

PREFACE

Marketing is an interesting discipline. The special nuances of the field make it different from any other. More so than any other business function, marketing involves the meshing and combining of concrete data, principles, and models with judgment and creativity. It is important that the implications posed by the nuances be given due consideration when instructors impart marketing knowledge and when students assimilate such knowledge. This book attempts to serve that objective for both these groups of users. Recommending changes to the marketing curricula at both undergraduate and MBA levels, the authors hope that the textbook will ultimately be able to achieve the goal of a radical change in the thinking about marketing in both the academic as well as the practitioner worlds.

THE BASIS FOR THE BOOK: THE NUANCES OF MARKETING AND THEIR IMPLICATIONS

Some of the distinctive features that make marketing fascinating are: **the dual explicit and tacit nature** of marketing knowledge; **the lack of generalizability** of marketing concepts, principles, facts, and findings across different marketing situations; and **the multi-disciplinary roots** of marketing knowledge. A brief consideration of these nuances and their implications sets the stage for the development of an appropriate marketing curriculum – the what (content), the when (timing), the who (which students), and the how (pedagogy).

The first special feature of marketing cited above relates to the explicit and tacit nature of its knowledge. Researchers in many disciplines have accepted the fact that knowledge, in general, can be broadly classified into explicit and tacit categoriesⁱ. Explicit knowledge refers to knowledge about facts and data, concepts, models, principles, and other concrete formats of information. It represents the “know what” type of knowledge and can be articulated as well as understood accurately and without ambiguity. Explicit knowledge is easily transmitted through books containing formulae, blueprints, and pictures and figures. Examples of subject matters that have a high component of explicit knowledge are mathematics and the physical sciences. Tacit knowledge, on the other hand, cannot be expressed fully even by an expert who has that knowledge, and can be effectively transferred to another person only through a process of apprenticeship. Tacit knowledge is procedural knowledge of “how” to do things and represents the “know how”ⁱⁱⁱ. Some examples of subject matters which have a high component of tacit knowledge include gourmet cooking, painting, and planning. In the use of tacit knowledge, there is significant scope for creativity.

In marketing, examples of explicit knowledge include the innumerable data on buying and other consumer behaviors that occur in the marketplace, the vast number of principles and models about advertising, sales promotion, buyer behavior, pricing, distribution, segmenting, positioning and so forth, and the tools and techniques used for modeling and analysis of data such as cluster or regression analysis. Examples of tacit or procedural knowledge in marketing include the know-how about how to segment markets, build brands, develop overall strategies and plans for products, and formulate strategies for advertising campaigns. In developing strategies, marketers utilize explicit knowledge-based marketing facts and principles. Issues and decisions regarding *which* specific explicit knowledge based facts, theories or tools are most suitable for a particular situation and regarding *how* their integration is to be brought about, however, fall under the tacit knowledge domain.

The above dichotomy of tacit and explicit knowledge in marketing translates well into the two content areas that have to be learned in marketing -- the strategy and operations components. The learning of the strategy component deals with the "how to" elements of developing strategies and plans for all relevant aspects of marketing and is, hence, better accomplished in classrooms through case discussions. The learning of the operations component of marketing deals with elements such as: the psychological underpinnings of buyer behavior; statistical models of brand choice, purchase incidence, advertising effectiveness, and impact of sales promotion; models of sales forecasting; techniques for assessing market opportunities; and the ways of gathering and analyzing qualitative and quantitative data. Knowledge about such facts, principles, models and techniques that constitute the operations component is widely available in marketing books and magazines and journals and, hence, can be transferred in classrooms through regular lecture formats.

The second feature of marketing that may be considered special is that neither the marketing facts/findings are generalizable nor the principles/models are consistently applicable across even seemingly similar situations. For example, if a consumer buys a particular brand of a product today to satisfy a specific need, this fact does not guarantee that the same consumer will buy the same brand of the product again for the same specific need or that another consumer will buy the same brand for the same need. Analogous statements can be made about most other facts in marketing, whether these pertain to purchasing of a product, viewing of an advertisement, forming of attitudes in individuals, or to successes and failures of products.

Along the same lines, the difficulty of transferability of many marketing principles and concepts is illustrated

by the existence of several versions of the notion of high involvement versus low involvement in product purchase. When defining this notion, one version emphasizes the degree of personal relevance of the product category to the buyer, another emphasizes the financial risk that is associated with the purchase of the product, and yet another stresses the degree of information processing that is required to make the buying decision.

Further, even though this

notion has been conceptualized to be relevant at the product category level, it is not uncommon in practice to observe, within a particular product category, one brand differentiated and positioned as a high-involvement brand and another positioned as an impulse purchase, low-involvement brand. Similar scenarios of applicability can be recounted in the use of statistical tools in marketing.

The third distinguishing feature of marketing stems from its multi-disciplinary basis – marketing knowledge incorporates concepts and ideas from a wide variety of disciplines, such as statistics, psychology, economics, sociology, and anthropology. Most marketing questions thus have a multi-system basis as opposed to a basis that relates to a single system or no system at allⁱⁱⁱ. A general classification of questions based upon the three types of their basis and the corresponding ways of addressing them is illustrated in Figure P.1.

Insert figure P.1

Figure P.1 shows that the first kind of question is one that is based purely on one system or knowledge stream. In such situations, there is a “right” answer, and that right answer can normally be obtained by *deductive reasoning*. Most of the basic problem-solving in math and the sciences areas falls under this realm. The second type of question is one that is not based on any system at all and whose answer, hence, tends to reflect the *subjective opinion* of the person answering the question. As such, the answer is neither right nor wrong. Questions in the arts realm belong to this category. The third type of question is one that is based on multiple systems^{iv}. In such a case, *inductive reasoning and judgment* are required for answers. Several answers are possible for such a question, and rather than any one of the answers being right or wrong, they can all be relatively graded. Thus, some answers may be better or worse than others^v. As pointed out above, marketing questions fall in this category.

The nuances of marketing have had major influence on shaping the perception and use of marketing. The potential for creativity in the tacit component of marketing, the need for judgment when dealing with marketing problems, and specially the lack of generalizability of marketing facts and principles have all led

many non-marketers to sense marketing as relatively intuitive when compared with other disciplines such as finance, economics, operations or accounting. Because of these nuances, non-marketers erroneously consider their own experiences to be sufficient for making marketing decisions. They fail to recognize the significance of marketing facts and the importance of using the necessary marketing tools – even when the tools are employed, their improper use is not uncommon.

The truth about marketing, however, is quite to the contrary. Since there are a plethora of marketing facts being generated by the second and since there are multitudes of models/principles available, resolving any given marketing problem becomes somewhat complicated. It requires not only knowledge about the principles/models but also judgment in selecting the data that are relevant and in adapting the principles/models that are applicable. In addition, as pointed out earlier, marketing involves learning from a variety of other disciplines such as statistics, psychology, economics, sociology, and anthropology, each of which taps a different type of intellect. Marketing thus entails combining of all this learning and expertise with judgment and creativity. Hence, greater effort and training are required for appropriately resolving marketing problems than that in addressing other business problems. In fact, far from marketing being intuitive, it represents an area over which gaining true mastery is more challenging than gaining mastery over other business disciplines.

The point that emerges from the foregoing is that effective marketing decision-making calls for both explicit knowledge and creativity – the exercise of both left-brain and right-brain^{vi}. It is only through such exercise of the left and right brains in repeated applications, i.e., through appropriate, deep engagement, that an individual can improve judgment and start getting into the realm of wisdom about marketing.^{vii} Wisdom has been defined as “the power of judging rightly and following the soundest course of action, based on knowledge, experience, understanding, etc.”^{viii} Wisdom has also been accepted to be particularly applicable in subject matters that require integration, synthesis, and balancing of knowledge (sometimes from opposing points of view) and to result from deep engagement in such subject matters^{ix}. It ensues that for marketing wisdom – right judgment and decision-making ability - there needs to be both knowledge development and appropriate, deep engagement in marketing. Marketing wisdom will fail to evolve where its special nuances are overlooked – where marketing is considered as either only tacit or explicit rather than both, and where its lack of generalizability and its multi-discipline knowledge basis are not recognized.

Where judgment is concerned, it can be facilitated and its role diminished through the use of objective tests. For this purpose market research projects of different kinds are available.

Given the hyper-competitive environment, however, many a times market research cannot deliver results in a timely manner for decision making. Even though the discipline of marketing is now developing rapid testing methodologies to help in real-time decision-making, marketing research will never be able completely substitute judgment.

Keeping the above context of marketing in mind, perhaps the best way to illustrate the training requirements that would be ideal for marketing students is to look at another multi- system discipline - the discipline of medicine. In medicine, the diagnosis process entails the use of the physician's judgment as the physician has to rely on multiple systems including the patient's psychology, physiology, genetic make-up, and environment. To enhance the judgment capabilities of physicians, physician teaching and training incorporate the study of basic sciences such as microbiology and biochemistry, of applied medicine subjects such as dermatology and cardiology, and of the actual practice of medicine through internships and residencies.

Analogous to medicine, for enhanced judgment capabilities in marketing, marketing students need to be trained adequately in the basic formative disciplines of marketing such as economics, statistics, and psychology, and in marketing-specific courses such as marketing strategy, buyer behavior, channels, pricing, and promotions. Furthermore, training for marketers needs to incorporate a requirement for them to directly experience and work real-time on resolving actual marketing problems that arise within organizations. An aspect of marketing that is different from medicine, where the link between the diagnosis and treatment is quite direct and regimented, is the substantial scope marketing presents for creativity in problem solving. Most marketing problems have multiple possible solutions. This potential for creativity makes marketing an exciting discipline. The essential point that stems from this is that for graduation, marketing majors should be required to complete a set of diverse courses incorporating adequate levels of both strategy and operations components^x.

POSITIONING OF THE TEXTBOOK

This textbook hopes to bring about the reader's appropriate engagement in marketing. It considers the above discussed nuances of marketing facts and principles. It recognizes and deals with the strategy and operations components of marketing, incorporation of both of which, as was mentioned earlier, is essential for

fulfilling ideal teaching and training requirements. The contents of the book are devised to make the assimilation and retention of marketing facts and principles easier for students. At the same time, they seek to sharpen the students' judgment in selecting and integrating these facts and principles when solving a marketing problem.

While the textbook focuses on providing the essential knowledge required for solving marketing problems, mentioned also needs to be made of its attention to creativity. Importance of the latter is emphasized through features such as: the pedagogical approach; a varied collection of exercises, including case studies and data analysis; highlighting of special points-to-ponder throughout the book; and attempts at a thought provoking style. Whether marketing is an art or a science (as debated by many) is considered a moot issue by the book - creativity is applicable and useful in both art and science and strongly advocated for marketing^{xi}.

Of all that the book delves into, it is the emphasis on the operations component of marketing that is expected to make the biggest impact on student learning. The book is based on the premise that because currently the first and the only required marketing course in most MBA programs does not adequately discuss the operations component, the marketing discipline has suffered negative consequences. Upon completion of such an initial marketing course that lacks appropriate attention to marketing operations, many MBA graduates miss out on the core of the subject matter that should form the backbone of any marketing function. Missing out on the explicit component, they are liable to attain an erroneous drift of marketing and mistakenly construe it as intuitive and, thereby, not quite worthy of formal education in the form of subsequent electives. Failing to pursue the elective marketing courses focusing on the operations components, many MBA students then graduate without developing a real appreciation of the value adding potential of this component. Upon graduation, they continue to consider marketing as intuitive and not an area where special expertise or specialists are required for making decisions^{xii}. For many a year, academicians in marketing have rightfully pointed out that seat-of-the-pants decision-making by non-marketing professionals within an organization is suboptimal for the organization. They have advocated that it be marketers with formal and appropriate training who make marketing decisions.

There have been two main reasons for justice having failed to be done to the operations component in the first marketing course. The first of these is the inadequate availability of friendly instructive

materials for teachers, many of who might not be well-trained to begin with for teaching all the topics that form a part of the operations component. The second key reason is the desire of the marketing discipline to make the first course attractive to a larger majority of prospective marketing majors by avoiding the incorporation of quantitative techniques with which students may have a low comfort level. This textbook hopes to remove these bottlenecks by providing instructors with the needed teaching support materials and by presenting the contents for students in a friendly manner. It seeks to do away with the intimidation associated with quantitative and other forms of rigorous models. By articulating and explaining the importance of these tools and models, the book hopes to encourage their usage.

Given the above cited focus, this textbook is foreseen to positively impact *all MBA students* as well as *marketing majors*. By pointing out to MBA students in all majors the potential capabilities of the operations component and the intricacies of the tacit knowledge of the strategy component, the textbook anticipates to enable them to ensure that marketing decisions in practice are made by the right individuals. Further, by convincing marketing majors to pursue a variety of elective marketing courses, the book expects them to gain the expertise required to make the right decisions. Whether later in practice they might choose to emphasize one particular area and forget the others is immaterial to the requirement of the necessary electives forming a broad basis of their training. Analogy can once again be drawn with the medical discipline where physicians might focus on one specific specialty while obtaining training in all relevant subjects. Physicians might never use and might even forget some information when practicing their specialty, but certain subjects are still deemed necessary for their training. One basic reason for such broad training is to keep them cognizant of what they don't know. The same holds true for marketing professionals, and it is recommended they receive a broad based training even though they may later choose to practice in a focused area.

On a further note, it should be pointed out that although the book has thus far been recommended for the *first marketing course in MBA programs*, it also lends itself to marketing *undergraduate* curricula. For the latter, however, the book would be more suited for the capstone or *final* "strategy" course since the undergraduate students generally do not have the necessary background to be able to successfully imbibe the book contents in an initial course. In short, the book is proposed for the first marketing course in MBA programs and for the final marketing course in undergraduate business programs.

Besides providing the latest marketing knowledge to students, the textbook is distinguished by the following: 1) It is written at a high enough conceptual level to be applicable in any global environment. 2) It

does not tout any one paradigm as the best - instead it motivates the readers to think for themselves. 3) All the concepts, models, and approaches that have been included are deemed to be practically useful. 4) Efforts have been made, in as far as is possible, to eliminate the redundancy that so often exists in marketing terms and concepts. 5) To the extent succinctly possible, situations where certain ideas or models might not be applicable are spelled out. 6) Each chapter is written by an expert on the topic - as 'wisdom' is the goal of this text, who other than the wise is best suited to impart wisdom?

It will not be unwise to end the preface with this poem by William Cowper.

Knowledge and wisdom, far from being one, Have ofttimes no connection. Knowledge dwells In heads replete with thoughts of other men; Wisdom, in minds attentive to their own.

Knowledge, a rude, unprofitable mass, The mere materials with which wisdom builds, Till smoothed, and squared, and fitted to its place, Does but encumber whom it seems to enrich.

Knowledge is proud that he has learned so much; Wisdom is humble that he knows no more.

Figure P.1

Three Kinds of Questions[#]

Questions based on One System	Questions based on No System	Questions based on Multiple Systems
image	image	image
Requires Evidence, Knowledge and mostly Deductive Reasoning within that System	Calls for Stating Subjective Preference	Requires Evidence, Knowledge and Deductive and <i>Inductive</i> Reasoning within the Multiple Systems
image	image	image
A Correct Answer	A Subjective Opinion	Judgment
		image
		Better or Worse Answers

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Adapted from Three Kinds of Questions, Foundation for Critical Thinking, www.criticalthinking.org

image

ⁱ Sternberg, Robert, J. (2003), *Wisdom, Intelligence and Creativity Synthesized*. Cambridge, UK: Cambridge University Press.

ⁱⁱ Polanyi, Michael (1967), *The Tacit Dimension*. Garden City, NY: Doubleday.

ⁱⁱⁱ Paul, Richard and Linda Elder (2006), “Three Types of Questions,” *The Miniature Guide to Critical Thinking, Concepts and Tools*, Dillon Beach, CA.

^{iv} It is more likely that all systems have shades of multi-systems and that judgment is required in problem solving in each type of problem. The dichotomy of single or multiple systems, judgment or no judgment is made for simplicity. It is perhaps more a question of degree.

^v In marketing, however, it may be hard to grade the quality of an answer as marketing decisions

are judged by the outcomes and outcomes depend upon the execution. A not so very good decision can be very successful if the organization can be rallied behind it and its execution made flawless.

^{vi} Etzioni, Amitai (1989), “Humble Decision Making,” *Harvard Business Review*, July-August,

122-6.

^{vii} Staudinger, Ursula M. and Paul B. Bates, “Interactive Minds: A Facilitative Setting for Wisdom-Related

Performance,” *Journal of Personality and Social Psychology*, 71(4), 746-62. viii Webster’s New World Dictionary.

^{ix} Sternberg, Robert J. (1998), “A Balance Theory of Wisdom,” *Review of General Psychology*,

2(4), 347-65. Sternberg, Robert J. (2001), “What is the Common Thread of Creativity? Its Dialectical Relation to Intelligence and Wisdom,” *American Psychologist*, 56(4), 360-2

^x Now one can point out that many marketing gurus have become so without any formal training

in marketing. This is true. But it is also true that these gurus have skills that are very specific to image

one kind of industry and environment and that are not necessarily transferable to other situations. A well trained marketing guru is more adept at solving marketing problems across industries and environments.

^{xi} Titus, Philip A. (2000), “Marketing and the Creative Problem-Solving Process,” *Journal of*

Marketing Education, 22(3), 225-35. Simon, Herbert A. (2001), “Creativity in the Arts and the Sciences,”

Kenyon Review, 23(2), 203 – 219.

^{xii} Farrell, Matt (2005), “CMO Council Study Reveals Marketing Executives Lack of

Boardroom Influence and Credibility Despite CEO Belief Marketing Is Critical,” CMO Council, Market Wire, Palo Alto, CA.