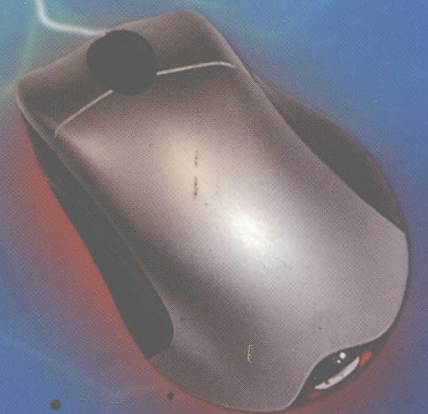


# Marketing

FIFTH CANADIAN EDITION



Berkowitz • Crane • Kerin • Hartley • Rudelius

# MARKETING

CANADIAN **5<sup>th</sup>** EDITION

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Marketing  
Fifth Canadian Edition

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# PREFACE

Dynamic . . . Exciting . . . Challenging . . . and Surprising! The 21st century is an extraordinary time for instructors, students, and managers to be involved in the field of marketing. Customer Relationship Management (CRM), virtual advertising, multichannel retailing, eCRM, cashless vending, everyday fair pricing, experience marketing, data mining, and brand equity are just a few of the many indications that marketing is racing into a new era. At the same time, many traditional elements of the discipline such as segmentation, new-product development, and pricing are growing in importance and use. The combination of the contemporary and the traditional elements of marketing create a truly exceptional topic to study and understand. We appreciate the opportunity to share our enthusiasm for the field with you and welcome you to your introduction to marketing!

The Fifth Canadian Edition of *Marketing* is the result of a detailed and rigorous development process designed to provide customer value in several ways. First, we continue to use the active-learning approach that has been the foundation of our previous editions. Second, we have incorporated many new examples, tools, and design elements that are consistent with the learning styles of today's students. Third, we have added, deleted, and modified topics and content based on our own expertise and the advice of many knowledgeable reviewers. Finally, we have invested in the most effective of the many evolving educational technologies. Overall, the Fifth Canadian Edition of *Marketing* represents our efforts to guarantee the high quality of previous editions and to continue our tradition of growth and improvement.

We are gratified by the growing interest in our approach to the study of marketing. Feedback from students and instructors continues to reinforce our pedagogical style. We hope that you will enjoy the text and your exploration of the knowledge, skills, and tools of the marketing discipline!

## DISTINCTIVE FEATURES OF OUR APPROACH

The innovative pedagogical approach we developed through our own classroom experiences was introduced in the first edition in 1991. While each new edition has offered new content, cases, and examples to reflect changes in the marketing discipline and the marketplace, the distinctive features of our approach have remained as the foundation of the text and the supporting supplements. The features that you may recognize from previous editions and that are prominent in this edition include:

- An easy-to-read, high-involvement, interactive writing style that engages students through active learning techniques, timely and interesting examples, and challenging applications.
- A vivid and accurate description of businesses and marketing professionals—through cases, exercises, and testimonials—that allows students to “personalize” marketing and identify possible career interests and role models.
- The use of extended examples, involving people making marketing decisions, that students can easily relate to text concepts and that emphasize a decision-making orientation.
- Comprehensive and integrated coverage of traditional and contemporary scholarly concepts illustrated through relevant practitioner-related literature.
- A rigorous pedagogical framework based on the use of learning objectives, concept checks, key terms and concepts, chapter summaries, and supportive student supplements such as the Student CD-ROM and Study Guide.

- A package of support materials to accommodate a wide variety of instructor teaching styles and student learning styles.

Feedback from many of the instructors and students who have used our text and package in the past has encouraged us to build on these strengths as we developed the Fifth Canadian Edition of *Marketing*.

## NEW AND REVISED CONTENT

- **The Role of the Internet and Technology in Marketing Today:** *Marketing*, Fifth Canadian Edition, recognizes that the Internet and other digital technologies provide us with powerful new tools that can greatly enhance communication and commerce. From cover to cover, *Marketing* integrates coverage of e-Commerce topics such as e-marketplaces, dynamic pricing, viral marketing, permission marketing, personalization, multichannel retailing, eCRM, collaborative filtering, file sharing and peer-to-peer communication, cyberservices, Internet appliances, interactive television, online secondary data sources, and virtual advertising.
- **New Chapter 21: Implementing Interactive and Multichannel Marketing:** This new chapter provides a framework for how to think about and implement marketing strategy in an Internet/Web-enabled marketplace. Emphasis is placed on interactive marketing practice and the growing application of multichannel marketing. Students will also find this chapter of interest because they will see how important it is for companies to forge collaborative channel relationships to improve their global market competitiveness.
- **Consumer Behaviour and Organizational Behaviour Chapters Earlier in Text:** In response to reviewer feedback the global markets chapter has been moved to follow the behaviour chapters allowing earlier coverage of these key chapters (now Chapters 5 and 6).
- **Increased Emphasis on Customer Value and Customer Relationship Management (CRM):** Chapter 1 presents an enhanced emphasis on customer value CRM, the role of brands and how they make firms accountable to consumers, new products, the breadth of marketing and how it is used by many types of organizations, and a complete update of Rollerblade's marketing program.
- **Updated Overview of the Marketing Environment:** Chapter 3 now includes a discussion of Napster's dramatic impact on the music industry; an introduction to current electronic business technologies including the Internet, the World Wide Web and e-Commerce; and the latest demographic and cultural trends affecting the Canadian marketplace.
- **Updated Consumer Behaviour Coverage:** Chapter 5 includes new examples related to the stages of the consumer-decision process; new discussions of customer satisfaction and retention and marketing strategies for high- and low-involvement products; and discussion of Canadian psychographic systems, including the Goldfarb segments and the Thirteen Tribes (Adams).
- **New Organizational Buying Coverage:** Chapter 6 features new sections on online buying in organizational markets, e-marketplaces, and online auctions.
- **Updated Global Markets Coverage:** Chapter 7 includes discussions of the emergence of a networked global marketplace, Canada's competitiveness in the global market, the influence of the World Trade Organization on the global rules of trade between nations, and important differences in the economic infrastructures of China, India, Eastern Europe, and the countries of the former Soviet Union.

- **Expanded Coverage of Marketing Research Technology:** Chapter 8 opens with an exciting example—the *Lord of the Rings* movie trilogy—and introduces up-to-date and comprehensive coverage of online databases and Internet resources. The chapter also includes new discussions of creative research techniques such as ethnographic research, the hiring of “cool hunters” to identify important cultural trends, and new coverage of Internet and fax survey techniques, data mining, and the impact of research on marketing actions.
- **Expanded Segmentation, Positioning, and Customization Material:** Chapter 9 includes coverage of the mass customization of shoes at Customatix.com, Apple’s segmentation strategy, the chocolate milk positioning challenge, and updated coverage of product-market grids.
- **Updated Coverage of Brand Equity:** Chapter 11 now includes the Customer-based Brand Equity Pyramid, which helps explain the relationship between brand awareness and how consumers think and feel about a brand. This helps students understand how the added value of a brand name gives a product competitive and price advantage.
- **Updated Services Marketing Material:** Chapter 12 has been updated to include the Eight Ps of services marketing, a framework for managing services. The chapter also introduces the concept of experience marketing.
- **Updated Channels Coverage:** Chapter 15 includes new material and examples related to multiple channels of distribution, strategic alliances, vertical marketing, exclusive distribution, slotting allowances, and satisfying buyer requirements that show students how marketing channels are a necessity as a company builds sustainable market value.
- **Updated Supply Chain and Logistics Coverage:** Chapter 16 features current examples, such as “Dell Computer Corporation: A Responsive Supply Chain,” and “Wal-Mart, Inc.: An Efficient Supply Chain,” and current topics, such as “Information’s Role in Supply Chain Responsiveness and Efficiency.” Reverse logistics are used to explain the role of supply chains and logistics management in marketing and how a firm balances distribution costs against the need for effective customer service.
- **Updated Retailing Coverage:** Chapter 17 offers a new discussion of Tim Hortons, a successful retail marketer, updated coverage of the global expansion of many retailers and e-tailers, and popular retail formats such as franchising. In addition, the chapter provides coverage of important new technologies, including cashless vending systems and interactive television shopping, as well as new concepts, such as everyday low pricing and multichannel retailing.
- **Updated Advertising Coverage:** Chapter 19 now includes virtual advertising, interactive television, satellite radio, as well as Internet advertising. Up-to-date examples of the latest forms of promotion, including sweepstakes, product placement, and online coupons are also provided.
- Appendixes C and D have been moved to the Online Learning Centre (OLC) to allow for easy updates.

## ORGANIZATION

The Fifth Canadian Edition of *Marketing* is divided into five parts. Part 1, “Initiating the Marketing Process,” looks first at what marketing is and how it creates customer value and customer relationships (Chapter 1). Then Chapter 2 provides an overview of the strategic marketing process that occurs in an organization—which provides a framework for the text. Appendix A provides a sample marketing plan as a reference for students. Chapter 3 analyzes the five major environmental factors in our changing marketing environment, while Chapter 4 provides a framework for including ethical and social responsibility considerations in marketing decisions.

Part 2, “Understanding Buyers and Markets,” first describes, in Chapter 5, how individual consumers reach buying decisions. Next, Chapter 6 looks at organizational buyers and how they make purchase decisions. And finally, in Chapter 7, the nature and scope of world trade and the influence of cultural differences on global marketing practices are explored.

In Part 3, “Targeting Marketing Opportunities,” the marketing research function and how information about prospective consumers is linked to marketing strategy and decisions is discussed in Chapter 8. The process of segmenting and targeting markets and positioning products appears in Chapter 9.

Part 4, “Satisfying Marketing Opportunities,” covers the Four Ps—the marketing mix elements. The product element is divided into the natural chronological sequence of first developing new products and services (Chapter 10) and then managing the existing products (Chapter 11) and services (Chapter 12). Pricing is covered in terms of underlying pricing analysis (Chapter 13), followed by actual price setting (Chapter 14), and Appendix B, Financial Aspects of Marketing. Three chapters address the place (distribution) aspects of marketing: Managing Marketing Channels and Wholesaling (Chapter 15), Integrating Supply Chain and Logistics Management (Chapter 16), and Retailing (Chapter 17). Retailing is a separate chapter because of its importance and interest as a career for many of today’s students. Promotion is also covered in three chapters. Chapter 18 discusses integrated marketing communications and direct marketing, topics that have grown in importance in the marketing discipline recently. The primary forms of mass market communication—advertising, sales promotion, and public relations—are covered in Chapter 19. Personal selling and sales management is covered in Chapter 20.

Part 5, “Managing the Marketing Process,” discusses issues and techniques related to interactive marketing technologies and the strategic marketing process. Chapter 21 describes how interactive technologies influence customer value and the customer experience through context, content, community, customization, connectivity, and commerce. Chapter 22 expands on Chapter 2 to describe specific techniques and issues related to blending the four marketing mix elements to plan, implement, and control marketing programs.

The book closes with a detailed glossary and three indexes (name, company/product, and subject).

## ACKNOWLEDGMENTS

To ensure continuous improvement of our product, we have utilized an extensive review and development process for each of the past editions. Building on this history, the Fifth Canadian Edition development process included several phases of evaluation and a variety of stakeholder audiences. The first phase of the review process asked instructors to suggest improvements to the organization of the text and possible changes to the supplements. The second phase encompassed a more detailed analysis of each chapter of the book in terms of its effectiveness for instructors and students.

Reviewers who were vital in terms of helping us make improvements to this edition include:

May Aung  
*University of Guelph*

Pat Brown  
*Kwantlen University College*

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*University of New Brunswick*

Janice Shearer  
*Mohawk College*

The business community also provided substantial assistance by making available information that appears in the text and supplements—much of it for the first time in a college or university text. Thanks are due Alberta Health, Bell Mobility, Canadian Press, Canadian Tire, Clearly Canadian Beverage Corporation, Dairy Farmers of Canada, Federation des producteurs d'oeufs de consommation du Quebec, Four Seasons Hotel, Government of Canada, Grocery Gateway, Hard Rock Café-Montreal, Molson Breweries, and the Registered Nurses Association of Ontario.

Thanks to Debi Andrus of the University of Calgary for her contribution to the text, and Barry Potyondi, Context Inc., for his work on CBC video cases, Marcie Sayiner from Ipsos Reid and Dr. Jeff Rabin from Dundee Securities for their assistance in providing valuable proprietary information, as well as the following instructors who worked on the supplements that accompany the text: Gail Tibbo and Gerry Edwards of MarketProbe Market Analysts for their dedicated effort on the Study Guide, Beth Pett of Niagara College for her work on the Instructor's Manual, Rita Cossa, for the updated PowerPoint presentations, Janice Shearer for her work on the integrator, Jo-Anne Chow of SAIT for all of the OLC work, and Marianne Marando of George Brown College for the updated Test Bank.

Finally, we acknowledge the professional efforts of the McGraw-Hill Ryerson Higher Education Group staff. Completion of our book and its many supplements required the attention and commitment of many editorial, production, marketing, and research personnel. Thanks to Lenore Gray and James Buchanan, Sponsoring Editors; Kelly Smyth, Marketing Manager; Kelly Dickson, Manager of Editorial Services; Lesley Mann and Sandra de Ruiter, Developmental Editors; Kelli Howey, Copyeditor; and Alison Derry, Permissions Plus, for her photo research.

I am responsible for the Canadianization of this text, so any questions or concerns about the book should be directed to me. I would like to thank my co-authors for their input, encouragement, and continued support.

I am dedicating this book to my beautiful wife, Doreen, whose love is unfailing; to Erinn, Jacquelyn, and Brenna, my scholar-athlete daughters who always make me proud; to my parents; to my best friend Ceilidh; and to God who continues to watch over me.

*Frederick G. Crane*



# A STUDENT'S GUIDE TO MARKETING, 5/C/e

Marketing, 5/C/e offers an array of pedagogical features to help you learn and apply the concepts at hand.

## Chapter-Opening Vignettes—Over 70% are new or revised!

Chapter-opening vignettes introduce you to the chapter concepts ahead, using a recognizable and interesting company example. For instance in Chapter 9, the authors use Heelys (a shoe with built-in wheels targeted at skateboard and inline skate enthusiasts) and the segmentation strategies of Reebok, Nike, New Balance, Vans, and others to grab your interest.



CHAPTER

9

## IDENTIFYING MARKET SEGMENTS AND TARGETS

### AFTER READING THIS CHAPTER YOU SHOULD BE ABLE TO:

- Explain what market segmentation is, when to use it, and the five steps involved in segmentation.
- Recognize the different dimensions used to segment consumer and organizational markets.
- Develop a market-product grid to use in segmenting and targeting a market.
- Interpret a cross tabulation to analyze market segments.
- Understand how marketing managers position products in the marketplace.

### THE SNEAKER MARKETING WARS: AIR PUMPS, PROGRAMMABLE SPEEDOMETERS, AND 3 BILLION TRILLION CHOICES

Late for a flight, Roger Adams rushed through the airport to get to his gate by "Heelys." Adams, a former psychologist and skateboarder, had just invented Heelys, the latest craze (or fad) in sneakers.

Heelys combine the thrill of inline skating, skateboarding, and scooting—along with running and walking—in one set of shoes! The sneakers come with an embedded, detachable wheel located in the heel of each shoe. To "heel," you lift up the foot at the heel on one shoe, push off on the other foot, and glide (carefully). Heelys are so hot that in some areas retailers can't keep them on the shelves. Heelying Sports Ltd. ([www.heelys.com](http://www.heelys.com)) sold more than 1 million pairs of Heelys sneakers in its first year of operations.



MARKET SEGMENT		PRODUCT									
GENERAL	GROUP WITH NEED	RUNNING SHOES	AEROBIC SHOES	TENNIS SHOES	BASKETBALL SHOES	KIDS SHOES	WALKING SHOES	CROSSTRAINING SHOES	GOLF SHOES	KIDS TRAINING SHOES	ADULT TRAINING SHOES
		(1981)	(1982)	(1984)	(1985)	(1986)	(1988)	(1989)	(1991)	(2001)	(2002)
Performance-oriented 27%	Runners	1						1			
	Aerobic/fitness exercisers		1					1			
	Tennis players			1					1		
	Basketball players				1					1	
Nonathletic-oriented 73%	Golfers								1		
	Adventure seekers									1	
	Walkers	1	1	1	1	1	1	1	1	1	1
	Children					1				1	
	Comfort/Style-conscious	1	1	1	1	1	1	1	1	1	1

Key: 1 = Primary market 2 = Secondary market

The chapter-opening discussion is then woven throughout parts of the narrative, exhibits, and boxed features as well.

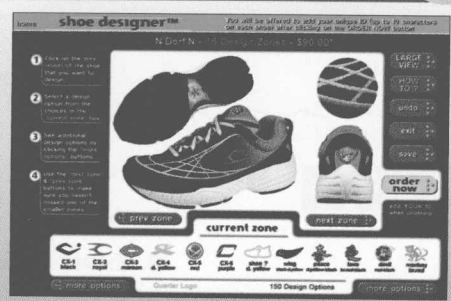
### WEB LINK

Mass Customizing Your Own "Designer" Sneakers

<http://www.mcgrawhill.ca>

Don't like the looks of those things on your feet right now? If you think your style instincts could design you a better running shoe or hiking boot, go to [www.customize.com](http://www.customize.com)! There you can design your own shoe—customizing 15 elements of your shoe. All possible combinations of these 15 design elements are the basis for Customize's claim of offering more than 3 billion trillion design variations.

A bit too complex? Design a simpler sneaker on Nike's Web-site: [www.nike.com/nike\\_id](http://www.nike.com/nike_id).



## MARKETING NEWSNET

### The Multichannel Marketing Multiplier



### Marketing NewsNet— 70% new or updated!

This boxed feature provides exciting, current examples of marketing applications in action, organized around the following themes: Technology & E-Commerce, Customer Value, Global, and Cross Functional.

Multichannel marketing is the blending of different communication and delivery channels that are mutually reinforcing in attracting, retaining, and building relationships with consumers who shop and buy in the traditional marketplace and marketplace. Industry analysts refer to the complementary role of different communication and delivery channels as an "influence effect."

Retailers that integrate and leverage their stores, catalogues, and Websites have seen a sizeable "lift" in yearly sales recorded from individual customers. Canadian Tire is a case in point. Customers who shop in two channels spend more money annually.

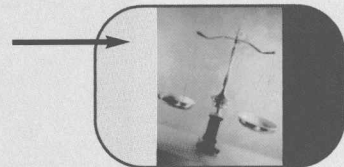
To build its multichannel operations and expand its contact list, Canadian Tire launched an online component to the "Big Spender Giveaway" contest in the fall of 2001. A total of \$350 000 in merchandise and Canadian Tire money™ was given away to those entering either online or in-store. The online entrants were able to participate in an

extra game: looking for the "Big Spender Briefcase" hidden in the site. This is considered one of the most popular online promotions in Canada, attracting 2.5 million visitors to Canadian Tire's Website.



### Ethics and Social Responsibility Alert—Over 50% new or updated!

These boxes increase your awareness and assessment of current topics of ethical and social concern.



### Web Link—Over 70% new or updated!

Integrated throughout the text, Web Links encourage you to explore digital strategies that innovative companies and organizations are employing online.

### Concept Checks

Found at the end of each major chapter section, these checkpoints offer critical thinking and memory recall questions, helping you reflect on the text and test your comprehension of the material before reading on.

### Concept Check

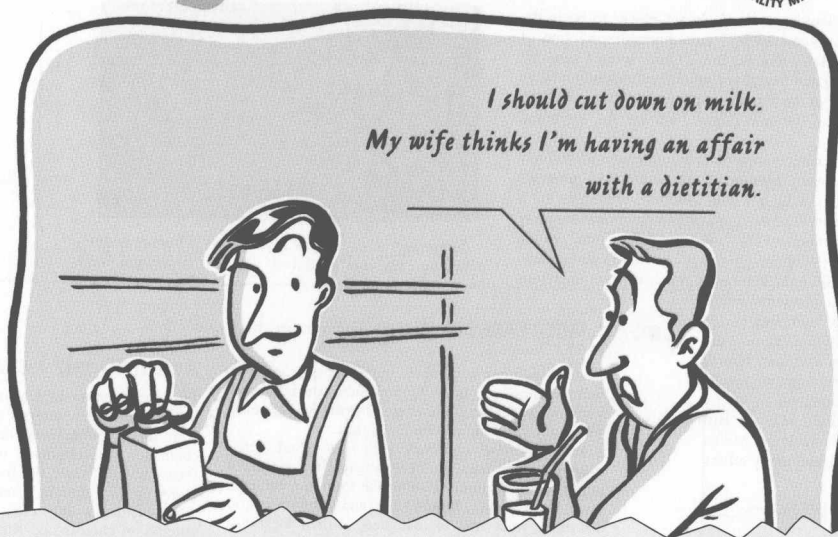
1. How does a product manager help manage a product's life cycle?
2. What does "creating new-use situations" mean in managing a product's life cycle?
3. Explain the difference between trading up and trading down in repositioning.

The Dairy Farmers of Canada conducted three types of marketing research in an effort to solve the decline in milk consumption problem. For details read the text.

**Dairy Farmers of Canada**  
[www.dairyfarmers.org](http://www.dairyfarmers.org)

*Dairyville*

By Dairy Farmers of Canada



### Website Addresses

The URLs of companies and organizations discussed in the text are easily located in the text margin—facilitating further exploration of these real-world examples.

### Internet Exercises—Over 70% new or updated!

These end-of chapter exercises ask you to go online and think critically about a specific company's use of the Internet—helping you apply your knowledge of key chapter concepts, terms, and topics, as well as evaluate the success or failure of the company's efforts.

### INTERNET EXERCISE

[www.mcgrawhill.ca/college/berkowitz](http://www.mcgrawhill.ca/college/berkowitz)



As this chapter indicates, online retailing is now part of the Canadian retail landscape. Online retailing presents both opportunities and challenges for Canadian retailers. Go to the Retail Council of Canada Website ([www.retailcouncil.org](http://www.retailcouncil.org)). Click on the E-commerce Overview Series: Retail Trade in Canada. Find “The Canadian Online Retailing Report” prepared by the

Boston Consulting Group and the Retail Council of Canada. Read the report. From what you have gleaned from the report answer the following questions.

- 1 What factors are inhibiting the growth of online retailing in Canada?
- 2 How are current online retailers in Canada doing when it comes to their business performance?



## VIDEO CASE 1-1 Rollerblade, Inc.: Rediscovering Growth

David Samuels, senior director for sports innovation at Rollerblade believes innovative technology—in the form of new and better skates—will continue to be key for Rollerblade to stay ahead of the competition. Rollerblade must also find ways to expand the market for in-line skates. “Our challenge is to provide new venues, new reasons for people to skate. There’s a lot of growth for us to catch up on in terms of household penetration,” says Samuels.

### THE SITUATION TODAY

When Rollerblade was founded, it was the only manufacturer of in-line skates in the world. Today the industry has more than 30 competitors, many that sell lower-priced skates than Rollerblade through mass-merchandising chains. Some of the large sporting goods manufacturers, like Nike, that have not traditionally sold in-line skates are now looking for ways to grow and have entered the in-line skate market.

## VIDEO CASE 3-1 Flyte Tyme Productions, Inc.: The Best Idea Wins!

“Terry was looking for a keyboard player to be in the band he was just starting,” remembers Jimmy Jam of Flyte Tyme Productions, Inc. “I had sort of rebelled because I had first thought of myself as a drummer,” says Jam. But after he listened and heard how good the drummer was, he told Terry, “I’ll be the keyboard player.”

The conversation took place a few weeks after Terry Lewis and Jimmy Jam met at a summer math program for gifted junior high school students, sponsored by a local university. The two came to prominence in the early 1980s as members of the funk band “The Time,” which appeared as the opener on many of Prince’s early tours. The pair still credit Prince for much of their tenacious



These and other hits put Flyte Tyme in extraordinary company. Having produced 16 No. 1 singles on *Billboard*’s pop chart, they are second only to the

## CBC VIDEO CASE 5-1 The Consumer on the Couch

To retailers, there is no more important question than “why do consumers buy?” Understanding the influences that affect purchasing behaviour can spell the difference between commercial success and failure.

Paco Underhill is a New York City-based “retail anthropologist” who has been retained by dozens of top-flight companies, including the Canadian Imperial Bank of Commerce, Burger King, and Calvin Klein, to determine what attracts customers to their locations, what makes them linger, and what makes them spend. His empirical findings, many of which are documented in his *Why We Buy: The Science of Shopping*, are based mainly on analysis of tens of thousands of hours of clandestine videotaping of shoppers in action. Underhill’s studies have significantly expanded our understanding of the purchase decision process while raising important questions about the privacy rights of consumers.

### READING THE RETAIL LANDSCAPE

Traditional market research on consumer behaviour has been done through analysis of barcodes scanned at the cash register and from direct surveys of shoppers conducted via telephone, one-on-one interviews, or focus groups. While the resulting data are valuable, rarely do they shed light on the discrepancy between what customers say about the process of making purchasing choices and what they actually do at the store. Consequently, Underhill and like-minded students of shopping are less concerned with what people buy than why they so often fail to buy.

To gain more understanding of shoppers, some retailers have turned to in-store customer surveillance. Using hidden cameras that videotape consumers as they approach, enter, and exit a store, and supplementing that evidence with surreptitious observations by in-store “trackers” who add a more qualitative dimension, retail anthropologists provide micro-level documentation of

### SHAPE UP OR SHIP OUT

At last and positioning more sectors

## PART 1 CASE An Unpredictable Environment: Technology and Beyond

Technological innovation plays a large role in our daily lives. We are surrounded by the results of invention and innovation in products and services we use on a regular basis. Everything from our digital alarm clocks to our cell phones has been made available to us through the advances in technology. The influence of technological advances in the past decade has changed where we purchase products, the value of information in decision-making, and the ability to communicate anywhere, anytime. Technological advances in a variety of industries are changing both consumers and businesses. The quality of our lives has been improved in a variety of ways—for example, we are able to eat meals cooked almost instantly in our microwaves. Technology, in its various forms, has touched every aspect of business as well as changed the ways in which products are created, manufactured, and purchased. And it isn’t just technological advances that are shaping our lives in significant ways. Since 2000, a number of events have created new demands for businesses as economic, technological, and political changes have taken place in dramatic and often unexpected ways: a new currency, a dangerous downturn in the economy plans by governments to deregulate

inevitable, creating the need for marketing managers to be relentless in understanding implications of changes in all aspects of the environment to identify opportunities and threats.

### THE DOT-COM BUBBLE THAT BURST

Like no other technological innovation, the promise of providing more efficient, more cost-effective, and faster processes drove the dot-com fever to an incredibly high pitch. Venture capital was attracted to the potential of huge rewards for a winning application. *Fortune* magazine’s cover story on March 20, 2000 was “Doing Business the Dot-Com Way.”<sup>12</sup> The bubble burst on the dot-coms in April 2000, when the stock value of Internet pioneers took a dive.<sup>3</sup> At the end of 2000 Pets.com—one of the most famous Internet pioneers—was purchased by Petsmart; even Pets.com’s creative advertising icon Sock Puppet could not save the company. Similarly, in February 2001 Petopia.com was acquired by Petco Animal Supplies Inc.<sup>4</sup> It seems that the online pet supply market isn’t big enough for more than two or three players.

The dot-com crash was only the beginning of some hard times for companies in the information technology

## Video Case Studies

This end-of-chapter feature provides an up-close look at a company example—reinforcing the chapter content, while bringing the material to life! Rollerblade, Flyte Tyme, and Paco Underhill are just a few of the exciting video cases now available with the Fifth Canadian Edition.

visit us

## Part-Ending Cases

At the end of each part of the text, a linked case examines technological innovation and its impact on the book-selling environment.



## Appendix A: Creating an Effective Marketing Plan

Following Chapter 2, this sample marketing plan for Howlin' Coyote Chili provides you with an effective reference early on in the text.

The Table of Contents provides quick access to the topics in the plan, usually organized by section and subsection headings.

Blue boxes explain significance of Marketing Plan elements

Red boxes give writing style, format, and layout guidelines

Seen by many experts as the single most important element in the plan, the Executive Summary, with a maximum of "sells" the document to readers through brevity.

The Company highlights the history and record of the organization.

The Strategic Plan sets the direction for the organization, and with which products and services the plan must be developed. This section is included in all plans. See Chapter 2.

The qualitative Vision statement describes the activities of the company and the goals it serves. See Chapter 2.

To improve readability, each numbered section usually starts on a new page. (This is not done in this plan to save space.)

The Situation Analysis is a snapshot to answer the question, "Where are we now?" See Chapter 2.

The SWOT analysis identifies strengths, weaknesses, opportunities, and threats to provide a solid foundation as a springboard to identify subsequent actions in the marketing plan. See Chapter 2.

Each long table, graph, or photo is given a figure number and title. It then appears as soon as possible after the first reference in the text, accommodating necessary page breaks. This also avoids breaking long tables like this one in the middle. Short tables or graphs that are less than 3 cm are often inserted in the text without figure numbers because they don't cause serious problems with page breaks.

Effective tables seek to summarize a large amount of information in a small amount of space.

### FIVE-YEAR MARKETING PLAN Paradise Kitchens, Inc.

#### 4. Situation Analysis

This situation analysis starts with a snapshot of the current environment in which Paradise Kitchens finds itself by providing a brief SWOT (strengths, weaknesses, opportunities, threats) analysis. After this overview, the analysis probes ever-finer levels of detail: industry, competitors, company, and consumers.

##### SWOT Analysis

Figure 1 shows the internal and external factors affecting the market opportunities for Paradise Kitchens. Stated briefly, this SWOT analysis highlights the great strides taken by the company in the nine years since its products first appeared on grocers' shelves.

Figure 1. SWOT Analysis for Paradise Kitchens

Internal Factors		Strengths	Weaknesses
Management	Experienced and entrepreneurial management and board		Small size can restrict options
Offerings	Unique, high-quality, high-price products		Many lower-quality, lower-price competitors
Marketing	Distribution in 3 markets with excellent acceptance		No national awareness or distribution
Personnel	Good work force, though small; little turnover		Big gap if key employee leaves
Finance	Excellent growth in sales revenues		Limited resources may restrict growth opportunities when compared to giant competitors
Manufacturing	Sole supplier ensures high quality		Lack economies of scale of huge competitors
R&D	Continuing efforts to ensure quality in delivered products		
External Factors		Opportunities	Threats
Consumer/Social	Upscale market, likely to be stable; Mexican food category is fast-growing segment		Premium price may limit access to mass markets
Competitive	Distinctive name and packaging in its markets		Not patentable; competitors can attempt to duplicate product
Technological	Technical breakthroughs enable smaller food producers to achieve many economies available to large competitors		
Economic	Consumer income is high; convenience important to Canadian households		More households "eating out," and bringing prepared take-out into home
Legal/Regulatory	High government regulatory standards eliminate fly-by-night competitors		Mergers among large competitors approved by regulators



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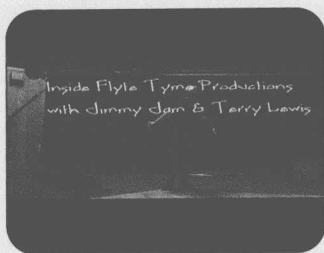
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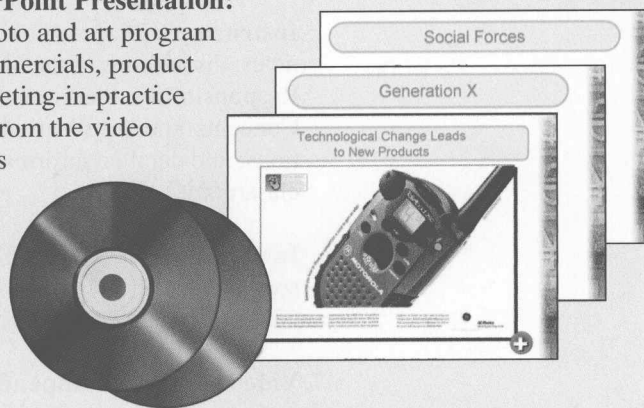
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