

MARKETING CONCEPTS AND ISSUES

Background Paper

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This Teaching Guide accompanies the model syllabus for the course on Marketing Concepts. It suggests how an introductory marketing course could be taught in a Catholic spirit. The challenge of doing so is to facilitate student learning about the course content while also confronting students with the Catholic position on it both materially and formally. In a material perspective, this pertains mainly to the principles of Catholic social teaching and how they relate to various issues of marketing. In a formal perspective, a particular intellectual style can be brought to bear upon marketing like other disciplines of business, of the social sciences, and in fact of all science. Within the Catholic intellectual tradition, a way of thinking has emerged that is founded on Christian revelation and on scholastic philosophy and that can fruitfully be applied to understanding marketing. Instructors of this course may draw on the suggestions presented here in accordance with their own interests, competencies, teaching methods, and trans-disciplinary inclinations. Instructors need not embrace the Catholic faith nor claim theological or philosophical sophistication to teach a course on Marketing Principles in a Catholic spirit, but they do need an intellectual openness towards the concerns and issues that are at the center of Catholicism. Teaching a business course in a Catholic spirit should integrate learning about business practice with state-of-the-art explanations provided by the special disciplines (particularly psychology and economics), against the background of the philosophical and ethical tradition and the practice of the Church. Recommendations are provided for case studies, supplementary texts and videos, in-class exercises and student assignments, and foundational literature on the underlying ideas of the course.

The syllabus is laid out not as based on a particular textbook but as the structure of this course, with references added to the respective chapters of some widely used textbooks. It is organized by topics rather than sessions, and some topics may be covered in several sessions. This Teaching Guide relates issues to the respective course topics. These issues can be integrated into the class in various ways, for example through lectures, assignments, student presentations, or classroom discussions. The author uses explicit integration sparingly but draws upon Catholic themes in every class session in a rather implicit way. A number of external resources complement the tools instructors may use, especially authoritative sources of the Catholic tradition that can be brought to bear upon certain topics. These typically include Scripture, the Church Fathers and scholastic authors, encyclical letters, statements by the Roman Curia, and papal pronouncements. Secondly, literature by (mostly Catholic) authors on topics of the course is referenced. The extent to which all these resources are used will again lie with the instructor.

If Catholic business education is to succeed, it must differentiate itself from secular models not only in content—for example, by subordinating every marketing decision to the purpose of marketing—but also in the style of instruction. A variety of didactic approaches may serve the same goal. This Teaching Guide suggests a combination between business analysis, reflection on mini-cases, and experiential learning, all based on the study of the technical language and the major tools of the discipline. However, introductory classes typically leave little time for case studies. The author has experimented with several variants of this course in classroom instruction and welcomes comments from colleagues.

GENERAL APPROACH

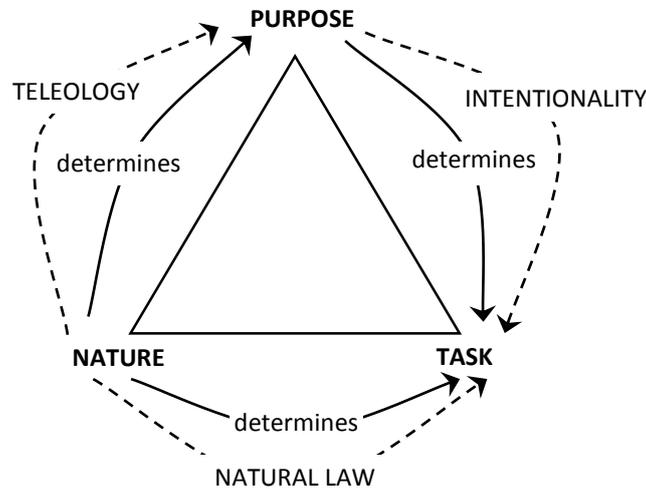
Catholic Style of Thought

The Catholic intellectual tradition has elaborated a number of principles to guide our intellectual life. They are meant to assist humans in their quest to understand God's creation and laws, and man's calling in the world. The essentials of these (formal) principles are the following, presented with their implications for understanding marketing:

- Realism: There is a reality about business (as about other regions of the world) that is independent of the human mind.
- The fundamental laws of business are objectively given and therefore not dependent upon human judgment, convention, language, or the will.
 - These laws can be discovered (but not created), which is the task of business studies; there are truths to be discovered about marketing.
 - Reality is structured by levels where phenomena at a more specific level are explained by laws at a more general (deeper) level.
- Marketing studies the behavior of consumers and marketers and their underlying cognitive and emotional processes and seeks to find the laws that govern these.
- Marketing science prioritizes the study of real phenomena over following the trend towards an ever more elaborate conceptual apparatus; Catholic thought has a bias for the empirical and is incompatible with social constructivism and other forms of idealism.
- Essentialism: For each entity (including humans and their artifacts), there is a set of attributes which are necessary to its identity and function.
- Market offerings are primarily characterized by essential properties that make them fit for the satisfaction of particular needs or wants.
 - Real definitions (by *genus proximum* and *differentia specifica*, i.e. next higher category and differentiating element) are meant to reveal the essences of things.
 - Humans have an immutable nature from which their actions flow; this nature does not diminish human responsibility.
- In marketing, universal elements predominate over any that may be specific to time, place, and agents.
- Human nature—the fact of sin and corruption but also the option to overcome it and build virtue—is the psychological basis that explains marketing action.
- Teleology: Everything that has been created is directed at a purpose.
- Good human action is directed at the purpose of that species of actions.
 - Doing follows being (*agere sequitur esse*), i.e. action conforms to the being of actors.
 - What something does must be directed at what it is.
- All products and marketing institutions and activities (distribution structures, advertising messages, promotional campaigns, etc.) are directed at a goal and must serve some human good.
- Studying intention and motivation is the key for understanding decisions by both marketers and consumers.

- Normativity: Human actions always have a moral status; this integrates normativity into “positive” research.
- Ethical judgments, too, are made true by objective features of the world, independent of subjective opinion.
 - Ends sought by marketers or consumers are themselves good or evil (where the production of life-saving devices is as such good and that of pornography is as such evil).
 - Good marketing requires consumers and marketers of virtue that direct their actions towards good ends.
- Mission and vision must guide marketing planning and execution.
- The success of marketing must not be evaluated by its quantitative (and particularly financial) impacts alone (marketing ROI, net marketing contribution, gross rating points, etc.) but by its contribution to the integral development of man and society.
- Integralism: Since reality is a structured and meaningful whole, the intellectual enterprise must aim at a synthesis of knowledge.
- We must resist the drive towards an ever greater divisionalization of knowledge by seeing science rather as an inter-disciplinary exercise.
 - The explanation of marketing phenomena must be found in more basic sciences in a hierarchy of knowledge, especially in cognitive psychology.
 - The knowledge mankind needs for integral human development is best developed in community with the Church as the depository of truth.
- Marketing must draw knowledge from all areas of human experience.
- Moral issues cannot be resolved by ethical theories that are of a formal nature and are not grounded in truth about God, man, and the world.
- Form: Form must be given as much attention as is substance, for it is often form that distinguishes things one from another.
- Laws of form describe what is a good fit for human perception.
 - As one of the transcendentals—truth, goodness, and beauty considered as being one—beauty has an indispensable role in human judgment.
 - Catholicism has developed a deep understanding of signs, symbols, and rituals that may be used to understand the management of meaning.
- The (hylemorphic) view of products as consisting of matter and form allows for a fruitful combination between realism and design.
- Design will be subordinate to well-formed aesthetic judgment.
- Personalism: Human beings are created in the image of God as persons that stand in horizontal and vertical relations with others.
- Membership in groups (by race, sex, class, nationality) is not constitutive for humanity.
 - Diversity among humans (together with natural diversity) is to be discovered, not created.
 - Being always takes precedence over both doing and having.
- Marketing is a human (before it is a social) concern (and science); it aims at human flourishing, and it relies on a well-formed conscience.
- Developing the vertical relations of marketers and consumers to God (and to His law) is of higher importance than the accumulation of goods.

Many questions in a Marketing Principles course concern how marketing strategies and marketing programs are expected to work—their task. In Aristotelian-scholastic reasoning, every thing has a nature, a purpose, and a task (or function). The task of something is determined by its nature (or what it essentially is) and its purpose (or what it is for), where its nature again also determines its purpose:



This model allows us to derive an “ought” (or a task) from an “is” and an “is for”. What intermediaries in a distribution channel should accomplish, i.e. their task, is determined by their nature, or what they are,¹ and their purpose, or what they are meant to do.² Their nature in turn determines their purpose as its final cause.³ Intermediaries are institutions in the microenvironment of a business that create value for producers and consumers by facilitating transactions. They have a nature and a purpose which whereby their nature as marketing institutions—wholesalers, retailers, agents, or brokers—facilitates the accomplishment of their purpose.

This model of reasoning is consonant with the seeing – judging – acting method as proposed by Joseph (Cardinal) Cardijn for arriving at practical conclusions from the nature of something and a judgment about its purpose.

The reasoning on topics discussed in a Marketing Principles course—about products or product categories, new product development, or marketing institutions such as channel partners—may be organized around nature, purpose, and task (Grassl 2012a). In so doing, marketing instruction implicitly draws on the Catholic style of thought.

In the Catholic view, identity is defined by what something *is*, not something one chooses and constructs. This sets limits to arbitrariness in marketing. Teleological reasoning is implemented through mission statements and corporate and marketing objectives, which constrain possible strategies and marketing mixes. Together with the other characteristics of the Catholic Style of Thought, it shapes a particular approach to marketing planning and management. For example, effectiveness will be prioritized over efficiency—whether a solution truly gets the job done is more important than whether it gets it done at the lowest possible cost. Competitive advantage will often be sought at least as much in formal as in material differentiation—in how marketers do things. In fact, the liturgical model that for Catholics molds all forms of practical life makes what is being performed—for example, the Rite of Baptism—inseparable from how it is being done (Guardini 1937, ch. 3; Ratzinger 2000, part 4).

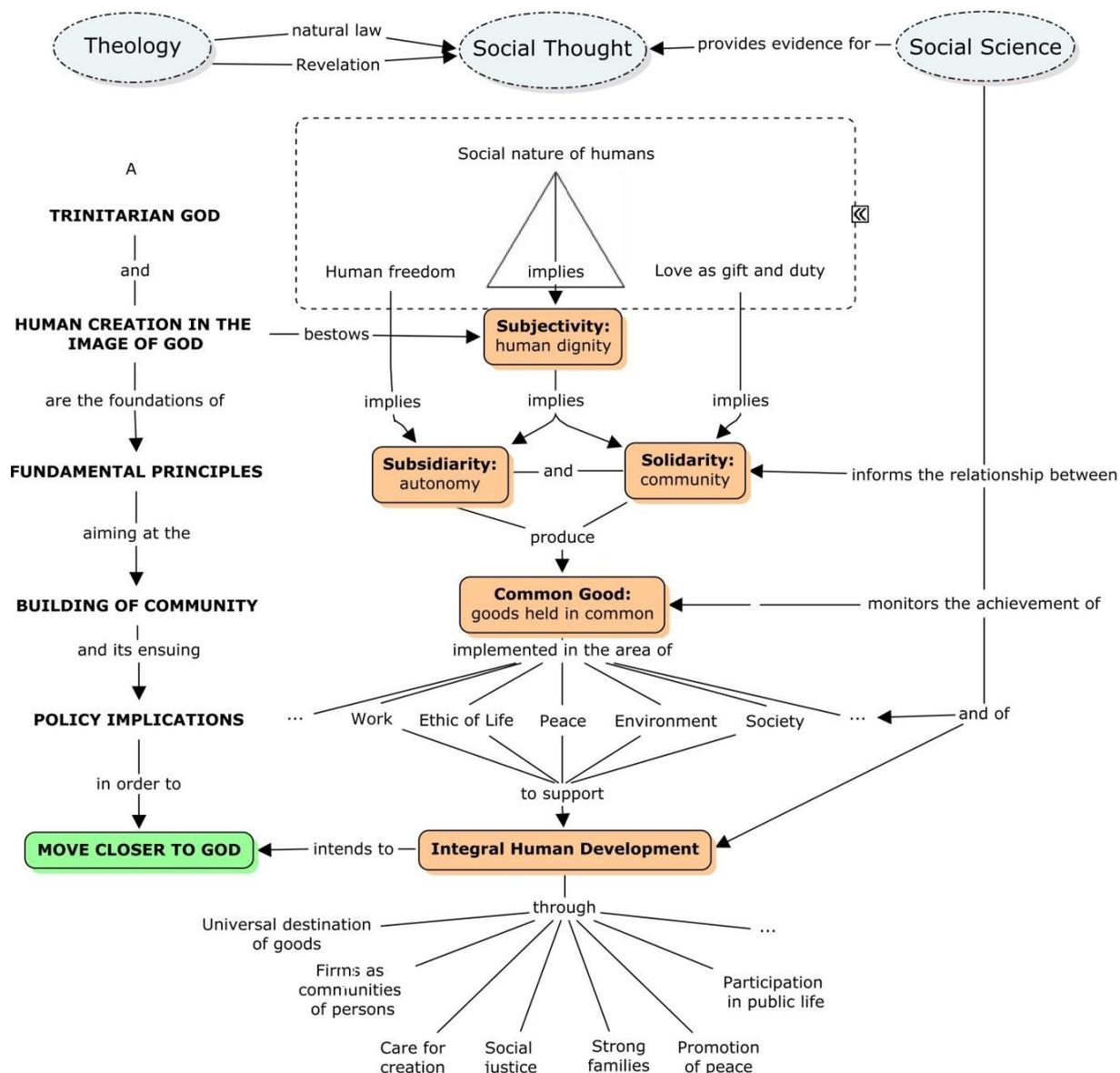
¹ According to *agere sequitur esse*; Aquinas, *Summa contra gentiles* III, 69, 20.

² According to *omnes actiones humanae propter finem sunt*; Aquinas, *Summa theologiae* I-II, q.1, a.1.

³ *Ibid.*, q.91, a.2.

Catholic Social Teaching (CST)

Based on the Catholic intellectual style, over time Biblical ethics and the moral teachings of the Church have been applied to questions of social order. Particularly since Leo XIII's encyclical letter *Rerum Novarum* (1891), a body of authoritative Catholic social doctrine has emerged that may be formulated in a number of (material) principles. By a broad consensus, four of these are held to be foundational in an edifice of norms that are then applied to more specific regions of social life. The social thought of the Church is thereby influenced both by theology and by social science:



Particular principles derived from four fundamental principles

Principles: The subjectivity (or personality)—of humans as subjects of their lives rather than objects subordinate to others—grants every person an inviolable dignity that does not derive from human acts (such as a constitution) but from man's creation in God's image. The intrinsically social nature of persons reflects the most perfect community found among the three Persons of the Holy Trinity. Love is thus ordained as a commandment and given as a gift of the Triune God; solidarity

among mankind is the living out of this command. It builds human community. However, the duty of solidarity is not unbounded, for only God can love perfectly. Solidarity, which for humans is a scarce good, must itself be ordered according to the principle of subsidiarity: it should first be applied closest to the person—in families, among friends, at the workplace, in local communities—before it is extended to others who are unknown (such as to the state at large). Where solidarity is the material principle of social life, or the “glue” that holds society together, subsidiarity is the principle that rules proper social organization, which according to CST is to be bottom-up. If these three rules are observed, common goods will be produced in the various areas of social life. The common good regarding work is the development of firms as communities of persons; the common good pursued in the natural environment is the maintenance of a high quality of environmental resources and their protection for future generations; the common good in international relations is peace and cooperation between nations, etc. Other precepts of CST follow from these fundamental principles: a respect for life in all its stages; the support of families; the exercise of social justice; a special dedication to the poor; the right to participate in public affairs; protection of personal property; good stewardship of resources, etc.

Objective: Recent CST as expressed particularly in the encyclicals *Centesimus Annus* (1991) by John Paul II and *Caritas in Veritate* (2009) by Benedict XVI emphasizes that all these human endeavors serve but a single objective—to foster integral human development. This means that all private and public action must be directed at supporting the development of the person both in horizontal and vertical directions, by becoming more not only through more income, wealth, possessions, or power, but also by growing into a greater likeness of Christ. In Christian anthropology, being always precedes having, and persons are seen according to their intrinsic worth rather than their possessions or success in professional life.

Business: Recent CST has overall taken a positive view of enterprise by emphasizing the contribution business can make to integral human development. Free markets support a better resource utilization and allow for the satisfaction of individual desires and preferences. However, they have moral limitations by also facilitating social evils and by generating inequalities within and across societies. For this reason, government has a necessary role that is limited by subsidiarity. Like other forms of property, businesses work under a “social mortgage” and must not only maximize profits but do so by producing good and safe products, providing fair wages and decent work conditions, and contributing to the goods of the wider society. The visions of social structure that animate recent CST are tripartite: John Paul II identified the three spheres of the social whole as economics, politics, and culture, whereas Benedict XVI spoke of the market, the State, and civil society. For both popes, culture respectively civil society was to be the agent driving the other spheres towards creating conditions that foster integral human development.

Teaching Marketing in a Catholic Spirit

Marketing is both a business function, and thus an activity, and the systematic study of it. Obviously a particular understanding of the first informs the specific approach chosen to the second. A distinct understanding of marketing as a functional area of business will then pervade the entire course. It derives from Christian anthropology, a Catholic view of the purpose of business, the moral relevance of every managerial decision, and from the Catholic understanding of the unity of the intellectual enterprise.

Marketing as activity: Marketing as a business activity comprises all those decisions and actions that plan, create, distribute and communicate value for customers. Although it is not the only approach, regarding marketing as the management of value, where value is understood as the ratio

of benefits delivered and the costs of obtaining them ($V = B/C$), is compatible with a Catholic view of business. Under this view, value creation necessarily involves consumers. But marketing deals not with what producers offer consumers but rather with a set of multilateral relations between marketers, consumers, and other stakeholders (such as distributors and regulators).

Principles: Marketing as a human practice is guided by practical reason, but also by desires and emotions, and lastly by the social and economic situations of consumers and marketers alike. The principles of marketing are then not a set of universal rules that can be recorded as in a recipe book and then mechanically be applied to business situations. They are instead principles of practical reason that derive from knowledge about human nature. As such they are generally valid. But differences of time and place, including different cultural settings, may lead to different rules being implied by the same human nature. While generalizations (that we often regard as “laws”) of marketing are typically formulated against the background of high-income industrialized economies, the severe scarcity natural disasters can bring about in less developed economies would invalidate many of them.

Ethics: Teaching marketing in a Catholic spirit must by no means be mistaken for moralism. The heavy emphasis on business ethics that has in the past two decades been fostered by organizations such as AACSB is a blessing in disguise. Business ethics has long been regarded as external to business—indeed, as a corrective to it or to the results of economic activity. Morality has been located in management actions, respectively the mental dispositions underlying them. Consequently, business ethics has been regarded as a discipline in relative autonomy from business administration. Recent CST takes a radically different approach (Ratzinger 1986). Benedict XVI’s encyclical *Caritas in Veritate* does not postulate dichotomies between the domains of business and morality. The Encyclical does not condemn efficiency, rational choice, the market, or even self-interest. Rather, it points to their limitations and emphasizes that a correct ordering of these means towards a transcendent goal is necessary. Efficiency is not good simply because it allows for greater outputs with fewer factor inputs. Rather, it is an imperative of creation, ennobles the calling of human beings, and may in some cases be required by the precautionary principle. Where secular ethics attempts to develop rules for conduct in business, CST is dedicated to the demonstration that such rules are without foundation if they do not derive from a transcendent order (Benedict XVI 2009, §§ 11, 29, 34, 45). Instead of treating ethics as exogenous to business, which then has to be applied to marketing decisions, it is better viewed as endogenous to it (Grassl 2012; Grassl and Habisch 2011).

Religion: Much as morality in business is necessary for its proper functioning, and much as ethical analysis is desirable to guide managers, social or individual ethics cannot substitute for religion, as Kant proposed to do. Since morality must be distinguished from mere moralism, expecting too much of man means moving him into the sphere of the divine. CST thus seeks to depart from the dominant model of business ethics as a prosecutor of business and, since every decision has a moral character, seeks to see its role as that of an advisor to business (Grassl and Habisch 2011). According to the logic of *Caritas in Veritate*, business ethics should seek a deep integration of ethical thinking into the mindset of managers and should thus become preemptive. The discipline is itself called to participate in the creative work of developing alternatives, in an offensive and entrepreneurial rather than a narrowly defensive and prosecutorial spirit. Benedict XVI reminds us time and again that the biggest defect of most businesses is not one of commission but of omission—that they do not live up to their potential in contributing to integral human development. An ongoing reflection on CST in the Catholic Style of Thought therefore makes separate sections on marketing ethics, which are often little more than add-ons, unnecessary. This in no way reduces the value of studying the human and social consequences of marketing decisions. But it suggests that religion may be a productive challenger for marketing to be more effective.

Integration: The specific character of teaching marketing courses in a Catholic spirit lies then in (1) seeing marketing as a function of business that itself must serve human needs, rather than as an autonomous field; (2) applying to it the principles of CST; (3) understanding business and marketing from the intellectual and spiritual resources of the Catholic tradition; and (4) using the Catholic Style of Thought (where they apply) to explain the principles of marketing.

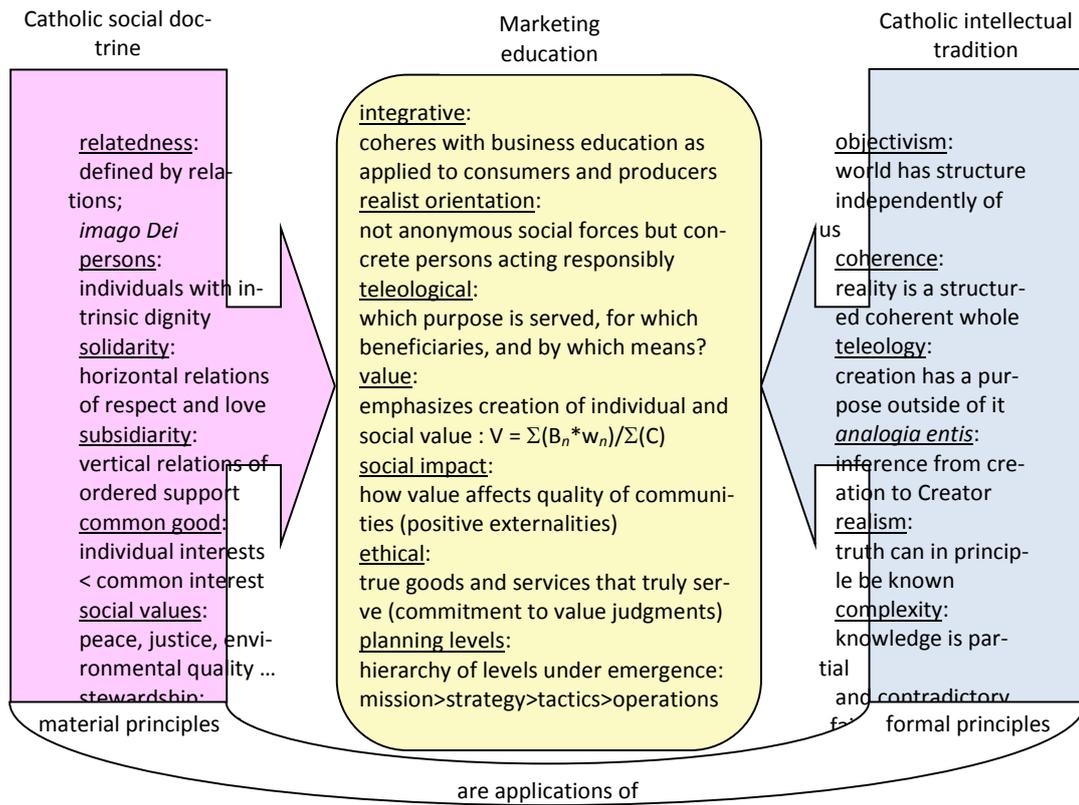
Beyond postulating the principles of CST as free-standing axioms that derive their normative force from encyclicals, they can be shown to follow from an eminently reasonable and well-developed view of the role of persons and their social nature in the universe. It is not necessary to dip directly into dogmatic theology to do this. CST can be presented as a whole composed of interlocking and mutually sustaining parts that together make the social sphere intelligible and meaningful. Our thinking and acting occurs at various levels. By taking two principles as examples, the following model demonstrates what is meant, where n is that level at which the principles of CST are located:

<i>Ontological Level priority</i>	<i>Principles</i>	<i>Level</i>	<i>Structure of explanation</i>
	$n+2$ Entrepreneurship as vocation; joy in creative work	Marketing education	
	$n+1$ Decentralized sales teams; distributed international marketing; support for employee ownership	Marketing principles	
	n Principle of subsidiarity	CST	
	$n-1$ Persons are social individuals; human freedom	CIT	
	$n-2$ World is a structured whole (\neq atomism)	Theology/Philosophy	
	$n+2$ Making individual human worth central in business	Marketing education	
	$n+1$ Truth in advertising; product safety; abstention from stereotyping; giving consumers choices	Marketing principles	
	n Principle of human dignity	CST	
	$n-1$ Man created in the image of God (<i>imago Dei</i>)	CIT	
	$n-2$ God's love and grace (<i>Deus caritas est</i>)	Theology/Philosophy	

As in all empirical disciplines, explanation precedes by reduction whereas the ontological structure of reality is emergent. The teaching of marketing ought to be guided by marketing practice as viewed through the lense of CST; the latter is an application of the principles of the CIT, or of the Catholic Style of Thought, to the social sphere; and these principles are ultimately grounded in revealed and rational truths of our faith.

The structure of reality is the reverse of this order of explanation: God is the ultimate reality, with our understanding of the world, society, marketing activity, and our teaching of it, being located at emergent levels above it. Subsidiarity is a normative principle because it is founded on the world as a structured whole, which is the Biblical teaching and that of the Church Fathers and of St. Thomas Aquinas; it harbors recommendations for how marketing management should be organized, and lastly how marketing should be taught. What we should convey in marketing courses, and how marketers and consumers should behave, then follow seamlessly from an integrated and meaningful view of reality. The interconnectedness of levels is important here and needs to be communicated in our curricula. This is certainly not an easy exercise.

The following (incomplete) model may exemplify this integration:



INTEGRATION INTO SYLLABUS

Topic	Catholic thought integrated into course topics	Instructor's Resources
0	<p>Introduction</p> <ul style="list-style-type: none"> • What can one learn/teach about business? • Attitudes towards business • Truth about business • Learning to be successful in life and in a profession • What students can expect to learn from this course 	<ul style="list-style-type: none"> • A Student's Prayer (St. Thomas Aquinas) • Grassl 2009 • Grassl 1999
1	<p>Marketing and Customers</p> <ul style="list-style-type: none"> • What is the proper purpose of business? • What is the proper purpose of marketing? • What does it mean to serve customers? <ul style="list-style-type: none"> ◆ Servant leadership ◆ Creating a service culture for customers: CRM <ul style="list-style-type: none"> * Active vs. passive roles of marketers * Quantity vs. quality of customer service • Relationship marketing 	<ul style="list-style-type: none"> • Cortright & Naughton 2002; Johnson, Naughton & Bojan 2013 • Discussion of Levitt 1975; Murphy et al. 2004 • Mark 10:41-45; Luke 1:38 <ul style="list-style-type: none"> ◆ Mark 1-13; Matt 23:11 ◆ Eph. 6:6-8; "Zappo's Marketing Chief: 'Customer Service is the New Marketing'" http://www.fastcompany.com/1583321/zappos-marketing-chief-customer-service-new-marketing • Discussion: When are relationships true?

2	<p>Catholic View on Marketing</p> <ul style="list-style-type: none"> • Principles of Catholic social doctrine • Catholic understanding of business and marketing <ul style="list-style-type: none"> ◆ Human action ◆ Who benefits, who bears costs? ◆ Virtue of marketers ◆ Responsibility of consumers • Ethical issues of marketing <ul style="list-style-type: none"> ◆ Ethical vs legal issues ◆ Subjective vs objective goods: agreement on ethical issues? 	<ul style="list-style-type: none"> • Pontifical Council for Justice and Peace 2004; Benestad 2011 • Klein & Laczniaik 2012 ◆ Benedict XVI 2009, 66 • Murphy, Laczniaik & Prothero 2013, Ch.1 <ul style="list-style-type: none"> ◆ Santos & Bagha 2013; Video: Drug Companies Conduct Research in India; “A Heaven for Clinical Trials, a Hell for India” http://www.independent.co.uk/news/world/asia/a-heaven-for-clinical-trials-a-hell-for-india-court-orders-government-to-regulate-drugs-testing-by-international-pharmaceutical-companies-8849461.html
3	<p>The Marketing Environment</p> <ul style="list-style-type: none"> • Can and should a business influence its macro-environment? <ul style="list-style-type: none"> ◆ What duty do businesses have in politics? • Exit, voice, or loyalty: reactions to adverse environmental trends 	<ul style="list-style-type: none"> * Discussion: How is meaning being marketed? • Hirschman 1970
4	<p>Corporate and Marketing Strategy</p> <ul style="list-style-type: none"> • In formulating a mission, who actually “sends”? • How can strategy be mission-driven? 	<ul style="list-style-type: none"> • Grassl 2012a
5	<p>Managing Marketing Information</p> <ul style="list-style-type: none"> • Is protection of data a human right? • What are the ethical limits of data mining? 	
6	<p>Understanding Consumer Behavior</p> <ul style="list-style-type: none"> • Is the distinction between needs and wants real? • Are all needs provided for by markets? • Are wants created by marketing? • Problems of Consumerism 	<ul style="list-style-type: none"> • John Paul II 1991, 34, 36 • Beabout & Echeverria 2002; Cavanaugh 2008 ; Gilbride 2013; http://capp-usa.org/contemporary_issues/19
7	<p>Understanding Business Buyer Behavior</p>	
8	<p>Market Segmentation and Targeting</p> <ul style="list-style-type: none"> • Is there a natural way to “carve up” markets? • Are there essential structures in markets? • Which segments should not be targeted? <ul style="list-style-type: none"> ◆ Marketing to the poor ◆ Marketing to children 	<ul style="list-style-type: none"> • Plato, <i>Phaedrus</i> 265e • Grassl 1999 ◆ Santos & Laczniaik 2009 ◆ Moore 2013
9	<p>Positioning and Competitive Advantage</p> <ul style="list-style-type: none"> • Illusion and truth in positioning • Can companies achieve mixes between cost and product advantage? 	<ul style="list-style-type: none"> * Discussion: Marketing as influencing consumers’ minds – an attractive view?

⑩	<p>Products and Brands</p> <ul style="list-style-type: none"> • Overview of product policy decisions • A natural classification of products: substances vs artifacts; natural kinds as substances • What is the optimum complexity of products? • Brands: relationship between signs (brand elements) and substance (branded product) • Naturalness of brands 	<p>* Discussion: When are products truly good?</p> <ul style="list-style-type: none"> • Rota 2004 • Eucharistic hymn <i>Pangue, lingua</i> • Grassl 1999; “BP’s Global Brand” (video)
⑪	<p>Services</p> <ul style="list-style-type: none"> • What are the essential differences of services? • What does it mean to serve one another? • What does servant leadership in marketing mean? (Coca-Cola, Dove, Bacardi, American Express, Unilever, Starbucks) <ul style="list-style-type: none"> ◆ Example: Pope Francis’ leadership style 	<ul style="list-style-type: none"> • Matt 20:28; Mark 10:42-45; 1 Peter 4:10; Phil 2:1-18; Col 3:22-24; 1 Cor 12:4-7 • de Swaan Arons & van den Driest 2010, ch. 10; Parris & Peachey 2013 ◆ http://www.examiner.com/article/servant-leadership-comes-to-the-vatican-the-values-driven-pope ; Lowney 2013
12	<p>New Product Development and the Life Cycle</p> <ul style="list-style-type: none"> • When do we know there are enough products? 	
13	<p>Pricing</p> <ul style="list-style-type: none"> • What is a fair price? • Is price discrimination for the poor a just means? 	<ul style="list-style-type: none"> • Aquinas, ST II-II, q.77, a.1&4; Kennedy 2000a • Santos & Laczniak 2009
14	<p>Distribution: Marketing Channels</p> <ul style="list-style-type: none"> • What value do intermediaries provide? 	<p>* Discussion: Is disintermediation fair?</p>
15	Distribution: Retailing and Wholesaling	
16	Distribution: Logistics and the Supply Chain	
17	Integrated Market Communications	
18	<p>Advertising and Public Relations</p> <ul style="list-style-type: none"> • Where are the limits to advertising? Violence, sex, weapons, alcohol, blasphemy? 	<p>* Discussion: When is advertising really good?</p>
19	<p>Sales Promotion and Personal Selling</p> <ul style="list-style-type: none"> • What does the Bible teach about selling methods? 	<ul style="list-style-type: none"> • 1 Peter 3:15-16; 2 Cor 3:5-6; Matt 10:14 (= Mark 6:11; Luke 9:5); Acts 17:16-34
20	<p>Direct and Online Marketing</p> <ul style="list-style-type: none"> • Ethical problems of social media • Red Bull’s use of social media (Facebook, Twitter, Pinterest, Google) <ul style="list-style-type: none"> ◆ What are the dangers of viral marketing? ◆ Can buzz marketing be ethical for a possibly unsafe product? 	<p>* Discussion: Do you care about privacy?</p> <ul style="list-style-type: none"> • Mathur & Mack 2013 • http://econsultancy.com/us/blog/62178-how-red-bull-uses-facebook-twitter-pinterest-and-google <ul style="list-style-type: none"> ◆ Exodus 23:2
21	<p>International Marketing</p> <ul style="list-style-type: none"> • What is universal and what particular in ethics? • Outsourcing and offshoring: where are the limits? 	<ul style="list-style-type: none"> • Bagha & Laczniak 2013
22	<p>Responsible and Sustainable Marketing</p> <ul style="list-style-type: none"> • What does corporate social responsibility mean? • What does sustainability really mean? 	<ul style="list-style-type: none"> • Sawayda et al. 2013 (Caterpillar) • Mish & Miller 2013; Sawayda et al. 2013

	<ul style="list-style-type: none"> • Does marketing make a contribution to society? 	<ul style="list-style-type: none"> • Beabout & Echeverria 2002; Gaski 2013; Gaski & Etzel 2013
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Textbooks

A number of textbooks can be used for this course. Price will be an important consideration, and some textbooks are now available at lower price in alternative delivery formats. The structure of the course suggests choice of a textbook that focuses on marketing as practical reasoning about the creation and consumption of value, and on extending its scope beyond the marketer’s task to that of the consumer and to marketing as a social institution. At a more advanced level than that of introductory overviews, the following textbook is a recent innovation that lives up to these requirements: Mark E. Hill (2013): *Marketing Strategy: The Thinking Involved*. Los Angeles: Sage.

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APPENDIX

PRAYER OF ST. THOMAS AQUINAS

Creator ineffabilis, qui de thesauris sapientiae tuae tres Angelorum hierarchias designasti et eas super caelum empyreum miro ordine collocasti atque universi partes elegantissime distri-buisti: Tu, inquam, qui verus fons luminis et sapientiae diceris ac supereminens principium, infundere digneris super intellectus mei tene-bras tuae radium claritatis, duplices, in quibus natus sum, a me removens tenebras, pecca-tum scilicet et ignorantiam. Tu, qui linguas infantium facis disertas, linguam meam eru-dias atque in labiis meis gratiam tuae benedic-tionis infundas. Da mihi intelligendi acumen, retinendi capacitatem, addiscendi modum et facilitatem, interpretandi subtili-tatem, loquen-di gratiam copiosam. Ingres-sum instruas, progressum dirigas, egressum compleas. Tu, qui es verus Deus et homo, qui vivis et regnas in saecula saeculorum. Amen.

Raccolta n. 764, Pius XI, *Studiorum Duce*m, 1923.

Abbreviated versions:

Ineffable Creator,
You who are the true source of life and wisdom and the Principle on which everything depends, be so kind as to infuse in my obscure intelligence a ray of your splendor that may take away the darkness of sin and ignorance. Grant me keenness of understanding, ability to remember, measure and easiness of learning, discernment of what I read, rich grace with words. Grant me strength to begin well my studies; guide me along the path of my efforts; give them a happy ending. You who are true God and true Man, Jesus my Savior, who lives and reigns forever. Amen.

Ineffable Creator, who in the riches of Thy wisdom didst appoint three hierarchies of Angels and didst set them in wondrous order over the highest heavens, and who didst apportion the elements of the world most wisely: do Thou, who art in truth the fountain of light and wisdom, deign to shed upon the darkness of my understanding the rays of Thine infinite brightness, and remove far from me the twofold dark-ness in which I was born, namely, sin and ignor-ance. Do Thou, who givest speech to the ton-gues of little children, instruct my tongue and pour into my lips the grace of Thy benedic-tion. Give me keenness of apprehension, ca-pacity for remembering, method and ease in learning, insight in interpretation, and copious eloquence in speech. Instruct my beginning, di-rect my progress, and set Thy seal upon the fin-ished work, Thou, who art true God and true Man, who livest and reignest world without end. Amen.

Creator of all things,
true Source of light and wisdom, lofty origin of all being, graciously let a ray of Your brilliance penetrate into the darkness of my understand-ing and take from me the double darkness in which I have been born, an obscurity of both sin and ignorance. Give me a sharp sense of understanding, a retentive memory, and the ability to grasp things correctly and fundamen-tally.
Grant me the talent of being exact in my expla-nations, and the ability to express myself with thoroughness and charm. Point out the begin-ning, direct the progress, and help in comple-tion; through Christ our Lord. Amen.

STUDENT ASSIGNMENTS

Assignment 1: Marketing Ethics

Identify a case where marketing behavior was or is questionable from an ethical point of view (and not simply from a legal perspective) and analyze it by answering the following questions:

1. What exactly was/is the unethical behavior?
2. Why was/is it unethical? Which rules were/are broken?
3. How would the behavior be seen from the viewpoint of Catholic Social Doctrine?
4. What can/should be done to remedy it?

Note for instructors: Students most often identify cases that simply involve illegal conduct. Instructors should emphasize that the interesting cases for business ethics are those of licit behavior that is yet ethically questionable. Students also tend to relate immoral marketing behavior only to violating human dignity or solidarity. The importance of subsidiarity (especially in marketing organization) and of contributing to common goods (especially through product development, pricing, distribution, etc.) needs to be highlighted. Furthermore, the application of the fundamental principles to various areas of life (family, environment, society, etc.) needs to be highlighted. Students tend to seek a mechanical application of the four principles whereas they should learn that, for example, social justice is the standard by which the implementation of these principles to society will be judged. Because of the complexity of these issues, it may be considered to post this assignment at a later stage of the course.

Assignment 2: Marketing Strategy

Choose a manufacturing company (i.e., no service provider such as a retailer) and briefly reconstruct, from information available on websites (including annual reports), the marketing strategy this company currently pursues. The parts of this strategy will at least comprise the following:

Description:

1. Business definition (avoid marketing myopia!) and strategic business units
(If several SBU's, choose one for the following)
2. Market segmentation (segmentation bases)
3. Targeting strategy
4. Competitive advantage
5. Identification of competition (main competitors)
6. Positioning

Analysis:

1. Apply the Product-Market Expansion Grid (Ansoff Matrix) and determine growth options for the company. Briefly describe what they would require.
2. Evaluate the strategy from the perspective of Catholic Social Doctrine. Are any of its fundamental principles violated? If so, which one(s)?

Mind: Use as much real and quantitative data as you can access. Use business format and embed charts and graphs. Cite your sources (URLs). Choosing a smaller company often makes this work easier to accomplish.

Note for instructors: This assignment relies on a good understanding of the basic ingredients of a marketing strategy and on students' ability to find data online. The challenge is to reconstruct a marketing strategy systematically, for example by inferring segmentation variables from actually targeted consumer segments. Experience tells, however, that students are rarely able or willing to identify violations of principles of CST.

Assignment 3: Marketing Mix

Choose one of the following topics:

A. Product Line Pricing

1. Select a product line (with a minimum of four products) of a manufacturer in any product category and determine whether the spacing of (retail) price points is warranted by increments in delivered benefits. (You may want to peruse a product comparison website such as www.epinions.com, www.bizrate.com, www.zdnet.com (Reviews), all of which feature consumer or editor ratings you may use to represent perceived benefits).
2. Calculate which products may be (at least within the line) under- or overpriced and specify where you see a danger of cannibalization. Spell out your conclusions for pricing strategy. (Consider issues such as position on product life cycle and targeted consumer segments!)
3. Are there or could there be ethical problems with this pricing strategy?

B. Segmented Pricing

Research examples of segmented pricing (yield management or revenue management) as a pricing strategy pioneered by fixed-capacity businesses such as airlines and hotels.

1. How does yield management work and which principles does it rely on? What is "yield"? Provide one quantitative example for the application of this pricing strategy.
2. In which types of businesses (or industries) is it a feasible strategy, and in which not? Provide the example of one business that practices yield management and show how this works. How does it fit into the overall strategy of customer value creation? Is it not a slippery slope towards ever lower prices until a producer may at some point no longer be able to operate profitably?
3. Are there or could there be ethical problems with this pricing strategy?

C. Bundle Pricing

1. Find a clear example of bundle pricing. This is here used as a cover term for optional-product pricing, captive-product pricing, by-product pricing, and product bundle pricing. Describe the example and research what the individual components would sell for and what the (percentage) difference between the bundle price and the prices of individual components is.
2. Which conditions must be fulfilled for this strategy to be successful? Determine how the company delivers customer value.
3. Are there or could there be ethical problems with this pricing strategy?

Mind: Cite sources of data and information (including URLs)! Examples mentioned in the textbook or in class are excluded. This is a quantitative exercise - you must perform some calculation and explain it.

Note for instructors: This is a research assignment that has an added CST component.

COGNITIVE OPERATIONS

Aquinas held that the structures of reality and those of the mind are isomorphic. Already Aristotle had taught that “thought and the object of thought are the same” (τα νοητόν νοῦς καὶ νοητόν) (Metaphysics XII, 1072b 21). This implies that cognitive operations can be mapped onto categories that describe structures of reality. An inventory of cognitive operations (which may be derived from Bloom’s Taxonomy or from one of its extensions) (Marzano and Kendall 2006) can then be related to principles of CIT and to common marketing tasks. This should demonstrate how marketing can be understood against the Catholic Style of Thought, which provides solutions to cognitive tasks by increasing levels of complexity (Grassl 1999).

Cognitive oper. (Marzano & Kendall 2006)		Ideas derived from CIT	Marketing tasks
1. Definition	<ul style="list-style-type: none"> • Identification • essential / accidental properties 	<ul style="list-style-type: none"> • <i>definitio fit per genus proximum et differentiam specificam</i> (Boëthius) 	<ul style="list-style-type: none"> • problem analysis • study of pertinent cases • environmental scanning
2. Classification	<ul style="list-style-type: none"> • abstraction • recognition of essential properties 	<ul style="list-style-type: none"> • τὸ τί ἦν εἶναι – that which makes some-thing what it is (Aristotle) 	<ul style="list-style-type: none"> • analyzing value chain activities • portfolio planning
3. Measurement	<ul style="list-style-type: none"> • quantification of objects and relations 	<ul style="list-style-type: none"> • precision of a science constitutes its certainty (Aquinas) 	<ul style="list-style-type: none"> • multi-criteria scoring of consumer attitudes • salesforce productivity
4. Comparison	<ul style="list-style-type: none"> • sorting objects • quantitative or qualitative evaluation 	<ul style="list-style-type: none"> • structuredness of reality (<i>integritas</i>) • grades of being 	<ul style="list-style-type: none"> • perceived customer value • supply chain solutions
5. Ordering	<ul style="list-style-type: none"> • horizontal and vertical structuring • seriation (time series) 	<ul style="list-style-type: none"> • <i>ordo rerum</i> • <i>scala naturae</i> – Great Chain of Being 	<ul style="list-style-type: none"> • definition of objectives • value chain activities • steps in NPD process
6. Pattern recognition	<ul style="list-style-type: none"> • identification of similarities and differences 	<ul style="list-style-type: none"> • <i>universalia in rebus diversi, sed non ad-versi</i> (Anselm of Laon) 	<ul style="list-style-type: none"> • consumer behavior patterns • market segmentation
7. Inductive reasoning	<ul style="list-style-type: none"> • inference from particulars to universals • theory building 	<ul style="list-style-type: none"> • <i>per visibilia ad invisibilia</i> (Richard of St. Victor) 	<ul style="list-style-type: none"> • positioning analysis • competitive parity method in budgeting
8. Deductive reasoning	<ul style="list-style-type: none"> • inference from universals to particulars 	<ul style="list-style-type: none"> • <i>esprit de géometrie vs. esprit de finesse</i> (Pascal) 	<ul style="list-style-type: none"> • environmental scanning • industry analysis • new idea generation
9. Optimization	<ul style="list-style-type: none"> • maximization or minimization under constraints 	<ul style="list-style-type: none"> • directedness of being 	<ul style="list-style-type: none"> • retail site selection • media allocation • marketing mix budget
10. Causal reasoning	<ul style="list-style-type: none"> • cause and effect • powers and agency • chance and probability 	<ul style="list-style-type: none"> • four causes (Aristotle and Aquinas) 	<ul style="list-style-type: none"> • promotional incentives • test marketing • packaging design

11. Prediction	<ul style="list-style-type: none"> • extraction of regularities • uncertainty reduction 	<ul style="list-style-type: none"> • measurement of time (Augustine) 	<ul style="list-style-type: none"> • sales forecasting • estimating customer equity (lifetime value)
12. Planning	<ul style="list-style-type: none"> • selection among alternatives • reasoned evaluation 	<ul style="list-style-type: none"> • good is what is <i>con-veniens naturae</i> or <i>con-veniens rationi</i> 	<ul style="list-style-type: none"> • marketing objectives • mission compatibility • marketing auditing

Definition, for example, is a basic cognitive operation. A good definition is not arbitrary or merely stipulative but assigns to the name associated with a *definiendum* something that makes it what it is. A successful definition involves classification, by placing the *definiendum* into a higher-order category, and by pointing out where it differs from other instances of that category. Boëthius and others have thus used the rule *definitio fit per genus proximum et differentiam specificam* as the criterion for real definitions. Tasks of definition arise frequently in marketing: in materials management, incoming products must be identified on inventory lists; customers are classified by needs, lifestyle types, or loyalty status; and portfolio analysis first identifies strategic business units and then classifies them by relative market attractiveness and relative competitive strength. Such tasks will be accomplished successfully if they are not done on an *ad hoc* basis but follow the principle of naturalness – recognizing products for what they are, for the true value consumers attach to them, recognizing what the truly distinctive force that motivates consumers is, or recognizing natural segments among them. This requirement is captured by the Aristotelian idea of looking for what makes something what it is.

FURTHER RESOURCE

In November 2011, the author gave a seminar for business professors on how to teach management, and particularly marketing, in a Catholic spirit. The seminar was delivered at Sapientia College of Theology in Budapest. The slides used for this presentation can be found here:

<http://www.consultorium.com/docs/Teaching%20Marketing.pdf>