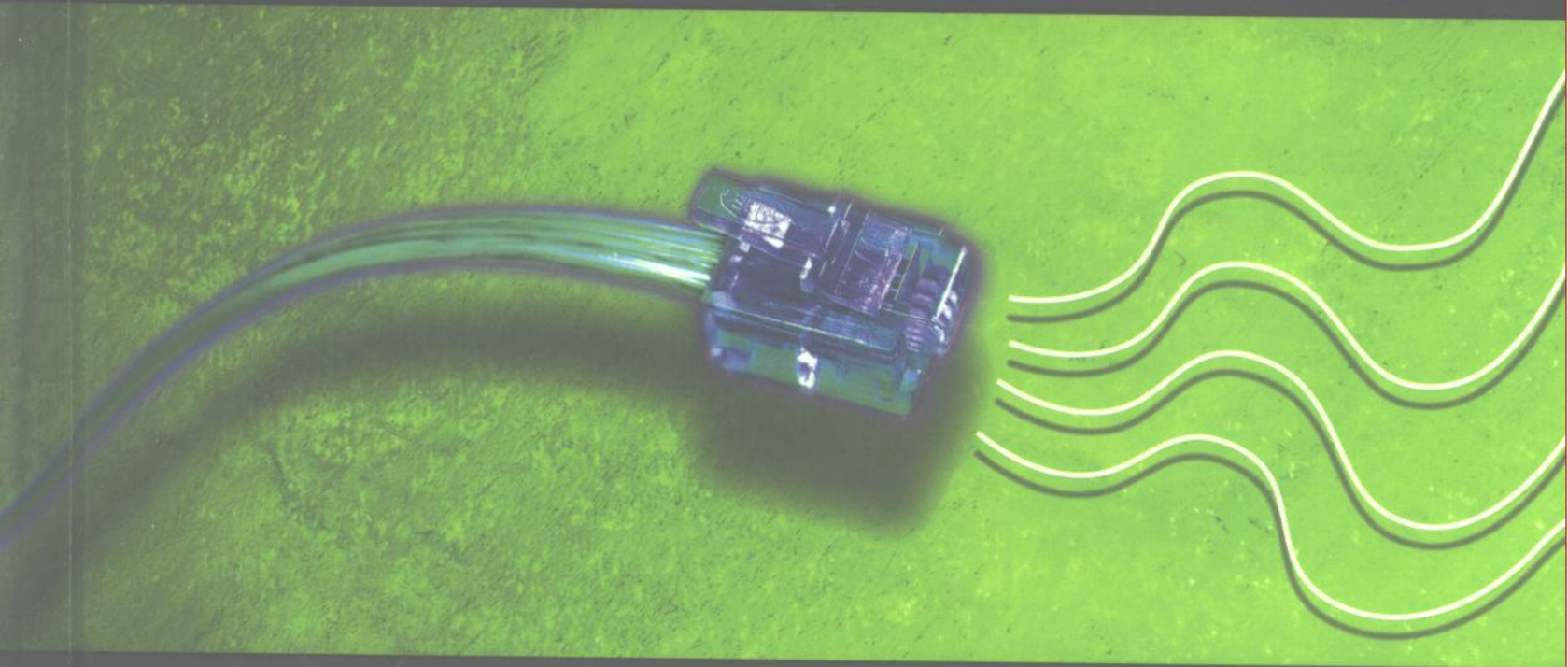


# CONTEMPORARY MARKETING **wired**

Ninth Edition



Boone & Kurtz

# CONTEMPORARY MARKETING wired

Ninth Edition

**Louis E. Boone**

Ernest G. Cleverdon Chair of Business and Management  
*University of South Alabama*

**David L. Kurtz**

The R. A. and Vivian Young Chair of Business Administration  
*University of Arkansas*



**The Dryden Press**

Harcourt Brace College Publishers

Fort Worth	Philadelphia	San Diego	New York	Orlando	Austin	San Antonio
	Toronto	Montreal	London	Sydney	Tokyo	

**Publisher** George Provol  
**Acquisitions Editor** Bill Schoof  
**Executive Product Manager** Lisé Johnson  
**Developmental Editor** Tracy L. Morse  
**Project Editor** Kathryn M. Stewart  
**Production Manager** Carlyn Hauser  
**Art Director** Bill Brammer  
  
**Cover Image** Cover photography courtesy of Mark Humphries

ISBN: 0-03-018597-1

Library of Congress Catalog Card Number: 97-67635

Copyright © 1998, 1995, 1992, 1989, 1986, 1983, 1980, 1977, 1974 by The Dryden Press

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher.

Requests for permission to make copies of any part of the work should be mailed to: Permissions Department, Harcourt Brace & Company, 6277 Sea Harbor Drive, Orlando, FL 32887-6777.

*Address for Orders*  
The Dryden Press, 6277 Sea Harbor Drive, Orlando, FL 32887  
1-800-782-4479

*Address for Editorial Correspondence*  
The Dryden Press, 301 Commerce Street, Suite 3700, Fort Worth, TX 76102

Web-site address  
<http://www.hbcollege.com>

THE DRYDEN PRESS, DRYDEN, and the DP Logo are registered trademarks of Harcourt Brace & Company.

Printed in the United States of America

8 9 0 1 2 3 4 5 6 032 9 8 7 6 5 4 3 2

The Dryden Press  
Harcourt Brace College Publishers

# Preface

The new edition of our best-selling *Contemporary Marketing* text is wired for twenty-first-century marketing. And now more than ever you'll want to plug into this marketing powerhouse!

In our ninth edition, *Contemporary Marketing*<sup>WIRED</sup> continues to add to its collection of precedent-setting firsts. More than a million students have been introduced to the dynamic world of marketing through *Contemporary Marketing*. And after reading this sampling of our many firsts, we hope you'll understand why *Contemporary Marketing* continues to rank first with instructors and students alike.

- ▼ The **FIRST** marketing text written specifically for the student—rather than the professor—featuring a clear, concise style that readers can readily understand and enjoy.
- ▼ The **FIRST** marketing text based on marketing research and written the way instructors actually teach the course.
- ▼ The **FIRST** text to integrate computer applications into each chapter.
- ▼ The **FIRST** text to employ extensive pedagogy—such as boxed features—to breathe life into exciting real-world concepts and issues of marketing.
- ▼ The **FIRST** text to introduce end-of-chapter video cases tied to professionally produced video segments.
- ▼ The **FIRST** text to offer services and international chapters early and to thoroughly integrate those topics throughout the textbook with literally hundreds of examples.
- ▼ The **FIRST** text to include a separate chapter on quality and customer satisfaction.
- ▼ The **FIRST** text to utilize multimedia technology to integrate all components of the principles of marketing ancillary program—*Contemporary Marketing* laser discs linked to videos, overhead transparencies, and material from the text—enabling instructors to custom create exciting, energetic lecture presentations.

## NEW! for the Ninth Edition

*Contemporary Marketing*<sup>WIRED</sup> is the **FIRST** to integrate a true technology emphasis throughout the text and package. The ninth edition incorporates the technology theme into every facet: opening vignettes, chapter concepts, end-of-chapter assignments, boxed features, cases, and innovatively packaged items. The text applies today's technology—

the Internet, CD-ROM, and multimedia—to traditional as well as emerging marketing concepts. Creative assignments and exercises give students hands-on experience in applying technological advances to real marketing issues. Engaging in-text examples now include company Web addresses and students can glean additional information and insight from *Contemporary Marketing*'s own home page.

The improvements to the new edition are so extensive and so far-reaching that even the title of the text has been modified to *Contemporary Marketing*<sup>WIRED</sup>. The change reflects not simply a new edition, but a new approach to the marketing discipline.

## NEW TECHNOLOGY EMPHASIS

### NEW! Student Preface

A new high-tech student preface details the new emphasis *Contemporary Marketing*<sup>WIRED</sup> places on technology and gives directions to the Boone & Kurtz home page and other Internet resources.

### NEW! Technology-Based Chapter Openers

Innovative chapter opening vignettes illustrate current marketing technology in action and link real-world scenarios to chapter concepts. Each vignette describes how an actual company has applied technology to its competitive advantage. The marketing research chapter (Chapter 6) opens with descriptions of Internet and Web databases, while the retailing coverage chapter (Chapter 15) begins with discussions of the virtual store and the advertising chapter (Chapter 18) with cyberspace media.

### MORE! Technology in Marketing Research

Coverage of technology in marketing research has been expanded to include more examples of high-tech tools and more coverage of how computers are used to support marketing decision systems, including marketing databases, data warehouses, and decision support systems.

### NEW! 'netWork Technology Exercises

End-of-chapter 'netWork applications give students hands-on experience employing the Internet in marketing-related exercises. These cutting-edge exercises:

- ▼ Contain problems that require students to locate data on different Web sites.

- ▼ Include computer exercises that can be completed at the *Contemporary Marketing*<sup>WIRED</sup> Web site.
- ▼ Incorporate follow-up assignments enabling students to further research in-text examples on Dryden Web locations.

### **NEW! Video Case Web-Site Questions**

End-of-chapter video case questions include exercises that require students to visit a specific Web site related to the company or the concepts covered in the video in order to obtain the information necessary to solve the application.

## **KEY CONTENT CHANGES**

### **NEW! Early Emphasis on the Internet and Relationship Marketing**

Chapter 1, "Developing Relationships through Customer Focus, Quality, Technology, and Ethical Behavior," has been completely revised and revamped, reflecting the text's newly integrated emphasis on technology. Students are immediately introduced to hot topics such as the Internet, virtual marketing, and interactive marketing. The chapter also discusses relationship marketing, the increasing influence of global marketing, and the role of ethics and social responsibility in building customer relationships.

### **NEW! Relationship Marketing Chapter**

An entire chapter has been devoted to relationship marketing, including coverage of database marketing, strategic alliances, co-marketing, co-branding, and dedicated sales forces. Coverage of this increasingly important marketing topic begins early in the text in Chapter 1 before the in-depth discussion in Chapter 10. Relationship marketing is also integrated throughout the text.

### **NEW! Integrated Communications Approach to Advertising and Promotion**

The advertising and promotion chapter has been completely rewritten and revised to emphasize an integrated marketing communications approach, reflecting emerging trends in the field. A new Chapter 17, "Integrated Marketing Communications" also details the importance of the Internet's role in the promotional mix, including discussions of methods for determining the effectiveness of using Web sites. Sponsorship as a promotional tool and expanded coverage of direct marketing are also included in Chapter 17.

### **EXPANDED! Value and Customer Satisfaction**

Chapter 2, "Creating Value through Customer Satisfaction and Quality," has been completely reorganized to focus on the importance of value and customer satisfaction to marketing. Quality is presented as a part of customer satisfaction, rather than vice versa. Value is shown as the link between quality and customer satisfaction and the path leading to successful customer relationships.

### **REORGANIZED! Product Chapters**

Chapters 11 and 12 have been reorganized, with Chapter 11 focusing on product strategies and Chapter 12 emphasizing brand management and new product planning. As a result, the product line and product mix sections are now in Chapter 11, and the consumer adoption process is part of the new product introduction section in Chapter 12.

### **REVISED! Physical Distribution Chapter**

The physical distribution chapter (Chapter 16) has been thoroughly revised and retitled "Logistics and Value Chain Management." Terminology and chapter content have been updated and particular attention is devoted to the contemporary concept of the value chain. By grouping all the distribution and wholesaling sections, this chapter now focuses more on distribution as it relates to the overall marketing strategy. The chapter also covers direct selling. The importance of managing channel relationships is now part of the expanded section on Channel Leadership and Management in Chapter 14.

### **EXPANDED! Direct Selling and Direct Marketing Coverage**

The new edition includes expanded discussions of direct selling as a separate channel in Chapter 14, while discussions of direct mail are presented in the context of direct marketing in Chapter 18.

### **EXPANDED! Ethics Emphasis**

Beginning early in the text (Chapter 1) with a section on "Ethics and Social Responsibility: Doing Well by Doing Good," the ninth edition emphasizes how ethical behavior promotes lasting customer relationships and leads to marketplace success. In addition to each chapter's ethical controversy boxes, Chapter 3 includes discussions of marketing's role in society, marketing ethics, and social responsibility. Special attention is also given to ethics in promotion, with new sections in Chapters 17, 18, and 19.

## KEY PEDAGOGICAL CHANGES

### NEW! "Marketing Hall of Fame" and "Marketing Hall of Shame" Boxes

Each chapter contains "Marketing Hall of Fame" and "Marketing Hall of Shame" boxes that detail actual marketing strategies that scored big as well as those that flopped. Presented in a punchy, eye-grabbing format, these stories give students an inside view of the results of actual marketing decisions.

### NEW! "Solving an Ethical Controversy" Boxes

Real-world ethics and diversity issues are integrated with chapter concepts in this exciting new boxed feature that appears in every chapter. These topics are an excellent springboard for classroom discussion and debate.

### NEW! Questions for Critical Thinking

Included in each "Marketing Hall of Fame" and "Marketing Hall of Shame" boxed feature are "Questions for Critical Thinking" that reflect the text's emphasis on critical-thinking applications. These exercises help students develop analytical skills while considering specific business scenarios.

### NEW! "Briefly Speaking" Cut-Ins

Intriguing, unusual, and entertaining marketing facts are featured in each chapter in unique "Briefly Speaking" cut-in quotes.

### NEW! Microsoft Continuing End-of-Part Case

A continuing, end-of-part case on Microsoft is fully integrated with chapter concepts, implementing new topics and issues as students learn them.

### NEW! "Marketing Dictionary"

A student-friendly "Marketing Dictionary" defines key terms as they appear in the text and provides a list of definitions for each two-page spread.

### NEW! End-of-Chapter Achievement Check Summaries

Each chapter contains an "Achievement Check Summary" section that uniquely reinforces chapter concepts by reviewing chapter highlights with quiz-like true/false and

short multiple-choice questions. This question and answer format provides a more interactive and creative method for reviewing key chapter concepts.

## UNPARALLELED RESOURCE PACKAGE

### NEW! Boone & Kurtz Home Page

Using the *Contemporary Marketing*<sup>WIRED</sup> Web site, professors and students can gain additional information, resources, and firsthand experience surfing the Net. Featuring in-text graphics and illustrations, the **Boone & Kurtz home page** is completely integrated with text topics as well as end-of-chapter exercises and video cases, many of which require readers to look up information at this or other Web sites. The home page is also the address for additional material integrated with the end-of-chapter computer exercises. The Boone & Kurtz home page is located on the Dryden World Wide Web site at

<http://www.dryden.com/mktng/boone/>

Home Page content is provided by Rosemary Ramsey, Eastern Kentucky University.

The Boone and Kurtz Web site includes the following features:

- ▼ "Incorporating the Internet into Your Basic Marketing Class" for professors
- ▼ "Teaching Resources" section for professors
- ▼ Short summaries of articles with accompanying supporting exercises
- ▼ Integration with end-of-chapter 'netWork applications
- ▼ Additional chapter review exercises
- ▼ "Career Communications" section for students
- ▼ Integration with the *Discovering Your Marketing Career* CD-ROM
- ▼ Integration with end-of-chapter video cases
- ▼ Chat area for students and professors
- ▼ Many, many more additional resources

### NEW! World Wide Web Directory

Giving readers even more practice cruising the World Wide Web, online addresses are included for companies and organizations highlighted in extended-text examples, focus boxes, opening vignettes, and photo illustrations. Readers are also referred to Web sites to gain additional insight on chapter material, such as secondary data discussion in marketing research and competitive analysis

relating to marketing planning. Addresses are spotlighted in the text with a special eye-catching design. In addition, company Web addresses are listed alphabetically on the endpapers of the text.

### **NEW! PowerPoint/CD-ROM Media Active Presentation Software**

Classroom lectures and discussions come to life with this innovative presentation tool. Extremely professor-friendly and organized by chapter, this program enables instructors to custom design their own multimedia classroom presentations, using overhead transparencies, figures, tables, and graphs from the text as well as completely new material from outside sources. Content is provided by Rajiv Vaidyanathan, University of Minnesota-Duluth.

### **NEW! CD-ROM: *Discovering Your Marketing Career***

This innovative, student-friendly software package helps students learn about and assess their compatibility with marketing careers. In one comprehensive, multimedia CD-ROM, students receive broad guidance and practical advice on everything from clarifying the depth of their interest in a particular marketing career to preparing and implementing an effective job search strategy.

Students complete questionnaires regarding their preferences both for marketing-related job activities as well as such career factors as work environment, compensation, and career advancement. The program matches student responses to specific marketing careers. Students then view a customized video summarizing what their responses reveal about how well the career suits them, and then read a detailed report explaining how each of their responses may or may not indicate a good career match.

Through videos, audios, and extensive textual content, comprehensive career profiles present a detailed, up-to-date picture of actual job responsibilities, career paths, and skills required to be successful. Students are also advised on current compensation levels and associations, directories, books, and other relevant information for finding out more about the marketing career of interest. Career profiles were compiled following extensive interviews with professionals from such prominent companies as AT&T, General Electric, Ogilvy & Mather, J. Walter Thompson, Walt Disney, Coca-Cola, Microsoft, General Mills, Johnson & Johnson, Procter & Gamble, Neiman Marcus, Wal-Mart, Sears, Kmart, Digital Equipment Corporation, and IBM. Content for the program is provided by Eric Sandburg, Career Design Software.

The CD-ROM includes a free copy of the student version of *Career Design*, the landmark career planning software program based on the work of John Crystal, the ma-

jor contributor to the most widely read career text of all time, *What Color is Your Parachute?* by Richard N. Bolles.

### **NEW! Internet Marketing Connection**

Available through The Dryden Press Web site, students owning a copy of the *Discovering Your Marketing Career* CD-ROM included in *Contemporary Marketing*<sup>WIRED</sup> can download the **Internet Marketing Connection**, an online guide to a wide range of marketing links. This innovative resource is run from the student's favorite Web browser, enabling the user to read the description of a marketing link and then click on the link to immediately visit that Internet location. Although topics may change according to current availability on Web sites, these are representative of the links:

- ▼ Global marketing
- ▼ Direct marketing
- ▼ Business-to-business marketing
- ▼ Sports marketing
- ▼ Database marketing
- ▼ Marketing issues related to ethics, quality, social responsibility, and cultural diversity
- ▼ Marketing through strategic alliances and co-branding
- ▼ Relationship marketing

Students can also link to Web sites where they can identify marketing job opportunities in the career fields covered in *Discovering Your Marketing Career*. The **Internet Marketing Connection** is updated regularly to ensure links are current. Visit The Dryden Press Web site at <http://www.dryden.com/mktng/careered/> for the latest version.

### **UPDATED and EXPANDED! Custom Videos**

Integrating the ninth edition's new technology emphasis, this exciting, innovative video package adopts a problem-resolution approach to video segments, which are tied directly to chapter concepts and even includes art and graphics from the text. Custom-produced for *Contemporary Marketing*<sup>WIRED</sup>, the videos were created in partnership with successful, well-known companies, giving students a real-world perspective of how firms meet the challenges of the marketplace.

The videos illustrate such themes as quality, customer satisfaction, brand equity, relationship marketing, teamwork, product revitalization, regulation, and ethics.



Additionally, many segments conclude with career profiles of people featured in the videos. These real-world marketers discuss their career paths, marketing successes, key managerial skills, and the role of marketing, as well as offer personal advice to students. The video career profiles are coordinated with Dryden's *Discovering Your Marketing Career* CD-ROM. Approximately half of the videos are completely new, while the others have been thoroughly revised and updated.

The 21 videos (each approximately 15 minutes) include the following:

- Chapter 1** A Search Engine Named Yahoo! (Yahoo!)
- Chapter 2** Pursuing a Lofty Goal (Wainwright Industries, Inc.)
- Chapter 3** Riding on the Information Superhighway (AT&T)
- Chapter 4** Building a Global Competitive Advantage (Whirlpool Corporation)
- Chapter 5** Growing Pains (Kropf Fruit Company)
- Chapter 6** Taking the Path of Customer Focus (Walker Information)
- Chapter 7** Targeting the Business Traveler (Marriott International)
- Chapter 8** Beating Baldness (Pharmacia & Upjohn Company, Inc.)
- Chapter 9** Creating Kitchens to Please Partners (Delfield Corporation)
- Chapter 10** Launching Tommy: The New American Fragrance (Tommy Hilfiger)
- Chapter 11** Serving the Needs of Golf Professionals (Slazenger USA)
- Chapter 12** The Boulevard Cruiser (Cadillac)
- Chapter 13** Changing to Help Others Change (Andersen Consulting)
- Chapter 14** Choosing Channels (Next Door Foods)
- Chapter 15** Renewing Retailing (Kmart)
- Chapter 16** Leveraging the Links of Logistics (Dow Chemical)
- Chapter 17** Flying High—From Nearby Skies (Cherry Capital Airport)
- Chapter 18** Creating Advertising That Charms, Disarms, and Delivers (W.B. Doner Ad Agency)
- Chapter 19** Selling the Free-Standing Insert (Valassis Communication, Inc.)
- Chapter 20** Pricing a Lifesaver (Second Chance)
- Chapter 21** Combating Competition in the Cookie Market (Archway Cookies)

### Media Instructor's Manual

The **Media Instructor's Manual** provides further teaching support for each of the 21 videos. Tips on using the *Contemporary Marketing* videos, outlines for each video case, descriptions, case topics, video running times, and organizations discussed are included. Also included are

teaching notes for the **Transparency Acetates** and the **PowerPoint CD-ROM**. A detailed description of the *Discovering Your Marketing Career* CD-ROM and information on *MICROSIM*, *Applying Marketing Principles Software*, and *The Marketing Game* is here as well.

### Instructor's Resource Manual

Boone & Kurtz's precedent-setting **Instructor's Resource Manual** has been completely revised and revamped to provide an even more innovative and powerful teaching tool. The ninth edition **Instructor's Resource Manual** includes the following:

- ▼ Suggested class schedules
- ▼ Ideas for more than 100 term paper topics
- ▼ Suggestions for obtaining guest speakers for your classes
- ▼ **NEW!** Ideas on how to use the Internet and technology in your class
- ▼ Changes in the new ninth edition
- ▼ New chapter coverage
- ▼ New features
- ▼ **NEW!** Internet addresses for each chapter
- ▼ Annotated learning goals
- ▼ Key terms
- ▼ Lecture outlines
- ▼ **NEW!** Answers to the "Achievement Check Summary" sections
- ▼ Answers to review questions
- ▼ Answers to discussion questions
- ▼ **NEW!** Answers to 'netWork technology exercises
- ▼ Answers to video case questions (cases to accompany each video are placed at the end of each text chapter)
- ▼ **NEW!** Answers to "Questions for Critical Thinking" box questions
- ▼ Guest speaker suggestions
- ▼ **NEW!** Answers to Microsoft continuing end-of-part case questions

### Test Bank

Available in computerized and printed formats, this completely revised and updated **Test Bank** offers more than 4,000 questions—the most of any principles text—



including application and knowledge-based multiple-choice, true/false, short-answer, and essay questions. Each question is keyed to specific chapter learning objectives and level of difficulty. Students will also be tested on their knowledge of the "Marketing Hall of Fame," "Marketing Hall of Shame," and "Solving an Ethical Controversy" boxed material. This new **Test Bank** has also been thoroughly reviewed by 21 professors to ensure an accurate, high-quality product. **Test Bank** authors include Amy Enders, Northampton Community College, William Rice, California State University—Fresno and Ken Lawrence, New Jersey Institute of Technology.

### **Computerized Test Bank**

Available in PC-, Windows-, and Macintosh-compatible formats, the computerized version of the printed test bank enables instructors to preview and edit test questions, as well as add their own. The tests and answer keys can also be printed in "scrambled" formats.

### **Request Test and Online Testing Service**

The Dryden Press makes test planning quicker and easier than ever with this program. Instructors can order test masters by question number and criteria over a toll-free telephone number. Test masters will be mailed or faxed within 48 hours. Dryden can provide instructors with software to install their own online testing program, allowing tests to be administered over network or individual terminals. This program offers instructors greater flexibility and convenience in grading and storing test results.

### **Study Guide**

Designed to enhance student understanding and provide additional practical application of chapter content, this comprehensive learning tool includes chapter outlines, experiential exercises, self-quizzes, cases, short-answer questions, computer and Internet application problems, crossword puzzles, marketing plan exercises, term projects, and solutions to study questions. The **Study Guide** was written by Tom O'Connor, University of New Orleans.

### **Overhead Transparencies**

Full-color **Transparency Acetates** have been created with striking graphic illustrations and advertisements. The **Transparency Acetates** are described in detail in the **Media Instructor's Manual**.

### **Marketing Simulations**

*MICROSIM*, a marketing simulation game created by Professor Steven Schnaars, Baruch College, and *Applying Marketing Principles*, written by Professor Robert Schaffer, California State Polytechnic—Pomona, enhance classroom participation and give students hands-on experience applying chapter concepts to real-world marketing issues.

### **NEW! The Marketing Game**

An innovative new Windows-based computer simulation by Robert Schaffer has been added to the *Contemporary Marketing* <sup>WIRED</sup> package. *The Marketing Game* is a traditional simulation game with some novel twists. The underlying model is based on the digital camera industry and will help students develop their marketing skills within the framework of an evolving product life cycle.

Large classes can play *The Marketing Game* in solitaire mode, with each student competing against computer-generated opponents. This option greatly reduces classroom game management problems and allows instructors to provide their students with a computer simulation experience that they would otherwise be unable to implement. Because of its link to the Internet, there also is an option to allow competitive play between teams of students at different universities.

The Dryden Press will provide complimentary supplements or supplement packages to those adopters qualified under our adoption policy. Please contact your sales representative to learn how you may qualify. If as an adopter or potential user you receive supplements you do not need, please return them to your sales representative or send them to:

ATTN: Returns Department  
 Troy Warehouse  
 465 South Lincoln Drive  
 Troy, MO 63379

## ACKNOWLEDGMENTS

The authors gratefully acknowledge the following colleagues who reviewed all or part of the manuscript in previous editions:

Keith Absher	Donald Granbois	Robert D. Miller
Kerri L. Acheson	Paul E. Green	Laura M. Milner
Zafar U. Ahmed	William Green	Harry J. Moak
M. Wayne Alexander	Blaine Greenfield	J. Dale Molander
Linda Anglin	Matthew Gross	John F. Monoky
Paul Arsenault	Robert F. Gwinner	James R. Moore
Dub Ashton	Raymond M. Haas	Thomas M. Moran
Tom F. Badgett	John H. Hallaq	Susan Logan Nelson
Joe K. Ballenger	Cary Hawthorn	Colin F. Neuhaus
Wayne Bascom	E. Paul Hayes	Robert T. Newcomb
Richard D. Becherer	Hoyt Hayes	Jacqueline Z. Nicholson
Tom Becker	Debbora Heflin-Bullock	Robert O'Keefe
Richard F. Beltrami	John (Jack) J. Heinsius	Sukgoo Pak
Robert Bielski	Sanford B. Helman	Eric Panitz
Carol C. Bienstock	Nathan Himelstein	Dennis D. Pappas
Roger D. Blackwell	Robert D. Hisrich	Constantine Petrides
Jocelyn C. Bojack	Ray S. House	Barbara Piasta
Michele D. Bunn	George Housewright	Dennis D. Pitta
Les Carlson	Michael D. Hutt	Barbara Pletcher
Robert Collins	Gregory P. Iwaniuk	Carolyn E. Predmore
Elizabeth Cooper-Martin	Don L. James	Arthur E. Prell
Deborah L. Cowles	David Johnson	Bill Quain
Howard B. Cox	Eugene M. Johnson	Thomas C. Reading
John E. Crawford	James C. Johnson	Gary Edward Reiman
Michael R. Czinkota	Harold H. Kassarian	Arnold M. Rieger
Kathy Daruty	Bernard Katz	C. Richard Roberts
Gilberto De Los Santos	Stephen K. Keiser	Patrick J. Robinson
Carol W. DeMoranville	Michelle Keller	William C. Rodgers
Fran DePaul	J. Steven Kelly	William H. Ronald
Gordon Di Paolo	James H. Kennedy	Bert Rosenbloom
John G. Doering	Charles Keuthan	Barbara Rosenthal
Jeffrey T. Doult	Maryon King	Carol Rowery
Sid Dudley	Randall S. Kingsbury	Ronald S. Rubin
John W. Earnest	Donald L. Knight	Rafael Santos
Phillip E. Egendorf	Linda S. Koffel	Dennis W. Schneider
Sandra M. Ferriter	Philip Kotler	Larry J. Schuetz
Dale Fodness	Terrence Kroeten	Bruce Seaton
Gary T. Ford	Martha Laham	Howard Seigelman
Michael Fowler	L. Keith Larimore	Jack Seitz
Sam Fullerton	Edwin A. Laube	Steven L. Shapiro
Ralph M. Gaedeke	Francis J. Leary, Jr.	F. Kelly Shuptrine
G.P. Gallo	Mary Lou Lockerby	Carol S. Soroos
Nimish Gandhi	Paul Londrigan	A. Edward Spitz
Sheryl A. Gatto	Lynn J. Loudonback	Miriam B. Stamps
Robert Georgen	David L. Loudon	William Staples
Don Gibson	Dorothy Maass	David Steenstra
David W. Glascoff	James C. Makens	Bruce Stern
James Gould	Lou Mansfield	Robert E. Stevens
	James McCormick	Kermit Swanson
	Carl McDaniel	G. Knude Swenson
	James McHugh	Cathy Owens Swift
	Faye McIntyre	Clint B. Tankersley
	H. Lee Meadow	Ruth Taylor
	William E. (Gene) Merkle	Donald L. Temple
	John D. Milewicz	Vern Terpstra

Ann Marie Thompson  
Howard A. Thompson  
John E. Timmerman  
Rex Toh  
Dennis H. Tootelian  
Fred Trawick  
Richard Lee Utech

Rajiv Vaidyanathan  
Toni Valdez  
Dinoo T. Vanier  
Gayle D. Wasson  
Fred Weinthal  
Susan B. Wessels  
John J. Whitney

Robert J. Williams  
Nicholas C. Williamson  
Cecilia Wittmayer  
Van R. Wood  
Julian Yudelsohn  
Robert J. Zimmer

The ninth edition and its ancillaries were no exception when it came to benefiting from quality reviewer comments. The authors are indebted to the following colleagues for their willingness to help in creating another innovative edition of *Contemporary Marketing*:

**Bruce Allen**, *Central Michigan University*  
**Allen Appell**, *San Francisco State University*  
**Amardeep Assar**, *York College*  
**Thomas Becker**, *University of South Alabama*  
**James Camerius**, *Northern Michigan University*  
**John Carmichael**, *Union County College*  
**Jacob Chacko**, *University of North Dakota*  
**Kathy Daruty**, *Pierce College*  
**Grant Davis**, *University of South Alabama*  
**Michael Elliot**, *University of Missouri—St. Louis*  
**Amy Enders**, *Northampton Community College*  
**Bob Farris**, *Mt. San Antonio College*  
**Lori Feldman**, *Purdue University—Calumet*  
**Edward Friese**, *Okaloosa-Walton Community College*  
**Ivan Figueroa**, *Miami-Dade Community College*  
**Meryl Gardner**, *University of Delaware*  
**John Grant**, *Southern Illinois University*  
**Betty Jean Hebel**, *Madonna University*  
**Nathan Hemelstein**, *Essex County College*  
**Donald Howard**, *Augusta State University*  
**James Jeck**, *North Carolina State*  
**Candida Johnson**, *Holyoke Community College*  
**Russell Laczniak**, *Iowa State University*  
**Edwin Laube**, *Macomb Community College*  
**Ken Lawrence**, *New Jersey Institute of Technology*  
**James Lollar**, *Radford University*  
**Warren Martin**, *University of Alabama—Birmingham*  
**Michael McGinnis**, *University of South Alabama*  
**Mohan Menon**, *University of South Alabama*  
**Banwari Mittal**, *Northern Kentucky University*  
**Tom O'Connor**, *University of New Orleans*

**Eric Panitz**, *Ferris State University*  
**Rosemary Ramsey**, *Eastern Kentucky University*  
**Cathy Rich-Duval**, *Merrimack College*  
**Glen Riecken**, *East Tennessee State University*  
**Don Ryktarsyk**, *Schoolcraft College*  
**Duane Schecter**, *Muskegon Community College*  
**Mike Simone**, *Delaware Valley College*  
**Ricardo Singon**, *California State University—Hayward*  
**Norman Smothers**, *California State University—Hayward*  
**James Spiers**, *Arizona State University*  
**Robert Stevens**, *Northeast Louisiana University*  
**Frank Titlow**, *St. Petersburg Junior College*  
**Rajiv Vaidyanathan**, *University of Minnesota—Duluth*  
**Peter Vander Haeghen**, *Coastline Community College*  
**Donald Weinrauch**, *Tennessee Tech*  
**Debbora Whitson**, *California State Polytechnic—Pomona*  
**Kathy Wilder**, *Delta State University*

We are grateful to Marlene Bellamy—whose contribution to the ninth edition was invaluable. Special thanks go to our research assistants—Jeanne Bartimus and Jamie Campbell. Their good cheer and perseverance was a constant source of inspiration to the authors.

We would also like to thank our good friends at The Dryden Press. Bill Schoof, our editor; Tracy Morse, our development editor; and Lisé Johnson, our product manager, who were a valued part of this edition. Our sincere thanks goes to each of them.

Other Dryden Press contributors to *Contemporary Marketing*<sup>WIRÉD</sup> were Kathryn Stewart, our project editor; Bill Brammer, art director; Carlyn Hauser, production manager; Nancy Moudry, photo research; Doris Milligan, permissions editor; and Adele Krause, picture and rights editor. Thanks so much for your efforts on our behalf.

Louis E. Boone  
David L. Kurtz

## To the Student

Marketing has gone high-tech. And never has there been a more exciting time to study this dynamic field. New technological advances have created an industry of endless opportunities—limited only by a marketer's creativity.

The ninth edition of *Contemporary Marketing*<sup>WIRED</sup> is wired for the new high-tech advances, integrating a technology emphasis throughout the text and package. Internet, CD-ROM, multimedia—these are some of the new tools you'll use to learn about traditional and emerging marketing concepts and issues.

For example, *Contemporary Marketing*<sup>WIRED</sup> has an especially strong connection to the Internet, including its own student-friendly site on the World Wide Web. The Internet offers countless exciting opportunities for marketers. With Boone & Kurtz, you'll learn firsthand what an effective marketing tool this—and other high-tech applications—can be, as well as experience the intricacies of effectively navigating the Information Superhighway.

The Internet is literally the application of all marketing principles:

1. The Internet is all about advertising—from advertising goods and services to creating an image through the home page.
2. Many companies gather data over the Net—practical information about competitors, suppliers, and customers. Many firms include questionnaires on the Web for data gathering.
3. Companies can test-market new ideas or product/service enhancements over the Net.
4. Home pages often include e-mail addresses or links, offering another avenue for helpful information.
5. Legal issues are reviewed on the Web. Issues such as product liability or the Communications Decency Act may be investigated. There are also mechanisms for reporting consumer complaints to various agencies.
6. The Web opens the door to international companies or governments. It is especially insightful to investigate legal issues regarding marketing in other countries.
7. Many special-interest groups have home pages. Ethical and environmental issues, for example, are frequently reviewed.
8. The Web is a unique channel for distributing goods, services, and information.
9. Direct access to producers by consumers may significantly change the nature of selling.

10. The Internet may be used for job searches. Many companies post job openings on their homes pages. There are also several online job search services.

As you can see, the applications are endless. And *Contemporary Marketing*<sup>WIRED</sup> is your direct link to marketing innovation. Visit the Boone & Kurtz *Contemporary Marketing*<sup>WIRED</sup> Web site at

<http://www.dryden.com/mktng/boone/>

## STUDENT GLOSSARY OF HELPFUL INTERNET TERMS

**Bookmark.** A browser feature that places selected URLs in a file for quick access.

**FTP (file transfer protocol).** A tool for transferring files between computers on the Internet, often used to transfer large files of statistics, scientific experiments, and full-text articles.

**Gopher.** A text-based Internet search engine developed by the University of Minnesota that provides subject access to files on the Internet through menus.

**Home page.** The first hypertext document displayed on a Web server. A home page is often a menu page with information about the developer and links to other sites.

**HTML (hypertext markup language).** Code in which World Wide Web documents are written and presented.

**HTTP (hypertext transfer protocol).** The protocol used by the Web to transfer hypertext documents.

**Hypertext.** Documents that contain links to other documents, allowing the user to jump from one document to another.

**URL (uniform resource locator).** Web address that gives the exact location of an Internet resource.

**Usenet.** A group of systems that enable users to exchange discussion on specific topics through newsgroups.

**World Wide Web (WWW).** A hypertext-based system for finding and accessing Internet resources.

## HOW TO GET ONLINE

Learning to use the basic tools will make surfing the Net more profitable and enjoyable for you. Each site has an

address, which is referred to as a URL, or uniform resource locator. Using a URL is a fast way to get to a site. Setting a bookmark makes getting to a useful site at a later time even faster. If you do not know a specific URL, you can use any of the various search engines (Yahoo!, Infoseek, etc.) available to conduct a search.

## YOUR PERSONAL WORLD WIDE WEB DIRECTORY

*Contemporary Marketing*<sup>WIRED</sup> provides students with an in-text World Wide Web directory. Online addresses are included in the textbook for companies and organizations highlighted in extended-text examples, focus boxes, opening vignettes, and photo illustrations. Company Web addresses are also listed alphabetically on the endpapers (inside front and back cover pages) of the text.

For additional resources, you can reach the Boone & Kurtz *Contemporary Marketing*<sup>WIRED</sup>, Ninth Edition home page at

<http://www.dryden.com/mktng/boone>

Because the Internet is a constantly changing network of networks, no subject list is ever complete. Each day, addresses change, new sites are added, and old sites disappear without warning. Following is a list of search engines and private data sources that provide links to numerous other sites relating to marketing and business.

## SEARCH ENGINES

If you don't know the URL for a site, you can use various search engines to perform a keyword search by developer or subject name. As with everything on the Internet, these search tools change daily and new features are constantly added. The following search engines can help track down online information on a variety of topics:

**Search.com** (<http://www.search.com/>). This site gives access to more than 300 specialized indexes and search engines.

**Metacrawler** (<http://www.metacrawler.com/>). This tool submits your query to nine of the top search engines at once.

**Altavista** (<http://altavista.digital.com/>). This service provides one of the largest search indexes on the Web.

**Infoseek Guide** (<http://www.infoseek.com/>). This search index includes millions of listings.

**Yahoo!** (<http://www.yahoo.com/>). This useful search index divides reference sites into logical groups.

## Government Data Sources

**U.S. Census Bureau** (<http://www.census.gov/>). This site provides free access to many census data reports and tables, including international census data from many countries.

**U.S. Bureau of Economic Analysis** (<http://www.bea.doc.gov/>). This site provides national and regional economic information, including gross domestic product by industry.

**U.S. Bureau of Labor Statistics** (<http://stats.bls.gov/>). This site gives access to the BLS survey of consumer expenditures, a report on how U.S. consumers spend their money.

**Department of Commerce/STAT-USA** (<http://www.stat-usa.gov/>). This subscription-based site provides access to hundreds of government-sponsored marketing research studies and other statistical information.

**FedWorld** (<http://www.fedworld.gov/>). This site provides a central access point for locating government information. If you need data from the government but don't know where to find it, start here.

## PRIVATE DATA SOURCES

**Knight-Ridder Information** (<http://www.dialog.com/>). This extensive database provides access to thousands of marketing research reports, industry and competitor information, and trade publications. Although it proves itself an excellent source for secondary data of all types, a typical search can be expensive. Knowledge index, available on CompuServe, provides access to many of the Dialog databases for an hourly fee.

**Lexis-Nexis** (<http://www.lexis-nexis.com/>). This is another extensive—and expensive—database of directories, trade publications, and legal information.

## HOW TO CITE INTERNET SITES

If you plan to use the information you have retrieved from the Internet in a research paper or in homework assignments, you need to know how to cite the information correctly. Although formats are still being developed for the various types of electronic documents, new editions of most of the accepted style manuals have a section on citing electronic resources, including the Internet.

The University of Michigan's Internet Public Library has a list with links to recommended electronic information citation guides at

<http://www.ipl.org/classroom/userdocs/internet/citing.html>

Another useful site

<http://www.uvm.edu/~xli/reference/estyles.html>

offers citation formats based on the forthcoming book by Li & Crane, *Electronic Styles: An Expanded Guide to Citing Information*, according to the American Psychological Association and the Modern Language Association styles.

### CD-ROM: *Discovering Your Marketing Career*

This innovative, student-friendly software package helps you learn about and assess your compatibility with marketing careers. This comprehensive, multimedia CD-ROM offers broad guidance and practical advice on everything from selecting a career path to implementing an effective job search strategy. And it's completely integrated with Boone & Kurtz's home page.

After asking you questions regarding specific job activities and such factors as work environment, compensation and career advancement, the program matches your preferences to specific marketing careers. A customized video and detailed report give detailed insight into your responses and subsequent career match.

Comprehensive career profiles present a detailed, up-to-date picture of actual job responsibilities, career paths and skills required to be successful. Information is also available on current compensation levels and associations, directories, books, and other relevant information for researching the marketing career of interest.

Career profiles were compiled following extensive interviews with professionals from such prominent companies as AT&T, General Electric, Ogilvy & Mather, J. Walter Thompson, Walt Disney, Coca-Cola, Microsoft, General Mills, Johnson & Johnson, Procter & Gamble, Neiman Marcus, Wal-Mart, Sears, Kmart, Digital Equipment Corporation, and IBM.

Also included on the CD-ROM is a free copy of the student version of *Career Design*, a career planning soft-

ware program based on the work of John Crystal, the major contributor to *What Color is Your Parachute?* by Richard N. Bolles.

### Internet Marketing Connection

Available through The Dryden Press' Web site, students owning a copy of the CD-ROM included in *Contemporary Marketing*<sup>WIRED</sup> can download the **Internet Marketing Connection**, an online guide to a wide range of marketing links. Operated from your favorite Web browser, this innovative tool enables you to read the description of a marketing link and then click on the link to immediately visit that Internet location. Following is just a sampling of topics:

- ▼ Global marketing
- ▼ Direct marketing
- ▼ Business-to-business marketing
- ▼ Sports marketing
- ▼ Database marketing
- ▼ Marketing issues related to ethics, quality, social responsibility, and cultural diversity
- ▼ Marketing through strategic alliances and co-branding
- ▼ Relationship marketing

You can also link to Web sites where you can identify marketing job opportunities in the career fields covered in *Discovering Your Marketing Career*. The **Internet Marketing Connection** is updated regularly to ensure links are current. Visit The Dryden Press' Web site at

<http://www.dryden.com/mktng/careercd>  
for the latest version.

## About the Authors

**Louis E. Boone (Ph.D.)** holds the Ernest G. Cleverdon Chair of Business and Management at the University of South Alabama. He formerly chaired the Divisions of Management and Marketing at the University of Tulsa and has taught marketing in Australia, Greece, and the United Kingdom.

Dr. Boone is a prolific researcher and writer. In addition to authoring numerous marketing and business texts and computer simulation games, he is author of *Quotable Business*, published by Random House. His current research focuses on event and sports marketing. Dr. Boone's research has been published in such journals as the *Journal of Marketing*, *Journal of Business Strategy*, *Journal of Retailing*, *Business Horizons*, *Journal of Business Research*, *Journal of Business of the University of Chicago*, *Journal of Personal Selling & Sales Management*, *Journal of Marketing Education*, *Business*, and *Sport Marketing Quarterly*. He has served as president of the Southwestern Marketing Association and vice president of the Southern Marketing Association.

**David L. Kurtz (Ph.D.)** is the R.A. and Vivian Young Chair of Business Administration at the University of Arkansas. Dr. Kurtz has also taught at Seattle University, Eastern Michigan University, Davis & Elkins College, and Australia's Monash University.

Dr. Kurtz has authored or co-authored 30 books and more than 100 articles, cases, and papers. His recent work has appeared in such publications as the *Journal of Marketing*, *Journal of Retailing*, *Journal of Business Research*, and numerous other well-known journals.



# Contents

Preface vii

To the Student xv

## CHAPTER 1 Developing Relationships through Customer Focus, Quality, Technology, and Ethical Behavior 4

Chapter Overview 7

What Is Marketing? 7

A Definition of Marketing 8 / Today's Global Marketplace 9

The Origins of Marketing 11

Four Eras in the History of Marketing 12

The Production Era 12 / The Sales Era 12 / The Marketing Era 13 / The Relationship Era 14 / Converting Needs to Wants 15

Avoiding Marketing Myopia 15

Extending the Traditional Boundaries of Marketing 16

Marketing in Not-for-Profit Organizations 17 / Characteristics of Not-for-Profit Marketing 18 / Nontraditional Marketing 19

Elements of a Marketing Strategy 23

The Target Market 23 / Marketing Mix Variables 24 / The Marketing Environment 26 / Quality and Customer Satisfaction 27 / Critical Thinking and Creativity 27

The Technology Revolution in Marketing 27

Interactive Marketing 29 / The Internet 30 / How Marketers Use the Web 31

From Transaction-Based Marketing to Relationship Marketing 34

Developing Partnerships and Strategic Alliances 36

Costs and Functions of Marketing 37

Ethics and Social Responsibility: Doing Well by Doing Good 38

The Study of Marketing 39

Achievement Check Summary 40

Key Terms 40 / Review Questions 41 / Discussion Questions 41

'netWork 42

Video Case 1 A Search Engine Named Yahoo! 42

## CHAPTER 2 Creating Value through Customer Satisfaction and Quality 44

Chapter Overview 47

The Importance of Satisfying Customers 47

Components of Customer Satisfaction 48 / Internal Marketing 49

Measuring Customer Satisfaction 51

Understanding Customer Needs 51 / Obtaining Customer Feedback 52 /

Customer Satisfaction Measurement Programs 53

The Quality Movement 54

Worldwide Quality Programs 56

TQM in Action 57

Involving Top Management 58 / Involving Employees 59 / The Marketing Audit 62 / Benchmarking against the Best 64 / Working toward Continuous Improvement 66

TQM in the Global Marketplace 68

Delivering Customer Value 68

Product Strategy 68 / Distribution Strategy 69 / Promotional Strategy 70 /

Pricing Strategy 72

Achievement Check Summary 73

Key Terms 74 / Review Questions 74 / Discussion Questions 74

'netWork 75

Video Case 2 Pursuing a Lofty Goal 76

## PART 1 THE CONTEMPORARY MARKETING ENVIRONMENT

**OPENING VIGNETTE**  
Hot Hot Hot's Cool Spot  
on the Net

**Marketing Hall of  
Fame**  
The Best Snake-Shaped  
Product Ever Made

**Marketing Hall of  
Shame**  
The Worst "Better  
Mousetrap" Marketing  
Decision

**Solving an Ethical  
Controversy**  
Should the Government  
Regulate Internet  
Advertisers?

**OPENING VIGNETTE**  
Virtual Banking

**Marketing Hall of  
Fame**  
Quality and Customer  
Satisfaction Meet at  
Lands' End

**Marketing Hall of  
Shame**  
Customer Satisfaction  
Fiascoes

**Solving an Ethical  
Controversy**  
Should Credit Card  
Companies Penalize  
Their Best Customers in  
Pursuit of Profits?

## CHAPTER 3 The Marketing Environment, Ethics, and Social Responsibility 78

### Chapter Overview 80

### Environmental Scanning and Environmental Management 81

### The Competitive Environment 82

Types of Competition 82 / Developing a Competitive Strategy 83 / Time-Based Competition 85

### The Political-Legal Environment 85

Government Regulation 86 / Government Regulatory Agencies 86 / Other Regulatory Forces 89 / Controlling the Political-Legal Environment 91

### The Economic Environment 92

Business Cycles 92 / Inflation 93 / Unemployment 93 / Income 94 / Resource Availability 94 / The International Economic Environment 95

### The Technological Environment 95

Applying Technology 97

### The Social-Cultural Environment 97

Importance in International Marketing Decisions 99 / Consumerism 99

### Marketing's Role in Society 100

Evaluating the Quality of Life 101 / Criticisms of the Competitive Marketing System 102

### Current Issues in Marketing 102

Marketing Ethics 102 / Social Responsibility 105

### Controlling the Marketing System 109

### Achievement Check Summary 110

Key Terms 110 / Review Questions 110 / Discussion Questions 111

### 'netWork 111

Video Case 3 Riding on the Information Superhighway 112

### OPENING VIGNETTE The Green Consumer

Marketing Hall of  
Fame  
Big Business in Cash  
from Trash

Marketing Hall of  
Shame  
Benetton's Ads: More's  
the Pity

Solving an Ethical  
Controversy  
Will Further  
Government Regulation  
of the Tobacco Industry  
Reduce Tobacco  
Consumption?

## CHAPTER 4 Global Dimensions of Marketing 114

### Chapter Overview 116

### The Importance of Global Marketing 117

Service and Retail Exports 119 / Benefits of Going Global 120

### The International Marketplace 121

Market Size 121 / Buyer Behavior 122

### The International Marketing Environment 123

International Economic Environment 123 / International Social-Cultural Environment 125 / International Political-Legal Environment 126

### Multinational Economic Integration 131

GATT and the World Trade Organization 131 / The NAFTA Accord 133 / Protectionism, the Economy, and Jobs 136 / The European Union 137

### Going Global 137

Strategies for Entering International Markets 138 / International Direct Investment 140 / From Multinational Corporation to Global Marketer 141

### Developing an International Marketing Strategy 143

International Product and Promotional Strategies 144 / Distribution Strategy 146 / Pricing Strategy 146

### The United States as a Target for International Marketers 148

### Achievement Check Summary 149

Key Terms 150 / Review Questions 150 / Discussion Questions 150

### 'netWork 151

Video Case 4 Building a Global Competitive Advantage 151

CASE Part 1 Microsoft Corp. Becoming the World's Largest Marketer of Computer Software 153

### OPENING VIGNETTE The Discovery Channel Ventures Abroad

Marketing Hall of  
Fame  
Avon Succeeds without  
Ringing the Bell

Marketing Hall of  
Shame  
Piracy Is Not the  
Sincerest Form of  
Flattery

Solving an Ethical  
Controversy  
Should Congress  
Eliminate U.S. Laws  
Forbidding Corporate  
Bribery?