

# FUNDAMENTALS OF MODERN MARKETING

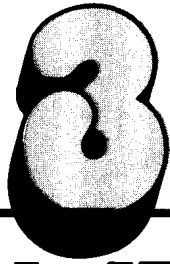
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THIRD  
EDITION



Cundiff / Still / Govoni

THIRD EDITION



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FUNDAMENTALS

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OF

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MODERN

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MARKETING

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# P R E F A C E

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This is the third edition of *Fundamentals of Modern Marketing*, an introductory marketing text emphasizing key concepts and issues underlying the modern practice of marketing. Although the basic format of the first two editions has been retained, in this edition certain changes have been made in keeping with the dynamic character of modern marketing. Statistical data have been updated wherever possible, additional figures and tables have been added, and new materials, such as the inclusion of more examples from international marketing, have been added.

The text is designed to meet the needs both of students taking only the introductory marketing course and of those planning to take more advanced courses in the field. We hope that both groups will find that this book provides a clear understanding of marketing's role in modern organizations (business and nonprofit) and in society. Even more fundamentally, we hope, too, that readers will conclude that marketing is a highly interesting subject extremely important, not only in the world of affairs but also to each individual as a consumer and citizen.

The plan of presentation is straightforward. Part One, the general introduction, is a survey of the general nature of marketing, marketing organization, and the marketing process. Part Two is an overview of marketing information systems and marketing research, markets, and buyer behavior. Parts Three through Six are descriptions and analyses of the four main decision areas in marketing—products, distribution, pricing, and promotion. Part Seven, the conclusion, gives special emphasis to the interactions of marketing and society and provides an integrated view of overall marketing strategy.

Each chapter's content has been planned to constitute a unit of understanding. Each opens with a statement of learning objectives, proceeds with descriptions and analyses of key concepts and issues, and closes with a highlight of the chapter's coverage. We have sought, in other words, to adhere closely to the time-tested pedagogical formula of "telling them what you're going to tell them, telling them, and telling them what you've told them." In addition, being strong believers in the discussion method, we have included for each chapter a wide variety of questions, problems, and short cases aimed at provoking interesting and meaningful discussion.

For successful completion of this book, we owe a great deal to a great many people. For providing us with rather definite notions on what should and should *not* be included in an introductory marketing text, our greatest debt is to our present and former students. For candid appraisals and helpful suggestions made at various stages in the development of the manuscript, we are indebted to numerous reviewers and users of the earlier editions. For contributing frank criticism and advice—most of it informally—we owe considerable thanks to numerous present and former members of the marketing staffs at Emory University, the University of Georgia, and Babson College, as well as to our ex-colleagues at The University of Texas at Austin, Syracuse University, Cornell University, The University of Missouri at Columbia, and Bowling Green State University. For providing continual help and encouragement we are deeply indebted to the following Prentice-Hall personnel: John Connolly, Editor-Marketing; Linda Stewart, College Book Editorial-Production Department; Linda Conway, College Design Department; and Ernest Hursh, Marketing Manager College Division. Last, but by no means least, for consistently aiding us through their sympathetic understanding, we are indebted to our wives and families. For all of this assistance—both that acknowledged here and throughout the book, as well as that received from business executives and others—we express our sincere thanks. However, as usual, we accept full responsibility for any and all deficiencies.

EDWARD W. CUNDIFF  
RICHARD R. STILL  
NORMAN A. P. GOVONI

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# PART ONE

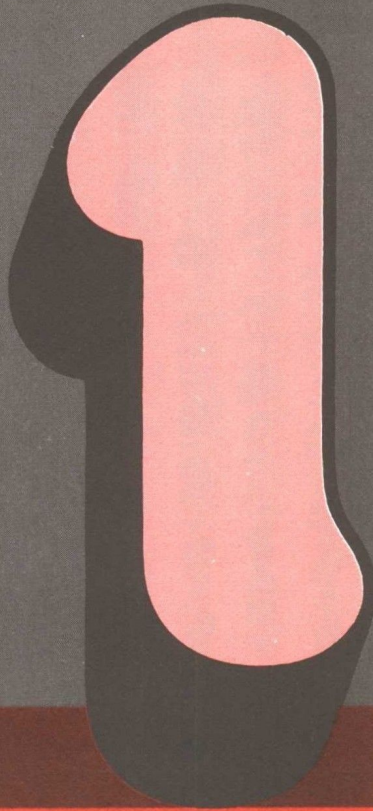
## PREPARING FOR THE MARKETING CONCEPT



**When you have mastered the contents of this chapter, you should be able to:**

- 1 Explain the basic role of marketing in different kinds of profit-seeking and nonprofit organizations.
- 2 Define marketing in terms of product-market interrelationships and ownership transfers.
- 3 Identify the different environmental factors influencing marketing decisions and activities.
- 4 Explain the marketing concept in terms of its essential features.
- 5 Identify the key environmental factors that influence companies in their decisions to adopt the marketing concept.
- 6 Identify the organizational conditions that generally precede management's recognition of the necessity for adopting the marketing concept.
- 7 Illustrate how a company should view its planning and operating activities under the marketing concept.
- 8 Explain how management should go about implementing the marketing concept.





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the emerging role  
of marketing

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This opening chapter is designed to provide you with an understanding of marketing and its role in different organizations and in the societies of which it is a part. Discussion focuses first on the various kinds of marketing activities performed by each organization. Then marketing is formally defined and analyzed with respect to its relationship to production and to the environment. Finally, the *marketing concept*, a philosophy of management that strongly influences the management of marketing effort, is examined. Recent significant changes in markets, in technology, and in the ways available for reaching and communicating with markets have intensified competition. These changes, coupled with the growth in size and complexity of business and nonprofit organizations, have made it increasingly important for companies to move toward adoption of the marketing concept.

#### **WHAT DOES MARKETING DO?**

Marketing basically involves relating the needs and desires of people with the producer's products or services in order to achieve transfer of ownership of the product or enjoyment of the service. A shoe manufacturer, for example, expects its marketing experts to provide information on consumer preferences in shoe styles, materials, and colors and on the location of these prospective buyers, also on the relative strengths and weaknesses of competitors' products; tell prospective consumers about its products and where to find them; make the shoes available where consumers can buy them conveniently; and provide recommendations on prices that will sell the product and yield a profit. Marketing plays the same basic role for all producers of goods, whether they produce steel for industry buyers, pencils for schoolchildren, or fresh fruits and vegetables for household consumption.