

Fourth Edition

Marketing Management Knowledge and Skills

J. Paul Peter
&
James H. Donnelly, Jr.

Analysis
Cases
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Plans
Text
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FOURTH EDITION

Marketing Management Knowledge and Skills

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PREFACE

Our goal in the first edition of this text was to develop a complete student resource for marketing management education. This goal has not changed in this, the fourth edition. We continue to focus our efforts on enhancing student *knowledge* of marketing management and on developing their *skills* in using this knowledge to develop and maintain successful marketing strategies.

The structure of this edition of our book developed over many years as we experimented successfully and unsuccessfully with various teaching philosophies. Our five-stage learning approach includes (1) learning basic marketing principles; (2) learning approaches and tools for marketing problem analysis; (3) analyzing marketing management cases; (4) analyzing strategic marketing cases; and (5) developing original marketing plans. These five stages are the focus of the seven sections in this book and have as their objective both *knowledge enhancement* and *skill development*. The framework for our book is presented in the following diagram, which will be used throughout the text to integrate the various sections.

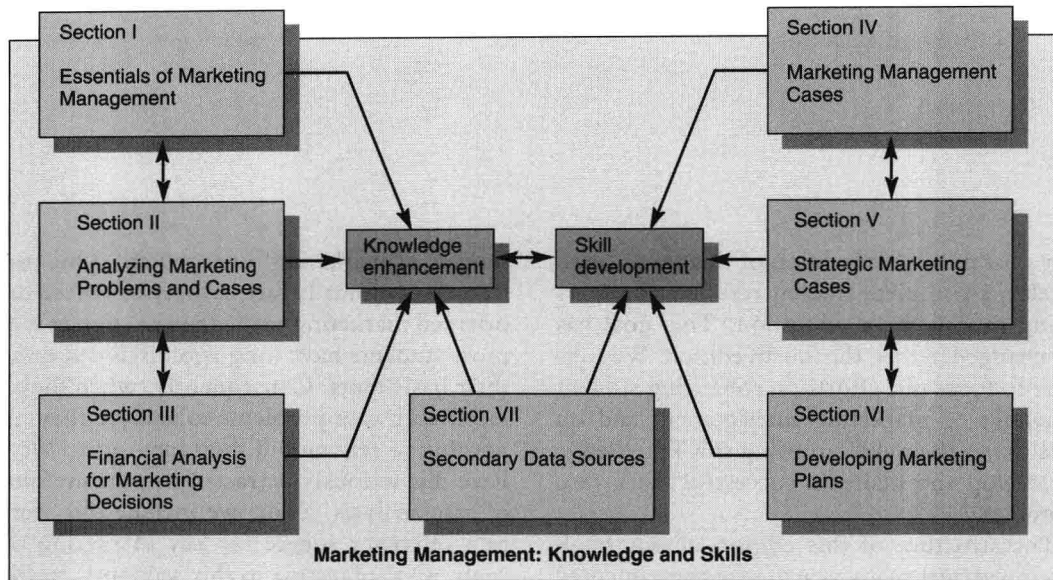
STAGE 1: LEARNING OF BASIC MARKETING PRINCIPLES

It is clearly necessary for students to learn and understand basic definitions, concepts and logic before they can apply them in the analysis of marketing problems or attempts to develop marketing plans. Section 1 of the book contains 14 chapters which we believe present the es-

entials of marketing management. One problem we continually face in more advanced case-oriented marketing management courses is that most students have long ago discarded or sold their basic texts. Consequently, when they are faced with case problems to analyze they have nothing to rely on but their memories. We believe this seriously detracts from the usefulness of case analysis. Thus, we include this section as a reference source for key marketing concepts. Our objective in this section is to focus on material that is more relevant for analyzing marketing problems. Several of the chapters in this section have been completely revised and updated.

STAGE 2: LEARNING APPROACHES AND TOOLS FOR PROBLEM ANALYSIS

The second stage in our approach involves offering students basic tools and approaches for solving marketing problems. Sections II and III present these tools in addition to a framework which students can adapt when analyzing marketing problems. Section VII of the book, an annotated bibliography of important secondary sources of marketing information, will aid students in researching a particular industry or firm and can greatly improve their depth of analysis. Eight classifications of secondary sources are presented: (1) selected periodicals; (2) general marketing information sources; (3) selected marketing information services; (4) selected retail trade publications; (5) financial information sources; (6) basic



U.S. statistical sources; (7) general business and industry sources; and (8) indexes and abstracts.

STAGE 3: ANALYZING MARKETING MANAGEMENT CASES

It has been our experience that few students have the confidence and experience necessary to analyze complex strategic marketing cases in their first exposure to this type of learning. We believe it is far better for them to apply their skills at analyzing cases for which traditional marketing principles can be applied somewhat directly before they attempt more challenging problems. Accordingly, Section IV of the book has been expanded to include 33 marketing management cases, organized into six groups: market opportunity analysis, product strategy, promotion strategy, distribution strategy, pricing strategy, and selected issues in

marketing management. Within each group, cases are sequenced so that later cases contain more information and typically require higher levels of marketing management skills than earlier ones.

STAGE 4: ANALYZING STRATEGIC MARKETING CASES

Once students have developed sufficient skills to provide thoughtful analyses of marketing management cases, we believe they are prepared to tackle strategic marketing cases. These cases go beyond traditional marketing principles and focus on the role of marketing in the development of business or organizational strategies. Ten such cases are included in Section V of our book. They are sequenced so that the later cases contain more information and require higher levels of management skill to analyze them properly.

STAGE 5: DEVELOPING MARKETING PLANS

The final stage in our approach involves the development of an original marketing plan. We believe that after a two-course sequence in marketing management, students should be able to do one thing very well and should know that they can do it well: Students should be able to construct a quality marketing plan for any product or service. Section VI provides a framework for developing such a plan. Instructors can consult the *Instructor's Manual* which accompanies this book for alternative ways to incorporate this stage into their course.

We have found that this five-stage process is very flexible and can easily be adapted to the needs of the students and the objectives of the instructor. For example, if the course is the first formal learning experience in marketing, then emphasis could be placed on the first three stages. If students progress well through these stages, then marketing management cases can be assigned on an individual or a group basis.

If the course is for students with one or more previous courses in marketing, or is the capstone marketing management course, then major attention should shift to stages two through five. In this instance, Section I becomes a resource for review and reference, and the course can focus on skill development.

Finally, the text can be used for a two-course sequence in marketing management. The first course can emphasize stages one through three and the second concentrate on stages four and five.

PLANNING FOR THIS EDITION

We are indebted to those individuals who contributed cases to our book. Our case search was a long and difficult one. It began with a survey

of users. The 70 responses we received were invaluable in planning this edition and in making decisions on replacing cases, selecting new cases, and deciding which of the “classic” cases remain. We want to thank those individuals, listed on page viii, who took the time to complete the survey. We also want to acknowledge the invaluable assistance we received from four detailed reviews of the previous edition. For these we thank John C. Crawford of the University of North Texas, J. Steven Kelly of DePaul University, Edward C. Strong of Tulane University, and Alvin J. Williams of the University of Southern Mississippi. All of the help we received has made this edition a better teaching and learning resource. As a result you will find cases:

- From a variety of time periods
- Set in a variety of industries
- Set in well-recognized organizations
- Focusing on a variety of different types and sizes of both profit and nonprofit organizations
- Dealing with both products and services
- Including problems at all levels of marketing management

The results of our collective efforts yielded what we believe is an outstanding collection, and we want to express our heartfelt thanks to each contributor. This volume would not be possible without them.

We also wish to thank R. D. Irwin and, in particular, Steve Patterson and Christine Scheid, for their efforts to make this a better text.

Finally, we want to acknowledge Geoff Gordon of Northern Illinois University for his help in many ways throughout this revision.

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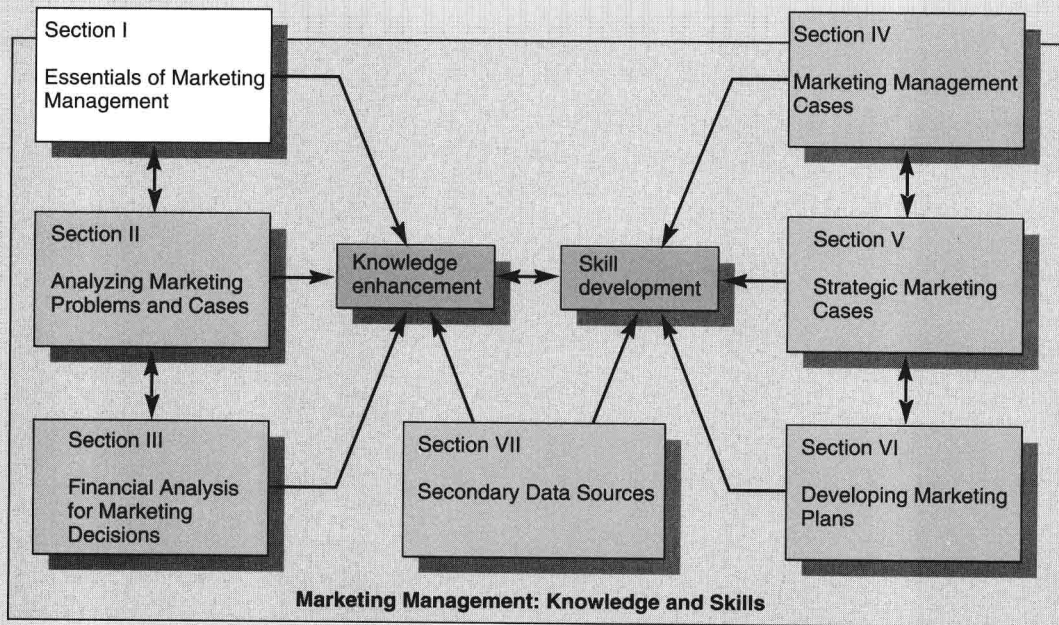
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SECTION I

Essentials of Marketing Management



NOTE TO THE STUDENT

This section contains 14 chapters concerned with basic issues in marketing management. For students who have taken previous courses in marketing, these chapters are designed to provide a useful review. For students who have not taken previous courses in marketing, these chapters should serve as a foundation of basic marketing knowledge. In either case, they provide a resource of marketing logic and information to be used in solving marketing problems and cases and developing marketing plans.

PART A

Introduction

Chapter 1

Strategic Planning and the Marketing Management Process

Chapter 1

Strategic Planning and the Marketing Management Process

The purpose of this introductory chapter is to present the marketing management process and outline what marketing managers must *manage* if they are to be effective. In doing so, it will also present a framework around which the remaining chapters are organized. Our first task is to review the organizational philosophy known as the marketing concept, since it underlies much of the thinking presented in this book. The remainder of this chapter will focus on the process of strategic planning and its relationship to the process of marketing planning.

THE MARKETING CONCEPT

Simply stated, the marketing concept means that *an organization should seek to make a profit by serving the needs of customer groups*. The concept is very straightforward and has a great deal of commonsense validity. Perhaps this is why it is often misunderstood, forgotten, or overlooked.

The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs (customer orientation), rather than on the firm's current products (production orientation) or on devising methods to attract customers to current products (selling orientation). Thus, effective marketing starts with the recognition of customer needs and then works backward to devise products and services to satisfy these needs. In this way, marketing managers can satisfy customers more efficiently in the present and anticipate changes in customer needs more accurately in the future. It is hoped that the end result is a more efficient market in which the customer is better satisfied and the firm is more profitable.