing research (Chapter 7), FTC guidelines against deceptive pricing (Chapter 13), and ethical and legal issues in advertising (Chapter 18).

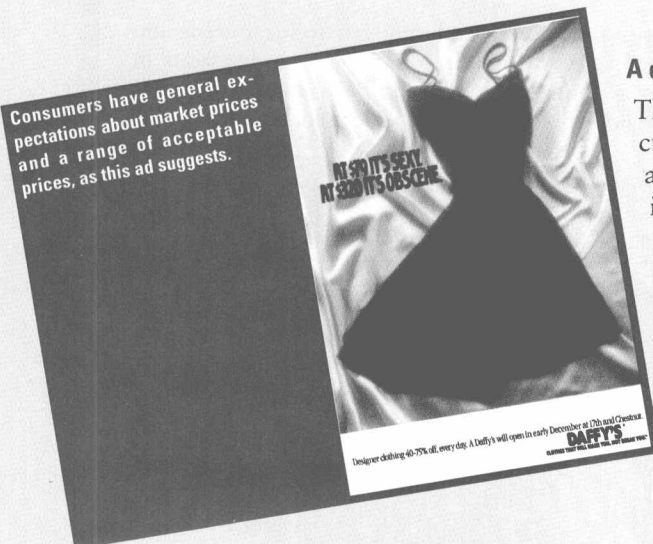
Exhibit 20.11

Unethical sales behaviors



Research indicates sales behaviors that are unethical in the eyes of customers:

- Exaggerates the features & benefits of his/her products/services.
- Lies about availability to make a sale.
- Lies about the competition to make a sale.
- Sells products/services people don't need.
- Is interested only in own interests, not the clients'.
- Gives answers when doesn't really know the answers.
- Lies about competitors.
- Falsifies product testimonials.
- Passes the blame for something he/she did onto someone else.
- Poses as a market researcher when conducting telephone sales.
- Misrepresents guarantees/warranties.
- Makes oral promises that are not legally binding.
- Does not offer information about an upcoming sale that will include merchandise the customer is planning to buy.
- Accepts favors from customers so the seller will feel obliged to bend the rules/policies of the seller's company.
- Sells dangerous or hazardous products.



Consumers have general expectations about market prices and a range of acceptable prices, as this ad suggests.

IT'S NOT SEXY
IT'S NOT OBSCENE

Designer clothing 40-75% off, every day. A Daft's will open in early December at 17th and Chestnut.

DAFT'S

DAFT'S YOUR FINEST HOUR

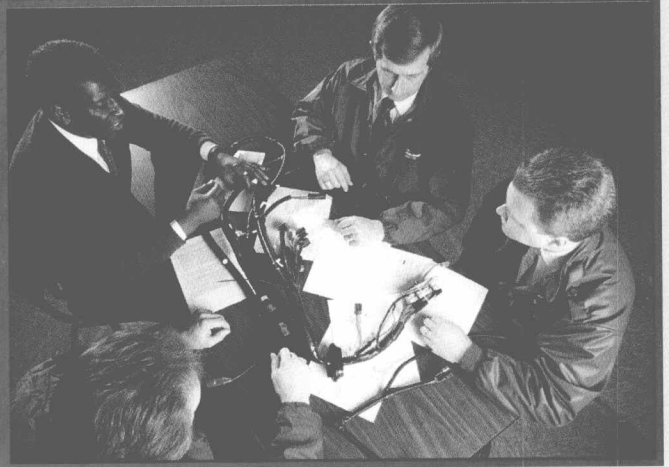
A quality/value perspective

This perspective directs marketers toward generating customer satisfaction by providing the quality desired at the best prices. It emphasizes continuous quality improvement as a way to increase the value customers receive. Examples of specific quality/value coverage include: product quality (Chapter 9), prototype development for new products (Chapter 10), and customer price evaluations (Chapter 12).

A productivity perspective

The productivity perspective focuses attention toward improving the productivity of marketing resources. Sometimes, this requires doing the same things better. At other times, this perspective leads marketers to do things differently. Examples of an emphasis on the productivity perspective include: corporate objectives and resource allocation (Chapter 4), new-product development process (Chapter 10), and budget development for integrated marketing communications planning (Chapter 17).

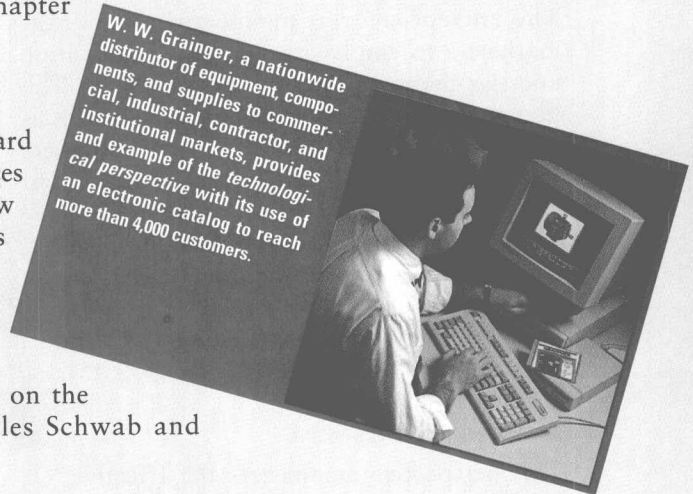
To increase productivity, Ford Motor Company outsources the electrical distribution systems for its 1995 Taurus and Sable models from United Technologies.



A technological perspective

The technological perspective orients marketers toward looking for ways to use the latest technological advances to improve marketing practice and as a source for new products. The use of new technologies in marketing is discussed throughout the text. Each chapter also includes a sidebar entitled **The Technological Edge** that presents a specific example of the technological perspective. Examples of these sidebars include "CATS Provide Single-Source Data" (Chapter 7), "Driving on the Information Highway" (Chapter 10), and "Charles Schwab and Discount Brokerage Marketing" (Chapter 12).

W. W. Grainger, a nationwide distributor of equipment, components, and supplies to commercial, industrial, contractor, and institutional markets, provides an example of the technological perspective with its use of an electronic catalog to reach more than 4,000 customers.

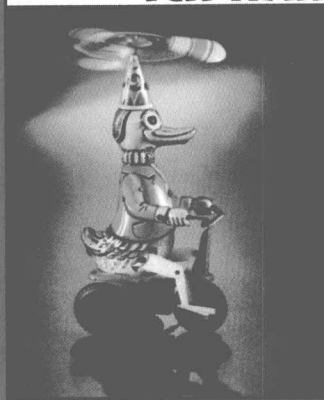


An ecological perspective

This perspective helps marketers consider the environmental consequences of marketing decisions and capitalize on environmental marketing opportunities. Examples of particular coverage include environmentalism (Chapter 3), packaging (Chapter 9), and environmental concerns in logistics (Chapter 16).

Fordwerke emphasizes an ecological perspective with an appeal to the environmental concerns of German consumers. The headline reads "I was a car," because the child's toy was made from recycled auto parts.

ICH WAR EIN AUTO.



Ford-Automobile sind in hohem Maße aus wiederverwertbaren Teilen gefertigt. Da kann es vorkommen, daß manche dieser Teile in einem völlig anderen Produkt wieder auftauchen.

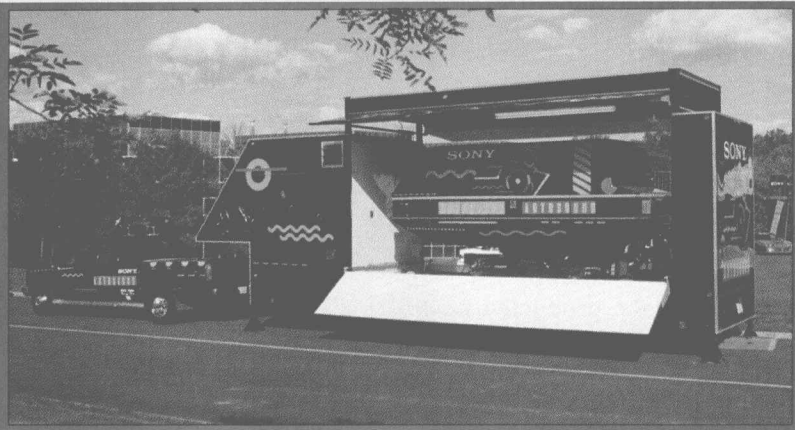
Wichtiger ist uns jedoch die umfassende und sinnvolle Wiederverwendung aller eingesetzten Werkstoffe im Automobilbau. Deshalb untersucht Ford in einer Pilot-Demontageanlage die optimale Zerlegung von Altfahrzeugen.

Mit den dort gewonnenen Erkenntnissen verbessern wir ständig die Recyclingfähigkeit neuer Ford-Modelle. So können wir bereits seit Oktober 1991 die kostenlose Rücknahme aller ab diesem Zeitpunkt vom Band gelaufenen Fahrzeuge der Escort/Orion-Baureihe garantieren.

Wenn Sie mehr über Recycling oder andere umweltentlastende Maßnahmen beim Produktionsprozeß bei Ford wissen möchten, rufen Sie uns einfach an: 01 30 42 42.

FORD. BEI UNS DREHT SICH ALLES UM SIE.

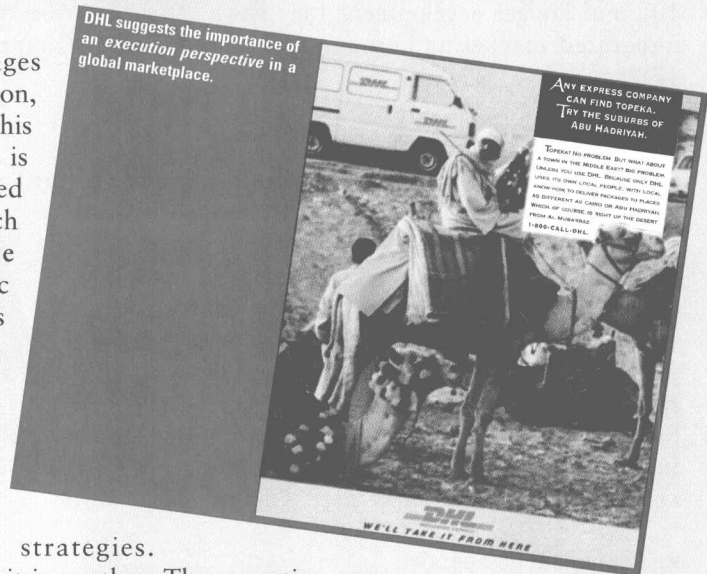
Sony illustrates an *entrepreneurial perspective* in the unique approach used to introduce its new MiniDisc.



An entrepreneurial perspective

The entrepreneurial perspective encourages marketers to emphasize creativity, innovation, and risk-taking in their marketing efforts. This perspective, discussed throughout the text, is important to both smaller, growth-oriented firms and to the largest corporations. Each chapter features a sidebar entitled *The Entrepreneurial Spirit* to highlight specific situations. Examples include: "America's Greatest 18 Holes" (Chapter 10), "Pricing to Cover Exporting Costs" (Chapter 13), and "sMall Shops Test Big Ideas" (Chapter 15).

DHL suggests the importance of an *execution perspective* in a global marketplace.



An execution perspective

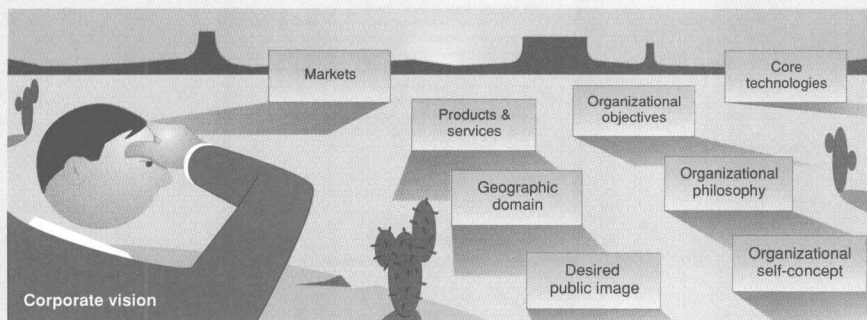
This perspective emphasizes the effective implementation of sound marketing strategies. Determining what to do is one thing; doing it is another. The execution perspective focuses on *doing* it. Examples of specific coverage of the execution perspective include executing strategic plans (Chapter 4), implementing channel strategy (Chapter 14), and the sales process (Chapter 20).

A visionary perspective

The visionary perspective focuses on developing a broad, long-term view of what a company is trying to accomplish. This vision provides direction for all marketing efforts. Examples of specific attention to the visionary perspective include: megatrends (Chapter 3), corporate vision (Chapter 4), and new-product objectives (Chapter 10). ■

Exhibit 4.5

Corporate vision components





Executive Roundtable

What better way to prepare students for the future than by having active marketers tell them how their companies view things and what they are doing now to be successful in the future? We researched the viability of this issue and based on our findings assembled a group of practicing marketers into an Executive Roundtable to do just that. The Roundtable members represent a broad spectrum of marketing positions at many different types of organizations operating in a variety of industries. We introduce the Executive Roundtable members at the end of the Preface.

Each Roundtable member prepared specific comments for our text. We asked them to discuss how their organization views the changing marketing world and to describe what they were doing to be successful now and in the future. We also gave them a copy of the ten key marketing perspectives and encouraged them to indicate how—or whether—specific perspectives were important to their situation.

The diversity of the Executive Roundtable is evident from some of the titles and companies:

- Partner, Arthur Andersen
- International marketing manager, Diebold
- Vice president, branch manager, Smith Barney
- Manager of small and medium business marketing, Apple Computer
- Assistant vice president for quality planning, NationsBank
- Vice president, product development, Gibson Greetings
- Vice president of sales, Ruddell & Associates
- President, Stuckey's Family Favorites
- Regional sales manager, Pomeroy Computer Products
- Traffic manager, Sharp Manufacturing

An example illustrates the value of the Executive Roundtable:

EXECUTIVE ROUNDTABLE COMMENT | Mark Oshnock, partner at Arthur Andersen, suggests how important marketing is in a major public accounting firm:

Marketing became a formal function in public accounting beginning in the early 1980s. Today, most offices of any size in international, national, regional, and local firms emphasize marketing activities to support their practice. Only a few employees at Arthur Andersen have *marketing* in their titles, but an in-depth understanding of marketing is vitally important to everyone in our firm. The successful professional employs a targeted marketing plan to satisfy the needs of current clients and to generate new clients.

(Chapter 1)

Students respond favorably when we inject realism into our classes. This is especially noticeable when we have marketers visit our classes as guest speakers. The three Executive Roundtable comments in each chapter incorporate this realism into the text. Think of it as having guest lecturers from the business world in each chapter. Our reviewers say the Roundtable's specific comments will stimulate student interest and provide realistic commentary on what marketers in different situations are doing now and plan to do in the future. ■

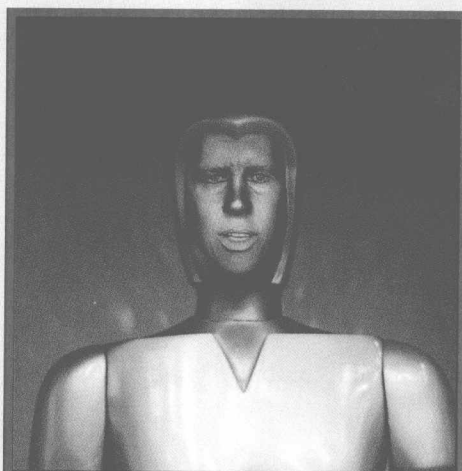


Integrated Marketing Communications

The marketing communications element of the marketing mix is one area where many firms are making tremendous changes. Traditionally, marketers viewed advertising and personal selling as the major communication tools. Other forms of marketing communications, including sales promotion, were relegated to minor, supporting roles. This is the way marketing communications is still presented in most existing texts.

Our research indicates the reality is that firms of all sizes are integrating a variety of communication tools into comprehensive programs designed to achieve specific objectives. The current term for this approach is **integrated marketing communications (IMC)**. Total expenditures for sales promotion today are higher than those for advertising, for example; and direct marketing communications is growing faster than any other communications approach.

Tools such as coupons, cross-promotions, contests, premiums, point-of-purchase displays, interactive computer services and kiosks, and even fax machines are emerging as major elements in an IMC program. Personal selling and sales management are also changing from a manipulative, transaction-oriented focus to an emphasis on trust-building and long-term relationships.



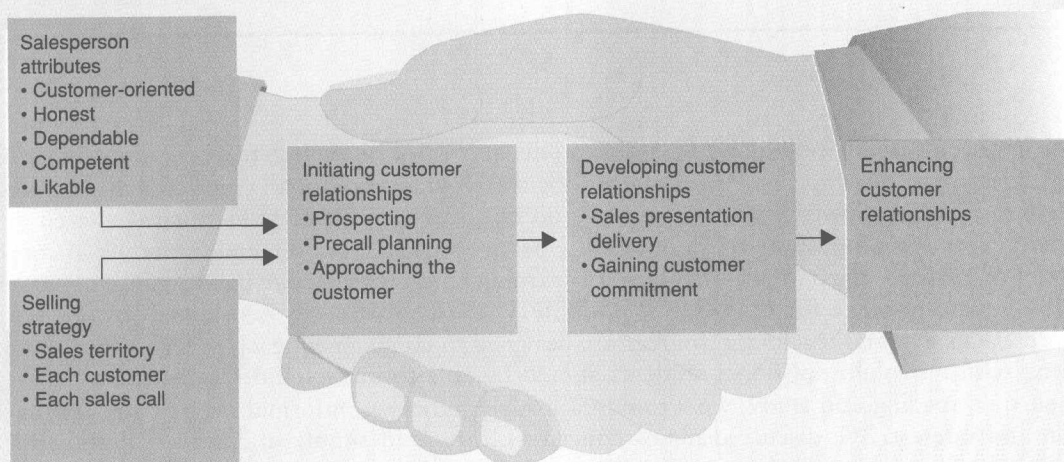
The SpokesMannequin comes to life through video or laser disc technology to answer questions, gather information, and accept cash or credit cards.

We agree with leading practitioners that the emerging trend toward IMC programs must be emphasized in a principles of marketing text. We therefore introduce the IMC approach in Chapter 17, and in succeeding chapters discuss the importance and usage of the communication tools in contemporary marketing practice, paying special attention to the tools likely to be of critical importance in the future. This means our coverage of marketing communications differs considerably from and is more comprehensive than available texts, but also reflects more clearly the current trends in marketing practice.



Exhibit 20.3

The sales process: A relationship approach



If we are to prepare students for tomorrow's marketing world, we must present these accurate pictures of current marketing and future trends. Our emphasis on IMC, full-chapter coverage of sales promotion (19) and direct marketing (21), and timely presentation of personal selling and sales management (20) ensures that our students are exposed to the latest in marketing thought and practice. ■

Direct mail can be as simple as a one-piece flyer or a multi-piece mailer. Landmark Products, distributor of products to the food-service industry, won the 1993 Echo Gold Mailbox award for the most innovative use of direct mail.





An Emphasis on Student Learning

We see important trends emerging in marketing education. For one thing, teaching is receiving more emphasis at most colleges and universities—but not teaching as traditionally viewed and practiced. It really does not matter *what* we teach, if students do not learn. And student learning is viewed differently, too. Learning is not just the recall of facts by passive students, but the understanding of concepts and the ability to apply them appropriately. Such learning requires the active participation of students.

The complete package for **MARKETING: PRINCIPLES & PERSPECTIVES** is oriented toward student learning; and the text and teaching resources are designed to complement each other toward that end. In keeping with our philosophy that students should be able to understand the text material largely from their own reading and study, we wrote in a lively, interesting, informal manner to capture their attention and interest. We discussed major concepts clearly and simply in a way that students can understand. Our reviewers tell us we succeeded in this effort. Encouraged by our reviewing panels, we did not include everything we know about a major topic, but only what we believe students at this level need to know. We simplified the discussion of concepts and then reinforced them with interesting examples and exciting visuals, and incorporated a number of learning tools to facilitate the learning process (*see pp. xxv–xxviii*).

The teaching resources—*Teaching Resource Guide*, *Manual of Tests*, Color Print Acetates and Electronic Acetates, Video Library, Laser Disc, *Media Resource Guide*—go beyond text coverage so that instructors can easily add value to the learning process. We provide more detail and additional examples on some concepts; and we present additional concepts not included in the text for instructors to introduce in class sessions.

But the major purpose of the teaching resources is to offer instructors innovative ideas for teaching concepts. We suggest different approaches to actively involve students in learning both during and outside of class sessions. We offer a number of options so that instructors can select the approaches that best fit their needs and can add variety to the classes in a given term. This focus on **active learning** is integrated throughout the teaching resources—such as the **Ideas for Student Learning** offered for each chapter in the *Teaching Resource Guide*.

Research indicates our intensified attention to student learning is necessary to prepare students for marketing in the future. Actively involving students in the learning process makes class sessions and courses more interesting and helps students develop the understanding and skills they need for success. Students must begin to take responsibility for their learning now, because they surely will be involved in lifelong learning throughout their careers. ■



Student Learning Tools

We carefully designed the chapter formats so that each element has a specific purpose in the student learning process.

Student Learning Guides

Every chapter begins with several learning guides to help students focus attention on major concepts in reading and studying the chapter.

Opening Vignettes

Chapter-opening vignettes generate student involvement by presenting interesting marketing examples that illustrate important concepts covered in the chapter. Company situations featured in the vignettes include:

- Domino's Pizza: Pizza delivery and freebies
- Blockbuster Entertainment: Exploding into new markets
- Levi Strauss: A "stitched niche" strategy
- Snapple: Grapples with premium price and premium value
- MCI Communications: Commodities or brands?
- ALICO: Ensuring successful selling from Japan to Pakistan
- Direct marketing communications: Circling the Pacific Rim

Immediately following the vignette, brief follow-up comments tying it to the major chapter concepts make a logical transition into the body of the chapter.

chapter | 5

Consumer Buying Behavior and Decision Making

After studying this chapter you should be able to:

1. Discuss the importance of consumer behavior.
2. Understand consumer decision making and some of the important influences on those decisions.
3. Distinguish between low-involvement and high-involvement consumer behavior.
4. Understand how attitudes influence consumer purchases.
5. Appreciate how the social environment affects consumer behavior.
6. Recognize many of the individual consumer differences that influence purchase decisions and behavior.
7. Recognize the outcomes of consumers' decisions to purchase or not to purchase and how they affect marketing.

Hush Puppies: An old dog learns new tricks

Few US industries have been hit harder by foreign competition than shoe manufacturers. Imports now account for more than 85 percent of US shoe sales. One success story in this industry involves Wolverine World Wide, Inc., and its Hush Puppies brand. Sales of Hush Puppies have grown dramatically and the company now operates worldwide with a licensing program that serves more than 60 countries, from Australia to Japan to Bulgaria. Hush Puppies is the number-one shoe brand in the world, selling 35,000 pairs per day in 65 countries.

For years, consumers associated Hush Puppies with a single, unexciting product: the brushed pigskin shoe. When it decided to expand the Hush Puppies line, Wolverine's challenge was to convey an image that appealed to many consumer lifestyles. With the help of Maggi Mercado, a renowned shoe designer, the company expanded its line to include men's and women's comfort dress, career casual, everyday casual, and outdoor. To support this expansion and to obtain needed cash, Wolverine sold its line of athletic shoes. The company expects to focus upon offering a variety of casual and work or outdoor footwear, appealing to the varied needs of price-sensitive consumers.

Wolverine continues to expand its international operations, as well. Efforts are under way to introduce the Hush Puppies brand into the Moscow market through the opening of specialty stores. Demand among Russian consumers for cheap, casual footwear is predicted to be great. The Moscow venture is based upon a licensing agreement in which Wolverine will receive royalties from sales paid part in hard currency and part in barter of raw pigskins. The latter will be used in future shoe production. Investment in specialty stores is unusual for companies entering Eastern markets. However, the anticipated demand among Russian consumers, who traditionally have had few limited value alternatives from which to choose, warrants the risk.

How has an understanding of consumer behavior enabled Wolverine to succeed? First, Wolverine expanded the image of the shoes to being more than a cheap footwear alternative. Second, the company recognized the global trend toward casual lifestyles and the increasing value orientation among consumers. Third, it understood the product attributes and benefits consumers now seek (cushioned comfort, excellent fit, superior quality, real value) and how beliefs about those attributes affect consumer purchase decisions.

Comfortable
ラフン・パピーズ

Hush Puppies

105

Sources: Julie A. Cohen, "Footwear and the Jet Set," *Management Review*, March 1990, pp. 42-43; John P. Cortez, "Wolverine Seeks Agency to Run with Hush Puppy," *Ad Age*, February 22, 1993, p. 12; Beth Weitzman, "An Old Dog Learns New Tricks," *Adweek*, August 2, 1993, p. 2; Rita Kozella, "The Dog That Survived," *Forbes*, November 8, 1992, pp. 82 and 84; and "President's Letter," 1992 Wolverine World Wide Inc. Annual Report, p. 3.



Executive Roundtable Comments

Each chapter contains three comments from members of the **Executive Roundtable**. The comments were prepared specifically for our text. The Roundtable members focus on the most interesting changes in their industries and at their companies and reinforce the importance of the ten key marketing perspectives. (See example on p. xv.)

Sidebars

Each chapter presents one **The Technological Edge** and one **The Entrepreneurial Spirit** sidebar that offer expanded examples of the technological and entrepreneurial perspectives in various marketing situations. The sidebars are referenced in the text so that students can read them at the relevant time.



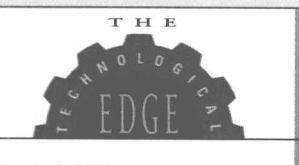
Personal touch pays off

In the 1980s, Brenda French's French Rags label sold about \$10 million (wholesale price) in upscale apparel through leading department stores such as Neiman Marcus, Bonwit Teller, and Bloomingdales. Yet, Ms. French was not happy with her chosen marketing channel.

A lack of personal selling attention in the large stores, along with dissatisfaction with how much of the profit went to the retailer, led to a withdrawal from the department store channel. French set up a direct salesforce of 45 women in high-income locales such as Grosse Pointe, Michigan, Kenilworth, Illinois, and Pasadena, California. These women show the French Rags line in their homes four times a year, mostly to friends and social contacts. They are paid a 15 percent commission.

Brenda French sells half as much now as she did through department stores, but makes more money with the new channel. French Rags now earns about \$750,000 per year in net profit, compared to \$200,000 per year in the past.

Source: Damon Darlin, "Rags to Riches," *Forbes*, March 28, 1994, p. 108.



Driving on the information highway

Technological advancements, such as the capacity to translate all audio and video communications into digital information and new methods for storing, compressing, and sending this information into homes, are producing an information highway that links video, telephones, and computers. Major telephone companies and cable operators are working together to make the information highway a reality.

Once established, the information highway is likely to give birth to a tremendous number of new products. The possibilities include interactive cable systems with 500 or more channels that deliver programs on demand. Viewers will be able to select what they want to watch from a computer menu on their TV screens. Also, specific ads targeted to individual homes may allow customers to take shopping trips over TV. For example, an individual could take a 15-minute trip around an auto showroom without leaving the couch. Or finally, videophones will transmit onto a TV screen the images of the people talking to each other.

Sources: Philip Elmer-Dewitt, "Take a Trip into the Future on the Electronic Superhighway," *Time*, April 12, 1993, pp. 50-58; and John Naisbitt, *Global Paradox* (New York: William Morrow and Company, Inc., 1994), pp. 53-102.