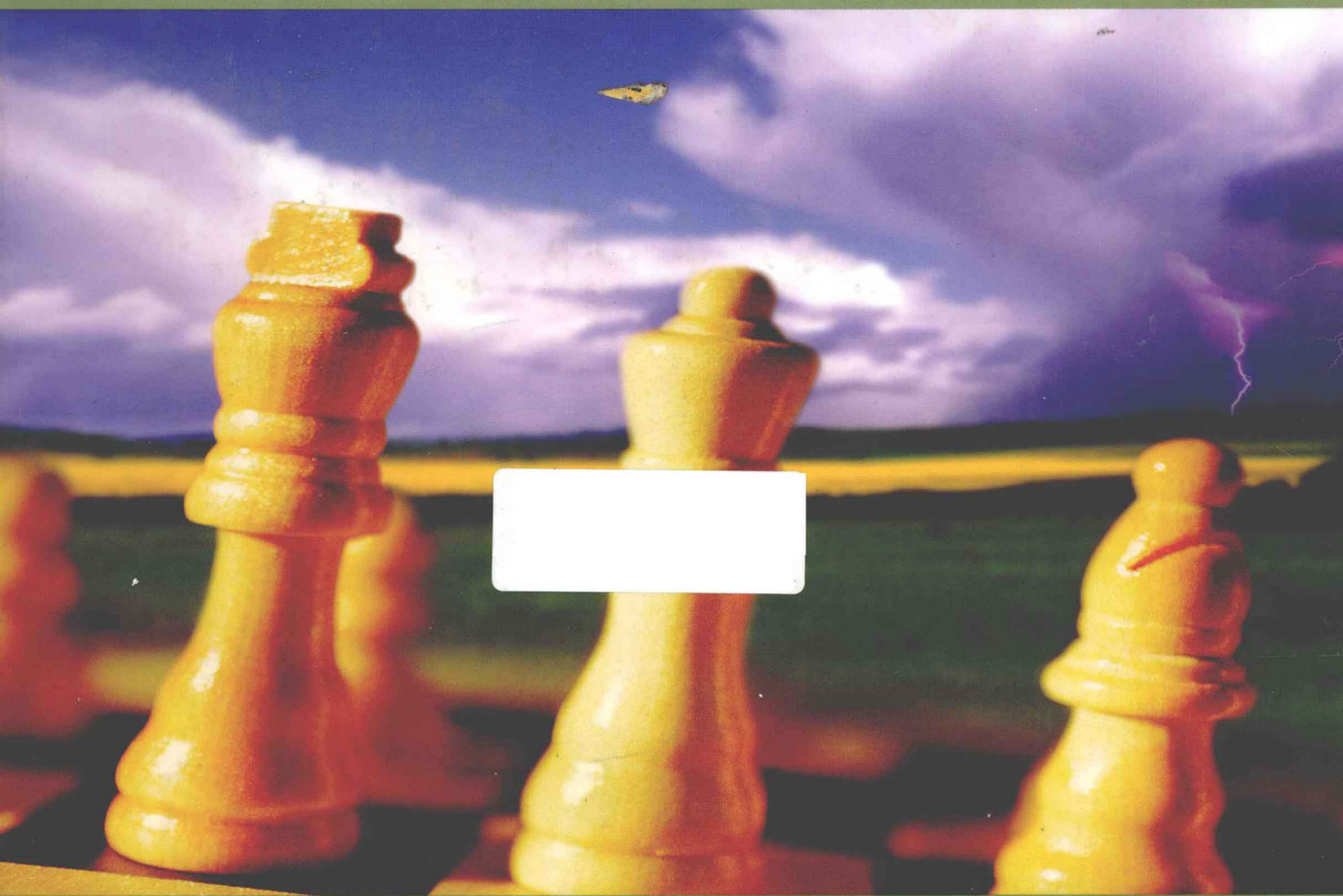


Marketing Principles & Best Practices 3^e



Hoffman
Czinkota
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Hutt

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Ronkainen
Rosenbloom
Sheth
Shimp

Siguaw
Simpson
Speh
Urbany

Third Edition

Marketing Principles and Best Practices

K. Douglas Hoffman
Colorado State University

Michael R. Czinkota
Georgetown University

Peter R. Dickson
Florida International University

Patrick Dunne
Texas Tech University

Abbie Griffin
*University of Illinois-
Urbana-Champaign*

Michael D. Hutt
Arizona State University

Balaji C. Krishnan
University of Memphis

Robert F. Lusch
Texas Christian University

Ilkka A. Ronkainen
Georgetown University

Bert Rosenbloom
Drexel University

Jagdish N. Sheth
Emory University

Terence A. Shimp
University of South Carolina

Judy A. Siguaw
Cornell University

Penny M. Simpson
University of Texas-Pan American

Thomas W. Speh
Miami University-Ohio

Joel E. Urbany
University of Notre Dame

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Marketing Principles and Best Practices, 3e

K. Douglas Hoffman, Michael R. Czinkota, Peter R. Dickson, Patrick Dunne, Abbie Griffin, Michael D. Hutt, Balaji C. Krishnan, Robert F. Lusch, Ilkka A. Ronkainen, Bert Rosenbloom, Jagdish N. Sheth, Terence A. Shimp, Judy A. Siguaw, Penny M. Simpson, Thomas W. Speh, and Joel E. Urbany

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Printer:

Quebecor World Versailles
Versailles, KY

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Printed in the United States of America

1 2 3 4 5 08 07 06 05 04

Domestic Student Edition:

Package ISBN: 0-324-20044-7

Core ISBN: 0-324-22135-5

International Student Edition:

Package ISBN: 0-324-22518-0

(Not for sale in the United States.)

Core ISBN: 0-324-22519-9

Library of Congress Control Number:

2003108966

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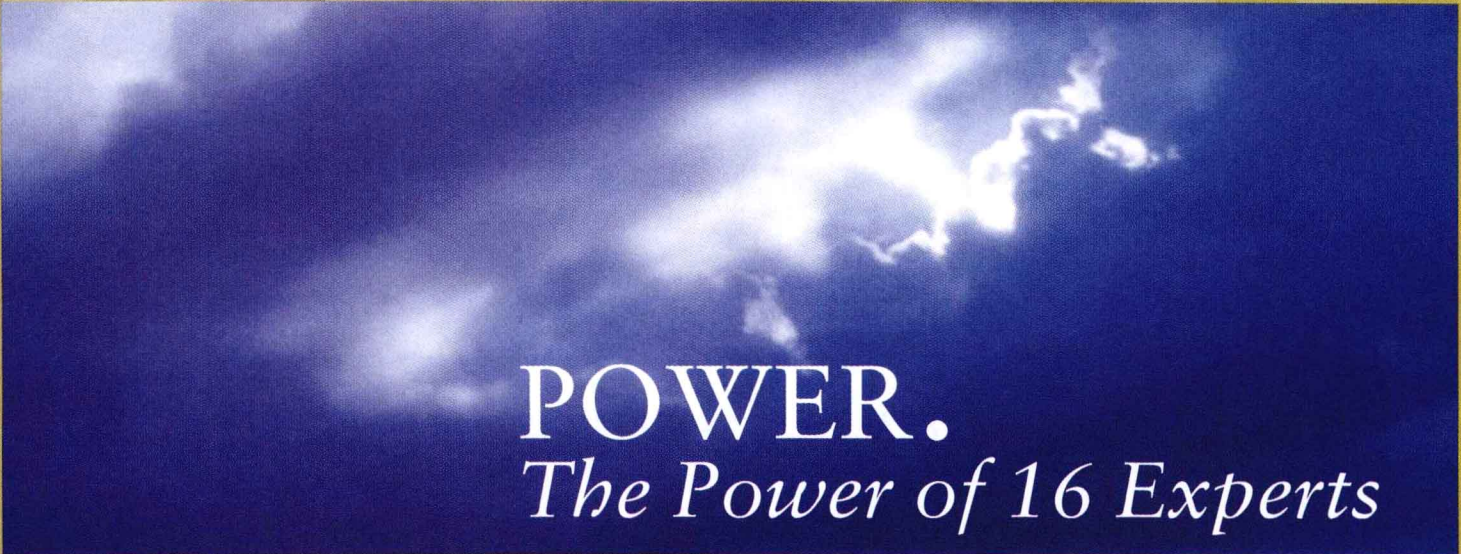
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*To the students of Marketing-
past, present, and future:*


**It is our collective wish that this text play some role toward
improving marketing practice throughout the 21st century.**

*The Marketing Principles and
Best Practices author team*



POWER.

The Power of 16 Experts



Marketing Principles and Best Practices, 3e has raised the bar in marketing education by delivering content by an inspired collaboration of marketing experts, speaking in one, clear and unified voice. At the same time, each expert brings a passion for his or her area of expertise to the text, along with unique personal experiences and insights into the latest marketing trends. This intensified presentation will capture, engage, and sustain your students' interest and enthusiasm from cover to cover.

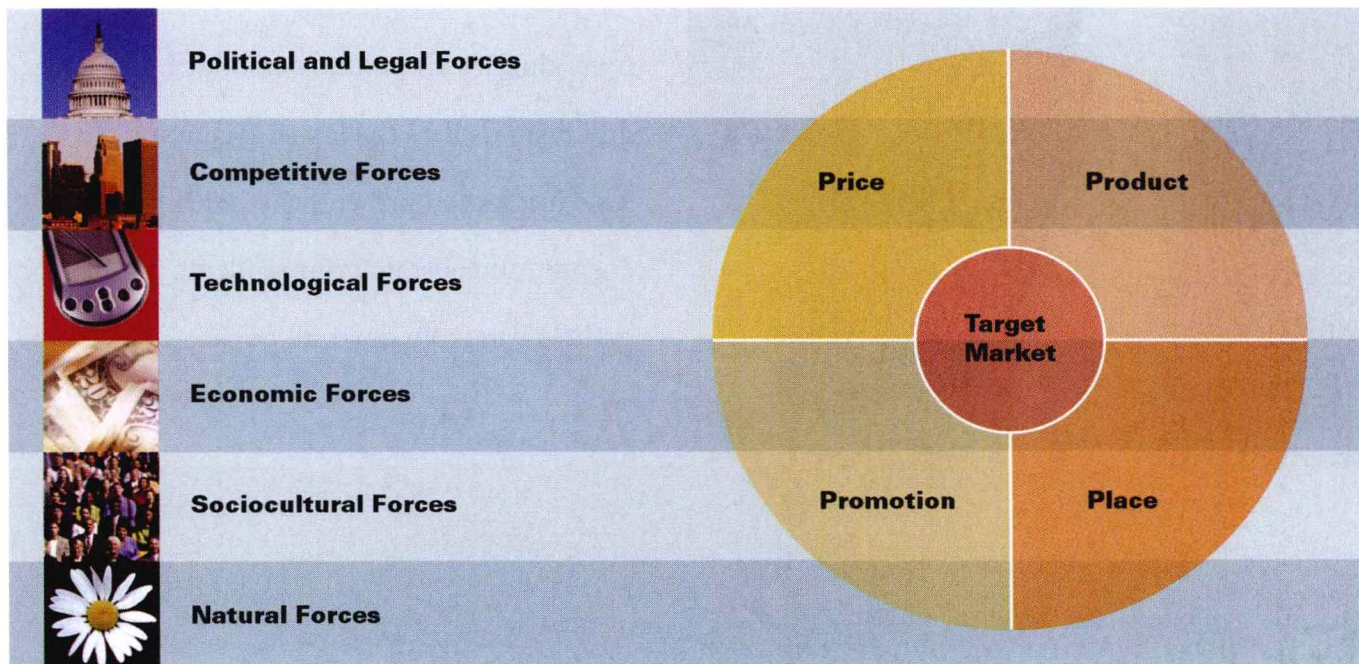
*Marketing is like Playing Chess
in a Thunderstorm...*

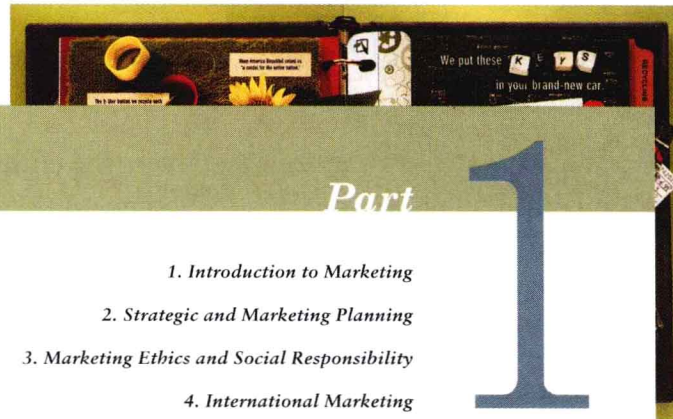
POSITION.

The Power of the Environment

Marketing Principles and Best Practices, 3e works within a new framework integrated into each chapter focusing on the macro-environmental forces that can affect marketing strategy. The **Environmental Forces Framework** stresses the critical importance of monitoring the total marketing environment while developing and implementing marketing strategy. The new edition examines not only the typically covered competitive pressures but the

economic, political/legal, technological, natural, and sociocultural factors as well. This new framework allows the reader to see and understand how outside forces can instantly and drastically change your marketing plan. Much like playing chess in a thunderstorm, where environmental forces can change the outcome of the game, the same holds true in marketing—environmental forces can alter your strategy instantly.





Ford Motor Company recycles trash into brand new parts like battery housings, splash shields, and lamp bodies in an effort to conserve resources and protect the planet.

Part

1

1. Introduction to Marketing
2. Strategic and Marketing Planning
3. Marketing Ethics and Social Responsibility
4. International Marketing

© Courtesy of Ford Motor Company

The Marketing Environment



Political and Legal Forces When the market fails to be “sufficiently” inventive, the federal government has to step in, for example, by requiring washing machine manufacturers to invent, manufacture, and market new models that use 35% less energy, all of this by 2007.



Competitive Forces In economies where industries are protected or where distribution monopolies are granted, it is unlikely that the marketing distribution system will be as efficient as it can and should be.



Technological Forces New technology succeeds by creatively destroying an old, inferior technology. This is good for society, but new technology also can create new ethical dilemmas, such as those related to privacy on the Internet and the cloning of stem cells to be used in lifesaving medical research.



Economic Forces Economic forces may be considered when SBUs, classified as dogs, are being considered for divestiture. Decision makers may “maintain” a “dog” to sustain the economic vitality of the local community.



Sociocultural Forces A nationwide poll of adults ages 18–65, undertaken by Duffey Communications and RoperASW in 2002, revealed that “unrealistic standards of beauty” was the biggest criticism that customers had of advertising.



Natural Forces The European Union has developed an ecolabel, the EU flower, to “stimulate both the supply and demand of products with a reduced environmental impact.” Ecolabels are driven both by pragmatism (reduced ability to deal with waste) and demand (by environmentally conscious consumer groups).



Sociocultural Forces

A nationwide poll of adults ages 18–65, undertaken by Duffey Communications and RoperASW in 2002, revealed that “unrealistic standards of beauty” was the biggest criticism that customers had of advertising.

3 LEARNING OBJECTIVE

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Every chapter includes examples of the environmental forces, identified by icons to increase awareness of the marketing environment.

PERFORMANCE.

Powerful Topics of Today

Marketing Principles and Best Practices 3e, covers the contemporary topics in marketing today. The new edition includes the latest coverage on the issues and trends in the field of marketing that can affect decision and strategy in today's environment. Here are just some of the hot topics and examples discussed in the new edition:

- **Customer Relationship Management**—The authors take an in-depth look at customer relationship management as it relates to business-to-business marketing, services marketing, personal selling, and sales management.
- **Marketing Strategy**—The third edition examines marketing strategy and planning—including the nature and scope of strategic planning, the steps involved in the strategic planning process, as well as the fundamentals of marketing planning.
- **Customer Satisfaction and Quality**—The text examines customer satisfaction, the cornerstone of marketing, as the desired result in the consumer decision-making process. It then discusses how customer satisfaction relates to service quality.
- **International Marketing**—The authors place special emphasis on the importance of international marketing in the business world and the need to adapt marketing strategy to meet the needs of new, global markets.

BEST PRACTICES IN E-MARKETING

The Wi-Fi Revolution

College students a half century ago listened to music on stereos which, at the time, were referred to as Hi-Fi players, which stood for high-fidelity performance. College students today, along with millions of other people around the world, can gain access to the Internet via Wi-Fi, which is short for wireless fidelity. Wi-Fi enables computers to connect to the Internet via low-power radio signals instead of cables. Thus, users can have Internet access at base stations, or so-called "hot zones," that are Wi-Fi equipped. As long as he has a Wi-Fi-enabled laptop computer (and most new laptops, and even desktops, now come Wi-Fi ready), the user can surf the Net at public access points throughout the United States and elsewhere around the world. In addition to Internet access, Wi-Fi technology allows computers within the same hot zone to communicate with each other. It is estimated that by 2006 there will be well over 100,000 public hot spots in the U.S.

What are the MarCom implications of Wi-Fi? Early developments in Wi-Fi usage portend future applications that are even more exciting than present uses. Perhaps the most outstanding application of Wi-Fi technology at this time is the availability of hot zones at Starbucks coffee shops. Wireless connections are available in more than 2,000 Starbucks locations in the U.S. and Europe. Early experience suggests that consumers who purchase Wi-Fi access are more likely to purchase additional products and services at the same time.



Every chapter addresses the impact of technology in marketing today.

Best Practices in E-Marketing examines how new technologies affect the field of marketing and the latest trends.

ETHICS AND SOCIAL RESPONSIBILITY

The Campaign Against Music Piracy

Is downloading music from the Internet for personal use stealing, or is it just taking advantage of the capabilities of today's available technology? Hip-hop queen Mary J. Blige believes it's stealing: "If you create something and someone takes it away, that is stealing." Blige has been joined recently by the likes of Shakira, Britney Spears, Elton John, Eminem, the Dixie Chicks, Madonna, and Sheryl Crow to form a group of 90 artists organized as the Music United for Strong Internet Copyright Coalition (MUSIC). MUSIC's purpose is to use artist clout to convince consumers that file-sharing and downloading music for free is illegal. According to MUSIC, illegal downloading is taking its toll on the industry. CD shipments were down 5% in 2001 and an additional 9% in 2002. In 2003, global record sales were expected to fall another 6%, marking the third straight year of sales declines. To make its point, MUSIC placed full-page ads in *The New York Times*, *The Los Angeles Times*, and policy-maker publications such as *Wired*, asking the question "Who Really Cares about Music?"

According to music-industry estimates, 1 billion music files are downloaded illegally from the Internet each month through "peer-to-peer" services such as Napster, Morpheus, and Gnutella. Consumer surveys show that those who download the most are buying fewer CDs than those who do not engage in downloading, by a two to one margin. In addition, one survey of 1,000 consumers indicated that 35% of respondents were likely to download a song they really liked rather than buy a CD. Hilary Rosen, Chief Executive Officer of the Recording Industry Association of America (RIAA), says that while many people don't realize that when they download a song, they are taking it from a peer-to-peer network, they are also taking it from a legalized Internet source.

Students have the opportunity to make real-world ethical choices concerning the kinds of controversial dilemmas they may encounter as marketers in the **Ethics and Social Responsibility** in Marketing feature.

FOCUS ON EMERGING MARKETS

Do Retailers Really Understand the Latino Consumer?

It is important that all marketers understand the purchase behavior of their targeted Latino consumer, their attitudes and beliefs, and the size of the opportunity, before they can think of successfully marketing to Latinos. Given the size of the opportunity and its importance to the future growth of many companies, it is crucial that food marketers begin to understand the Latino consumer now or potentially miss out on the largest opportunity of this century.

Consider, for example, the grocers catering to Latino consumers. One of the very successful operators is San Jose's Mi Pueblo Foods. While many outside observers would attribute Mi Pueblo's success to the layout and design of its stores—an intricate floor-tile pattern, stucco textured walls, faux windows, adobe roof tiles, faux balconies, large bins of beans, walls of spices, and hanging sides of meat—that is not the case. What really sets Mi Pueblo apart from other grocers is its understanding of the Latina female and her shopping habits.

Most grocery stores in the United States, recognizing the time poverty of the average household, feature prepackaged foods. Yet, as a study by ACNielsen and C. J. C. found out, this is not always the case. The study found that Latina women feel it is important to have fresh ingredients to cook with.

In a **NEW** feature, *Marketing Principles and Best Practices* showcases currently underserved markets that may become markets of the future. **Focus on Emerging Markets** reinforces the dynamic nature of what lies ahead in marketing.

TECHNOLOGY.

Now You're Teaching with Power

14



xtra! Interactive Marketing Activity

Go to Xtra! to access this
Interactive Marketing Activity at <http://best-practicesextra.sulearning.com>.

The Xbox game console, although innovative, has not been a profitable venture for Microsoft to date. Not only has the game market produced product and logistical challenges that Microsoft had not previously faced with its business software, but the game market has also required Microsoft to develop relationships with retailers it previously had not needed. The initial development of these relationships went poorly, resulting in many complaints about poor service and a greater need for face-to-face interaction. Microsoft has now reorganized its sales force with the goal of better understanding and serving its markets. However, to surpass Sony, its top competitor in the electronic game market, the Microsoft sales force must provide superb performance.

You Decide. After reading the opening vignette and paying special attention to the sections of this chapter marked with the chess piece, answer these questions:

1. Which element of sales management, other than reorganization, might Microsoft use to best ensure that the Xbox sales force reaches its objectives?
2. What is the primary territory realignment issue facing Xbox sales managers?
3. In the face of competition from Sony, as well as other competitors such as Nintendo, Electronic Arts, Activision, and THQ Interactive, what is the primary competitive advantage of the sales-force reorganization?

Marketing Principles and Best Practices has the most powerful technology package available. The new edition has a plethora of online support for the reader to have additional resources for further assessment and learning at their fingertips.

Xtra!

This web-based learning tool enhances students' educational experience with interactive learning activities designed to help them improve their course grades and develop the complex decision-making skills required in the professional marketing role. Included on Xtra! are the Interactive Learning Activities, Xtra! quizzing, digitized videos, and much more.

xtra!



Interactive Marketing Activities

Innovative and interactive activities open every chapter and place students in the role of the marketing manager for several well-known companies. Students read the scenarios, go online to Xtra! and respond to a series of questions, choosing from a variety of marketing strategies aimed at achieving market growth. They then see the consequences of their choices and learn from experience about the vital role of strategy in marketing. Clues are identified throughout the chapter by chess icons to help students understand the best decision.

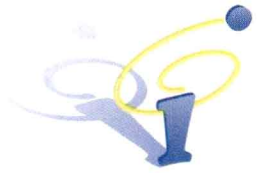
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We've harnessed the power of the Internet to deliver this interactive, web-based course management student supplement on WebCT and BlackBoard. Its innovative learning approach actively engages students. As instructor, you can incorporate WebTutor Advantage as an integral part of your course, or simply let students use it on their own as a study guide.

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<http://bestpractices.swlearning.com>

The *Marketing Principles and Best Practices, 3e* web site offers a robust variety of activities and resources that build on and reinforce your students' knowledge of marketing principles. This online resource includes Marketing in the News—a continuously refreshed supply of relevant news stories that demonstrate the application of key marketing topics, quizzing, flash presentations, as well as the ability to download the instructor supplements.

SUPPLEMENTS.

Powerful Support Package



Instructor's Manual

Marketing Principles and Best Practices Instructor's Manual

contains an in-depth lecture guide, insights into the opening vignettes, key teaching points of the chapter, and much more to enhance your lecture.



Video Package

Captivating video segments feature companies like Kodak, Krispy Kreme, ESPN, and Timberland with engaging dramatizations. The marketing strategies featured in these video cases allow readers to make marketing strategy decisions and to evaluate those made by well-known companies.



Test Bank with ExamView Computerized Testing Software

100%-accurate test bank has been carefully rewritten and verified for total accuracy. ExamView computerized testing software contains all the questions in the printed test bank. Its easy-to-use test-creation software, compatible with Microsoft Windows, allows you to add or edit questions, instructions, and answers.



PowerPoint Lecture Slides

The third edition comes with three versions of PowerPoint Lecture Slides, giving you much more ease and flexibility. Choose from light to detailed content with various levels of graphic, animation, and video.

- Quick Pick PowerPoint Slides
- Total Pack PowerPoint Slides
- Total Pack with Videos



Other instructor ancillary material include:

- Instructor's Resource CD-ROM
- Transparency Acetates
- Best Practices Web Site
<http://bestpractices.swlearning.com>
- WebTutor Advantage on WebCT and Blackboard



Student Supplements include:

- Study Guide
- Xtra! Online Access
- Best Practices Web Site
<http://bestpractices.swlearning.com>
- WebTutor Advantage for Blackboard and WebCT

Marketing Principles and Best Practices
... It's Your Move!

Welcome to the third edition of *Marketing Principles and Best Practices*! This innovative text combines the expertise of 16 leading marketers into one high-powered principles of marketing textbook. Our author team consists of current South-Western textbook authors and marketing professors who are specialists in their respective fields. The end result is a principles text that successfully communicates a strong sense of passion in each and every chapter, raising the bar and setting a new standard for principles of marketing textbooks. *Marketing Principles and Best Practices* is full of “added-value” insights into the latest marketing trends and issues, such as customer-relationship management, emerging markets, ethical issues, and technological advances, while equipping students with a solid foundation in principles of marketing that is beyond compare.

Voice of the Expert

The team of expert marketers who have collaborated on this innovative textbook present the best practices in marketing in a cohesive, well-illustrated format. Each chapter begins with the author’s personal message to the student that emphasizes the importance and value of studying each area of marketing. While each chapter reflects the distinct flavor of each author, the format, writing style, and pedagogy are consistent and unified. Reviewers have praised the clear writing style, and we thank Doug Hoffman for his role in ensuring a consistent and streamlined presentation. Ultimately, *Marketing Principles and Best Practices* provides the means to showcase our team of authors’ areas of expertise. Writing is our forté—throughout our collective careers we have published more than 125 books and 1,100 articles. As a group, we are genuinely excited about collaborating with each other and having the opportunity to influence, educate, and challenge students of marketing at all levels—students and instructors alike.

Environmental Forces

It may seem like a cliché to say so, but many would agree that today’s business climate is more turbulent than ever. Compelling events continue to change the face of business, including economic turmoil, competitive pressures, political and legal developments, technological innovation, sociocultural shifts, and the depletion of natural resources. Consequently, this third edition of *Marketing Principles and Best Practices* has purposely focused on the impact of macroenvironmental forces on marketing strategy. As the cover of the text illustrates, we are asking students to consider marketing as a game of chess played in a thunderstorm. Within their control

are chess pieces that can be strategically moved to carry out their plan of attack (marketing strategy). Beyond their control are the chess pieces of their opponent (the competition) and the thunderstorm that rages around the game itself (other environmental forces) that may alter the outcome of the game. This analogy is simple yet powerful—the player most adept at coordinating strategy and adapting to changing environmental forces dominates the board (the marketplace). In essence, marketing becomes a game of “survival of the fittest.” This analogy is threaded throughout the text.

Chapter 1 fully explains the marketing environment, with a new emphasis on the environmental forces that affect marketing strategy. Each subsequent chapter reveals how these environmental factors shape decision making and create awareness of the forces that influence marketing decision making. To link this organizational framework throughout the text and demonstrate the importance of these forces to the student, icons are placed next to these forces as they are discussed. This new organizational framework stresses the critical importance of monitoring the marketing environment while developing and implementing marketing strategy. Below are the environmental icons and the environmental forces that they represent.



Political/legal forces consider traditional issues such as anti-trust regulation and consumer protection, as well as the impact of political upheaval occurring throughout the world.



Competitive forces include existing competitors and new forms of emerging competition.



Sociocultural forces reflect demographic and other developments that bring about changes in customer attitudes, beliefs, norms, customs, and lifestyles.



Economic forces include business cycles, inflation, and fluctuations in personal income.



Natural forces reflect the impact of diminishing resource availability and the often unintended consequences that products and production have on the environment.



Technological forces represent the application of science to solve problems and to perform tasks in consumer and business markets.

Coverage of Contemporary Market Topics

The reviewers have spoken and the third edition of *Marketing Principles and Best Practices* has responded! Extensive reviews were commissioned to prepare for the third edition from instructors teaching principles of marketing and specialists in each area of marketing. When asked to identify the marketing topics they considered “extremely important” for introductory students to study, the response was unanimous—customer-relationship management, customer satisfaction, marketing ethics

and social responsibility, international marketing, marketing and technology, identifying and reaching new emerging markets, and marketing strategy and planning. The authors have fully and comprehensively addressed these marketing topics in the third edition.

Customer-Relationship Management

Customer-relationship management is introduced and defined in Chapter 1 and discussed in further detail as it relates to business-to-business marketing (Chapter 7), services marketing (Chapter 10), and personal selling and sales management (Chapter 14).

Customer Satisfaction

Customer satisfaction is a cornerstone of marketing. Without customers, a business has little reason to exist. Customer satisfaction's relationship with the marketing concept is introduced in Chapter 1, further explained as a desired result in the consumer decision making process in Chapter 6, and discussed in detail as it relates to service quality in Chapter 10.

Marketing Ethics and Social Responsibility

With renewed emphasis on ethical business practice and social responsibility, the third edition of *Marketing Principles and Best Practices* dedicates an entire chapter to marketing ethics and social responsibility (Chapter 3). In addition, new box features, titled "Ethics and Social Responsibility in Marketing," have been developed in every chapter that describe real-world, controversial ethical dilemmas and prompt students to make an ethical choice. Each feature includes two questions for students to consider that point out the controversial nature of topic.

International Marketing

This new edition of *Marketing Principles and Best Practices* places international marketing coverage where it should be—front and center. Covered as a separate topic in Chapter 4, international marketing is presented early in this text to recognize the importance of international marketing in today's business world. The international marketing chapter illustrates the importance of modifying marketing strategy to meet the needs of new, global markets. In addition, international marketing examples are integrated throughout the text.

Marketing and Technology

The impact of technology on marketing strategy is woven throughout the text. For example, technological forces are represented as a macroenvironmental variable in Chapter 1, integrated as an environmental forces icon in almost every chapter, and discussed as a factor that influences marketing research (Chapter 5), consumer and business-to-business decision making (Chapters 6 and 7), market segmentation and new product development (Chapters 8 and 9), and so on. In fact, the influence of technology on marketing is discussed within the text of virtually every chapter. In addition, "Best Practices in E-Marketing" box features have been developed in every chapter that specifically address how new technologies are currently affecting the field of marketing.

Emerging Markets

To develop an awareness of the potential of emerging markets, the third edition includes a new feature called "Focus on Emerging Markets." This innovative box feature showcases markets that are currently underserved today that may very well be the major markets of the future. These features present strategies for serving the Latino, African American, and Asian markets, and explore the potential in hybrid technology markets, international markets, and marketing to the world's poor. This eye-opening feature reinforces the dynamic nature of the world's markets and provides insight into the question: What lies ahead?

Marketing Strategy and Planning

All too often, introductory marketing students equate marketing with sales and advertising. Consequently, it is important to explain early on that sales and advertising are simply visible tools that are used to carry out the marketing plan. Strategic and marketing planning seeks answers to the questions, “Where does the organization want to go?” and “How do we get there?” Given the importance of marketing strategy and planning, a new Chapter 2, “Strategic and Marketing Planning,” has been developed that discusses the nature and scope of strategic planning, the fundamental steps and content of the strategic planning process, and the fundamentals of marketing planning.

Interactive Learning (<http://bestpracticesextra.swlearning.com>)

This third edition of *Marketing Principles and Best Practices* features Xtra!, a Web-based learning environment that enhances the student’s educational experience. With access to Xtra!, students have an abundant supply of interactive learning experiences that have the potential to help them grasp the complex decision making required by marketers and improve course grades. Xtra! includes these features:

Interactive Marketing Activities. Innovative and unique, these interactive marketing activities, designed and written by marketing professors, provide an interactive, educational learning experience for marketing students. These activities, found on the first page of each chapter, place students in the role of a marketing manager of well-known companies. By responding to a series of prompts, students choose various marketing strategies they believe provide the greatest potential for market growth. Once they choose a strategy, students immediately learn the consequence of their choices and are given additional opportunities to learn from their experience.

Xtra! Quizzing. These practice exams give students an opportunity to test their knowledge in preparation for midterms and final exams. Each question includes feedback for right and wrong answers and textbook page references to ease further study.

Chapter Case Video Segments. These video segments bring the chapter video cases to life.

Fresh Content and New Examples Selected by the Experts

One of the great advantages of a team of expert authors is that each is keenly tuned into the latest developments in his or her area of specialty. In addition, each expert has a treasure trove of rich examples of actual marketing strategies collected while doing consulting work and researching the successes and failures of marketing strategies used by leading businesses. Pulling the very best examples from their collective experiences, the authors enrich each chapter with new, interesting, real-world applications. No other principles-of-marketing author team can provide this collective knowledge about marketing or the application of marketing in business today. Highlights of new content in the third edition are summarized below:

- **New opening vignettes** in each chapter highlight the latest applications of marketing strategy and feature companies and brands such as Crest, Honda, Microsoft, Viacom, Newton, Altoids, and IBM.
- **New chapter cases** in each chapter provide a fresh opportunity for students to apply their knowledge and analyze marketing strategies in businesses well known for their goods and services.
- **New boxed features** that provide vivid, interesting examples of “Best Practices in E-Marketing,” “Ethics and Social Responsibility in Marketing,” and “Focus on Emerging Markets” create a comprehensive, well-rounded learning experience for students.

- **Integration of the new environmental forces framework** in every chapter is accomplished with the use of margin notes that illustrate the impact of environmental forces on each aspect of the marketing program.
- **The new Chapter 1, “Introduction to Marketing,”** introduces marketing and the macro-environmental forces that shape marketing strategy and serves as the foundation for the rest of the chapters. The chapter gives students a fundamental understanding of marketing and acquaints them with marketing concepts and terminology. The chapter also illustrates and describes the environmental forces and their impact on all aspects of the marketing program.
- **The new Chapter 2, “Strategic and Marketing Planning,”** which has been consistently praised by reviewers, discusses the nature and scope of strategic planning, the fundamental steps and content of the strategic planning process, and the fundamentals of marketing planning.
- **Chapter 5, “Marketing Research and Information Systems,”** includes new coverage of the technological enhancements in customer research, including electronic observational research, decisions-support systems, and Web-based marketing research.
- **Chapter 6, “Consumer Behavior,”** has been reorganized around the consumer decision process and highlights the psychological, situational, social, and technological factors that affect the process. This chapter includes more examples of the application of consumer behavior concepts and new coverage of culture’s and subculture’s impact on the consumer buying-decision process.
- **Chapter 7, “Business-to-Business Marketing,”** includes expanded coverage of governmental customers with new coverage of the U.S. Departments of Defense and Homeland Security’s purchasing operations and e-government initiatives. This chapter also includes new coverage of customer-relationship-management (CRM) systems and the central components of a profitable CRM strategy.
- **Chapter 9, “Marketing’s Role in New Product Development and Product Decisions,”** includes more coverage of branding strategies for business-to-business firms and new coverage of the applicability of the product life cycle.
- **Chapter 13, “Integrated Marketing Communications: Advertising, Promotions, and Other MarCom Tools,”** includes new coverage of the Internet as an advertising medium and more detail on major sales-promotion methods.
- **Chapter 14, “Personal Selling and Sales Management,”** presents personal selling as a critical component of promotion and introduces new coverage of the pros and cons of team selling.
- **A new “Marketing Arithmetic” Appendix** introduces the marketing arithmetic concepts that are important for all principles students to understand. The topics in this appendix include the components of an income statement return-on-investment percentage, a strategic profit model, the break-even point cost per thousand (CPM) for advertising media, the lifetime value of a customer, and the amount that should be profitably spent to acquire new customers.

Chapter Pedagogy

Drawing upon their vast teaching experience and their very best classroom examples, the author team has created a powerful pedagogy that creates a compelling and sustained learning experience. The pedagogy in the third edition of *Marketing Principles and Best Practices* exemplifies the best practices used to teach marketing by our team of expert teachers in universities around the country.

Opening Vignette

The best classroom examples are those that fully engage students and demonstrate marketing strategies in companies that students consider “hip, cutting edge, or intriguing.” We believe that it’s important to begin each chapter with an opening vignette that generates ideas, questions, and appreciation for smart marketing decision