

employers and instructors have told us that strategic planning
is reemerged as a critical success factor in global business.
The strategic plan forms the foundation for a marketing plan
which generates revenue (or enables a nonprofit organization



Lamb, Hair, McDaniel

Marketing 5

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Marketing

FIFTH EDITION

Charles W. Lamb, Jr.

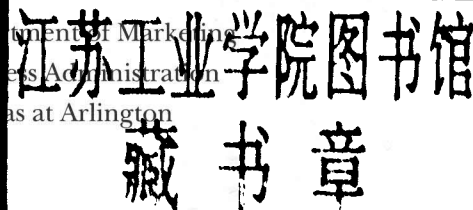
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This book is printed on acid-free paper.

To Julie Baker
—*Charles W. Lamb, Jr.*

To my wife Dale
and son Joe, III
—*Joseph F. Hair, Jr.*

To the kids: Raphaël,
Michèle, Sébastien,
Chelley, and Mark
—*Carl McDaniel*

YOUR GUIDE TO FEATURES

Cross-Functional Connections

- 1 How Cross-Functional Coordination Will Lead to a Market-Oriented Firm 2
- 2 Information Gathering as an Interactive Process 138
- 3 Speeding High-Quality Services to Market 314
- 4 A High-Quality Product at the Right Place, at the Right Time 402
- 5 Integrated Marketing Communications Requires Integrated Business Functions 504
- 6 Who Is in Charge of Pricing? 596
- 7 Is It Marketing? Is It Technology? Does Anyone Own It? 662

Marketing Miscues

- 1 Intel Corp. 132
- 2 General Motors Is Too General 307
- 3 McDonald's 397
- 4 Planet Hollywood Theme Restaurants 496
- 5 Advertising Abroad Can Create Headaches for Multinationals 589
- 6 The Beer Price Wars 654
- 7 American Express Draws Fire for Planning to Sell Cardholder Information 708

Critical Thinking Cases

- 1 Streamline, Inc. (www.streamline.com) 133
- 2 The Gap Gets It 308
- 3 The "New" Chevy Malibu 398
- 4 The Home Depot 497
- 5 Nike, Inc. 590
- 6 The Secret Appeal of Rebates 656
- 7 Amazon.com 710

Marketing Planning Activities

- 1 The World of Marketing 136
- 2 Analyzing Marketing Opportunities 311
- 3 Product Decisions 400
- 4 Distribution Decisions 502
- 5 Integrated Marketing Communications 594
- 6 Pricing Decisions 659
- 7 Technology-Driven Marketing 713

Ethics in Marketing

- 1 Healthy Versus Healthy Looking 9
The Myth of E-Mail Privacy 75
Basmati Rice with a Texas Twist 103
- 2 Fear as a Marketing Tool: Does It Sell? 172
Gifts from Suppliers: Ford Motor Company's Policy 203
Building Children's Databases on the Net 217
It Seems That I've Heard This Before 272
Is Competitive Intelligence Ethical? 300
- 3 Ti-Gear: Owning Up to a Name 331
A New Breed of Smokes 345
Brawl Erupts Over Do-Good Advertising 389
- 4 Retailers Gain the Upper Hand 421
The Ethical Dilemma of Rent-to-Own Retailers 480
- 5 Pull Strategy for Prescription Drugs Puts Doctors in the Hot Seat 527
Cigars Become the Darling of Hollywood 579
- 6 There Are No Ethics in Ethnic Pricing 612
AZT Discounted for Third World Mothers-to-Be 637
- 7 Are Drug Companies Invading Your Privacy? 700

Global Perspectives

- 1 The Customer, Not the Seller, Defines Value 11
Thumbs Down for Coke in India 39
The French Government Steps into the Coke Versus Pepsi Turf Wars 80
- 2 The Pace of Life and Use of Time Around the World 157
Whirlpool Ventures into a New Frontier 189
Europe Is Deaf to Snap! Crackle! Pop! 216
Marketing Research Examines Demand for a Prawn-Flavored Potato Chip 247
Global Databases Are an Excellent Source of Competitive Intelligence 297
- 3 The Name Game Heats Up 326
Monitoring Competition Pays Off 348
Just How Hard Should a U.S. Company Woo a Big Foreign Market? 385
- 4 How Rich Products Created a Global Supply Chain 442
Japan Wakes Up and Smells Starbucks 486
- 5 Global Dos and Don'ts in Selling 537
Global Challenges for Advertisers 562
- 6 Want to Have a Sale in France? Hey, Not So Fast There 617
A French Retailer Uses Penetration Pricing to Enter Global Markets 634
- 7 Inter-Continental Hotel Creates a Global Customer Database 687

Entrepreneurial Insights

- 1** David Versus Goliath 14
Can Marketing Planning Get an Emu in Every Pot? 30
Wild Rumpus Sells Books and Fun 79
Consultants Can Make "Going Global" Easier 119
- 2** Millennium Fever Seizes the Nation's Marketers 151
Businesses Gain a Foothold Through Niche Marketing 230
The Internet Is a Great Tool for Entrepreneurs Who Want to Conduct Marketing Research 262
Using the Internet to Collect Competitive Intelligence 298
- 3** Staking Claim on Branded Diamonds 328
Checklist for Evaluating New-Product Concepts 350
This Oregon Hotelier Has Gone Way Out on a Limb for His Guests 379
- 4** The Internet Shakes Up Traditional Car-Buying Channels 415
Hand Technologies Sells PCs Like Tupperware 467
- 5** Web Service Helps Buyers Get Right Price at the Expense of Relationships 530
Web Ad Broker Start-up Helps Marketers Reach the College Crowd 567
- 7** Village Country Inn, Manchester, Vermont 674

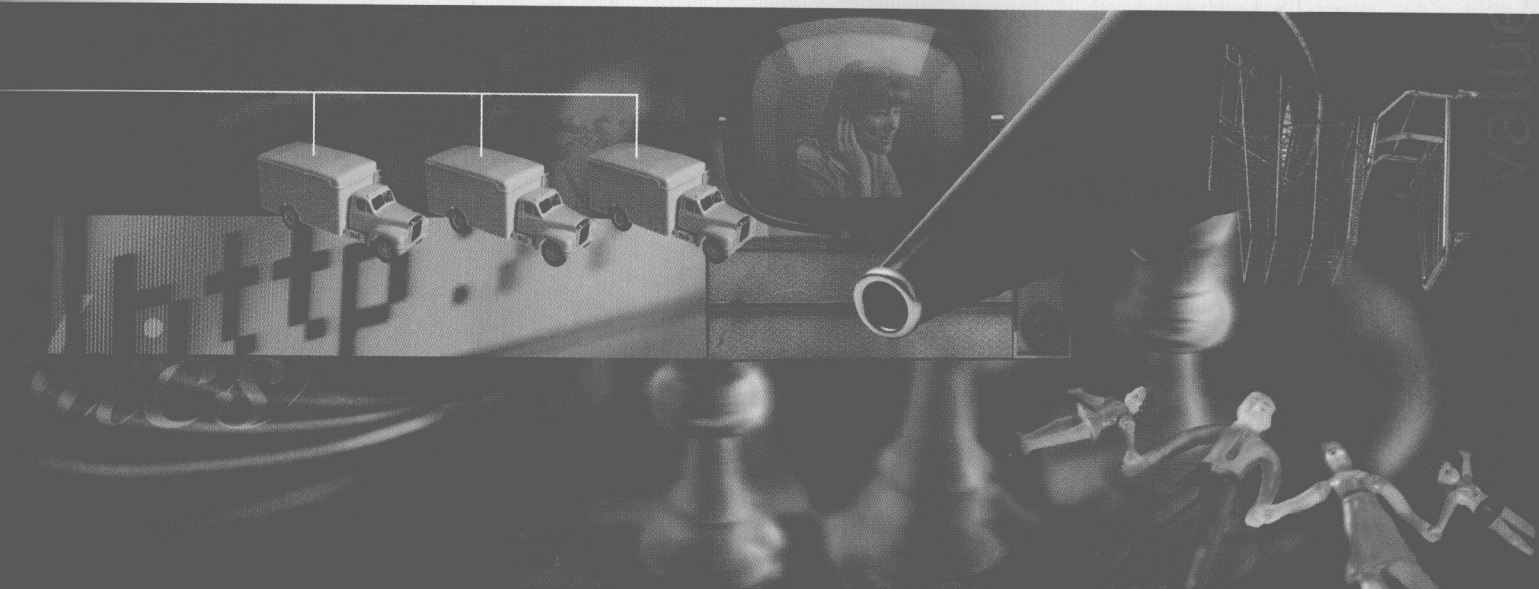
A SPECIAL FEATURES SAMPLER FOR STUDENTS

The Subject is

Marketing

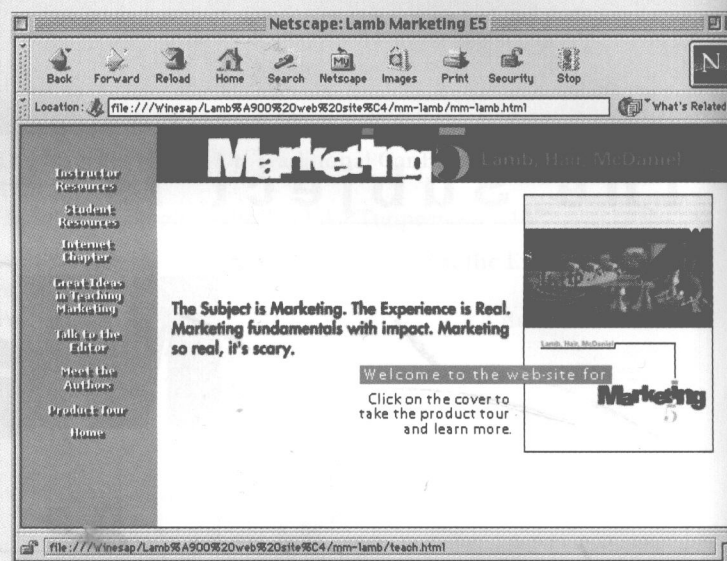
The Experience is Real

We've worked hard to produce the most practical, relevant marketing text available. This edition, like those that preceded it, offers more windows into the real challenges, tools, and decisions of today's marketing professionals. From the Internet to small business issues to global marketing, the text is rich with insights into the real world of marketing. Here are some of the features that keep this text at the forefront of the field:



THE INTERNET CHAPTER

Many texts have added Internet features, but we've taken it a giant leap farther. Chapter 19, Internet Marketing, is only available on the Web. We take you straight to the center of the e-action with information on how the Internet affects marketing strategy, how to conduct marketing research on-line, and in-depth discussions of the privacy issues surrounding e-commerce. We also provide links to companies that are setting the pace in Web marketing, plus numerous tools and resources for online marketers. This chapter is truly one-of-a-kind. Find it at <http://lamb.swcollege.com>



INTERNET EXAMPLES, ACTIVITIES AND REFERENCES

Every chapter is enhanced with compelling examples and activities that expose you to state-of-the-Web marketing. You'll evaluate the Internet marketing efforts of famous and not-so-famous companies. There's no better way to see what works and what doesn't. You'll also find a wealth of marketing resources you might not have even known existed.

on line

Rossignol

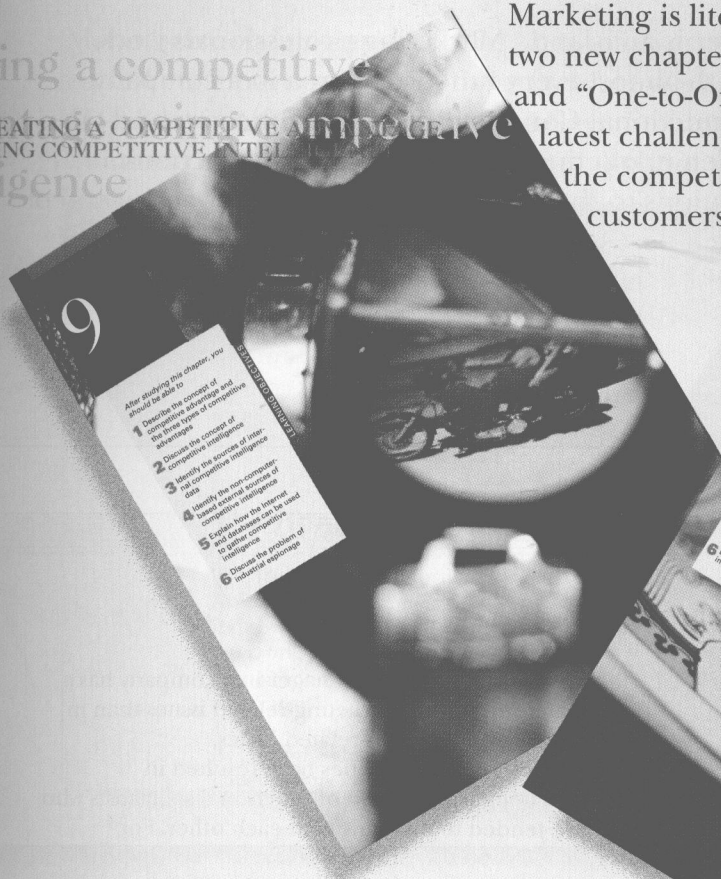
Compare the skiing page and the snowboarding page on Rossignol's Web site. How would you characterize each site? Which sport would you be likely to try based on these pages? What about your parents? Why?

<http://www.rossignol.com/>



NEW CHAPTERS

Marketing is literally a moving target. That's why we've added two new chapters for this edition, "Competitive Intelligence" and "One-to-One Marketing." These chapters address the latest challenges of marketers – staying a step ahead of the competition and building lasting relationships with customers and prospects by capitalizing on database technology.



MARKETING CASES ON VIDEO

VIDEO CASE

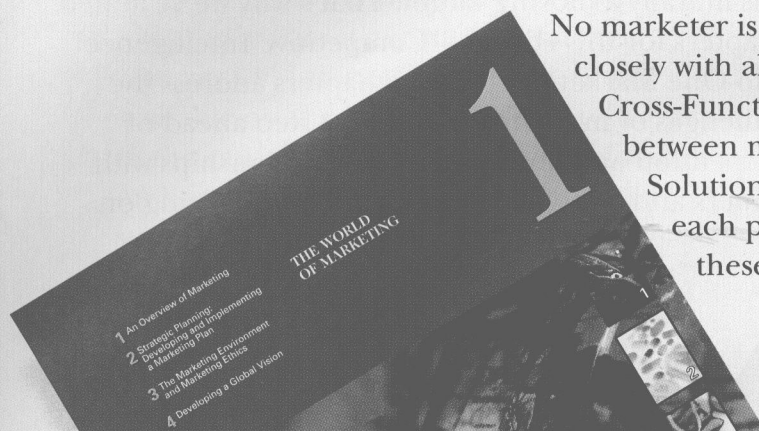
Lord of the Boards



New end-of-chapter cases for all chapters come to life in interesting videos. The cases present the very real world experiences and challenges of innovative marketing organizations like Ben & Jerry's, Burton Snowboards, Vermont Teddy Bear Company, and the Toronto Blue Jays.

CROSS-FUNCTIONAL CONNECTIONS

No marketer is an island. Marketing professionals work closely with almost every functional area in a company. Cross-Functional Connections explore the give-and-take between marketing and other business functions. Solutions to the topical questions appear at the end of each part so you can check your understanding of these important issues.



PART 1

CROSS-FUNCTIONAL CONNECTIONS

How Cross-Functional Coordination Will Lead to a Market-Oriented Firm

Three levels of strategy form a "hierarchy of strategy" within a company. At the highest level is the corporate strategy. Areas of interest at this level

Likewise, a marketing manager in a company has a greater interest in marketing-related issues than in finance- or operations-related issues.

Such vertical activities have resulted in departments composed of functional specialists who have tended to talk only with each other. For

REAL WORLD MARKETING MISCUES

Mistakes can have tough consequences, but they also offer great lessons. This is especially true in marketing.

4 Closing

still shaky?

Have a friend use the end-of-chapter materials to quiz you. Instead of just giving the answer to the Review Quiz questions, try to give the rationale also. Don't forget to visit the *Marketing* Web site at <http://lamb.swcollege.com> for helpful study aids.

marketing miscues

Planet Hollywood Theme Restaurants

Consumers are demanding more from their dining experiences: they want to be entertained. Restauranters have responded to

Cafe, the Offound was unappetizing and expensive food, halogen spotlights trained annoyingly on their tables, and video screens showing the movie stars conspicuously absent from the restaurant. On the way out

As a result, same-store sales at Planet Hollywood restaurants fell 11 restaurant have "been there, done that" the entertainment value falls away and the operators must rely on good food and a good experience to bring them back a second time.

New to this edition, end-of-part cases offer examples of good and bad ideas that flopped.

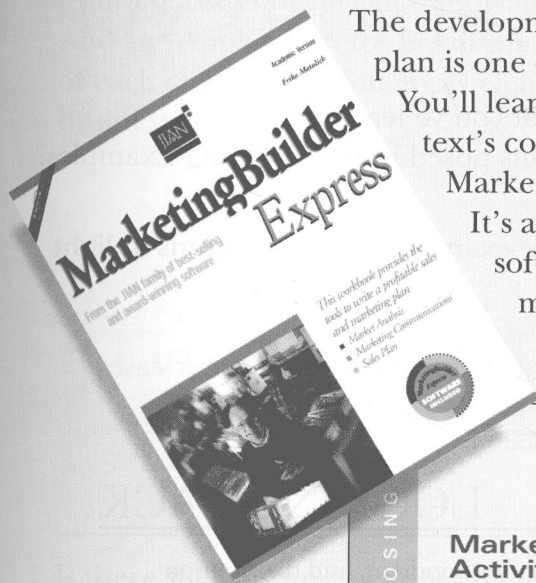
Often amusing and always interesting, these cases help you avoid making the same mistakes.

CRITICAL THINKING CASES

Making smart decisions is at the heart of successful marketing. Critical Thinking Cases at the end of each part put you in the role of decision maker. You'll evaluate the marketing direction of well known firms including The Gap, Streamline, Inc., and The Home Depot, and decide whether their strategies made sense in light of what you've learned.

critical thinking case			PART 4 CLOSING
<p>The Home Depot</p> <p>The Home Depot is North America's largest home improvement retailer, currently operating over 640 warehouse-style home centers in the United States and Canada, with net sales for fiscal 1998 reaching close to \$30 billion. By 2001, the chain is expected to have as many as 1,350 Depot</p>	<p>watched their trademark orange mystery for consumers surrounding home improvement projects. The Home Depot offers many how-to clinics to help customers learn how to lay tile, experiment with paint, or build an outdoor pond.</p> <p>The Home Depot's biggest competitor in the home center industry is Lowe's, whose sales are only a third of The Home Depot's.</p>		

MarketingBuilder Express



The development of a sound and detailed marketing plan is one of the fundamental tasks in marketing. You'll learn to develop a successful plan using the text's comprehensive model, or using MarketingBuilder Express software from JIAN. It's an easy-to-use version of the same software used by today's top marketing professionals.



Marketing Planning Activities

Distribution Decisions

The next part of the marketing mix to be described for the marketing plan is the "place" portion, or distribution. Be sure that your distribution plans match the



needs and wants of the target market identified and described earlier and are compatible with the product and service issues discussed in the previous section. Also

refer to Exhibit 2.8 for additional marketing plan subjects.

- **Distribution Channels** portion of the **Sales Plan** template
- 2. Decide what channel(s) your chosen company should be using. Describe the intermediaries involved and their likely behavior. What are the implications of these channels?

MarketingBuilder Exercise

- **Alliances** portion of the **Sales Source Analysis** spreadsheet
- 3. Which distribution intensity level will be best for your company's product? Justify your decision.
- 4. What type of physical distribution facilities will be necessary to distribute the product? Where should they be located? How should the product be distributed? Justify your selection of transportation

OPENING EXAMPLES

4

After studying this chapter, you should be able to

- 1 Discuss the importance of global marketing
- 2 Discuss the impact of multinational firms on the world economy
- 3 Describe the external environment facing global marketers
- 4 Identify the various ways of entering the global marketplace
- 5 List the basic elements involved in developing a global

LEARNING OBJECTIVES

PEPSI

The best lessons come through true experiences. Real situations facing real companies are explored in chapter openers, designed to provide context for the material you are about to read. Each situation concludes with a series of questions that anticipate key issues in the chapter.

DEVELOPING A GLOBAL VISION

Market builders of all stripes—including an Iranian company whose detergent bears the name “Barf” (the word means “snow” in Persian)—are struggling for the same goal along the old Silk Road to China: building a brand-

Barbie dolls from Mattel Inc., for instance, are perceived as American and therefore have been thought fakes if stamped “Made in Hong Kong.” Uzbeks peer at bar codes on Philip Morris Co.’s Marlboro cigarettes

LOOKING BACK AT OPENING EXAMPLES

How well can you apply what you’ve learned?

Can you answer the questions posed in the Opening Examples?

The Looking Back section at the end of each chapter re-examines these questions in light of what you have just read.

It’s a great review, and the perfect way to see if you’re ready to tackle the chapter cases.

LOOKING BACK

Look back at the story about marketing in the south of Russia. Besides cultural factors, other uncontrollable variables in the global external environment include economic and technological, political, and demographic variables, as well as natural resources.

Most products cannot be marketed exactly the same way all over the world. Different cultures, languages,

levels of economic development, and distribution channels in global markets usually require either new products or modified products. Pricing, promotion, and distribution strategies must often be altered as well. There is no doubt that international markets will become even more important in the future.

GLOBAL PERSPECTIVES

global perspectives

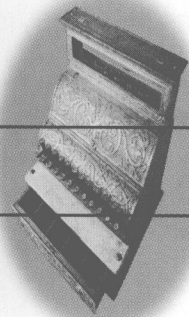
Where are the high potential markets? Where are your competitors? For more and more companies, the answers to these questions include faraway developing economies. This text takes a very global view of marketing, with international examples throughout. "Global Perspectives" features describe the experiences of real companies as they try to make the most of international opportunities.



SMALL BUSINESS ISSUES

entrepreneurial insights

The fastest growing segment of the economy is small business. It's very likely that you will work for or run a small business during your career, and effective marketing will be key to its survival and success. "Entrepreneurial Insights" boxes examine issues of special importance to smaller firms. And an "Application for Small Business" exercise at the end of each chapter lets you apply chapter content to small business challenges.



ETHICS IN MARKETING

ethics in marketing

Is there such a thing as right and wrong in marketing? Or are ethical questions always defined in shades of gray? These provocative examples let you see how ethics come into play in many marketing and advertising decisions. Is marketing to children ethical? What about using fear as a selling tool? Consider these and many other hotly debated questions.



PREFACE

Today's marketers face a marketplace that is becoming simultaneously more competitive, specialized, global, and Internet-reliant. To succeed in today's changing environment, successful marketing requires—now more than ever—a balance of creativity and knowledge. Knowledge is, indeed, bliss. With its steadily growing market share, *Marketing*, Fifth Edition, has demonstrated that it is the premier source for new and essential marketing knowledge. Students can learn it all with this comprehensive, current text. Instructors can have it all with a complete, high-tech supplement package.

Customer-Driven Innovations for the Fifth Edition

The guiding principle of this and past editions of *Marketing* is that of building relationships. Relationship marketing is discussed from the beginning in Chapter 1, and we believe in it completely. We seek to build long-term relationships with our customers (both professors and students) that result in trust and confidence in our product. Our success is proven as the number of “new relationships” dramatically increases with each edition.

We feel a strong sense of responsibility to provide you and your students with the most exciting and up-to-date text and useful supplement package possible. To accomplish this, we have listened to your desires and comments and incorporated your feedback into *Marketing*, Fifth Edition.

Shorter and Sweeter

You have expressed to us with each edition that “the text is easy to read and full of timely student-oriented examples.” We have maintained this in the current edition with hundreds of new examples. We have done extensive research for the Fifth Edition to continue to offer a comprehensive introduction to the field of marketing. Simultaneously, we have reduced the length of the text by a chapter. You now have a comprehensive and enjoyable book to read that can easily be covered in one term.

A New Table of Contents Based on Instructor Feedback

As consumers are faced with more and more choices for each buying decision they make, the need for the seller to establish strong relationships with customers becomes increasingly critical. With this in mind, we have added a new Chapter 20 that deals exclusively with one-to-one database marketing. It is located in a new Part 7, dedicated to the topic of technology-driven marketing.

In today's often crowded markets, understanding the competition can make the difference between success and failure. To address this hot issue, we have created a new Chapter 9 on competitive intelligence. This chapter will help your students use competitive information intelligently and ethically. “Ethics and Social Responsibility” has been incorporated into Chapter 3 on the marketing environment, signifying its importance in all aspects of marketing decision making and emphasizing the need to act ethically no matter what the external environment.

The former Chapter 13, “Customer Value, Quality, and Satisfaction” is no longer a stand-alone chapter, but the material it covered has been integrated fully throughout the text. We also took your suggestions and combined coverage of all integrated marketing communication material into two chapters rather than three. We believe these changes to the table of contents have made for a tighter organization of the material; we thank you for your suggestions that make the Fifth Edition the best ever.

New Part Opening Cross-Functional Feature

Marketing is not an isolated activity. It relates to every aspect of doing business, from research and development to manufacturing and production and beyond. To help your students better understand how marketing affects and is affected by other business functions, we have created Cross-Functional Connections to open each part. Following each discussion are questions that are answered for the student at the end of the part.

New End-of-Chapter Review Quizzes

To help students check their progress, we have added a review quiz to the end of each chapter. Answers can be found at the end of each chapter and a rationale for the right answer is given. Page references help students find the material they need to review further.

All-New Internet Activities and Real-Time Examples

Each chapter contains several Internet activities tied to organizations mentioned in the text. For example, as students read about how McDonald's segments and targets markets, they're directed to real-time examples on McDonald's Web page. Because each activity calls for student production, you can use these miniexercises as additional homework or quizzing opportunities. In addition, we conclude each chapter with additional Internet activities that relate to chapter content. Students find valuable on-line resources and learn to analyze current Internet marketing strategies. Links to all URLs in the book are located on the text's Internet site at <http://lamb.swcollege.com>. Should a URL listed in the book become obsolete, it will be replaced with a new one that still fits the particular context of the activity.

New Marketing Miscues Cases

To help your students recognize some of the obstacles that can surface in the creation and execution of a marketing plan, we have added a new Marketing Miscues case to the end of each part. These cases illustrate what happens when successful companies' marketing efforts fall short. Students can learn from the challenges faced by companies like Intel, General Motors, and Planet Hollywood Restaurants.

Classic Value-Based Features Have Been Updated and Enhanced

Internet Coverage



The hottest technology feature of the Fifth Edition is the updated Internet chapter that focuses on the Internet's impact on marketing strategy and the marketing mix. The pros and cons of conducting marketing research on the Net are also explained. The chapter concludes with a discussion of privacy and issues of doing business via the Internet. Additionally, Internet coverage is integrated throughout the text and identified for you by a special icon.

The Popular Internet Site Connects You to Our Marketing Virtual Community: <http://lamb.swcollege.com>

A dedicated Internet site supports the text, featuring updates to URLs in the text, additional real-time marketing cases, Chapter 19 on "Internet Marketing," updates

and articles, links to companies discussed in the text, plus a variety of materials to supplement your course.

All-New BusinessLink Video Cases

Nineteen new videos have been created for the Fifth Edition of *Marketing*. Each video is enhanced by text material at the end of appropriate chapters. The companies we feature are ones that both you and your students will recognize: Burton Snowboards, Ben and Jerry's, The Toronto Blue Jays, and many more. A detailed Video Guide previews each clip and keys it to the chapter content for easy integration. Previewing, viewing, and follow-up activities are included to help you present the content through the video, making the marketing experience real for your students.

End-of Part Activities Help Students Build a Marketing Plan

Chapter 2 discusses the purpose and components of a marketing plan. As chapter topics such as market segmentation and consumer behavior are discussed, the corresponding end-of-part exercises direct students to create the related portions of their marketing plan. By the end of the semester, your class will have developed a complete marketing plan.

MarketingBuilder Express



An "express" version of JIAN's popular *MarketingBuilder* software, this tool contains everything students need to develop a marketing plan. Students can complete the new end-of-part marketing plan activities using the shorter *MarketingBuilder Express* software templates or using the original Academic Version of *MarketingBuilder*.

Small Business and Entrepreneurship Are Emphasized in Every Chapter



Many students will either work for a small business or strike out on their own to form an organization. For this reason, each chapter contains a feature box called "Entrepreneurial Insights" and an "Application for Small Business" appears at the end of each chapter. The "Entrepreneurial Insights" boxes apply general marketing concepts to the world of small business. The "Applications" are minicases designed to illustrate how small businesses can create strategies and tactics using the material in the chapter. Anyone with an entrepreneurial flair will enjoy these features.

Customer Value and Quality Are Emphasized in Every Chapter



Delivering superior customer value is now key to success in an increasingly competitive marketplace. We have integrated examples throughout the text that show how issues of value and quality affect marketing decisions at every level. The new icon in the margin identifies the placement of these examples.

Careers in Marketing

The Appendix has been greatly expanded and placed on the Fifth Edition Web site. It presents information on a variety of marketing careers, with job descriptions and career paths, to familiarize students with employment opportunities in marketing. This appendix also indicates what people in various marketing positions typically earn and how students should go about marketing themselves to prospective employers. A self-assessment questionnaire, a sample résumé and cover letter, and interviewing checklists are only some of the tools we have provided to help your students enter the marketing field. A series of custom-produced video vignettes features recent graduates who explain how principles from the text apply to the real world of marketing.

Global Marketing Concepts Throughout the Text



Today most businesses compete not only locally and nationally, but globally as well. Companies that have never given a thought to exporting now face competition from abroad. “Thinking globally” should be a part of every manager’s tactical and strategic planning. Accordingly, we address this topic in detail early in Chapter 4. We have also integrated numerous global examples within the body of the text and identified them with the new icon shown in the margin.

Global marketing is fully integrated throughout the book, cases, and videos as well. Our “Global Perspectives” boxes, which appear in most chapters, provide expanded global examples and concepts. Each box concludes with thought-provoking questions carefully prepared to stimulate class discussion. For example, the box in Chapter 6 describes how Whirlpool embarked on a joint venture with a Chinese company that made inferior products. Students are asked to evaluate the soundness of Whirlpool’s decision.

Focus on Ethics



In this edition we continue our emphasis on ethics. “Ethics and Social Responsibility” has been incorporated into the chapter on the marketing environment and has been moved from Chapter 5 to Chapter 3 to demonstrate its importance in management decision making. The “Ethics in Marketing” boxes, complete with questions focusing on ethical decision making, have been revised and added to every chapter. Questions and cases designed to highlight ethical issues, such as the Ben and Jerry’s case appearing at the end of Chapter 3, give students a sense of the complexity of ethics issues as the cases lead them to look at the issues from all sides.

Value-Driven Pedagogy Puts You in the Know

Our pedagogy has been developed in response to what you told us delivers value to you and your students. You told us that current examples are important to you, so we have included all-new opening vignettes, new examples throughout the text, and new boxed material in every chapter. You told us that cases that students find relevant are important to you, so we have added a new Cross-Functional feature and replaced all of the video cases with new, current videos. You said that many of your students planned a career in small business, so we have numerous new small business examples, “Entrepreneurial Insights” boxes, and new small business exercises at the end of each chapter. Finally, you told us that the Integrated Learning System helped you organize your lectures and helped your students study more effectively, so we have retained that important feature.

3

Fully Integrated Learning System

The text and all major supplements are organized around the learning objectives that appear at the beginning of each chapter to provide you and your students with an easy-to-use Integrated Learning System. A numbered icon like the one shown in the margin identifies each objective in each chapter and appears next to