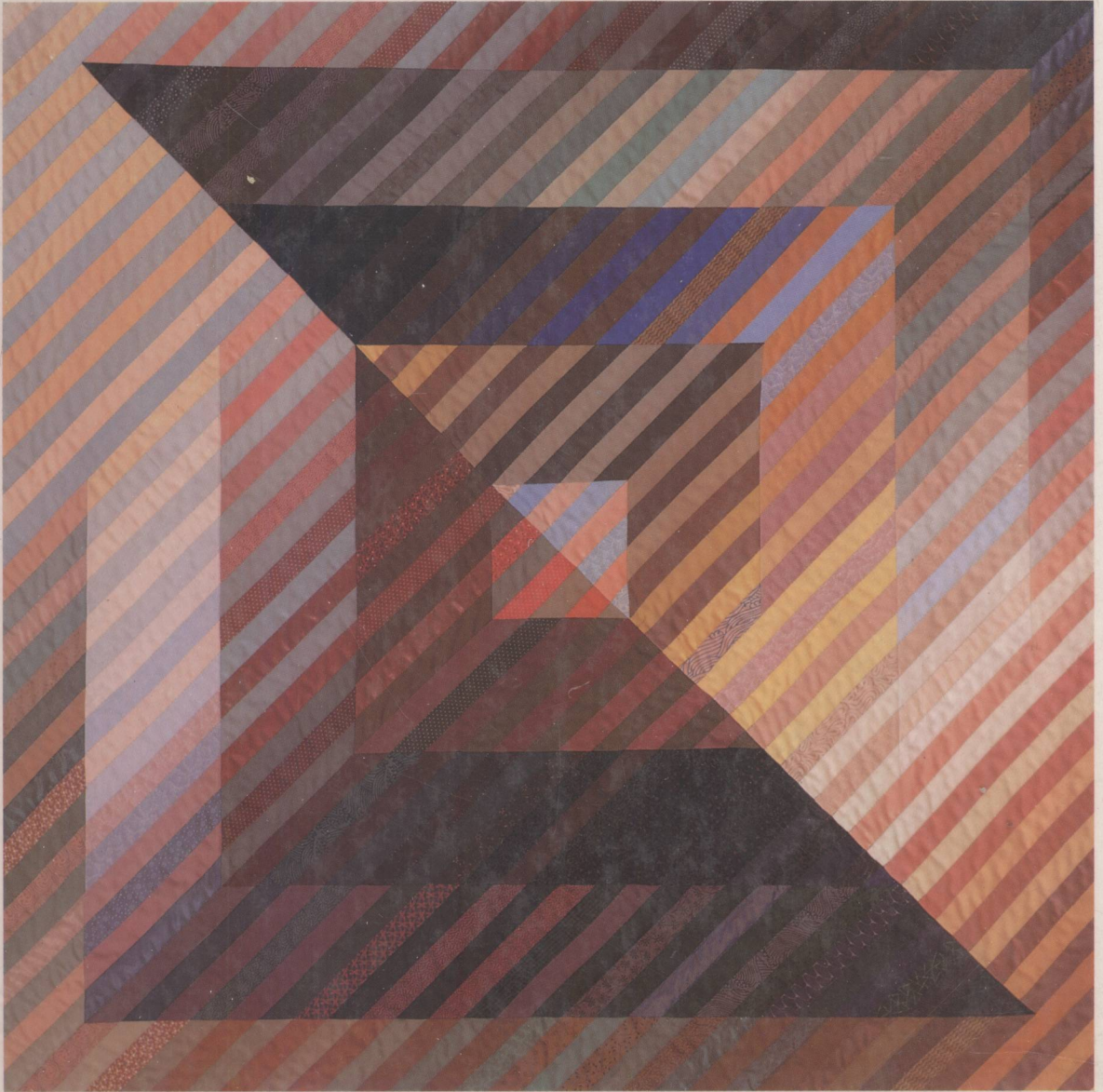


# MARKETING MANAGEMENT

STRATEGIES AND PROGRAMS



JOSEPH P. GULTINAN

GORDON W. PAUL

FOURTH EDITION

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2 3 4 5 6 7 8 9 0 DOC DOC 9 5 4 3 2 1

ISBN 0-07-048942-4

This book was set in Optima by the College Composition Unit in cooperation with Ruttle Shaw & Wetherill, Inc.  
The editors were Bonnie K. Binkert, Mimi Melek, and Bernadette Boylan;  
the production supervisor was Richard A. Ausburn.  
The cover was designed by Joan Greenfield.  
New drawings were done by Hadel Studios.  
R. R. Donnelley & Sons Company was printer and binder.

*Cover Credit:* Point/Counterpoint, machine-sewn quilt by Michael James.

### Library of Congress Cataloging-in-Publication Data

Guiltinan, Joseph P.

Marketing management: strategies and programs / Joseph P. Guiltinan, Gordon W. Paul.—4th ed.

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

Includes bibliographical references and index.

ISBN 0-07-048942-4

1. Marketing—Management. I. Paul, Gordon W. II. Title.

III. Series.

HF5415.13.G84 1990

658.8—dc20

90-23270



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## McGRAW-HILL SERIES IN MARKETING

Allen, Spohn, and Wilson: Selling Dynamics  
Anderson, Hair, and Bush: Professional Sales Management  
Baier: Direct Marketing  
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Wright, Winter, and Zeigler: Advertising



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# PREFACE



**T**his book is specifically designed for advanced undergraduate students and for those MBA students with some previous coursework in marketing. It is intended for use in those courses in which the application of marketing concepts, tools, and decision-making processes is emphasized. In addition, practicing managers should find it useful in providing guidelines for developing marketing plans and programs.

As with previous editions, this book presents concepts from a decision-making perspective rather than from a descriptive point of view. For example, it does not include survey chapters on consumer behavior or marketing research. Instead, these topics are covered in the context of their relevance to managers, so that students will gain an appreciation of their importance in making product, price, distribution, and promotional decisions.

This approach reflects our emphasis on the middle-management marketing decisions which students are most likely to confront in their careers. Accordingly, top management's strategic decisions have been distinguished from the strategic and operating decisions that middle managers make for a specific product or product line. Additionally, because marketing managers are held accountable for profits as well as sales, the budgetary considerations of marketing decisions are given extensive coverage.

The book has been organized around the **marketing planning process** to clearly delineate the relationship among marketing decisions. In Part One we present the marketing planning process, and we examine the corporate marketing planning decisions which 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 analysis, 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, 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 follows that of previous editions. However, there are some important substantive changes that have been made. For one, we have added a new chapter on "Competitive Analysis." Another important addition is the appendix on sources of market information. This appendix allows the student to identify and locate useful sources for performing market analyses and competitive analyses. The chapter on "International Marketing Strategies and Programs" has been eliminated in this edition. As the importance of international markets continues to expand, marketing managers can no longer examine multinational concerns as appendages to strategy. Instead, we have chosen to integrate the international dimensions of marketing throughout the text rather than treat them in an isolated manner.

In addition to these changes, we have enhanced existing chapters by incorporating new material. In particular there are readable but practical treatments of the important analytical tools for perceptual mapping and concept testing. Additionally, significant new issues such as brand equity, the shift in power from manufacturers to retailers, targeting regional markets, and the use of electronic scanning and single source data in market response measurement are given prominent attention in this edition. Additional emphasis has been given to services and industrial marketing practices in this edition. New end-of-chapter discussion cases and questions have been added to reflect this emphasis as well as to help integrate the international perspective.

To a large extent, these 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.

Hiram C. Barksdale, Jr., Georgia State University  
 Sharon E. Beatty, University of Alabama  
 Terry L. Childers, University of Minnesota  
 Eli P. Cox, III, University of Texas–Austin  
 Michael J. Dotson, Appalachian State University  
 William Gaidis, Arizona State University  
 Frederic B. Kraft, Wichita State University  
 Brian M. Meyer, Mankato State University  
 Marti J. Rhea, University of North Texas  
 Kenneth L. Rowe, Arizona State University  
 JoAnn K. L. Schwinghammer, Mankato State University



Rajan P. Varadarajan, Texas A&M University  
Larry K. Yarbrough, University of Arkansas

We are particularly thankful 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 Greta Hoisington for her assistance in preparing the manuscript for publication. Her skill and attention to detail are most appreciated.

*Joseph P. Guiltinan*  
*Gordon W. Paul*

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## PART 1

# MANAGERIAL PERSPECTIVES ON MARKETING

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In today's world it sometimes seems that change is the only constant. Managers of both profit-oriented and not-for-profit organizations face an environment characterized by rapidly changing technology, by competition which is increasingly multinational in scope, and by shifting political and economic forces such as the economic unification of Europe, an international trend toward the deregulation of key industries, and dramatic growth in international trade and foreign investment.

These changes have important implications for marketing decisions in an organization. Decisions on the design of products and services, on prices, and on appropriate promotional methods and distribution systems must be made after considering environmental constraints and opportunities. Because the environment is dynamic and complex and because the range of marketing decisions, issues, and positions is exten-