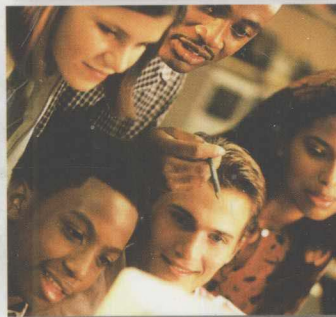


MARKETING

6th
EDITION



BERKOWITZ KERIN HARTLEY RUDELIUS

MARKETING

6th
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MARKETING

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PREFACE

The Millennium. While *Marketing*, Sixth Edition, appears at the dynamic dawn of the 21st century, this text also represents our long-standing commitment to a creative, active, and engaging approach to the study of marketing that has been the foundation of our success. The interest in our approach has grown dramatically through the first five editions, putting *Marketing* in the position of the market leader in the introductory textbook market. Hundreds of instructors have become regular users of our materials as students have expressed enthusiasm for the writing style and demonstrated positive learning outcomes. The success of the approach in the United States has led to adaptations in Canada and Poland, and likely future versions in Latin America and Russia. To continue the use and growth of *Marketing* and its features, we are pleased to offer the Sixth Edition as the most comprehensive, up-to-date, and innovative marketing textbook available to you today, and we appreciate the opportunity to explore the exciting field of marketing with you!

DISTINCTIVE FEATURES OF OUR APPROACH

The innovative pedagogical approach we developed through our own classroom experiences was introduced in the first edition in 1986. 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 which you may recognize from previous editions and which 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 words, chapter summaries, and supportive student supplements such as the Student CD-ROM and the 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 2,200 instructors and 400,000 students who have used our text and package in the past has encouraged us to build on these strengths as we developed the sixth edition of *Marketing*.

NEW FEATURES IN THIS EDITION

The new millennium promises exciting, challenging, and unpredictable changes for all of us. The beginning of the 21st century, however, may be particularly dramatic for marketing students, managers, and instructors. The emergence of digital technology and electronic commerce is literally changing everything. Traditional topics such as marketing research, advertising, and distribution are suddenly in the middle of this extraordinary transition. In addition, many new topics and concepts such as disintermediation and rich media are emerging as important additions to the field of marketing.

To build on the strengths of *Marketing* and to incorporate the most recent developments in the field, we expanded the product development process used so successfully in past editions. In addition to focus group discussions about the use of each component of the text and supplement package, and formal marketing research which solicited detailed evaluations from users and nonusers, we engaged a product development task force that continually provided qualitative feedback about content and design issues. The result has been the addition of many new topics and content areas, the revision and retention of important and enduring concepts, and the development of several new design and pedagogical features. Changes in the organization of this edition include:

- A new chapter entitled Interactive Marketing and Electronic Commerce has been added as Chapter 8 to provide coverage of the many new aspects of the digital revolution. The chapter discusses how the new marketplace creates customer value and provides a learning mechanism—the six Cs—to facilitate discussion of online consumer purchasing behavior.
- Relationship marketing and information technology topics previously covered in Chapter 10 (fifth edition) have been integrated into the relevant sections of the sixth edition. Sales forecasting topics are now covered in Chapter 9. Collecting and Using Marketing Information (previously Chapter 8) has become Chapter 9 and the five-step marketing research approach has been revised based on feedback from students and instructors. Market Segmentation, Targeting, and Positioning (previously Chapter 9) has become Chapter 10.
- Chapter 17 has been revised and updated to reflect the new concepts and techniques now prevalent in Supply Chain and Logistics Management.
- Direct Marketing has been added to Chapter 19, now titled Integrated Marketing Communications and Direct Marketing. This change is consistent with the growing interest in direct marketing and its importance as an element of the promotional mix.
- Chapter 20 now covers advertising, sales promotion, and public relations as the three elements of the promotion mix that focus primarily on mass communication.

The content of *Marketing* has also been revised to provide complete and current coverage of emerging issues, new marketing terms, trends, and changes in business practices. Examples include:

- | | |
|------------------------------|--------------------------|
| • brand personality | • emotional intelligence |
| • banner ads | • extranets |
| • bots | • exurbs and penturbia |
| • commercial online services | • interactive marketing |
| • computer-mediated buying | • intranets |
| • corporate Web sites | • ISO 14000 |
| • disintermediation | • marketplace |
| • the Economic Espionage Act | • mass customization |
| • electronic commerce | • portals |

- reverse logistics
- rich media
- supply chain management
- sustainable development
- vendor-managed inventory
- webcasting
- yield management pricing

In addition, new sections have been added to several chapters. For example, Chapter 1 now contains expanded material on building customer relationships, details of Rollerblade's strategy to reach narrower market segments, and the increasing importance of mass customization. The supply chain and logistics management chapter now includes a section relating marketing channels, logistics, and supply chain management. Chapter 16, Marketing Channels and Wholesaling, contains a new section on Internet marketing channels and Chapter 18, Retailing, now includes a section about online retailing.

Marketplace examples have been updated to reflect the most recent activities of large and small organizations, and to provide relevant, logical illustration of the concepts discussed in the text. Some of these include:

- Rollerblade's introduction of several new products—the Outback™ and the Coyote™—for the rough-road skater and terrain skater segments.
- Schwab's transition to an "e-corporation" and the success of its online stock brokerage service.
- 3M's creative adhesive pull-apart advertising campaign to overcome engineers' reluctance to adopt new technologies.
- The integrated marketing communications campaigns used by Taco Bell and the Olympics.
- P&G's efforts to improve Web advertising through its own advertising investments and by encouraging useful measurement procedures for the industry.
- Using nontraditional marketing research like "cool hunters" to identify key trends likely to sweep popular culture.

Finally, the package of support materials has been expanded to provide more flexibility for instructors as they "customize" their course for the particular need of their students. New features of the package include:

- A student CD-ROM that contains video clips, chapter quizzes, Internet links, and a marketing plan template.
- An expanded Instructor Survival Kit that contains new sample products and the Internet In-Class Activities.
- New videos and cases including America Online, Palm Computing, BMW, LearningByte, Airwalk, and Reebok. Updated videos include Rollerblade and Fallon McElligott.
- A completely redesigned text Web site (www.mhhe.com/berkowitz) and software (called PageOut) to allow instructors to easily design a course Web site.
- An optional reduced-rate, 16-week subscription to *Business Week*.

In addition, we have completely revised and updated the instructor's manual, test bank, instructor's CD-ROM, transparencies, PowerPoint™ slides, and the study guide.

NEW INTERNET PEDAGOGY

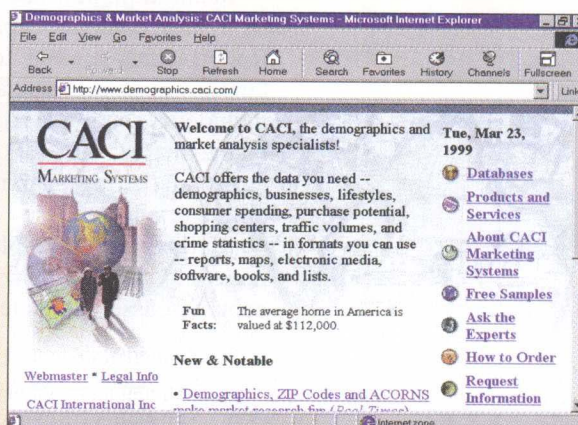
In addition to a new chapter (Chapter 8) on interactive marketing and electronic commerce, we have developed a three-level pedagogy for Internet coverage in *Marketing* and its supplements. The first level is designed to generate student interest and demonstrate a marketing application through short activities described in a Web Link (see the example on the next page) in each chapter.



WEB LINK

How Typical Is Your Home Town?

Marketers collect and use environmental information to better understand consumers. One way to begin an environmental scan is to compare economic data about a particular segment of the population to what is "typical" or "average" for the entire population. Do you think your home town is typical? To find out visit CACI Marketing System's Web site at <http://demographics.caci.com>, select "free sample," and type in the zip code of your home town. CACI provides a comparison of your zip code's population with the averages for the nation.



The second level is designed to challenge students with an issue or problem or question that can be answered using the Internet as a resource. These Internet Exercises (see example below) are located at the end of each chapter and are designed to allow instructors to evaluate students' performance if the exercises are used as assignments.



INTERNET EXERCISE

Most Web pages accept some form of advertising. If you were to advise your college or university to advertise on the Web, what three Web pages would you recommend? You can use the information at www.adhome.com to help make your recommendation.

- 1 What is the monthly rate for a full banner ad at each of the Web sites?
- 2 Describe the profile of the audience for each of the Web sites.
- 3 Calculate the CPM for each Web site.

WEB SITE	MONTHLY RATE	AUDIENCE PROFILE	CPM
1.			
2.			
3.			

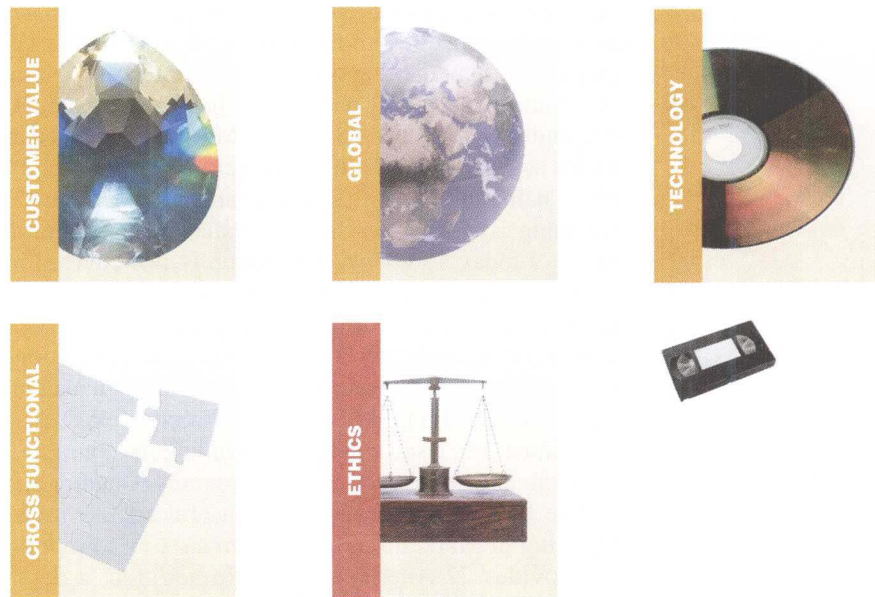
The third level of our approach to integrate Internet-related marketing topics into a marketing course is through the design of Internet In-Class Activities. These activities are contained in the In-Class Activity Manual, which is part of the Instructor's Survival Kit. The Internet In-Class Activities can be used by instructors to encourage classroom discussions and student interaction. Examples, some tied to the text, include:

- Comparison Shopping for Personal Digital Assistants
- Testing Your Consultants's Aptitude: The Boston Consulting Group Case
- Checking Your Roots . . . If You Really Want to Know!

HELPFUL PEDAGOGICAL FEATURES

Several features facilitate student involvement in the study of marketing. Whenever possible, students are encouraged to take the role of a marketing decision maker or to question the reason for particular marketing actions. Initial inquiries are often posed to students in captions in the margins of the text. In addition, examples of contemporary people and organizations, and their marketing decisions, appear in the chapter opening vignettes, the Marketing NewsNet boxes, and the end-of-chapter cases.

The book alerts the reader to special topics with corresponding icons. These include: customer value, global topics, technology, cross-functional topics, and ethics and social responsibility issues.



Each chapter uses three reinforcement tools. Learning objectives are presented at the beginning of each chapter to provide readers with a general “map” of the material to follow. At the end of each major section of a chapter, Concept Checks pose two or three questions to test recall and understanding. Finally the Summary and Key Terms and Concepts at the end of each chapter provide further reinforcement of the chapter material.

We believe that the use of these unique learning aids lets students learn about, understand, and integrate the many marketing topics covered in our textbook, and provides an approach that increases the likelihood of an enjoyable and successful experience for students.

THE ORGANIZATION OF THE BOOK

The sixth edition of *Marketing* is divided into five parts. Part I, 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 discusses the significance of ethics and social responsibility in marketing decisions.

Part II, Understanding Buyers and Markets, first describes, in Chapter 5, the nature and scope of world trade and the influence of cultural differences on global marketing practices. Next, Chapter 6 describes how individual consumers reach buying decisions. Finally, because of their important differences from individual consumers, industrial and organizational buyers and how they make purchase decisions are covered in Chapter 7.

In Part III, Targeting Marketing Opportunities, the growing importance of interactive marketing and electronic commerce is discussed in Chapter 8. This chapter emphasizes the key role of the Internet as a means of identifying, understanding, and communicating with target markets. The marketing research function is discussed in Chapter 9, and the process of segmentation and targeting markets and positioning products appears in Chapter 10.

Part IV, 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 11) and then managing the existing products (Chapter 12) and services (Chapter 13). Pricing is covered in terms of underlying pricing analysis (Chapter 14), followed by actual price setting (Chapter 15), and Appendix B, Financial Aspects of Marketing. Three chapters address the place (distribution) aspects of marketing: Marketing Channels and Wholesaling (Chapter 16), Supply Chain and Logistics Management (Chapter 17), and Retailing (Chapter 18). 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 19 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 20. Personal selling and sales management is covered in Chapter 21.

Part V, Managing the Marketing Process, 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 (Chapter 22).

The book closes with several useful supplemental sections. Appendix C, Career Planning in Marketing, discusses marketing jobs and how to get them, and Appendix D, provides 22 Alternate Cases. In addition, a detailed glossary and three indexes (name, company/product, and subject) complete the book.

EXTENSIVE SUPPLEMENTAL RESOURCES

The variety of students, instructors, programs, institutions, and teaching environments who use our text necessitates our providing a comprehensive, integrated, and flexible package of innovative instructional supplements. We assure the quality of the supplements by being involved, as authors or supervisors, in the production of all of the supplements that now accompany our text. To ensure flexibility, we and our publisher have invested extraordinary amounts of time and financial resources to offer every possible instructional aid. These supplements, and several of their unique features, are described below.

Instructor's Manual The Instructor's Manual includes lecture notes, discussions of the Marketing NewsNet boxes, the Web Link boxes, the Ethics and Social Responsibility Alerts, and the Internet Exercises, and answers to the Applying Marketing Concepts and Perspectives questions. Supplemental Lecture Notes are also provided. The sixth edition of the Instructor's Manual also includes teaching suggestions and detailed information about integrating the other supplements.

Transparency Masters Available on our Web site for downloading and printing are over 100 masters. Please contact your Irwin/McGraw-Hill representative if you desire a printed copy.

Transparency Acetates A set of 200 four-color overhead transparency acetates is available free to adopters. More than 50 percent of these have been developed from information outside the text. In addition, the acetates now include a greater ratio of print advertisements that demonstrate key marketing theories. Several of the ads correspond with the companies that are featured in the video cases, making it possible to teach a more integrated lecture. Each of the transparency acetates from outside of the text is accompanied by lecture notes to assist instructors in integrating the material into their lectures.

PowerPoint® Presentation Slides New to this edition, this software includes a PowerPoint viewer and a set of over 500 PowerPoint slides, and was prepared by Dr. Joseph Cangelosi at the University of Central Arkansas. The slides include topics not covered in the acetate package and other key concepts covered in the text. Those instructors who have PowerPoint can customize and add to this valuable presentation tool.

Video Case Studies A unique series of 22 contemporary marketing cases is available on videotape cassettes. Each video case corresponds with chapter specific topics and an end-of-chapter case in the text. Over 40 percent of the video cases have been updated or are new. The video cases feature a variety of organizations and provide balanced coverage of services consumer products, small businesses, Fortune 500 firms, and business-to-business examples. America Online, Palm Computing, BMW, Reebok, and Rollerblade are just a few of the exciting video cases that are available with the sixth edition.

Video Case and Appendix D Case Teaching Notes This supplement includes teaching notes for the video cases and alternate cases.

Instructor's CD-ROM Irwin/McGraw-Hill's new Instructor CD-ROM for Marketing will contain video clips, PowerPoint® slides, and acetates for the text. Great for enhancing class presentations, CD-ROM enables the instructor to show video segments as they pertain to lectures or access the software or electronic slides instantly. The CD-ROM will also include the print supplements and electronic supplements so that the instructor has access to all of the supplements on one disk.

Instructor's Survival Kit and In-Class Activities Today's students are more likely to learn and be motivated by active, participative experiences than by classic classroom lecture and discussion. While our many other supplements like video cases and transparencies enhance classroom instruction, the Instructor's "Survival Kit" contains three specific elements of special value to today's instructors:

- In-class activities. What we term "in-class" activities have received such extremely positive feedback from our customers—both instructors and students—that we have expanded the number and variety included in the package. These in-class activities may relate to a specific video case or example from the text or may be totally new. For example, some popular activities from our past editions include the Mountain Dew versus Surge taste test, and the "Ethics Quiz." These not only elicit classroom discussion, but also have a learning value in helping students understand marketing.
- "Props" to help run the in-class activities. With the time pressures on today's instructors, our goal is to make their lives simpler. So included in the survival kit are the props to run the activities, such as brochures for BMW's Z3 Roadster, ads for CNS's Breathe Right® Nasal Strips, and samples of 3M's VHB™ tape.
- Sample products. *Marketing*, in both the text and supplements, utilizes examples of offerings from both large and small firms that will interest today's students. A number of these are included in the survival kit when they may be new or unusual to students, items such as Breathe Right® Nasal Strips. Also, when appropriate, sample ads are included among our transparencies.

Test Bank Our test bank has been developed and class tested to provide an accurate and exhaustive source of test items for a wide variety of examination styles. It contains more than 3,000 questions, categorized by topic and level of learning (definitional, conceptual, or application). The test questions for the sixth edition are more application oriented and include questions for each end-of-chapter video case. A Test Item Table allows instructors to select questions from any section of a chapter at any of the three levels of learning. The Test Bank includes approximately 10 essay questions, and over 100 multiple-choice questions per chapter, making it one of the most comprehensive test packages on the market. The Test Bank also includes questions for Appendixes A, B, and D.

Computest In addition to the printed format, an electronic version of the test bank is available free to adopters. The Computest program allows instructors to select any of the questions, make changes if desired, or add new questions—and quickly print out a finished set customized to the instructor's course. The program also allows instructors to conduct online testing.

Study Guide Authored by William Carner of The University of Texas, the Study Guide enables the students to learn and apply marketing principles instead of simply memorizing facts for an examination. The Study Guide includes chapter outlines for student note-taking, sample tests, critical thinking questions, and flash cards. The new format is based on the results of student focus groups.

Marketing Planning Software Revised for Windows®, the marketing plan software is designed to help students use the strategic marketing process introduced in Chapter 2 and Appendix A and discussed in detail in Chapter 22. The software provides a personal and computer-based tool for involving students in the planning process, and is available on the Student CD-ROM, Instructor's CD-ROM, and the *Marketing*, sixth edition, Web site.

Business Week Edition For an additional \$8.25, students will receive a 16-week subscription to *Business Week*. This is a great opportunity to bring real business news into your classroom all semester long.

Student CD-ROM This exciting and free resource will encourage students to think critically and require students to be active learners. The Student CD-ROM will include the entire text for quick and easy reference, chapter quizzes with immediate feedback and the page where the answer can be found, video clips for each chapter which present examples of how real companies are applying marketing concepts and theory, Web links to the companies referenced in the text so the student can stay on top of current developments, a narrated walk-through of a real company marketing plan, and a narrated guide through creating a new marketing plan. Finally, it will include the concept checks from the text and the answers so the students can test their knowledge of key concepts, terms, and topics.

Marketing Web site Visit our exciting new Web site at www.mhhe.com/berkowitz to find an array of features and resources for both instructors and students. The site includes helpful information about the sixth edition of *Marketing*, as well as a link to the Irwin/McGraw-Hill Marketplace, where students and instructors can obtain up-to-the-minute marketing news and information.

PageOut: The Course Web Site Development Center and PageOut Lite This Web page generation software, free to adopters, is designed for professors just beginning to explore Web site options. In just a few minutes, even the most novice computer user can have a course Web site.

Simply type your material into the template provided and PageOut Lite instantly converts it to HTML—a universal Web language. Next, choose your favorite of three

easy-to-navigate designs and your Web homepage is created; complete with online syllabus, lecture notes, and bookmarks. You can even include a separate instructor page and an assignment page.

PageOut offers enhanced point-and-click features including a Syllabus Page that applies real-world links to original text material, an automated grade book, and a discussion board where instructors and your students can exchange questions and post announcements.

Online Learning Center McGraw-Hill content and the power of the Web combine to offer you Online Learning Centers—pedagogical features and supplements for McGraw-Hill books on the Internet. Students can simply point-and-click their way to key terms, learning objectives, chapter overviews, PowerPoint slides, exercises, and Web links. And professors profit from the instant access to lecture materials, Instructor's Manuals, test banks, PowerPoint slides, and answers to all exercises in one place.

McGraw-Hill Learning Architecture This unique new Web-based learning system gives instructors ownership over online course administration, study aids and activities, and Internet links to featured companies in many of the McGraw-Hill texts. You can now place course materials online, facilitating the assignment of quizzes and homework—even the tracking of student progress—all from the comfort of your own computer. The system also works to break down traditional instructor/student communication barriers by providing students with an e-mail forum for course topics in addition to auto-graded tests and lecture slide reviews.

DEVELOPMENT OF THIS BOOK

To ensure continuous improvement of our product we have utilized an extensive review and development process for each of our past editions. Building on that history, the sixth edition developmental process included several phases of evaluation and a variety of stakeholder audiences (e.g., students, instructors, etc.). The first phase of the review process asked adopters to suggest improvements to the organization of the text and possible changes to the supplements. The second phase encompassed a more detailed review of each chapter, as the text was used by adopters in the classroom. We also surveyed students to find out what they liked about the book and what changes they would suggest. Finally a group of instructors who do not use the text gave us feedback on the fifth edition.

Reviewers who were vital in the changes that were made to this edition include:

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PRODUCT DEVELOPMENT TEAM

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Ruth Taylor
Southwest Texas State University

Robert Williams
Northern Arizona University

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Reviewers who contributed to the first five editions of this book include:

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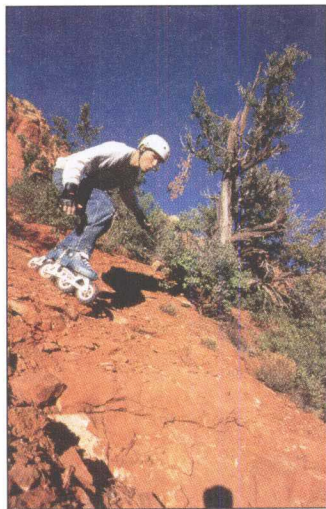
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