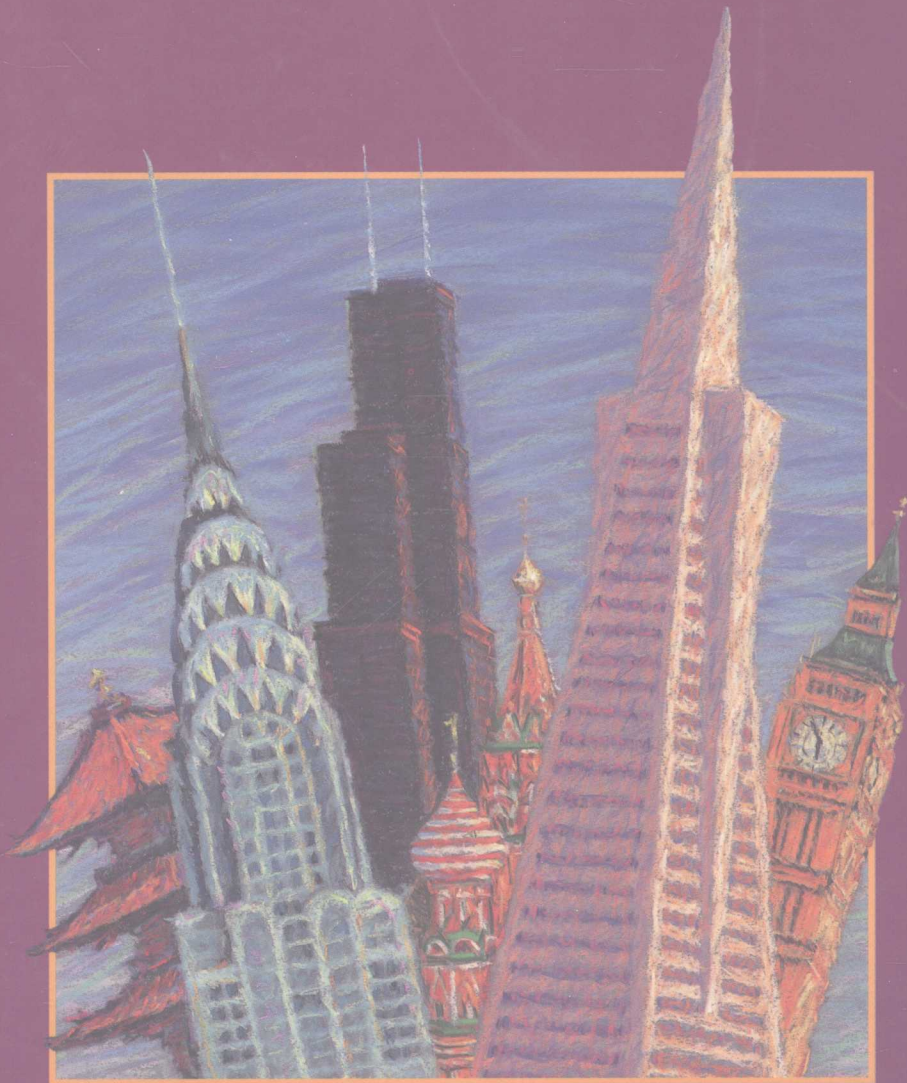


MARKETING MANAGEMENT

A STRATEGIC APPROACH WITH A GLOBAL ORIENTATION
SECOND EDITION



BOYD • WALKER • LARRÉCHÉ

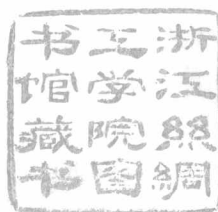


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A STRATEGIC APPROACH WITH A GLOBAL ORIENTATION

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PREFACE

More and more high-level executives of large and small companies around the world have as their major, near-term objective making their organizations more market-oriented, more focused on consumer needs and competitive threats, and quicker to respond to changing market conditions. Clearly, to accomplish this objective requires that all employees, not just those in marketing, be trained and motivated to direct their efforts towards satisfying customer needs and desires. Thus, marketing is not a stand-alone function; rather, in the sense of doing what is necessary to serve and satisfy customers, marketing is every employee's business. Otherwise, the organization is unlikely to prosper in an increasingly competitive and highly dynamic environment.

But even when the day-to-day responsibility for marketing activities is delegated to all employees, someone still has to plan, coordinate, and control those activities for each of the firm's product-market entries. A marketing strategy must be formulated which brings value to the consumer and attains an enduring competitive advantage. Also, the various functional activities necessary to successfully implementing this strategy must be effectively and efficiently carried out. Such activities are, typically, the responsibility of such marketing personnel as a product or market manager, a vice president of marketing, or even a team of managers drawn from a variety of functional areas. Regardless of who has responsibility the process by which the marketing strategy for a given product-market entry is formulated and implemented is the primary concern of this book.

Of course, marketing strategies are not developed in a vacuum since most organizations have corporate and business-level strategies concerned with objectives, future growth, and how the organization will compete and gain a sustainable advantage in the marketplace. These

guidelines serve to constrain the range of possible marketing strategies. But we must recognize that marketing managers are increasingly asked to provide information and insights for the development of corporate and business strategies because they are uniquely positioned between the external environment and the firm.

Similarly, while marketing managers play a crucial role in translating the firm's broad objectives into strategic marketing programs designed to win customer acceptance and competitive advantage in specific markets, they do not implement those programs by themselves. Effective execution requires cooperative and coordinated efforts across many functional areas. Thus, the range of viable marketing strategies available to a manager is constrained also by the resources and functional competencies available within his or her organization. And the successful implementation of a chosen strategy depends on the marketer's ability to win the cooperation and support of people in other functional areas.

WHAT'S UNIQUE ABOUT THIS BOOK?

As with our first edition, we continue to believe that one of the most challenging and interesting endeavors a manager can undertake is the development and management of strategic marketing programs. Unfortunately, most marketing management textbooks still do not provide a very clear picture of the complexities involved in managing marketing strategies. Thus, our major concern continues to be the need to provide a broader, more complete, and realistic view of marketing's strategic and operational roles as well as its relationships within today's organizations.

A UNIQUE FOCUS ON STRATEGIC AND INTERFUNCTIONAL RELATIONSHIPS WITH A GLOBAL ORIENTATION

This book is structured around the steps involved in the analytical and decision-making processes involved in formulating, implementing, and controlling a strategic marketing program for a given product-market entry. It includes chapters on all the topics one expects to find in a marketing management text: chapters on customer, competitor, and environmental analysis; market segmentation; market targeting; competitive positioning; the 4 Ps of product, price, promotion, and place (distribution); implementation; and control. Like most marketing texts, this book includes separate chapters or sections on the tools of marketing research, demand estimation, and industry analysis. But we have also made a concerted effort to discuss specific applications of those tools in substantive chapters where each is most relevant (e.g., copy testing methods are discussed in detail in the chapter on advertising). Each of these traditional chapters presents a thorough discussion of the major issues, concepts, and techniques relevant to the marketing of both goods and services and do so within the context of the international scene. We avoid, where possible, encyclopedic lists and arcane models of limited practical use. This book should, therefore, provide the student with a solid foundation of knowledge about what is involved in developing and implementing strategic marketing programs, at both the domestic and international levels.

More specifically, our book includes an examination of three sets of relationships which receive little or no attention in other texts.

1. The relationships among corporate, business-level, and marketing strategies.

Managers responsible for developing and implementing marketing strategies for specific products and target markets are also uniquely qualified to provide insights and information needed to formulate competitive strategies at the business and corporate levels of the organization. And, as organizations strive to become more customer oriented, the marketing manager's role in strategic planning is likely to increase.

This book examines this complex set of relationships among the different levels of strategy in several ways. First, Chapter 2 presents a general discussion of the hierarchy of strategies found in most multiproduct organizations, their

interrelationships, and the marketer's role in helping to formulate strategies at different organizational levels. Chapter 10 provides a more specific discussion of the linkages between business-level competitive strategies and marketing strategies appropriate for individual product-markets within the business unit. Finally, each of the chapters discussing the individual elements of a strategic marketing program (Chapters 11 to 16) examines how decisions about those program elements should fit the business's competitive strategy.

2. **Relationships between marketing strategy and the strategic environment.** Most texts talk in general terms about how the marketing strategy for a given product or service should fit the characteristics of the market and competitive environment, but usually do not contain much detail concerning the specific kinds of strategic marketing programs that are best suited to different strategic contexts. Nor do they discuss the tactical decisions necessary to carry out each program. In contrast, this book provides two chapters on the marketing strategies and tactics best suited to specific strategic situations. These strategies/tactics are defined in terms of market characteristics, identified by the stage in the product life cycle, and the product's relative competitive position. Thus, Chapter 17 discusses marketing strategies for new product-market entries as well as those for growth markets. Strategies for mature and declining markets are analyzed in Chapter 18. Global marketing strategies are also discussed in these chapters.

3. **Relationships between marketing and other functional areas.** A marketing manager's ability to effectively implement a strategic marketing program depends largely on the cooperation and competence of other functional areas within the organization. Consequently, we devote substantial attention to the interfunctional implications of specific strategic marketing programs. Each of the marketing strategies appropriate for the particular strategic circumstances described in Chapters 17 and 18 are also examined in terms of the requirements they impose on other functional departments, such as product and process R&D, production, quality control, logistics, finance, and cost control. In addition, Chapter 19 provides an overview of the functional competencies required to effectively implement different competitive and marketing strategies. It also discusses organizational mechanisms appropriate for coordinating efforts and resolving conflicts across functional areas.

We have made considerable effort to stimulate the interest of students in the above sets of relationships by the use of real-world examples. Thus, we incorporate hundreds of up-to-date examples that demonstrate marketing practices applied to industrial products as well as consumer products, services as well as physical goods, and not-for-profit organizations as well as business firms. To further enhance student interest and involvement, every chapter begins with a minicase example that serves to introduce and illustrate the major concepts discussed in that chapter.

MAJOR CHANGES IN THIS REVISION

This revision incorporates some new features and changes in emphasis from the first edition. These changes were based on information obtained from both users and nonusers of the first edition, academic associates and industry friends, and our own experiences both in the classroom and in the real world. We think they reflect some of the important developments occurring in the rapidly changing global marketplace.

- We have substantially increased our coverage of worldwide markets and marketing. Instead of partitioning our discussion of global issues into a single, separate chapter, we have integrated detailed examinations of global marketing actions, programs, and examples throughout every chapter.
- We have increased our examination of the ethical issues present in many marketing decisions.
- We have included more material on the development and marketing of services. We discuss strategic marketing actions and programs appropriate for service firms, and we examine the important role of customer service as a basis for gaining and sustaining a competitive advantage.
- Finally, as described in more detail below, we have added a computer simulation which exposes students to marketing program and resource allocation issues within a global context.

UNIQUE FEATURES FOR DIFFERENT TEACHING APPROACHES

The need to provide additional materials on global marketing, ethics, and services was complicated by the requirement that we shorten the text. Many members of our target audience—those responsible for the

first-level MBA marketing course or for an advanced undergraduate marketing management course—agreed that this was a necessary change. The rationale was that a more succinct edition could be used more easily with a variety of involvement materials such as cases, projects, and computer simulation programs.

Our solution to the reduction problem was to go through the book word by word, sentence by sentence, and paragraph by paragraph, eliminating anything superfluous. Better space utilization coupled with the use of different type styles also helped substantially. Finally, some chapters were combined—for example, the two chapters on promotion. The result is a book which lives up to its title—*Marketing Management: A Strategic Approach with a Global Orientation*—in every sense of the word.

The revised edition and its package of supporting materials are designed to accommodate a variety of teaching approaches. Even though the book has been revised, instructors who prefer a lecture-discussion approach will find ample material for either a quarter or semester course. For those who prefer case-oriented instruction, the book provides a solid foundation of concepts, techniques, and examples to prepare students for more effective case analysis and discussion.

A unique feature of the book is its inclusion of a computerized international simulation case, developed by Jean-Claude Larréché, who also developed the highly regarded MARKSTRAT and INDUSTRAT simulations. His latest program has been developed to integrate a number of critically important strategic issues involved in deciding how to allocate marketing resources across a portfolio consisting of both countries and product categories.

The GAMAR case provides an exciting and realistic way to expose students to the dynamics of resource allocation problems in a global setting. Thus, students can manage a firm over a period of time, analyze situations, make decisions, receive rapid feedback, and adjust their strategies and tactics. GAMAR is a highly-flexible teaching instrument since it can be used as a team project with various degrees of complexity—or as an integrated part of the course requiring a limited number of class sessions. The teaching note in the Instructor's Manual suggests a variety of ways it can be integrated with material in various parts of the text and with different course structures, including those for executive programs.

We also note the following with respect to the book's adaptability to various teaching approaches:

- While no cases other than the GAMAR Simulation are included in the text, the Instructor's Manual includes detailed information about how to locate both domestic and global cases relevant to a variety of marketing topics.
- The Instructor's Manual also includes a set of discussion questions geared to the material covered in each chapter. These questions are designed to provide a vehicle for meaningful student exercises or class discussions. Rather than being simple review questions that ask students to regurgitate material found in the chapter, these questions are more application-oriented and often take the form of minicases that reflect actual company problems.
- The Instructor's Manual also includes a list of additional readings from a variety of up-to-date sources that illustrate or expand upon major topics in each chapter of the text.
- Finally, a new video package has been developed to enhance the teachings of this edition.

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A book like this is never solely the work of the authors. Instead, many people aided this enterprise, and we gratefully acknowledge their contributions.

First, we thank our faculty colleagues in our respective schools for their wise counsel and advice. We are also grateful to our friends in industry. Our conversations with them over the years, both informally and within various executive programs, have contributed much to our understanding of how marketing strategy works in the real world.

We have tried to be customer-oriented in preparing a revision which meets the needs of both instructors and students. We are, therefore, most grateful to our many undergraduate, graduate, and executive program students for their constructive criticism of the first edition and useful suggestions for making the revision a better book. We also appreciate the help of the following colleagues who provided detailed and constructive suggestions for making the revision a better book.

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*Harper W. Boyd
Orville C. Walker, Jr.
Jean-Claude Larréché*

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