ANNUAL EDITIONS

MARKETING



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MARKETING 95/96

Seventeenth Edition

Editor

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Dr. John E. Richardson is Associate Professor of Management in the School of Business and Management at Pepperdine University. He is president of his own consulting firm and has consulted with organizations such as Bell and Howell, Dayton-Hudson, Epson, and the U.S. Navy as well as with various service, nonprofit, and franchise organizations. Dr. Richardson is a member of the American Marketing Association, the American Management Association, the Society for Business Ethics, and Beta Gamma Sigma honorary business fraternity.



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Seventeenth Edition

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Members of the Advisory Board are instrumental in the final selection of articles for each edition of Annual Editions. Their review of articles for content, level, currentness, and appropriateness provides critical direction to the editor and staff. We think you'll find their careful consideration well reflected in this volume.

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To the Reader

In publishing ANNUAL EDITIONS we recognize the enormous role played by the magazines, newspapers, and journals of the public press in providing current, first-rate educational information in a broad spectrum of interest areas. Within the articles, the best scientists, practitioners, researchers, and commentators draw issues into new perspective as accepted theories and viewpoints are called into account by new events, recent discoveries change old facts, and fresh debate breaks out over important controversies.

Many of the articles resulting from this enormous editorial effort are appropriate for students, researchers, and professionals seeking accurate, current material to help bridge the gap between principles and theories and the real world. These articles, however, become more useful for study when those of lasting value are carefully collected, organized, indexed, and reproduced in a low-cost format, which provides easy and permanent access when the material is needed. That is the role played by Annual Editions. Under the direction of each volume's Editor, who is an expert in the subject area, and with the guidance of an Advisory Board, we seek each year to provide in each ANNUAL EDITION a current, well-balanced, carefully selected collection of the best of the public press for your study and enjoyment. We think you'll find this volume useful, and we hope you'll take a moment to let us know what you think.

The 1990s are proving to be an exciting and challenging time for the American business community. Recent dramatic social, economic, and technological changes have become an important part of the present marketplace. These changes—accompanied by increasing domestic and foreign competition—are leading a wide array of companies and industries toward the realization that better marketing must become a top priority now to ensure their future success.

How does the marketing manager respond to this growing challenge? How does the marketing student apply marketing theory to the real world practice? Many reach for *The Wall Street Journal*, *Business Week*, *Fortune*, and other well-known sources of business information. There, specific industry and company strategies are discussed and analyzed, marketing principles are often reaffirmed by real occurrences, and textbook theories are supported or challenged by current events.

The articles reprinted in this edition of *Annual Editions: Marketing 95/96* have been carefully chosen from numerous different public press sources to provide current information on marketing in the world today. Within these pages you will find articles that address marketing theory and application in a wide range of industries from automobiles to health care, and computers to transportation. In addition, the selections reveal how several firms interpret and utilize marketing principles in their daily operations and corporate planning.

The volume contains a number of features designed to make it useful for marketing students, researchers, and professionals. These include the *industry/company guide*, which is particularly helpful when seeking information about specific corporations; a *topic guide* to locate articles on specific marketing subjects; the *table of contents abstracts*, which summarize each article and highlight key concepts; a *glossary* of key marketing terms; and a comprehensive *index*.

The articles are organized into four units. Selections that focus on similar issues are concentrated into subsections within the broader units. Each unit is preceded by an overview that provides background for informed reading of the articles, emphasizes critical issues, and presents challenge questions, which focus on major themes running throughout the selections.

This is the seventeenth edition of *Annual Editions: Marketing*. Since its first edition in the mid-1970s, the efforts of many individuals have contributed toward its success. We think this is by far the most useful collection of material available for the marketing student. We are anxious to know what you think. What are your opinions? What are your recommendations? Please take a moment to complete and return the article rating form on the last page of this volume. Any book can be improved and this one will continue to be, annually.

John E. Aichardson

John E. Richardson

Editor





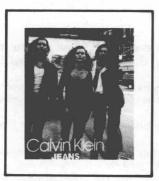
Marketing in the 1990s and Beyond

Fifteen selections examine the current and future status of marketing, the marketing concept, service marketing, and marketing ethics.

Top	the Reader oic Guide lustry/Company Guide	iv 1 4
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A.	CHANGING PERSPECTIVES	
1.	Portrait of a Changing Consumer, Ken Dychtwald and Greg Gable, Business Horizons, January/February 1990. Based upon years of research, focus group studies, and demographic analysis, the authors discuss how marketers must incorporate the changes in their customer base into changes in their future marketing strategies.	8
2.	Defining the New Marketing Concept, Frederick E. Webster Jr., <i>Marketing Management,</i> Volume 2, Number 4, 1994.	19
	Frederick Webster believes that a new economic scenario calls for throwing out the old marketing concept in favor of one that meets such demands as global competition and quality mandates and places greater emphasis on the customer.	
3.	Beyond Quality and Value, Rahul Jacob, Fortune, Autumn/Winter 1993. The author discusses the changing environment of retailing.	28
4.	quality offerings in many industries are close to parity. Operation Zero-Defect Marketing, Ted J. Rakstis, Kiwanis Magazine, August 1994.	31
	According to Ted Rakstis, <i>retailing</i> giants, as well as every small businessowner and professional, must endorse and pursue the new objective to total quality management, if they hope to attract and satisfy the modern <i>consumer</i> .	
В.	THE MARKETING CONCEPT	
5.	Marketing Myopia (With Retrospective Commentary), Theodore Levitt, <i>Harvard Business Review</i> , September/ October 1975.	35
	According to Theodore Levitt, shortsightedness can make managers unable to recognize that there is no such thing as a growth industry—as the histories of the railroad, movie, and oil industries show. To survive, he says, a company must learn to apply the <i>marketing concept:</i> to think of itself not as producing goods or services, but as buying customers.	
6.		47
	Frederick Webster provides 15 interrelated ideas that weave the fabric of the new <i>marketing concept</i> to guide management on a market-driven course for the 1990s.	
7.	The Marketing Concept: A Forgotten Aid for Marketing High-Technology Products, Dennis J. Cahill and Robert M. Warshawsky, <i>Journal of Consumer Marketing</i> , Volume 10, Number 1, 1993.	55
	Dennis Cahill and Robert Warshawsky delineate the importance of applying the tenets of the <i>marketing concept</i> to the marketing of high-technology <i>products</i> .	

8.	Relationship Marketing: Positioning for the Future, Jonathan R. Copulsky and Michael J. Wolf, <i>Journal of Business Strategy</i> , July/August 1990. The authors demonstrate how relationship marketing combines elements of general <i>advertising</i> , <i>sales promotion</i> , <i>public relations</i> , and direct marketing to create more effective and more	61
	efficient ways of reaching consumers.	
9.	Affinity Marketing: What Is It and How Does It Work? Bart Macchiette and Abhijit Roy, The Journal of Services Marketing, Summer 1992.	66
	The authors describe how affinity marketing represents a logical extension of relationship marketing, building brand equity and implementing the marketing concept in its truest sense.	
C.		
10.	Service Is Everybody's Business, Ronald Henkoff, Fortune, June 27, 1994.	76
o sabs	On the front line of the new economy , according to the author, service —fast, imaginative, customized—is the ultimate strategic imperative.	
11.	ing Management, Volume 1, Number 3, 1992.	80
	Leonard Berry advocates that quality can be the competitive edge for successful service companies by enabling them to be more productive, build strong customer relationships, stimulate more favorable word-of-mouth advertising , attract and retain better employees, and buffer themselves to a degree from fierce price competition .	
12.	The Little Extras Keep Customers Coming Back, Jill Lettich, <i>Discount Store News</i> , May 3, 1993. According to Jill Lettich, to be successful in the 1990s, <i>retailers</i> , and discounters in particular, must offer not just <i>products</i> and <i>services</i> , but an intangible "something extra" that keeps customers coming back.	88
13.	Waxing Customer Service and Cars, Jo-Ann Johnston, Management Review, July 1994. What could be more simple than customer service in a car wash? But ScrubaDub Auto Wash takes customer service—and sales—to new levels with unique strategies.	90
D.	MARKETING ETHICS AND SOCIAL RESPONSIBILITY	
14.	Strategic Green Marketing , Stephen W. McDaniel and David H. Rylander, <i>Journal of Consumer Marketing</i> , Volume 10, Number 3, 1993.	93
	This article points out the critical nature of environmental concerns and provides a <i>strategic marketing planning process</i> for dealing with these rising concerns.	
15.	From Witches to Anorexics, Critical Eyes Scrutinize Ads for Political Correctness, Kevin Goldman, Wall Street Journal, May 19, 1994. These are indeed challenging times for Madison Avenue. To	100
	attract attention, <i>advertising</i> must be creative and stand out from the pack. Yet in this sensitive environment, advertisers fear they will unwittingly draw the attention of the Politically Correct	

Squad—those special-interest groups that call for product boycotts when they deem advertisements to be offensive.



Unit 2

Overview

Research, Markets, and Consumer Behavior

Eleven selections provide an analysis of consumer demographics and lifestyles, the growth and maturation of markets, and the need for market research and planning.

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A.	MARKET RESEARCH	
16.	Fortune, Autumn/Winter 1993. Inventive companies are learning fresh ways to hear what customers are telling them, and they are not allowing focus group results to overwhelm common sense.	104
17.	Operation: Oops! Ingrid Abramovitch, Success, June 1994. This article provides a database strategy for getting lost or dissatisfied customers back.	107
18.		109
В.	MARKETS AND DEMOGRAPHICS	
19.	The Ethnic Boom: Marketing to the Target, Ted J. Rakstis, <i>Kiwanis Magazine</i> , February 1994. Ted Rakstis describes the importance of businesses and professionals being sensitive to ethnic differences and using specialized <i>marketing strategies</i> on <i>customers</i> hungry for cultural uniqueness.	112
20.	What Does "Hispanic" Mean? Patricia Braus, American Demographics, June 1993. Some marketers believe it is possible to market to Hispanic Americans as a single group. Others contend that looking at 22 million people as one market ignores a considerable amount of cultural and demographic diversity.	116
21.	Baby Busters: The Neglected Generation, John E. Richardson and Brad Sago, <i>The Dushkin Publishing Group</i> , 1993. The authors describe some of the significant <i>demographic</i> and <i>psychographic</i> characteristics of the Baby Buster Generation. They also suggest that marketers need to be cognizant of certain considerations when addressing the busters.	121
22.	The Brave New World of Men, Diane Crispell, American Demographics, January 1992. The author believes that knowing how men are changing—and how they are not—is the key to targeting them in the 1990s.	125
23.	Marlboro Man Doing Diapers Now, Denise Smith Amos, St. Petersburg Times, February 28, 1994. According to Denise Smith Amos, historically men's roles in advertising have been as stereotypical and clichéd as women's. Finally, however, people in advertising offices are recognizing that men's roles and positions, willingly or unwillingly, are changing.	130

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Developing and Implementing Marketing Strategies

Sixteen selections analyze factors that affect the development and implementation of marketing strategies.

<i>C</i> .	CONSUMER	BEHAVIOR	i i
C.	CONSUMER	DEHAVIOR	V.

 Consumer Behavior: Yesterday, Today, and Tomorrow, Judith Lynne Zaichkowsky, Business Horizons, May/June 1991.

How the individual-oriented *consumer behavior* of the past will change to a more collective style in the 1990s is prognosticated in this article.

- The Unhappy Consumer, Shari Caudron, Industry Week,
 November 15, 1993.
 Shari Caudron discusses current trends in consumer behavior
 and suggests optimal ways for marketers to respond.
- 26. From Choices to Checkout, the Genders Behave Very Differently in Supermarkets, Suein L. Hwang, Wall Street Journal, March 22, 1994.
 According to Suein Hwang, while more men are pushing shopping carts these days, many show little aptitude in the super-

market and display markedly different purchasing behavior from

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Overview

- 27. Marketing with Blinders On, Kevin J. Clancy and Robert S. Shulman, *Across the Board*, October 1993.

 The authors delineate myths that they believe pervade marketing planning and strategies for both new and existing products.
- 28. Integrated Marketing Plans Help Small Businesses Stay Ahead, Hal Goetsch, *Marketing News*, November 8, 1993.

Hal Goetsch believes that knowledgeable *market planners* understand the "6 Ps" of the *marketing mix:* product, people, price, promotion, place, and profit. He describes how these elements should be included as critical functions of a marketing plan.

A. PRODUCT

women

29. What's in a Brand? Diane Crispell and Kathleen Brandenburg, American Demographics, May 1993.

To businesses **brands** mean **market share**. The importance of a company's nurturing the significant link between consumers and brands is discussed in this article.

30. Whatever Happened to Run-Flat Tires . . . , Bill Kelley, Across the Board, May 1994.

The author describes six examples of **new products** that initially received a lot of attention but never made a dramatic impact, as either a runaway hit or a huge flop.

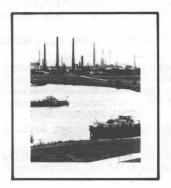
31. Flops, Business Week, August 16, 1993.

From the Edsel to New Coke, new-product failures have had a long, inglorious history. This article reflects on some of the anatomies of recent flascoes and provides a six-step program for better launchings.

32	 Product Development: Minnesota Mining and Manufacturing, Gregory E. David, Financial World, September 28, 1993. 	172
	The article discloses how 3M identified a <i>market segment</i> opportunity and used its research and development to develop a <i>new product</i> to meet consumer needs.	
В.	PRICING	
33	Journal of Consumer Marketing, Winter 1991. The author suggests several principles in the area of pricing that marketers need to be cognizant of and for which they need to develop skills.	173
34.	Stuck! How Companies Cope When They Can't Raise Prices, Business Week, November 15, 1993. A growing number of corporations are recognizing that ferocious pricing pressures means that they have to rethink virtually every aspect of how they do business. Some are cutting promotions to retain everyday low prices; others are offering no-frills or bettervalue products.	182
35.	How to Escape a Price War, Andrew E. Serwer, Fortune, June 13, 1994. Andrew Serwer believes that engaging competitors in a pricing battle has the potential of devastating a company and scarring an industry for years to come.	187
C.	DISTRIBUTION	
36.	The Retail Revolution, Peter F. Drucker, Wall Street Journal, July 15, 1993. Peter Drucker envisions that successful new retailers will be proactive in supplying customers with necessary information to easily locate and purchase products. They will also develop means to help customers get out of the store as fast as possible once they have made their purchases.	192
37.		194
38.	The Fall of the Mall, Gretchen Morgenson, Forbes, May 24, 1993. According to the author, the spread of just-in-time retailing promises to level slow-witted traditional merchants while creating	199
39.	great opportunities for <i>innovative</i> ones. TV or Not TV , David Whitford, <i>Inc</i> , June 1994. David Whitford discusses the growth and breadth of coverage for selling <i>products</i> on television home shopping programs.	204

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Global Marketing

Four selections discuss the increasing globalization of markets, trends in world trade, and increasing foreign competition.

	The Control of Control of Control of Control		
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D.	PKII		# ## #/W

Fortune, July 25, 1994.

	Today's demanding consumers are running out of patience with mere product pushers, whether at the new-car showroom, on the floor of a department store, or in the corporate conference room.	
41.	mographics, May 1994.	212
	Judith Waldrop discloses five expert's views on <i>advertising</i> , its effectiveness, and its future.	
42.	Those Mind-boggling Promotions, Adam Bryant, <i>New York Times</i> , November 14, 1993.	216
	According to Adam Bryant, America's love of a bargain notwith- standing, consumers are becoming increasingly irritated with complex and confusing promotions by corporate marketing de-	
	partments.	
Ove	erview	218
43.	Where the Global Action Is, Bill Saporito, Fortune,	220
	Autumn/Winter 1993.	
	According to Bill Saporito, companies need to quickly broaden their <i>global</i> vision. From Eastern Europe's struggling new capitalists to the Pacific Rim's strivers and Latin America's reborn entrepreneurs, a planetful of people wait patiently for everything	
44.	from diapers to digital switching gear. Going Global, Julie Amparano Lopez, Wall Street Journal,	225
44.	October 16, 1992.	223
	Some savvy advice for small businesses to ponder when contemplating <i>global</i> expansion are provided by Julie Amparano Lopez.	
45.	shani, Harvard Business Review, September/October 1989.	228
	In global marketing , the author elucidates how shortcomings in a marketing strategy , such as inadequate research and poor	
46.	follow-up, can fell a good <i>product</i> . Electrolux: The Trick to Selling in Europe, William Echik-	235
40.	son, Fortune, September 20, 1993.	233

maker Electrolux has had to scale back its global strategy.

40. The Death and Rebirth of the Salesman, Jaclyn Fierman,

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Glossary

Article Review Form

Article Rating Form

Topic Guide

This topic guide suggests how the selections in this book relate to topics of traditional concern to students and professionals involved with the study of marketing. It is useful for locating articles that relate to each other for reading and research. The guide is arranged alphabetically according to topic. Articles may, of course, treat topics that do not appear in the topic guide. In turn, entries in the topic guide do not necessarily constitute a comprehensive listing of all the contents of each selection.

TOPIC AREA	TREATED IN:	TOPIC AREA	TREATED IN:
Advertising	Operation Zero-Defect Marketing	Distribution	21. Baby Busters
	11. Improving America's Service	Planning and	33. Ten Timeless Truths about Pricing
	12. Little Extras Keep Customers Coming	Strategies	36. Retail Revolution
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	15. From Witches to Anorexics		38. Fall of the Mall
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	20. What Does "Hispanic" Mean?	Economic	2 Defining the New Marketing Concept
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	31. Flops		7. Marketing Concept
	33. Ten Timeless Truths about Pricing		16. How to Find Out What They Want
	43. Where the Global Action Is		35. How to Escape a Price War
	45. Beware the Pitfalls of Global Marketing		38. Fall of the Mall
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INDUSTRY/COMPANY GUIDE

This guide was prepared to provide an easy index to the many industries and companies discussed in detail in the 46 selections included in *Annual Editions: Marketing 95/96*. It should prove useful when researching specific interests.

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Marketing in the 1990s and Beyond

- Changing Perspectives (Articles 1-4)
- The Marketing Concept (Articles 5-9)
- Services and Social Marketing (Articles 10–13)
- Marketing Ethics and Social Responsibility (Articles 14 and 15)

If we want to know what a business is we must start with its purpose. . . . There is only one valid definition of business purpose: to create a customer. What business thinks it produces is not of first importance—especially not to the future of the business or to its success. What the customer thinks he is buying, what he considers "value" is decisive—it determines what a business is, what it produces, and whether it will prosper.

-Peter Drucker, The Practice of Management

When Peter Drucker penned these words in 1954, American industry was just awakening to the realization that marketing would play an important role in the future success of businesses. The ensuing years have seen an increasing number of firms in highly competitive areas—particularly in the consumer goods industry—adopt a more sophisticated customer orientation and an integrated marketing focus.

The dramatic economic and social changes of the last decade have stirred companies in an even broader range of industries—from banking and air travel to communications—to the realization that marketing will provide them with their cutting edge. Demographic and lifestyle changes have splintered mass, homogeneous markets into many markets, each with different needs and interests. Deregulation has made once-protected industries vulnerable to the vagaries of competition. Vast and rapid technological changes are making an increasing number of products and services obsolete. Intense international competition and the growth of truly global markets have many firms looking well beyond their national boundaries.

Indeed, it appears that during the 1990s marketing will take on a new significance—and not just within the industrial sector. Social institutions of all kinds, which had thought themselves exempt from the pressures of the marketplace, are also beginning to recognize the need for marketing in the management of their affairs. Colleges and universities, charities, museums, symphony orchestras, and even hospitals are beginning to give attention to the marketing concept—to provide what the consumer wants to buy.

The selections in this unit are grouped into four areas.

Their purposes are to provide current perspectives on marketing, discuss differing views of the marketing concept, analyze the use of marketing by social institutions and nonprofit organizations, and examine the ethical and social responsibilities of marketing.

The lead article of the first subsection, "Portrait of a Changing Consumer," prognosticates some important demographic, economic, and lifestyle changes that marketers need to incorporate into future marketing strategies. The next three articles in this section provide significant clues about salient approaches and issues that marketers in the 1990s need to address in order to reach, promote, and sell their products in ways that meet the product and service expectations of consumers.

The five selections addressing the marketing concept include Theodore Levitt's now classic "Marketing Myopia," which first appeared in the Harvard Business Review in 1960. This version includes the author's retrospective commentary, written in 1975, in which he discusses how shortsightedness can make management unable to recognize that there is no such thing as a growth industry. "Executing the New Marketing Concept" reflects ideas for management to navigate a new marketing concept in a market-driven course for the 1990s. The next article delineates the importance of applying the marketing concept to the marketing of high-technology products. "Relationship Marketing: Positioning for the Future" reveals how developing a continuous relationship with consumers across a family of related products and services can help create more effective and efficient ways of reaching consumers. The last article in this subsection describes how affinity marketing is an extension of relationship marketing and a means of implementing the marketing concept.

In the Services and Social Marketing subsection, four articles delineate how quality products and customer service are the essential determinants for business survival in the 1990s.

In the final grouping, the articles take a careful look at the strategic process and practice of incorporating ethics and social responsibility into the marketplace. The first article in this subsection, "Strategic Green Marketing,"