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strategic



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S E V E N T H *edition*

Strategic Marketing

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STRATEGIC MARKETING

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To Sue and Karen

DWC

To the memory of Helena G. Piercy
(1911–2001)

NFP

Preface

The rapidly changing global business environment executives experience early in the 21st century highlights the critical role of superior customer value in achieving high levels of organizational performance. Delivering value requires understanding markets and deciding how to match the organization's distinctive capabilities with promising value opportunities. One of the more challenging executive imperatives is forming a perceptive vision about how markets will change in the future.

Strategic marketing's pivotal role in business performance is demonstrated in the market-driven strategies of successful organizations competing in a wide array of market and competitive situations. The escalating importance of superior customer value, leveraging distinctive capabilities, responding rapidly to diversity and change in the marketplace, creating new products, and recognizing global business challenges require effective marketing strategies for gaining and sustaining a competitive edge. *Strategic Marketing* examines the concepts and processes in market-driven strategies.

MARKET-DRIVEN STRATEGY

The driving force behind a market-driven strategy is the reality that the route to obtaining a competitive advantage is providing superior value to customers. Several aspects of the competitive challenge are apparent:

- Marketing strategy provides the concepts and processes that are essential in gaining a competitive advantage.
- Marketing is a major stakeholder in key organizational core processes—new product development, customer relationship management, value/supply-chain management, and business strategy implementation.
- The use of cross-functional teams to manage core business processes is altering the role and structure of the traditional hierarchical organization.
- Changes in how organizations are designed place new priorities on forging collaborative relationships with customers, suppliers, value-chain members, and competitors.
- Understanding customers, competitors, and the market environment requires the active involvement of the entire organization to manage market knowledge decisively.
- Developing processes that enable the organization to continually learn from customers, competitors, and other sources is vital to sustaining a competitive edge.
- The powerful enabling technologies provided by the Internet and the World Wide Web, corporate intranets, and advanced communication and collaboration systems for customer and supplier relationship management, underpin effective processes.
- The environmental and ethical aspects of business practice are critical concerns, requiring active involvement by the entire organization.

Customer diversity and new forms of competition create impressive growth and performance opportunities for those firms that successfully apply strategic marketing concepts

and analyses in their business strategy development and implementation. The challenge to become market-driven is apparent in a variety of industries around the world. Analyzing market behavior and matching strategies to changing conditions require a hands-on approach to marketing strategy development and implementation. Penetrating financial analysis is an important skill of the marketing professional.

Strategic Marketing examines marketing strategy using a combination of text and case materials to develop relevant concepts and apply them to business situations. The book is designed for use in undergraduate capstone management marketing courses and in the MBA marketing core and advanced strategy courses.

NEW AND EXPANDED SCOPE

Competing in any market today requires a global perspective. The seventh edition accentuates this global perspective. The author team provides an extensive range of global involvement. The shrinking time-and-access boundaries of global markets establish new competitive requirements. The global dimensions of marketing strategy are integrated throughout the chapters of the book and also considered in various cases.

Internet initiatives comprise a vital part of the marketing strategies of many companies. While Web-based organizations experienced major turbulence in the 21st century, Internet strategies will expand in the future for most companies. Because of the nature and scope of the various uses of the Internet, we have integrated this important topic into several chapters rather than developing a separate chapter. Internet Features are included in all of these chapters.

Several contemporary strategy topics are discussed throughout the text. These include market orientation, strategic relationships, organizational learning, mass customization, customer relationship management, value migration, balanced scorecard metrics, competing on capabilities, and new organizational forms.

THE TEXT

Strategic Marketing uses a decision process perspective to examine the key concepts and issues involved in selecting strategies. Discussions with various instructors indicate a desire to provide a strategy perspective that extends beyond the traditional management focus on the marketing mix. An emphasis on services as well as goods is continued in the seventh edition. The length and design of the book offer flexibility in the use of the text material and cases.

The book is designed around the marketing strategy process with a clear emphasis on analysis, planning, and implementation. Part I provides an overview of market-driven strategy. Part II develops a framework for the situation analysis. Part III discusses designing market-driven strategies. Part IV considers market-focused program development. Finally, Part V examines implementing and managing market-driven strategy. Various how-to guides are provided throughout the book to assist the reader in applying the analysis and strategy development approaches discussed in the text.

THE CASES

Twenty-nine of the 43 cases are new to the seventh edition. Shorter application-focused cases are placed at the end of each part of the book. These cases are useful in applying the concepts and methods discussed in the chapters, and they can be used for class discussion,

hand in assignments, and/or class presentations. The cases consider a wide variety of business environments, both domestic and international. They include goods and services; organizations at different value-chain levels; and small, medium, and large enterprises.

Several of the cases examine the strategy challenges of well-known companies. The cases are very timely, offering an interesting perspective on contemporary business practice. Many of these companies make available extensive financial and product information on the Internet, which expands analysis opportunities.

Part VI includes comprehensive cases that offer students a variety of opportunities to apply marketing strategy concepts. This section has been expanded to 25 cases. Each case considers several important strategy issues. The cases represent different competitive situations for consumer and business products as well as domestic and international markets.

CHANGES IN THE SEVENTH EDITION

The seventh edition of *Strategic Marketing* follows the basic design of previous editions. Nevertheless, the revision incorporates many significant changes, additions, and updated examples. Every chapter includes new material and expanded treatment of important topics.

The first chapter examines the characteristics of market driven strategies. Chapter 2 considers business and marketing strategy relationships and overviews the strategic marketing process. The remaining chapters follow the basic format of the sixth edition. Several chapters discuss current topics, including competing on capabilities, superior customer value, new organization forms, teamwork, mass customization, databases, activity-based costs, and market trends.

Three to four Features are included in each chapter. They follow a theme, emphasizing topics such as strategy, e-Business, cross-functional relationships, technology, and global applications.

Each chapter has been revised to incorporate new concepts and examples, improve readability and flow, and encourage reader interest and involvement. Topical coverage has been expanded (or reduced), where appropriate, to better position the book for teaching and learning in today's rapidly changing business environment. An expanded set of Internet applications is included at the end of each chapter. Financial analysis guidelines are in the Chapter 2 Appendix, and sales forecasting materials are included in the Chapter 3 Appendix.

TEACHING/LEARNING RESOURCES

A complete and expanded teaching-learning package is available on the Instructor's Resource CD-ROM. It includes an Instructor's Manual with course-planning suggestions, answers to end-of-chapter questions, Internet application guidelines, instructor's notes for cases, and a multiple-choice question bank. A PowerPoint® presentation for each chapter is also included on the CD-ROM.

This edition of the manual has been substantially revised and expanded to improve its effectiveness in supporting course planning, case discussion, and examination preparation. Detailed instructor's notes concerning the use of the cases are provided, including epilogues when available.

The text, cases, and Instructor's Manual offer considerable flexibility in course design, depending on the instructor's objectives and the course for which the book is used.

ACKNOWLEDGEMENTS

The seventh edition has benefited from the contributions and experiences of many people and organizations. Business executives and colleagues at universities in many countries have influenced the development of *Strategic Marketing*. While space does not permit thanking each person, a sincere note of appreciation is extended to all. We shall identify several individuals whose assistance was particularly important.

A special thank you is extended to the reviewers of this and prior editions and to many colleagues that have offered numerous suggestions and ideas. Throughout the development of the seventh edition, several individuals made important suggestions for improving the book.

We are also indebted to the case authors who gave us permission to use their cases. Their contributions comprise an excellent set of cases and we appreciate the opportunity to include them in the book. Each author or authors are specifically identified with each case.

A special note of thanks is due to the management and professional team of Irwin/McGraw-Hill for their support and encouragement on this and prior editions of *Strategic Marketing*. John Biernat, as publisher, has provided an important editorial leadership role. Executive Editor, Linda Schreiber, and Developmental Editor, Sarah Crago have been a constant source of valuable assistance and encouragement. Kimberly Kanakes Szum provided important marketing direction for the project. Jim Labeots and Michael McCormick guided the book through the various stages of production while Laurie Entringer polished the design.

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We appreciate the support and encouragement provided by Dean Robert F. Lusch and Professor Leo Murray, Director of Cranfield School of Management. Special thanks are due to Debra Proctor at TCU and Hayley Tedder at Cranfield University for typing the manuscript and for their assistance in other aspects of the project.

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