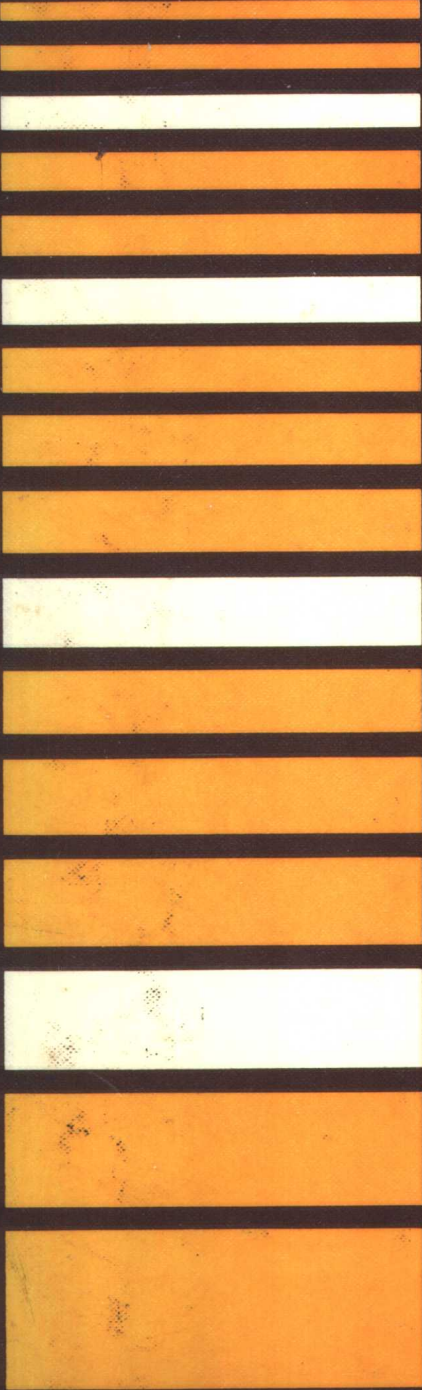


# MARKETING

## AN ENVIRONMENTAL PERSPECTIVE



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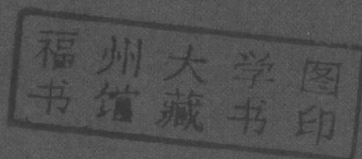
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# **PREFACE**

Since 1960, the field of marketing has been dominated by a prevailing managerial philosophy. For well over a decade, this philosophy has served to produce scores of textbooks and scholarly articles that focus on the problems of managing marketing activities. Consequently, the study of marketing has concentrated on the decision making process and the efforts of the firm in the development of an integrated marketing program. Popularized as the managerial approach, this emphasis has provided a common framework for marketing textbooks for over fifteen years.

After nearly two decades, many marketing educators are now expressing some discontent with the managerial approach, particularly at the introductory level in those colleges and universities with advanced courses in marketing management and marketing decision making. In those schools, marketing educators have been faced with the difficult task of offering a relevant introductory course for a wide number of audiences, and at the same time, providing a sound conceptual base for students pursuing a major in the field of marketing. The net result has been a relatively unsatisfactory offering of two or more overlapping undergraduate marketing management type courses. The problem has been compounded in those schools providing a decision making orientation at the beginning graduate level.

Faced with the frustrations of dealing with the problem of overlap and duplication at the various levels of undergraduate and graduate education, the authors of this text have attempted to develop a book that can be used to satisfy the needs of the many audiences that seek a knowledge and understanding of marketing. The contention in this text is that these needs can best be met by asking the beginning student in marketing to explore the changing "world" that influences marketing activities. Consequently, the approach used here is heavily oriented to the environment that affects the marketing behavior of firms.

The environmental approach, of course, is not unique to this textbook. Over the past several years, a number of authors have attempted to produce a marketing text with an environmental framework. For the most part, however, these texts have been written in a micro context with a heavy managerial orientation. The end result has been a collection of fairly conventional marketing management textbooks with a limited environmental overview.

As a departure from traditional marketing management textbooks, this text does not use the marketing mix as a framework for analysis. Therefore, the traditional discussion of product, promotion, distribution, and pricing is presented here in a micro structure that focuses on



marketing strategy planning. Instead of treating the mix elements in the depth that they are normally covered, the strategic dimensions of marketing are analyzed in a broader framework that recognizes the total marketing environment. This approach, in the authors' view, provides a more meaningful explanation of the "why" of marketing behavior in preference to the "what" of executive action.

In contrast to previous attempts to produce a marketing textbook with an environmental approach, this text provides a total environmental framework. The environment for marketing behavior and executive action is presented as two broad layers of influence. The first layer is the *micro environment*, where marketing activities must be performed in the business system under conditions of constraint imposed by other functional areas such as research and development, engineering, production, and finance. The second layer is the *macro environment*, external to the business system, where marketing institutions, legal forces, sociocultural changes, competition, technology, economic conditions, and the marketplace present both threats and opportunities for marketing.

Although this book presents marketing in an environmental setting, it is the impact of the changing environment on marketing strategy that is the dominant theme. Part I of the text presents an analysis of the marketing process and a detailed view of the environmental framework of the book. Part II explores the micro marketing environment from a strategic point of view, and Part III analyzes the macro marketing environment and the forces in constant change that influence marketing decision making. Part IV deals with contemporary issues in marketing through an in-depth discussion of important topics that are current and relevant to the efficient and effective operation of the marketing system.

As with all books, the errors of omission and commission are the responsibility of the authors. We do, however, wish to recognize the imprint of our colleagues in the Department of Marketing at Arizona State University who influenced the development of our ideas. These colleagues helped formulate the environmental approach used in the beginning course in marketing at ASU and played an important role in the final outcome of this volume.

Beyond our own little micro environment, we are indebted to a number of people who contributed in many ways to the culmination of this work. To Robert C. Boozer of West Publishing Company who served as a catalyst and friend, we owe special thanks. To Chris Gwinner for her tireless efforts in typing the many drafts of the manuscript and attending to thousands of details, we express our sincere appreciation.

For reviewing the manuscript and providing helpful and insightful suggestions, we would like to thank Professors Donald H. Granbois (Indiana University), Richard W. Hansen (Southern Methodist University), Douglas K. Hawes (University of Wyoming), Harold H. Kas-sarjian (University of California, Los Angeles), Fred L. Myrick, Jr.

(University of Alabama in Birmingham), and Arch G. Woodside, Jr. (University of South Carolina).

Finally, we would like to gratefully acknowledge those who edited our writings: Alice S. Keller from Austin, Texas, provided some “early on” assistance, and June Beeson and Jill Beeson from Tempe, Arizona, skillfully and painstakingly performed the monumental task of editing the final draft.

Robert F. Gwinner  
Tempe, Arizona  
December, 1976

*To our families,  
who endured*

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# **MARKETING**

## **AN ENVIRONMENTAL PERSPECTIVE**

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# ONE

## MARKETING AND ITS ENVIRONMENTS

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Based on the presentation in Part I, the reader should be able to:

- discuss the evolution of marketing in the United States and explain why change is the very essence of business
- define marketing and understand its various dimensions in contemporary society
- apply the concept of ecology to an understanding of the environmental approach to marketing
- identify the role of marketing in a modern economic system and discuss both the micro and the macro process of marketing
- describe the micro and the macro environments and identify the relationships that exist in the total marketing environment
- discuss marketing in the changing environment as the basis for an analysis of environmental threat and marketing opportunity



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# I

## **THE MARKETING PROCESS**

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# 1

## THE MARKETING PROCESS

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### I. EVOLUTION OF MARKETING

- A. Production Era
- B. Sales Era
- C. Marketing Era

### II. ROLE OF MARKETING

- A. Allocation Process
- B. Utility Creation
- C. Exchange Process

### III. PROCESS OF MARKETING

#### A. Macro Process

- 1. Sorting Out
- 2. Accumulation
- 3. Allocation
- 4. Assorting

#### B. Micro Process

- 1. Marketing Planning
- 2. Marketing Execution
- 3. Marketing Control

### IV. APPROACHES TO THE STUDY OF MARKETING

#### A. Macro Approaches

- 1. Commodity Approach
- 2. Functional Approach
- 3. Institutional Approach

#### B. Micro Approaches

- 1. Managerial Approach
- 2. Systems Approach

#### C. Approach Used in This Book

### V. DEFINITIONS OF MARKETING

- A. Macro Definitions
- B. Micro Definitions
- C. Definitions Used in This Book

### VI. MARKETING IN CONTEMPORARY SOCIETY

- A. Economic Dimensions
- B. Managerial Dimensions
- C. Environmental Dimensions
- D. Societal Dimensions

### VII. SUMMARY

#### QUESTIONS FOR DISCUSSION

#### NOTES

#### SUGGESTED READINGS

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This is a book about marketing. More importantly, however, it is a book about change, for success in marketing is dependent on management's ability to recognize and react to the rapidly changing environments that impact on marketing decision making. Therefore, the focus here is on the environments where forces in flux are confronting marketing management with a challenge that is growing at an ever expanding pace. This challenge was posed for all by Alvin Toffler when he wrote *Future Shock*, an extraordinary book about change and how we adapt to it. To be sure, Toffler did not write a marketing book, but he did provide a prophetic environmental clue for marketing when he stated that "between now and the twenty-first century, millions of ordinary, psychologically normal people will face an abrupt collision with the future."<sup>1</sup>

## **EVOLUTION OF MARKETING**

The subject of change, of course, is a critically important one for the field of marketing. Change is the very essence of business, and it has occurred at an accelerated pace fueled by expanding technology and the growing demands of the consumer. While certainly revolutionary in many industries, such as electronics and communications, the impact of change has been more evolutionary in the overall development of marketing in the United States. This evolution may be identified through three rather distinct business eras that serve to characterize American industry since the end of the Civil War:

1. Production Era
2. Sales Era
3. Marketing Era

### **PRODUCTION ERA**

With the advent of the industrial revolution in the United States about 1865, American industry entered an important production era that lasted through the first two decades of the twentieth century.<sup>2</sup> During this period, home handicraft operations were replaced by centralized manufacturing processes. Concurrently, there was a growth in urban centers and a decline in rural areas as large numbers of specialized workers were employed in urban factories. Spurred by industrial tycoons and a rapidly growing technology, great emphasis was placed on large-scale output and efficiency in production. The net result was the development of a mass production system that would one day be capable of producing an output that could exceed demand.

The overall impact of this important period of industrial development in the United States can be seen in some of the early innovations that distinguish the production era.<sup>3</sup> For example, the first consumer