Marketing in 1985: A View from the Ivory Tower: How will the business environment of 1985 affect competitive marketing strategy?

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MARKETING in 1985: A View From the Ivory Tower

How will the business environment of 1985 affect competitive marketing strategy?

Inflation and recession, resource shortages, a web of ecological problems, changing social values, a proliferation of business regulations, and other developments of recent years have taken their toll on American business. Such changes in the external environment of business have stimulated academicians and writers for the general media to address questions such as: "Can Capitalism Survive?"; "Can Marketing Survive?"; "Will Shortages Bankrupt the Marketing Concept?" Others are directing their efforts to forecasting the uncertain future and the burgeoning discipline of "futures research."

This article reports on the application of one futures research technique—the solicitation of expert opinion—to the field of marketing. Its purpose is to examine the major dimensions of the future of marketing as seen by marketing education leaders.

The Research Method
A frequent pitfall is using surveys of expert opinion is that sometimes the participants are not genuine experts on the subject at hand. To avoid this obstacle, 25% (440) of the academic readers of the Journal of Marketing were surveyed to develop an index of the thought leaders in marketing. As a result of this effort, 31 individuals were identified. Of these perceived thought leaders, 28 cooperated in our survey of expert opinion by completing a detailed questionnaire. All participants are either educators or former educators turned businessmen; consequently, the vision of the future to be presented comes from the "Ivory Tower," even though many are also active in business and consulting.

The first part of the questionnaire contained a series of scenario statements describing potential developments in the macro-environment of marketing in 1985. Six probability ranges were provided for the respondents to register their probability estimate of the occurrence for each event. The second part of the questionnaire concentrated on specific predictions for the environment of marketing and business. Finally, the panel was asked to predict changes in the importance of each of 20 major dimensions of marketing strategy. Throughout the questionnaire, the thought leaders were encouraged to present their personal observations on the future environment and its implications for marketing strategy.

The Macro-Environment of 1985
Consumerism & Social Responsibility
Two of the most visible issues confronting business over the past fifteen years have been consumerism and social responsibility. As shown in Exhibit 1-A, the overall judgment of the educators implies that consumerism and other social pressures on business will not go away, and in fact, they are likely to increase. The consumer movement, however, may not take the form it has traditionally. For example, Professor Louis W. Stem of Northwestern University made the following comment:

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EXHIBIT 1
The Future of Marketing as Seen by Leaders in Marketing Education

1-A Consumerism & Social Responsibility

The consumer movement (buyers gaining power relative to sellers) will have further accelerated. Consumer-oriented groups will be applying considerable pressures on industry, government and the media to be more responsive to consumer problems.

UQ = 84.4; LQ = 36; M = 63.3; N = 28

Governmental legislation regulating consumer/marketing practices will have increased.

UQ = 90; LQ = 64.4; M = 80; N = 28

The contention that "the overriding business of business is to make a profit" will stand rejected by the majority of society.

UQ = 73.1; LQ = 27; M = 54; N = 27

Businesses will be required by their own operating policies to consider the long-run view of how their decisions affect the over-all "quality of life."

UQ = 77.8; LQ = 40; M = 62.2; N = 28

The state of business and professional ethics will have become an issue of national debate.

UQ = 68.9; LQ = 22.9; M = 45; N = 28

1-B Ecology in 1985

Despite marginal improvements in certain geographical areas, the physical environment will have deteriorated.

UQ = 70.0; LQ = 17.5; M = 40.0; N = 28

Pollution of the air and water will be a major political issue.

UQ = 61.7; LQ = 19.2; M = 38.8; N = 27

The pace of legislation concerning the environment will have quickened.

UQ = 78.0; LQ = 26.7; M = 64; N = 28

Humankind will acutely realize that many actions aimed at cultivating the world in the service of society have also sown the seeds of negative and unanticipated environmental consequences.

UQ = 71; LQ = 27.5; M = 56.0; N = 28

*UQ = Upper Quartile  M = Median
LQ = Lower Quartile  N = Sample Size

Probability Ranges:
- 81-100%
- 61-80%
- 41-60%
- 21-40%
- 1-20%
- 0%
I believe the consumer movement will be reflected by individual behavior rather than by collective actions. That is, more individuals will stand ready to confront alleged "wrongs" in the marketplace... A personal rather than a collective ethic will be more dominant in the future.

Several thought leaders perceive certain aspects of the consumer movement and social responsibility issues as having peaked. Among them is Professor Frank M. Bass of Purdue University—"My guess is that by 1985 the popularity of the consumer movement will have abated, but its influence upon bureaucrats and regulators will remain fairly strong." On the other hand, Dr. D. A. Aaker of the University of California-Berkeley believes that the consumer movement will be "... fueled by consumer frustration caused by inflation."

The Physical Environment

Basically, the confluence of three forces—population concentration, economic affluence and some dimensions of advancing technology—have interacted to induce substantial environmental problems. The panel was asked to assess the likelihood of certain potential developments concerning ecology occurring by 1985. As shown in Exhibit 1-B, most of the respondents perceive the level of concern over the physical environment as being of less magnitude in 1985 than at present.

Although the panel anticipates a lessening of environmental problems and pressures by 1985, they do see the pace of legislation concerned with the environment as quickening. In addition, the majority foresee that it is likely that, "Humankind will acutely realize that many actions aimed at cultivating the world in the service of society have also sown the seeds of negative and unanticipated environmental consequences." It is perhaps this anticipated awareness by society and a quickening pace of environmental legislation that will keep the physical environment from further deteriorating in the years ahead.

Professor John Fayerweather of New York University believes that "major environmental improvements will have been made in most industrial nations, but the emerging economies will pose an important threat to the ecosystem." Dr. Stanley Hollander of Michigan State University projects that by 1985 "we may realize that some supposedly pro-ecological activities are counter-productive."

Resources

Perhaps the most unexpected development confronting business during the 1970's is the rapid occurrence of shortages for some critical commodities. The panel was asked to estimate the likelihood of several resource-related developments occurring by 1985. As shown in Exhibit 1-C, most of the respondents believe that it is likely that both resource shortages and resource costs will be vexing problems for business in 1985.
Some of the respondents noted that the resource problem cannot be viewed in isolation since it is highly intertwined with economic and political developments. Professor Ben Enis of the University of Houston sums it up as follows:

"Resources" are much more an economic concept than a physical or technological one. That is, prices in many cases determine resource availability, rather than physical constraints or the state of technology. Consequently, I think "shortages" will be considered a political rather than a natural concern.

While the resource outlook for the future appears rather gloomy, the experts— in the main—were unwilling to predict disaster. In response to the statement, "Many of the general predictions warned about in The Limits to Growth will look more plausible," an average likelihood prediction of 49% was obtained.

Nevertheless, the composite expectation of future shortages, particularly the grave problem of sufficient food production to feed the world's population, suggests a harsh future. However, some respondents warned that business must not be overly influenced by recent resource problems.

**Technology**

A major factor in overcoming resource and ecological problems in 1985, is the state of technology. The macro-environment of business will be less foreboding if technology contributes to the production of improved pollution control devices, the evolution of new or more economical energy sources, and the growth of more efficient recycling systems.

As shown in Exhibit 1-D, the marketing experts were mildly optimistic about the advance of technology. Dr. Steuart Henderson Britt, president of Britt and Frerichs, Inc., expressed it this way:

More than any other time in the history of the world we now live in the future...the point is that in the twentieth century it does not take many years for an idea to become a reality. Our greatest technological discoveries are still before us.

Despite the panel's generally positive predictions regarding the level of technology in 1985, the majority were unwilling to conclude that technology would markedly reduce many of society's current problems. Justifications for that position varied:

Successful technological intervention to solve the host of problems we face is at best a 50/50 proposition. Traditionally, we have placed tremendous hope in technology as the hero who saves us at the last minute. Clearly, that faith has not always been justified.—Professor Frederick D. Sturdivant, The Ohio State University.

The key problem will be to generate capital to develop and implement technology.—Professor B. J. LaLonde, The Ohio State University.

**Business Legislation**

As every businessman is well aware, complete economic freedom for businesses to produce the goods and services needed by society is not possible. However, certain segments of society believe that business is over-regulated and that some regulations cost more than they are worth.

As shown in Exhibit 1-E, marketing academics wholeheartedly reject the proposition that the legal environment facing business will be more comfortable in 1985. However, many of the educators were not happy about their predictions of increased government regulation. For example, Professor Bernard J. LaLonde of The Ohio State University commented, "The trend toward increased legislation will curtail innovation and entrepreneurship—and undermine basic productivity."

**The Economy & Marketing in 1985**

Having assessed their expectations concerning the macro-environment of business in 1985, the panel
The legal environment of business will be more comfortable for business in 1985. The total burden of governmental regulation will be considerably lighter than it is today.

\[ \text{UQ} = 15.0; \text{LO} = 0; \text{M} = 3.3; \text{N} = 28. \]

Consumer and environmental legislation will increasingly recognize the overall cost-benefit ratio associated with regulation. As a result, paperwork and other requirements will be simplified and will give greater recognition to the economic costs associated with regulation.

\[ \text{UQ} = 46.7; \text{LO} = 7.7; \text{M} = 18.5; \text{N} = 28. \]

Several regulated industries will become less regulated as more reliance is placed on competitive forces to protect the public interest.

\[ \text{UQ} = 50.8; \text{LO} = 5.8; \text{M} = 28.3; \text{N} = 27. \]

was asked to consider the state of the economy and the role of marketing and the marketing concept in 1985. The respondents were provided with ten predictions and were given a five-point scale ranging from strongly disagree (1) to strongly agree (5) to record their response.

As shown in Exhibit 2, most educators expect that a high rate of inflation, reduced economic growth and resource shortages will be major obstacles confronting marketers in 1985. In addition, the external environment of marketing will be more difficult to predict and assess, and the “free market” will be of reduced importance.

In general, the educators perceive marketing as becoming slightly more important in 1985. Professor Gerald Zaltman amplified his evaluation this way: “Marketing will be of increased importance within the firm as companies begin to expand the variety of goods and services they provide as a means of hedging against uncertain resource supply and a significantly changed consumer preference mix.”

A minority of the respondents disagreed with the notion that marketing would increase in importance. Dr. William F. Massy of Stanford University defended this view with the following statement: “Marketing will become less important due to scarcity of resources and public pressures. However, better planning methods and necessity will tend to more fully integrate marketing into the firm’s goals and strategy.”

In general, the view from the “Ivory Tower” reaffirms the growing importance of the marketing concept by their general agreement that:

- Marketers will be more consumer oriented.
- Marketers will concentrate their efforts more on profits than on sales volume.
- Marketers will work together more with other functional departments in the firm in order to achieve total company objectives.

**The Future of Marketing Strategy**

Predictions that the function of marketing will be more important in the future is of minimal tactical value to the typical marketing manager unless one knows how specific components of marketing strategy might change. For this reason, the thought leaders were asked to predict changes in the importance of twenty major components of marketing strategy. Marketing strategy was divided into four major components:

1. **Product strategy**
2. **Promotional strategy**
3. **Distribution strategy**
4. **Pricing strategy**

Each major component was then separated into five subcomponents (see Exhibits 3-A, B, C, D). A five-point scale, ranging from “greatly decreased importance” to “greatly increased importance,” was provided to record perceptions of changes in the role of each component.

**Product Strategy**

As shown in Exhibit 3-A, market research relating to product planning and development, and product testing, is expected to increase in importance by 1985. Professor David A. Aaker expressed the opinion: “Marketing information systems, especially those oriented toward strategic decisions, should be markedly improved and more practiced by 1985.”

Also seen as being of substantially increased importance to the typical firm’s marketing strategy is post-sale service. Technical research and presale services are expected to be of slightly increased importance.
### EXHIBIT 2
The Marketing Concept & Economics in 1985

| Statements | Responses | | Statements | Responses |
|------------|-----------|-----------------------------------|-----------|
| High rates of inflation will be a major obstacle confronting marketers. | ![Chart](chart1.png) | 32.1% | Marketers will concentrate their efforts more on profits than on sales volume. | ![Chart](chart2.png) | 46.4% |
| A reduced rate of economic growth will be a major obstacle confronting marketers. | ![Chart](chart3.png) | 44.4% | Marketers will be more consumer oriented. | ![Chart](chart4.png) | 32.1% |
| Resource shortages will be a major obstacle confronting marketers. | ![Chart](chart5.png) | 32.1% | Marketers will work together more with other functional departments in the firm in order to achieve total company objectives. | ![Chart](chart6.png) | 46.4% |
| The external environment affecting marketing will be more difficult to predict and assess. | ![Chart](chart7.png) | 35.7% | Marketers will pay less attention to purely economic considerations and more attention to long-range social implications in their planning. | ![Chart](chart8.png) | 57.1% |
| The “freemarket” will be of reduced importance with government controls and regulation playing an increased role. | ![Chart](chart9.png) | 53.6% | The marketing function will be of increased importance to the typical firm. | ![Chart](chart10.png) | 39.3% |

*UQ = Upper Quartile; LQ = Lower Quartile; M = Median; N = Sample Size.

*1 - Strong Disagree; 2 - Mildly Disagree; 3 - Neither; 4 - Mildly Agree; 5 - Strongly Agree
Product research related to the development of product styling and fashion was not expected to increase in importance. Professor Enis amplified this view by writing, “I think that product strategy should pay more attention to socially useful differentiating factors... for example, recyclable aluminum beer cans can provide a better basis for differentiation than does a superficial change consisting only of a distinctive new label.”

Pricing Strategy

Industry’s current method of pricing is a subject of considerable controversy. One study has identified five major pricing strategies used by U.S. businesses.5 As shown in Exhibit 3-B, the educators perceive that in 1985 two strategies will slightly increase in importance:

- Pricing according to competitive levels
- Pricing based upon governmental rules and regulations.

Therefore, it seems reasonable to expect that in the future the typical firm will have less freedom in pricing.

Seen as remaining relatively unchanged in strategic importance is:

- Pricing at a certain percent above or below competitors’ prices.
- Pricing according to what the market will bear.
- Cost-plus-desired profit or standard cost pricing is seen as decreasing slightly in importance.

Professor Stephen A. Greyser of Harvard University added an important qualifier: “Much... depends on the products involved. All companies will be pricing for profit on their distinctive items and for volume on their others.”

Professor Massy sums up the most likely envisioned future for pricing: “Price discrimination will become increasingly unacceptable, products will become homogeneous and competition sharper. The government will take a more active interest in pricing.”

Promotional Strategy

In general, the marketing experts foresee surprising stability in the importance of promotions during the next ten years (See Exhibit 3-C). Broadcast media advertising is seen as increasing the most in importance; however, the increase is not anticipated to be great. Although recent innovations in cable television and video-discs can be expected to receive widespread acceptance, they will probably take emphasis away from radio and conventional television instead of non-broadcast media.

Sales management and personal selling is expected to increase slightly in importance by 1985, while special promotional activities and product branding and promotional packaging are forecast as remaining unchanged in importance. Expected to have a smaller role in promotional strategy is printed media advertising. Dr. Steuart Henderson Britt adds a valuable comment, “Increasingly, promotional strategy will be informational in addition to being inspirational.”

Distribution Strategy

In general, the thought leaders foresee more change in the importance of distribution than any other marketing element. A profile of their views is presented in Exhibit 3-D. With respect to the individual components, warehousing and inventory control is expected to have the greatest rise of importance. Manufacturers’ efforts to develop and assist the channel of distribution are also expected to be of increased importance. Professor Jagdish Sheth of the University of Illinois pointed out: “The human factors of channel decisions have been barely investigated so far, although we know a good deal of the engineering aspects. The effort will be more in the management of human factors.” Transportation was also projected to rise in importance.

Projected as being of slightly increased importance were:

- The determination of the basic channels of distribution to be utilized.
- Selection of individual establishments within the basic channels.

Comments by the group suggest the nature of specific changes in distribution in the future. Professor James F. Engel of Wheaton College predicts, “There will be a continuing shift of channel command away from manufacturers.” Dr. Ralph Day of Indiana University anticipates that manufacturers will place more emphasis on channel relationships and “retailers will be a bit more cautious in opening new outlets.” Louis Stem believes that “distribution is so costly that more effort will probably be expended here than in any other place.”

Conclusion

These predictions of thought leaders in marketing suggest that we are entering a period of increased change and uncertainty. To a major extent, the future economic well-being of people, the prosperity
EXHIBIT 3-A Product Strategy in 1985

<table>
<thead>
<tr>
<th>Statements</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market research relating to product planning and development, and product testing.</td>
<td>50%</td>
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<tr>
<td>Technical research, development and laboratory testing of new products and improvements of existing products.</td>
<td>35.7%</td>
</tr>
<tr>
<td>Product research relating to the development of product styling and fashions.</td>
<td>42.9%</td>
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<tr>
<td>Pre-sale service such as product application engineering.</td>
<td>60.7%</td>
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<tr>
<td>Post-sale service such as product installation, maintenance and warranty/guarantee service.</td>
<td>42.9%</td>
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UQ = 4.9; LQ = 3.8; M = 4.3; N = 28*  Decreased

EXHIBIT 3-B Pricing Strategy in 1985

<table>
<thead>
<tr>
<th>Statements</th>
<th>Responses</th>
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<tbody>
<tr>
<td>Cost-plus-desired-profit or standard cost pricing.</td>
<td>48.1%</td>
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<tr>
<td>Pricing according to competitive levels — pricing at the prevailing competitive price.</td>
<td>40.7%</td>
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<tr>
<td>Pricing at a certain percent show or below competitors' prices.</td>
<td>63%</td>
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<tr>
<td>Pricing according to what the market will bear — price based on estimated value of the product to the consumer.</td>
<td>51.9%</td>
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<tr>
<td>Pricing based on governmental rules and regulations.</td>
<td>50%</td>
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UQ = 4.1; LQ = 2.8; M = 3.5; N = 27*

1 - Greatly Decreased Importance; 2 - Moderately Decreased Importance; 3 - Equally Important; 4 - Moderately Increased Importance; 5 - Greatly Increased Importance.
### EXHIBIT 3-C  Promotional Strategy in 1985

<table>
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<tr>
<th>Statements</th>
<th>Responses</th>
<th>1</th>
<th>2</th>
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<tr>
<td>Printed media advertising in newspapers, magazines and brochures.</td>
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<td></td>
<td>39.3%</td>
<td>39.3%</td>
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<tr>
<td>UQ = 3.3; LQ = 2.1; M = 2.7; N = 28*</td>
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<tr>
<td>Broadcast media advertising on radio/television CATV and videodiscs</td>
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<td></td>
<td>46.4%</td>
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<tr>
<td>UQ = 4.4; LQ = 3.1; M = 3.9; N = 28*</td>
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<td>Sales management and personal selling, including all sales management activities (e.g., training, supervision, etc.) and the sales efforts of your company management personnel.</td>
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<td>42.9%</td>
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<tr>
<td>UQ = 4.1; LQ = 2.8; M = 3.5; N = 28*</td>
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<tr>
<td>Product branding and promotional packaging.</td>
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<td>57.1%</td>
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<td>UQ = 3.5; LQ = 2.6; M = 3.1; N = 28*</td>
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<tr>
<td>Special promotional activities such as promotional warranties, trade shows, dealer aids and product displays.</td>
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<td>46.4%</td>
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<td>UQ = 3.8; LQ = 2.7; M = 3.2; N = 28*</td>
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**UQ** = Upper Quartile; **LQ** = Lower Quartile; **M** = Median; **N** = Sample Size

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### EXHIBIT 3-D  Distribution Strategy in 1985

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<thead>
<tr>
<th>Statements</th>
<th>Responses</th>
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<th>5</th>
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</thead>
<tbody>
<tr>
<td>Transportation</td>
<td></td>
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<td>60.7%</td>
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<td>UQ = 4.3; LQ = 3.5; M = 3.9; N = 28*</td>
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<tr>
<td>Warehousing and Inventory Control.</td>
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<td>39.3%</td>
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<td>UQ = 4.8; LQ = 3.5; M = 3.1; N = 28*</td>
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<tr>
<td>Determination of the basic channels of distribution to be utilized.</td>
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<td>42.9%</td>
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<td>UQ = 4.3; LQ = 3; M = 3.7; N = 28*</td>
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<tr>
<td>Selection of individual establishments within the basic channels.</td>
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<td>53.6%</td>
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<td>UQ = 4.1; LQ = 3; M = 3.6; N = 28*</td>
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<tr>
<td>Manufacturer's efforts to develop and assist the channel of distribution.</td>
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<td>57.1%</td>
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<td>UQ = 4.4; LQ = 3.6; M = 4; N = 28*</td>
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of industry, and the quality of life will depend on efficient and dynamic marketing systems that are responsive to the changing society. Those who are successful at anticipating environmental changes and translating them into strategic options are likely to succeed in the years ahead.

ENDNOTES


5. Udell, same as reference 4 above, pg. 109.