



Marketing

Concepts and Strategy

Martin L. Bell

THIRD EDITION

Marketing Concepts and Strategy

Third Edition

Martin L. Bell

WASHINGTON UNIVERSITY

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Dedicated to Reavis Cox

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Preface

The more things change, the more they remain the same.

Alphonse Karr, *Les Guepes* (January 1849)

The first edition of *Marketing: Concepts and Strategy* was written because of my conviction that significant changes had taken place in marketing and that a new approach was needed to convey the meaning of these changes. In some respects, the first edition was a revolutionary text and set the stage for a number of systems- and strategy-oriented books that followed. The second edition was prepared as the tide of interest in marketing crested. It extended and expanded the marketing concept while retaining the systematic approach introduced in the first edition.

This third edition is published at a time when marketing has achieved a degree of stability and recognition that it had not attained even six years ago. What was then revolutionary has become more commonplace today. Not only is marketing widely

accepted as a natural and important function in commerce; it is seen as a viable process in not-for-profit organizations and in social and political entities as well.

However, because marketing has “come of age,” it does not follow that the world of marketing today is the same as it was ten or even five years ago. Important changes continue to take place—as they always have and always will. But it seems apparent that marketing people are learning to cope with change. We accept it as a part of the marketing experience. If we look at marketing as a process to deal with change—external change to which the firm must respond and internal change initiated to achieve strategic objectives—we discover that in marketing, as in all of life, “the more things change, the more they remain the same.”

In a fundamental way, marketing can be viewed as the function of managing change. The principal tool used in discharging this function is planning—the development of

strategy. Thus, the major emphasis of the third edition of *Marketing: Concepts and Strategy* is on marketing planning in a changing environment.

This edition presents a blending of past, present, and future. Strong ties to the historical foundations of marketing are retained by direct utilization of the disciplines of economics, psychology, and sociology. Contemporary elements emerge naturally in discussions of systems concepts, consumer behavior, market segmentation, management science, and marketing information systems. The future is addressed in dealing with the new frontiers of marketing: services marketing, not-for-profit marketing; and international marketing. This future orientation emerges on an even more basic level in the text's focus on marketing planning—the development of future strategy under conditions of uncertainty.

Marketing: Concepts and Strategy has been revised to make it more appropriate for use in undergraduate courses whose instructors seek a little more demanding but entirely realistic approach. Teachers of introductory graduate level courses will find it equally appropriate.

The third edition retains the five major distinguishing characteristics of the earlier volumes. Briefly, these distinctive features are:

1. *The concept of "concepts"* My experience in teaching and consulting has convinced me that the planning of effective marketing strategy depends upon a thorough understanding of marketing concepts. A marketing concept is *not* a principle or law of marketing. Because marketing is a dynamic phenomenon, there are few if any genuine marketing
- principles. The use of concepts rather than laws allows for both change and exception, for it involves essentially a realistic point of view rather than a set of static generalizations. In simple terms a concept can be thought of as "straight thinking about marketing based on sound marketing facts." This book encourages its readers to get the facts and then do their own straight thinking—or concept building.
2. *The concept of strategy* Marketing management is the strategic use of a firm's resources to take advantage of marketing opportunities. This view of management has been overshadowed in traditional textbooks by descriptions of marketing institutions and, more recently, by environmental treatments. Both are important, and this text does not ignore them. But its basic premise is that the crucial responsibilities facing today's marketing manager are the determination of objectives and the formulation of plans of action. This two-step management process is the essence of strategy.
3. *The systems concept* The first edition of *Marketing: Concepts and Strategy* contained one of the earliest textbook discussions of the systems approach in marketing. This revision retains the concept, but it has been given less prominence in the treatment. Although the systems approach has been applied successfully, for example, in engineering and information processing, it has not by any means been fully utilized in business administration. I was introduced to the intriguing possibilities of systems analysis by Professor Ralph Breyer at the University of Pennsylvania. More recently I have been increas-

ingly impressed with its general applicability to many phases of marketing, and I share the enthusiasm of a growing group who are convinced that it will become the basic approach to the teaching of marketing in the future.

4. *The ecological concept* The ecological concept is closely related to the systems concept. Relatively few authors have attempted to use human ecology as a basis for presenting the subject matter of the social sciences. In many ways, however, marketing readily lends itself to this approach, a fact which the late Wroe Alderson was among the first to recognize. Since ecology is the study of an organism (such as a consumer, a household, or a business establishment) in relation to its environment, an ecological theme permits the study of function, structure (organization), and adaptive behavior. The ecological theme pervades this book but does not dominate it. It is there for the interested instructor to apply, but it does not interfere with more conventional approaches to the subject of marketing.
5. *Integration* A major effort has been made to achieve integration in the treatment of marketing strategy. Indeed, a basic purpose of the text is to present a framework for preparing the *total marketing plan*—the complete marketing mix. A manager should not have separate plans for product development, distribution, promotion, and pricing. Rather, an overall, comprehensive plan that incorporates other plans involving all strategic areas is needed. To emphasize the integrated character of strategy formulation, I present a model of the marketing planning process in Chapter 3

and base the discussion of marketing planning on it. A comprehensive model of an integrated planning and control system is provided in Chapter 19.

The five distinctive features of this text make it particularly suitable for students with some background in economics or one of the behavioral fields, although previous work in these areas is not essential. For the instructor wishing to broaden the students' perspective, several excellent books of readings are available on such subjects as marketing management, consumerism, ecological impacts, and the like.

Cases are not included in the text. However, the *Instructor's Manual* does contain a guide to cases from the Intercollegiate Case Clearing House for teachers who would like to assign them. Case analysis is a logical and useful extension of the material presented in the text.

A number of questions and short problems have been placed at the close of each chapter. In general, these are intended to provoke class discussion, although a number of valuable *working* assignments have been suggested. Students are encouraged to associate with businesspeople in seeking answers to selected questions. In other assignments, the students are asked to observe and report on specific marketing activities. Obviously classroom requirements and local conditions may require some adaptation of these "field" problems.

Considerable attention is being devoted in the literature of marketing to the application of quantitative techniques. In response to this trend, I have included some contributions from the field of management science. For the convenience of those instructors who do not wish to expose beginning stu-

dents to quantitative applications (even at a fairly elementary level), this material has been isolated from the rest of the text. Chapter 8, "Decision Tools for Marketing Management," is devoted entirely to the description of some of the more basic techniques of problem solving. The instructor can use or omit this material according to the objectives of the particular course.

I have borrowed from many sources over the years. Although a diligent effort has been made to credit specific individuals wherever possible, it has been virtually impossible to recall every specific source. For sins of omission or commission, I apologize in advance.

Inevitably every student of marketing is influenced by his or her teachers and contemporaries, and I am acutely aware of my inheritance. I continue to be grateful for the encouragement and suggestions of the late Wroe Alderson. The inspiration of his perception of marketing lives on in this book, as it does in the writings of his other friends and disciples. I owe a special tribute to my personal mentor and thesis advisor, Dr. Reavis Cox. Each year I am increasingly aware of how insightful and accurate his concepts of marketing were. It is my hope that some hint of his great contribution

endures in this book and will enrich yet another generation of marketing scholars.

The following reviewers have made suggestions for this edition: Professors William G. Browne, Oregon State University; Michael Houston of the University of Wisconsin at Madison; David Curry, University of Iowa; Gerald Linda of Tathan-Laird & Kunder; Richard J. Lutz of the University of California, Los Angeles; Noel Zabriskie, University of North Florida; Cecil V. Hynes, University of Maryland; Luis Dominguez of Case Western Reserve University; Richard A. Wald, New Mexico Highlands University; and Leland Beik, Pennsylvania State University. I thank them for their interest and help. Many secretaries and copy editors have worked on the manuscript. I am especially grateful to Mrs. Ruth Scheetz for her patience and skill in processing the book and teacher's manual.

With the hope that these pages will reveal some of the excitement and satisfaction that the study of marketing has brought to me, I offer this textbook to those who wish to accept the challenge of mastering a discipline which "the more it changes, the more it remains the same."

M.L.B.

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One

The
Marketing
Concept

