

STRATEGIC MARKETING MANAGEMENT

READINGS SELECTED BY

Robert J. Dolan

Harvard Business School

**HARVARD BUSINESS SCHOOL PUBLICATIONS
Boston, Massachusetts**

CONTENTS

Series Preface	xv
Introduction Robert J. Dolan	1

PART ONE **MARKETING: AN OVERVIEW**

1 An Introduction to Marketing	13
Benson P. Shapiro	

General managers must realize that the marketing function goes beyond the traditional "Four Ps" and that it is important to learn to integrate marketing concepts into a plan.

PART TWO **THE MARKET-DRIVEN ORGANIZATION**

2 Marketing Myopia	21
Theodore Levitt	

Four conditions can blur a manager's vision in detecting industry weaknesses that stunt a company's continued growth.

3 What the Hell Is "Market Oriented"? **45**

Benson P. Shapiro

Dispersing involvement in a marketing strategy throughout the entire organization can help a company become more customer-sensitive.

4 Getting Back to Strategy **55**

Kenichi Ohmae

A new philosophy is needed in today's competitive environment. Managers should not try to beat their competition; instead, they should try to capture different markets by catering to customers' real needs.

PART THREE

DEVELOPING THE MARKETING PLAN

5 Marketing Strategy—An Overview **69**

E. Raymond Corey

Several analytical areas should be investigated when planning, organizing, and executing an effective marketing strategy—from product planning and pricing to market selection and distribution.

6 Marketing Planning and Organization **90**

Robert J. Dolan and Alvin J. Silk

Examining a typical marketing plan and the process by which it is developed can help managers custom-tailor their own plan to avoid pitfalls.

PART FOUR

UNDERSTANDING THE NEW CONSUMER

7 Marketing in an Age of Diversity **107**

Regis McKenna

Diversity in the marketplace is changing the face of marketing—from mass production and mass marketing to niche production and customization.

8 Marketing and Its Discontents **118**

Steven H. Star

When the marketer's message goes beyond its targeted audience to an unsuitable audience because of media overreach, the result is discontent, due to misfit between product and audience.

9 Local Marketing 128

John A. Quelch

Consumer goods marketers should be aware of the advantages and disadvantages of targeting specific market segments as they customize their programs and tailor their messages to meet the needs of regional tastes.

10 Major Sales: Who Really Does the Buying? 140

Thomas V. Bonoma

An effective industrial sales strategy can be developed by outlining the steps necessary to identify the actual decision makers and the factors that motivate them to purchase.

11 How to Segment Industrial Markets 156

Benson P. Shapiro and Thomas V. Bonoma

Companies can overcome the difficulty of segmenting industrial markets by arranging five general segmentation criteria into a nested hierarchy.

PART FIVE THE MARKETING MIX

12 Concept of the Marketing Mix 171

Neil H. Borden

Managers need a practical approach to analyzing marketing problems and creating a mix that will achieve their company's goals.

13 The Marketing Mix 176

Benson P. Shapiro

To consider the marketing mix as an integrated whole, managers must understand the relationship between its parts and how they relate to the company's marketing approach.

SECTION A PRODUCT DECISIONS

14 Product Policy 185

John A. Quelch

Several principal issues are involved in product policy, from the choice of products offered and the company resources to market opportunities in a continually changing marketplace.

15	Marketing Success Through Differentiation—of Anything	194
	Theodore Levitt	
	<i>It is important to focus on differentiating a product or service from competitors' offerings to meet customers' wider expectations.</i>	
16	Product Line Planning	208
	Benson P. Shapiro	
	<i>There is a difference between product line planning and product policy or product planning. Managers must understand the concept, process, and dynamics of managing changes within a product line.</i>	
17	The New Product Development Map	220
	Steven C. Wheelwright and W. Earl Sasser, Jr.	
	<i>An illustrative product line is used to show how to construct a guideline map for introducing a new product and for developing discussion around the process.</i>	
18	The New New Product Development Game	235
	Hiroataka Takeuchi and Ikujiro Nonaka	
	<i>A new, holistic strategy approach to new-product development replaces the traditional, sequential approach in today's fast-paced, competitive arena.</i>	

SECTION B

PRICING DECISIONS

19	Pricing: The Strategy and Process	253
	E. Raymond Corey	
	<i>A comprehensive overview of pricing strategy and process covers six areas—from production costs to market-share objectives.</i>	
20	Pricing Policies for New Products	270
	Joel Dean	
	<i>Pricing strategies can be developed for each stage of a product's life cycle, including the fluid, unpredictable period after rollout.</i>	
21	Making Money with Proactive Pricing	289
	Elliot B. Ross	
	<i>Industrial pricing techniques and strategies can be designed to outmaneuver competitors on price, resulting in substantial extra earnings.</i>	

22 Manage Customers for Profits (Not Just Sales) 307

Benson P. Shapiro, V. Kasturi Rangan, Rowland T. Moriarty, and Elliot B. Ross

Profits can be increased by carefully analyzing customers and products, understanding their differences, and then taking the necessary steps that will steer sellers into more profitable markets.

SECTION C

DISTRIBUTION DECISIONS

23 Strategic Issues in Distribution 323

Hiroataka Takeuchi

Managers must understand the channel decision from the manufacturer's point of view for better selection of channel design and channel management.

24 Customer-driven Distribution Systems 337

Louis W. Stern and Frederick D. Sturdivant

An eight-step process can help managers design a distribution system that reaches specific customer groups.

25 Turn Your Industrial Distributors into Partners 348

James A. Narus and James C. Anderson

Creating and nurturing a working partnership between manufacturers and distributors has numerous advantages.

26 Managing Hybrid Marketing Systems 357

Rowland T. Moriarty and Ursula Moran

A "hybrid grid" map can simplify the difficult task of managing today's customized approaches when combining different marketing channels and tools to optimize coverage and cut costs, while reaching specific customer segments.

SECTION D

COMMUNICATIONS DECISIONS

27 Communications Policy 375

Steven H. Star

The development of a communications program involves target selection, message delineation, communications intensity and consistency, means and media, the economics of communications decisions, and more.

- 28 New Ways to Reach Your Customers 388**
 Benson P. Shapiro and John Wyman
New communications approaches can increase a company's flexibility in marketing programs—to achieve greater precision and impact while holding down selling and media costs.
- 29 Aspects of Sales Management: Key Themes 403**
 Frank V. Cespedes
Several general characteristics affect sales management requirements in most companies—ranging from a salesperson's boundary role to a sales-management framework for analyzing sales situations.
- 30 After the Sale Is Over... 417**
 Theodore Levitt
Today's marketers are shifting focus: from simply making the sale to ensuring customer satisfaction after the purchase.
- 31 Close Encounters of the Four Kinds: Managing Customers in a Rapidly Changing Environment 429**
 Benson P. Shapiro
Marketers' options include four kinds of selling, each with its advantages, disadvantages, and risks. Strategic account relationships between vendor and buyer are crucial.

PART SIX

MARKETING IMPLEMENTATION AND CONTROL

- 32 Making Your Marketing Strategy Work 457**
 Thomas V. Bonoma
Although there are difficulties in implementing a marketing strategy, a number of companies have overcome the problems and pitfalls.
- 33 From Sales Obsession to Marketing Effectiveness 470**
 Philip Kotler
Conducting a marketing-effectiveness audit to rate five major functions can keep companies from confusing marketing effectiveness with sales effectiveness.

PART SEVEN

ISSUES FOR THE 1990s

SECTION A

SERVICES

34 Lessons in the Service Sector 489

James L. Heskett

Some common themes and practices used by successful service companies can yield important lessons for managers in any sector of business.

35 Service Companies: Focus or Falter 504

William H. Davidow and Bro Uttal

There are three steps to effective service marketing: classify your customers, build your strategy, and design a service that meets the needs of specific market segments. Exceeding those needs is even better, if management controls customer expectations.

SECTION B

MULTINATIONAL MARKETING

36 The Globalization of Markets 521

Theodore Levitt

In positioning their products in today's highly complex global arena, managers can use standardization to realize enormous economies of scale in production, distribution, marketing, and management.

37 Customizing Global Marketing 537

John A. Quelch and Edward J. Hoff

Multinationals must exercise flexibility by tailoring the global marketing concept to fit their business: know what degree of standardization is appropriate, and understand which products will encounter cultural barriers.

38 Do You Really Have a Global Strategy? 553

Gary Hamel and C. K. Prahalad

Corporations must respond to the threat of competition, at home and abroad, by anticipating competitive moves.

SECTION C

ETHICAL AND LEGAL ISSUES

39 Legal Restrictions on Marketing Management

569

Patrick J. Kaufmann

It behooves managers to understand the legal and regulatory aspects of the marketing mix and the complexities these add to the legal environment in decision making.

40 An Issue of Trust

587

Marilyn Nadelhaft

Dilemmas can be created by the seeming contradiction between ethical and economic thought and how the marketing concept appears to drive a wedge between the two.

APPENDIX

41 Basic Quantitative Analysis for Marketing

603

Robert J. Dolan

Break-even analysis is used in a variety of situations to help marketers analyze marketing problems and determine the amount of sales needed to recover all related costs.

42 Glossary of Marketing Terms

613

Richard S. Tedlow

General definitions of marketing terms are provided, as used in the industry or in specific marketing situations.

Index

639