



A Preface to
MARKETING MANAGEMENT

J. PAUL PETER
JAMES H. DONNELLY, JR.

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MARKETING MANAGEMENT

7TH EDITION

J. PAUL PETER

MC MANUS-BASCOM PROFESSOR OF MARKETING
UNIVERSITY OF WISCONSIN—MADISON

JAMES H. DONNELLY, JR.

THOMAS C. SIMONS PROFESSOR OF BUSINESS
GATTON COLLEGE OF BUSINESS AND ECONOMICS
UNIVERSITY OF KENTUCKY



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Preface

Throughout its history, *A Preface to Marketing Management* has been used successfully in a variety of situations. This was our intention—we developed it with several potential uses in mind—and as the title indicates, it is intended to serve as an overview of the critical aspects of marketing management.

As we introduce the seventh edition, we are pleased to find that yet another important use has been found for our book. During the past several years there has been increasing demand from business students, the organizations that hire business school graduates, and from the American Assembly of Collegiate Schools of Business for cross-functional emphasis in business school programs. Obviously, most real business problems span functional disciplines in real organizations. For example, product quality and service quality problems usually have production and operations implications.

Consequently, many business schools have undertaken efforts to integrate their curricula. At the undergraduate level, one means has been to integrate several core curriculum courses into one multidisciplinary 9- to 12-hour course, which is usually team taught. These institutions are finding our book perfectly suited for this innovative course. Thus, one of the many goals of this edition has been, wherever possible, to reinforce the cross-functional nature of many marketing problems. This change will also be of assistance to those who continue to use our book

- As a supplement in undergraduate and MBA-level marketing management courses that focus on case problems.
- In short courses, executive development programs, and continuing education seminars.
- As a primary introductory text. Perhaps because of the rising prices of introductory marketing texts, our book has been used successfully as an introductory text. In fact one reviewer commented that our book is “pound for pound, the best introductory marketing text available.”

We encourage you to review this new edition. It is a major revision with significant amounts of new material. The book has five major sections:

Section I. Essentials of Marketing Management

This section consists of 14 chapters that present what we believe to be the essentials of marketing. The objective of this section is to present material that can be useful in analyzing a marketing problem or case. Readers are also directed to relevant sources in the discussion as well as additional sources of information at the end of each chapter.

Important new topics have been added to this edition including relationship marketing, total quality management, globalization, measuring customer satisfaction, value disciplines, relationship selling, competitive advantage, brand equity, and strategic marketing. In addition, a great deal of material has been reorganized, replaced, revised, and rewritten. For example, the discussion of organizational strategies has been totally reorganized. We now present three approaches: strategies based on products and markets, strategies based on competitive advantage, and strategies based on value disciplines. Important changes such as this one have been made throughout the book.

A popular feature of our book that has received very positive feedback from both students and teachers is the occasional “highlight” that appears throughout. Not the usual “new 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.

Section II. Analyzing Marketing Problems and Cases

This section presents an approach to analyzing, writing, and presenting case analyses. It has received widespread praise from both faculty and students and we believe it is the best presentation available on the topic.

It is important to note that this section could have been placed at the beginning of the book because it is designed to be read at the start of a course using cases. However, since it is usually referred to throughout the semester, it was placed after the text material for convenience. Also, for those courses or training seminars that do not employ cases, the text may be used without reference to this section.

Section III. Financial Analysis for Marketing Decisions

The ultimate objectives of marketing activities are usually expressed in financial terms. This section 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. Developing Marketing Plans

This section contains an approach to developing marketing plans. In keeping with our concept of this book and the needs of intended users, the purpose of the section is to help readers develop practical planning skills by providing a general format for structuring actual marketing plans.

Section V. Secondary Data Sources

A new section “On-Line Marketing Information Services” has been added to this section and includes discussions of the marketing uses of Internet and other on-line information services. We believe this addition adds sig-

nificant value to our book as a resource. This section also contains an annotated bibliography of numerous relevant secondary sources that can be used as a resource for the analysis of many types of marketing problems. We have found this section to be extremely valuable. It can increase the depth of case analysis as well as expose readers to important secondary sources that will be useful to them in their careers. Nine specific classifications of secondary sources are presented: selected periodicals, general marketing information sources, selected marketing information services, selected retail trade publications, financial information sources, basic U.S. statistical sources, general business and industry sources, indexes and abstracts, and on-line marketing information services.

Throughout this edition we have implemented the suggestions and ideas of those individuals who have served as reviewers of this and previous editions. We would like to publicly acknowledge their assistance.

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J. Paul Peter

James H. Donnelly, Jr.

Contents

SECTION I Essentials of Marketing Management	1
PART A Introduction	3
Chapter 1 Strategic Planning and the Marketing Management Process	5
<i>The Marketing Concept. What Is Marketing? What Is Strategic Planning? Strategic Planning and Marketing Management. The Strategic Planning Process. The Complete Strategic Plan. The Marketing Management Process. Relating Marketing Activities to the Organizational Mission and Objectives. Situation Analysis. Marketing Planning. Implementation and Control of the Marketing Plan. Marketing Information Systems and Marketing Research. The Relationship between the Strategic Plan and the Marketing Plan. Conclusion. Appendix: Portfolio Models.</i>	
PART B Marketing, Information, Research, and Understanding the Target Market	37
Chapter 2 Marketing Decision Support Systems and Marketing Research	39
<i>Marketing Decision Support Systems. The Marketing Information Center. Marketing Decision Making. Marketing Research. The Research Process. Conclusion.</i>	
Chapter 3 Consumer Behavior	55
<i>The Buying Process. Need Recognition. Alternative Search. Alternative Evaluation. Purchase Decision. Postpurchase Feelings. Group Influences on Consumer Behavior. Cultural and Subcultural Influences. Social Class. References Groups. Product Class Influences. Situational Influences. Conclusion. Appendix: Selected Consumer Behavior Data Sources.</i>	
Chapter 4 Organizational Buyer Behavior	73
<i>Purchase-Type Influences on Organizational Buying. Modified Rebuy. New Task Purchase. Structural Influences on Organizational Buying. Joint Decision Making. Organization-Specific Factors. Behavioral Influences on Organizational Buying. Personal Motivations. Role Perception. Stages in Buying Process. Problem Recognition. Assignment of Buying Authority. Search Procedures. Choice Procedures. Conclusion.</i>	

Chapter 5	Market Segmentation	85
Delineate the Firm's Current Situation. Determine Consumer Needs and Wants. Divide Markets on Relevant Dimensions. <i>A Priori versus Post Hoc Segmentation.</i> <i>Relevance of Segmentation Dimensions.</i> <i>Bases for Segmentation.</i> Develop Product Positioning. Decide Segmentation Strategy. Design Marketing Mix Strategy. Conclusion.		
PART C	The Marketing Mix	99
Chapter 6	Product Strategy	101
Basic Issues in Product Management. <i>Product Definition.</i> <i>Product Classification.</i> <i>Product Quality and Value.</i> <i>Product Mix and Product Line.</i> <i>Branding and Brand Equity.</i> <i>Packaging.</i> Product Life Cycle. The Product Audit. <i>Deletions.</i> <i>Product Improvement.</i> Organizing for Product Management. Conclusion.		
Chapter 7	New Product Planning and Development	123
New Product Policy New Product Planning and Development Process. <i>Idea Generation.</i> <i>Idea Screening.</i> <i>Project Planning.</i> <i>Product Development.</i> <i>Test Marketing.</i> <i>Commercialization.</i> <i>The Importance of Time.</i> Causes of New Product Failure. <i>Need for Research.</i> Conclusion.		
Chapter 8	Promotion Strategy: Advertising and Sales Promotion	139
The Promotion Mix. Advertising: Planning and Strategy. <i>Objectives of Advertising.</i> Advertising Decisions. <i>The Expenditure Question.</i> <i>The Allocation Question.</i> Sales Promotion. <i>Push versus Pull Marketing.</i> <i>Trade Sales Promotions.</i> <i>Consumer Promotions.</i> <i>What Sales Promotion Can and Can't Do.</i> Conclusion. Appendix: Major Federal Agencies Involved in Control of Advertising.		
Chapter 9	Promotion Strategy: Personal Selling	165
Importance of Personal Selling. The Sales Process. <i>Objectives of the Sales Force.</i> <i>The Sales Relationship-Building Process.</i> Managing the Sales and Relationship-Building Process. <i>The Sales Management Task.</i> <i>Controlling the Sales Force.</i> Conclusion.		
Chapter 10	Distribution Strategy	189
The Need for Marketing Intermediaries. Classification of Marketing Intermediaries and Functions. Channels of Distribution. Selecting Channels of Distribution. <i>Specific Considerations.</i> Managing a Channel of Distribution. <i>Relationship Marketing in Channels.</i> <i>Vertical Marketing Systems.</i> Conclusion.		

Chapter 11 Pricing Strategy	203
Demand Influences on Pricing Decisions. <i>Demographic Factors. Psychological Factors. Price Elasticity.</i> Supply Influences on Pricing Decisions. <i>Pricing Objectives. Cost Considerations in Pricing. Product Considerations on Pricing.</i> Environmental Influences in Pricing Decisions. <i>Competition. Government Regulations.</i> A General Pricing Decision Model. Conclusion.	
PART D Marketing in Special Fields	213
Chapter 12 The Marketing of Services	215
Important Characteristics of Services. <i>Intangibility. Inseparability. Perishability and Fluctuating Demand. Highly Differentiated Marketing Systems. Client Relationship.</i> Providing Quality Services. <i>Customer Satisfaction Measurement. The Importance of Internal Marketing.</i> Overcoming the Obstacles in Service Marketing. <i>Limited View of Marketing. Limited Competition. Noncreative Management. No Obsolescence.</i> The Service Challenge. <i>Banking. Healthcare. Insurance. Travel. Implications for Service Marketers.</i> Conclusion.	
Chapter 13 International Marketing	239
Organizing for International Marketing. <i>Problems with Entering Foreign Markets. Organizing the Multinational Company.</i> Programming for International Marketing. <i>International Marketing Research. Product Planning for International Markets. International Distribution Systems.</i> Pricing for International Marketing. <i>International Advertising and Sales Promotion.</i> Entry and Growth Strategies for International Marketing. Conclusion.	
PART E Marketing Response to a Changing Society	263
Chapter 14 Marketing Management: Social and Ethical Dimensions	265
The Rights of Marketers and Consumers. Legal Influences. Political Influences. Competitive Influences. Ethical Influences. Conclusion.	
SECTION II Analyzing Marketing Problems and Cases	275
SECTION III Financial Analysis for Marketing Decisions	291
SECTION IV Developing Marketing Plans	303
SECTION V Secondary Data Sources	319
Notes	341
Index	355

Section I

ESSENTIALS OF MARKETING MANAGEMENT

Part A

INTRODUCTION

CHAPTER 1

STRATEGIC PLANNING AND THE MARKETING MANAGEMENT PROCESS

Chapter 1

STRATEGIC PLANNING AND THE MARKETING MANAGEMENT PROCESS

The purpose of this introductory chapter is to present the marketing management process and outline what marketing managers must *manage* if they are to be effective. In doing so, it will also present a framework around which the remaining chapters are organized. Our first task is to review the organizational philosophy known as the marketing concept, since it underlies much of the thinking presented in this book. The remainder of this chapter will focus on the process of strategic planning and its relationship to the process of marketing planning.

THE MARKETING CONCEPT

Simply stated, the marketing concept means that *an organization should seek to make a profit by serving the needs of customer groups*. The concept is very straightforward and has a great deal of common sense validity. Perhaps this is why it is often misunderstood, forgotten, or overlooked.

The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs (customer orientation), rather than on the firm's current products (production orientation) or on devising methods to attract customers to current products (selling orientation). Thus, effective marketing starts with the recognition of customer needs and then works backward to devise products and services to satisfy these needs. In this way, marketing managers can satisfy customers more efficiently in the present and anticipate changes in customer needs more accurately in the future. This means that organizations should focus on building long-term customer relationships in which the initial sale is viewed as a beginning step in the process, not as an end goal. As a result, the customer will be more satisfied and the firm will be more profitable.