



Marketing Management

Strategies and Programs
Sixth Edition

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Boston, Massachusetts Burr Ridge, Illinois Dubuque, Iowa

Madison, Wisconsin New York, New York San Francisco, California St. Louis, Missouri

McGraw-Hill

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MARKETING MANAGEMENT

Strategies and Programs

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This book is printed on acid-free paper.

5 6 7 8 9 0 DOC DOC 9 0 3 2 1 0 9

ISBN 0-07-049097-X

The editors were Karen Westover, Dan Alpert, and Richard Mason.
The production supervisor was Michelle Lyon.
The interior design was by Elizabeth Williamson.
The cover design was by Linear Design Group.
The cover illustration was by Tim Clark.
The interior illustrations were by Hadel Studio.
This book was set in Times by GTS Graphics.
This book was printed and bound by R.R. Donnelley and Sons Company.

Library of Congress Cataloging-in-Publication Data

Guiltinan, Joseph P.

Marketing management: strategies and programs / Joseph P. Guiltinan, Gordon W. Paul, Thomas Madden.—6th ed.

p. cm.—(McGraw-Hill series in marketing)

Includes bibliographical references and indexes.

ISBN 0-07-049097-X

1. Marketing—Management. I. Paul, Gordon W. II. Madden, Thomas J. III. Title. IV. Series.
HF5415.13.G8 1996
658.8—dc20

96-27233
CIP

International Edition

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When ordering this title, use ISBN 0-07-114255-X.

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To Our Families

*Sharon and Shannon Guiltinan, Joanna
McNultz, and Jennifer Urbach*

Gloria, Christopher, and Bradley Paul

Priscilla, Michael, and Amy Madden

PREFACE

This book is specifically designed for advanced undergraduate students and for those M.B.A. students with some previous coursework in marketing. The book originated out of our frustrations with the lack of teaching materials aimed at a middle-management approach to decision making. Our primary objective is to enable students to understand how to make the kinds of decisions they will face in middle-management positions. The book is intended to be used in those courses in which there is an emphasis on the application of marketing concepts, tools, and decision-making processes.

We have conscientiously written this book to accommodate a variety of teaching approaches. For those instructors who favor the lecture or discussion approach, there is ample material and coverage for the course. For those who prefer to use cases, simulations, or other pedagogy, the book provides the basic foundation for such an approach. In addition, practicing managers will find the book useful in providing guidelines for developing marketing plans and programs.

Unlike many marketing management texts, this is not just an introductory text with the addition of cases or additional concepts. As with previous editions, this book presents concepts from a decision-making perspective rather than from a descriptive point of view. As a result, the reader will not find separate chapters on topics such as consumer behavior, marketing research, personal selling, retailing, etcetera. Instead, these topics are covered in the context of their relevance to managers, so that students will gain an appreciation of the importance of the topics in making product, price, distribution, and promotional decisions.

This approach reflects our emphasis on the middle-management marketing decisions that students are most likely to confront in their careers. Accordingly, we make a distinction between top management's strategic decisions and the strategic and operating decisions made by middle managers for a specific product or product line. Additionally, because marketing managers are held accountable for profits as well as sales, we give extensive coverage to the budgetary considerations of marketing decisions. In many cases, top management concludes that marketing overspends, requires a disproportionately high percentage of resources, and does not deliver. Marketers are finding it increasingly necessary to improve their productivity or see their resources steadily diminish, or, worse still, find themselves the victims of corporate cost-cutters. Without the knowledge of profitability and productivity concepts and tools, future managers will be ill-equipped to effectively "sell" their programs to others within the firm and later implement them.

The book has been organized around the **marketing planning process** to clearly delineate the relationships from among marketing decisions. In Part One we present

the marketing planning process, and we examine the corporate marketing planning decisions that top management must make to provide direction for middle-management decisions. Part Two presents the analytical tools that middle managers must use in analyzing the situation confronting the products or product lines for which they are responsible. Included in this section are chapters on market analysis (presenting approaches for analyzing the buying process and market segmentation), market measurement, competitive advantage, and profitability and productivity analysis (for budgeting decisions). Part Three presents systematic planning approaches for developing a marketing strategy for a product and for program decisions needed to implement the overall marketing strategy. The programs discussed include product development, pricing, advertising, sales promotion, direct marketing, and sales and distribution. Part Four examines the coordination and control mechanisms available to marketing managers. Included in this section are chapters on organizing and managing marketing and sales activities and on the annual marketing plan.

Users of previous editions will note that in terms of philosophy and perspective, this edition largely follows that of its predecessors. However, we have made some important changes. For one, we have increased our coverage of quality and customer service throughout the book. We have also included more coverage of direct marketing. In both cases we have attempted to incorporate material that reflects and addresses these recent marketing trends. As the importance of international markets continues to expand, marketing managers find they cannot examine multinational concerns as appendages to strategy. As in the previous edition, we have integrated the international dimensions of marketing throughout the text and given emphasis to this important aspect of many marketing decisions.

In addition to these changes, we have added numerous up-to-date examples that illustrate marketing practices as they are applied to a variety of organizations. We have enhanced existing chapters by incorporating new material. In particular, we have made a number of important additions that are useful when defining market segments. We have expanded our discussion of target marketing with an extensive discussion on segmentation and positioning. We have devoted more attention to data collection and analysis as well as evaluating market segments and database segmentation measures. Additionally, we have stressed issues such as category management, strategic alliances, relationship marketing, logistics, changes in distribution, organizational downsizing, and flexibility. Additional emphasis has also been given to services and industrial marketing practices. We have added new end-of-chapter discussion cases and questions to reflect this emphasis as well as to help integrate the international perspective.

To a large extent, the modifications reflect the comments and suggestions of faculty members who have used previous editions as well as the insightful evaluations by several reviewers. For their support and constructive comments we are especially indebted to the following individuals: Sharon E. Beatty, University of Alabama; Cathy Cole, University of Iowa; Edward F. Fern, Virginia Polytechnic Institute and State University; Robert J. Fisher, University of Southern California; Jonathan N. Goodrich, Florida International University; Craig A. Kelley, California State University, Sacramento; Ronald T. Lonsdale, Loyola University of Chicago; Mary Ann McGrath, Loyola University, Chicago; Daryl McKee, Louisiana State University; Kenneth L. Rowe,

Arizona State University; Peter A. Schneider, Seton Hall University; Mark Spriggs, University of Oregon; H. Rao Unnava, Ohio State University; and Larry K. Yarbrough, University of Arkansas.

We continue to be particularly grateful to Sam Gillespie of Texas A&M University who has provided us with constructive suggestions and materials throughout several editions. Our thanks are due, too, to our editor Karen Westover who has been an enthusiastic supporter of the approach we have taken. In addition, Dan Alpert has provided us with many useful suggestions and ensured that deadlines were met. We are most grateful to Richard Mason, Michelle Lyon, and Francis Owens for their substantial editorial, design, and production contributions to this project. Their skill and attention to detail are most appreciated. Finally, we would like to acknowledge the support and suggestions from the adopters of the previous five editions of the book. We have implemented many of these suggestions in this edition.

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