

# MARKETING MANAGEMENT



**RICHARD P. BAGOZZI**

**JOSÉ ANTONIO ROSA**

**KIRTI SAWHNEY CELLY**

**FRANCISCO CORONEL**

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**RICHARD P. BAGOZZI**

*University of Michigan*

**JOSÉ ANTONIO ROSA**

*University of Illinois–Urbana*

**KIRTI SAWHNEY CELLY**

*University of California–Irvine*

**FRANCISCO CORONEL**

*Hampton University*



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# MARKETING MANAGEMENT

**For our families, teachers, and students.**



# PREFACE

This book aims to bridge the gap between the science of marketing—marketing research, consumer psychology, economics, management science, strategic management—and the art of marketing—practitioners’ struggle to make sound decisions in all areas of the marketing mix in the face of uncertainty and volatility. We present how and why marketing is practiced as it is, and issues managers should consider as they practice marketing in the future.

Our book is directed at traditional full-time M.B.A. programs with students who wish to pursue either practitioner or academic careers; at executive M.B.A. programs in which students generally face decisions about various areas of the marketing mix every day, and at Junior–Senior level undergraduate capstone courses that many business schools use to integrate their programs. We have special empathy with those students who take the course to gain practical knowledge, because two of us earned our M.B.A.s while working in industry. We wanted to strongly emphasize the practical applications of marketing theory so that students could see how our discussions relate directly to their business experiences. With this broader audience, our present-day students will be able to make more grounded decisions by knowing how decisions in all functional areas can benefit from marketing principles and research. The beginning of each chapter covers basic concepts and history of the discipline, either schematically or in the discussion, especially appropriate for those students who may be anxious about their relative lack of background in marketing. The end of each chapter builds to more detailed accounts of current marketing issues or dilemmas that should challenge students with a broader academic or practical background.

We all began our careers not in academia, but as practicing managers in various marketing functions and in different parts of the world. Our experiences in the business world range from product engineering at General Motors to advertising consultancy with J. Walter Thompson to management consultancy at A.F. Ferguson in India to economist at the Chicago Board of Trade to marketing and purchasing roles at General Motors. These diverse backgrounds and experiences shaped our knowledge and outlooks about marketing and set the stage for our subsequent career moves into the university.

Each of us is deeply committed to marketing education, as evidenced by our numerous teaching and research awards. Rick Bagozzi received teaching awards from the University of California at Berkeley and the University of Michigan as well as the Richard D. Irwin Distinguished Educator award, in addition to his research awards from the Association for Consumer Research and the American Marketing Association and the Maynard award for best contribution to marketing theory. Jose Rosa was recognized with the University of Illinois at Urbana-Champaign College of Commerce Weinstein Excellence Award for undergraduate teaching and development as well as the UIUC MBA Association MBA Professor of the Year. Kirti Celly teaches popular international marketing and business classes at the University of California at Irvine, and Francisco Coronel is a renowned teacher of marketing and marketing research throughout South America and Europe. All four of us have taught numerous courses in the discipline, and continue to take an active role in undergraduate and graduate teaching at our respective universities.

We quickly reached a consensus about three overarching goals as we began this project: to impart valid knowledge to students based on actual research and practitioner experience, to instill enthusiasm for the subject matter, and to build respect for the marketing function among both marketing majors and the roughly

80 percent of non-marketing majors who take this course as their only exposure to marketing topics.

This book resembles other texts in that it treats the core concepts of the marketing mix directly along the traditional lines set out by marketing scholars such as Professor Philip Kotler, to whom we owe a debt of gratitude. We do not try to create an entirely new paradigm and then force the data to fit that paradigm, as some recent textbooks are wont to do. We present these core concepts directly and in practitioners' terms, so that students can apply what they are learning directly to their business experiences. When we introduce new terms, we do so according to how contemporary discourse in the marketing discipline uses those terms, and then define and illustrate each term to facilitate learning.

In other ways, this book differs substantially from other authors' treatments of marketing as a discipline:

1. The book does not focus solely on a strategic management or quasi-economics perspective, but rather integrates the strategic approach and economic concerns with other behavioral science and business disciplines to explain the "so what" rather than merely the "what" of marketing. We include discussions about product management (chapters 7 and 8), pricing (chapter 12), advertising and promotion (chapters 9 and 10), consumer behavior and psychology (chapter 4), distribution concerns (chapters 13 and 14), and strategy and its execution (chapters 2, 16, and 17).
2. Our book creates a sense of how marketing practices and research have evolved over time, and how they are likely to change in the future.
3. Our book provides a stable learning environment that allows professors to capture the best of both traditional lecture courses and a quasi-case approach. Many instructors face a quandary in teaching this course in that they seem to have to choose between covering the theory or devoting class time to case discussions. This text allows them to address both issues, blending lectures with short class discussions about examples that illustrate concepts from the lectures. Expanded Marketing Anecdotes in each chapter tell stories of decisions that real companies and individual managers face every day, and that impact various aspects of the marketing mix. Because these illustrations integrate material from various chapters, they can act as a catalyst for detailed class discussions of the issues at hand. At the same time, our book provides structure in terms of the theoretical underpinnings of those issues in student-friendly parlance. Additional mini-cases appear in the *Instructors' Manual*.

Look, for example, at the opening vignettes in chapters 2, 6, and 15. These integrative stories show how marketers must address current business environment issues and the strategic challenges that attend those issues. Reviewers have especially liked chapters 13 and 14 as well, as they illustrate distribution issues not only from a producer's perspective, but also from channel members' points of view. The three illustrations that open chapter 4 illustrate aspects of consumer behavior and build on these examples to present a comprehensive model that traces consumers' complex buying decision processes both internally and externally. Reviewers have been quite complimentary about this ground-breaking integration of psychological and market forces.

4. Reviewers have also praised the way the book integrates international marketing throughout the book. Not only does chapter 15 present a concise yet complete discussion of the trade-offs involved in international expansion paths, but individual chapters also address international issues involved in each area of the marketing mix.

5. Throughout the book, we emphasize research in many fields such as business environments, psychology, institutional behavior, logistics, international relations and traditional marketing research methods. The products of such research can reduce uncertainty and volatility as managers seek to make informed decisions in all marketing mix and functional areas. But we also integrate the current research with existing business practices, so that students can see how the research applies directly to business decisions.

### **Comment on the Book and Auxiliary Materials**

Our experience shows that students consistently rate their interest in and usefulness of assigned textbooks lower than their satisfaction with the course and instructor. Through reviews, we think that many instructors would agree with this assessment. We also think that students will like our textbook better than many competitors'. Why? Because the book is student oriented. It describes and explains the subject matter thoroughly. Each chapter provides fundamental frameworks for thinking about the central ideas in that chapter. We then interweave our many examples with our presentation of basic and more advanced principles, and we integrate visual aids, anecdotes, and illustrations with the content. The ancillary package for instructors provides chapter and topic summaries, lecture outlines, syllabi, and suggestions for individual and group exercises, as well as hints for further discussions. Together with PHLIP, these materials and the text provide a rich, comprehensive learning experience that will make the course enjoyable for student and instructor alike.

### **Acknowledgments**

We would first like to express our gratitude to the people at Prentice-Hall. Dave Borkowsky was our initial Acquisitions Editor and provided us with much support, feedback, and encouragement. Whitney Blake, our current Editor, helped us better focus the book, was a champion within Prentice Hall for the project, and in general managed our efforts with considerable skill and sensitivity. Aileen Mason, our Production Editor, made everything flow seamlessly and helped produce a first-rate presentation. We appreciate as well various suggestions made over time by John Chillingworth, Steve Deitmer, Sheila Lynch, and Sandy Steiner. To these and others we have dealt with at Prentice Hall, we are most appreciative. We also express our sincere thanks to the anonymous reviewers for their efforts and excellent recommendations, and to the focus group participants who gave us valuable positioning insights in the early stages. Finally, we would like to thank the many business people who have shared their experiences with us, allowing us to illuminate the book with many first-hand examples.

Our special thanks and kudos to Trish Taylor from Colorado State University, our Development Editor. She provided detailed editing, made many structural and pedagogical recommendations, ensured that our writing styles meshed, helped with examples and visual presentations, suggested numerous substantive changes, and in general managed the whole process with enthusiasm, skill, and insight. Her dedication to the project made a significant and irreplaceable contribution.

We are most appreciative to the authors of the *Instructors' Manual* and test bank, Anne Gogela and John Weiss (both also at Colorado State University), who have done an outstanding job capturing the essence of the text and communicating pedagogical ideas to prospective adopters. Dana Weiss prepared an excellent set of transparencies to help instructors present the material. Trish Taylor also directed and developed the ancillary package.



Finally, we wish to thank Carolyn Maguire for preparation of early drafts and the final manuscript. Carolyn worked tirelessly, discovered a number of inconsistencies and problems, and made many editorial and other suggestions. Her value system and approach to life were simply inspirational, and we feel fortunate having worked with her over the years.

Richard P. Bagozzi

José Antonio Rosa

Kirti Sawhney Celly

Francisco Coronel

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