

Ninth Edition

Basic Marketing

E. Jerome McCarthy / William D. Perreault, Jr.

Basic Marketing

A Managerial Approach

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Preface

Twenty-seven years ago, the first edition of *Basic Marketing* pioneered an innovative structure—using the “4 Ps” with a managerial approach—for the introductory marketing course. Since then, *Basic Marketing* has been continuously improved and refined. Innovations have been added with each new edition—and at the same time the best and proven elements of earlier editions have been enhanced. In addition, a concept that began as a “textbook” has expanded to become a comprehensive set of high-quality teaching and learning materials. The response of both teachers and students to this ongoing effort has been gratifying. *Basic Marketing*—and all of its supporting materials—have been more widely used than any other teaching materials for introductory marketing. The “4 Ps” has proved to be an organizing structure that has worked for millions of students and teachers.

Now about 50 introductory marketing texts are available—and almost all of them have tried, in varying degrees, to copy the innovations, content, structure, and managerial emphasis of the previous editions of *Basic Marketing*. Imitation, they say, is the sincerest form of flattery.

Yet we take the responsibilities—and challenges—of leadership seriously. We have worked hard to make the Ninth edition of *Basic Marketing* the highest quality teaching and learning resource ever available for the introductory course. We are excited about what we have achieved with this edition—and we believe that you will be, too.

The whole text has been thoroughly revised, updated, and rewritten. As in past editions, clear and interesting communication has been a priority. Careful explanations—coupled with hundreds of new examples based on well-known companies—bring the concepts alive to heighten interest and motivate learning. We have devoted special attention to changes taking place in today’s highly competitive markets. Throughout the text, we have expanded our treatment of services marketing—reflecting the increasing importance of this area in our economy. The Ninth edition is shorter—to provide crisper focus on the important “basics.” The text has been reorganized, too. This edition provides students with a more complete understanding of market segmentation and positioning earlier in their learning process. We have made it even clearer to students how they can find and screen strategic marketing opportunities by studying and understanding the external environments that affect marketing. The revisions also mean that students move more rapidly into the chapters that focus on the 4 Ps. And we have taken major steps to expand and enhance the whole set of teaching and learning materials that are available with *Basic Marketing*.

Our society has become more visually-oriented. In the previous edition, we saw this trend as both an opportunity and a challenge. We took advantage of new technologies to introduce computer-generated graphs, figures, and full-color photographs to reinforce key points and facilitate learning. With this edition, while other texts are still scrambling to copy what we did before, we continue to refine and improve these learning elements—as part of an overall design that makes exhibits and the concepts they illustrate even clearer.

This edition of *Basic Marketing* involves ambitious revisions. But the reason for all of the revising is straightforward and has been steadfast from the start. We want to be certain that each student really does get an understanding of our market-directed system and how he or she can help it—and some company—run better. We believe marketing is important and interesting—and we want every student who reads *Basic Marketing* to share our enthusiasm.

The emphasis of *Basic Marketing* is on marketing strategy planning. Twenty-three chapters introduce the important concepts in marketing management—and the student sees marketing through the eyes of the marketing manager. The organization of the chapters and topics was carefully planned. But we took special care in writing so that it's possible to rearrange and use the chapters in many ways—to fit various needs.

The first two chapters introduce the nature of marketing—focusing on its macro role in society and its micro role in both non-profit and for-profit organizations. Chapter 3 provides a strategic planning view of how managers can find target market opportunities with market segmentation. This strategic view alerts students to the importance of evaluating opportunities in the external environments affecting marketing. These topics are then discussed in Chapter 4. Chapter 5 concerns getting information for marketing management planning—and it provides a contemporary view of both marketing information systems and marketing research. Chapter 6 shows how demographic dimensions and trends in the consumer market relate to target marketing opportunities and segmentation. Chapters 6 and 7 explore the behavioral aspects of the consumer market and describe similarities—and differences—between final consumers and intermediate customers—like manufacturers, channel members, and government purchasers.

Chapters 9 through 19 are concerned with developing a marketing mix with the four Ps: Product, Place (involving channels of distribution and customer service levels), Promotion, and Price—emphasizing the important strategic decisions in each of these areas. These chapters provide the frameworks students need to be able to develop the “right” Product and make it available at the “right” Place with the “right” Promotion and the “right” Price—to satisfy target customers and still meet the objectives of the business. These chapters are presented in an integrated, analytical way, so there is a logical development of a student's thinking about planning marketing strategies.

Chapter 20 ties the 4 Ps to planning and implementing whole marketing plans and programs. Chapter 21 discusses controlling marketing plans and programs, using examples to show the kind of information a marketing manager can get from a marketing information system. Chapter 22 applies the principles of the text to international marketing. While there is a multinational

emphasis throughout the text, this separate chapter is provided for those wanting special emphasis on international marketing.

The final chapter considers how efficient the marketing process is. Here we discuss many criticisms of marketing and evaluate the effectiveness of both micro and macro marketing.

There are also three special appendices—a concise review of economic fundamentals, a clear explanation of “marketing arithmetic,” and ideas about career opportunities in marketing.

Some textbooks treat “special” topics—like services marketing, marketing for non-profit organizations, industrial marketing, and social marketing—in separate chapters. We have not done this because we are convinced that treating such materials as separate topics leads to an unfortunate “compartmentalization” of ideas. We think they are too important to be isolated in that way. Instead, these topics are interwoven and illustrated throughout the text—to emphasize that marketing thinking is crucial in all aspects of our society and economy. Similarly, our examples and case histories are fully integrated with the text discussion—so that they both stimulate interest and deepen understanding of the important concepts they illustrate.

Really understanding marketing and how to plan marketing strategies can build self-confidence—and make a student more ready to take an active part in the business world. To move students in this direction, we deliberately include a variety of frameworks, models, classification systems, and “how-to-do-it” techniques that should speed the development of “marketing sense”—and equip the student to analyze marketing situations in a confident and meaningful way. Taken seriously, they are practical—and they work. By making these materials more interesting and understandable, we hope to help students see marketing as the challenging and rewarding area it is.

So students will see what’s coming in each *Basic Marketing* chapter, behavioral objectives are included on the first page of each chapter. And to speed student understanding, important new concepts are shown in red and defined immediately. Further, a glossary of these terms is provided at the end of the book. Within chapters, major section headings and second-level headings (placed in the margin for clarity) immediately show how the material is organized *and* summarize key points in the discussion. Further, we have placed pictures in the margin directly beside the paragraph they illustrate—to provide a visual reminder of the ideas. All of these aids help the student understand important concepts—and speed review before exams.

Understanding of the “text material” can be deepened by discussion of the cases suggested at the end of each chapter. In addition, end-of-chapter questions and problems encourage students to investigate the marketing process and develop their own ways of thinking about it.

With this edition of *Basic Marketing*, we are introducing a totally new element—computer-aided problems. We have developed an innovative computer program specifically for use by students who study *Basic Marketing*. The program is easy to use—and includes a wide variety of problems that are tied directly to the problem-solving frameworks and concepts developed in *Basic Marketing*. These exercises complement *Basic Marketing*’s approach to mar-

keting strategy planning—and give students “hands-on” microcomputer experience to show how analysis of alternative strategies can help improve decision making. Suggested computer-aided problems are indicated at the ends of chapters.

Because of the variety of elements—text, cases, exhibits, questions and problems—*Basic Marketing* can be studied and used in many ways. But the *Basic Marketing* textbook itself is just the beginning. It is the central component of a complete set of possible *Professional Learning Units Systems* (our *PLUS*) for students and teachers. Teachers can select from these units to develop their own personalized systems. Many combinations of units are possible—depending on course objectives.

For example, the separate *Learning Aid to Accompany Basic Marketing* offers opportunities to get a deeper understanding of the material. The *Learning Aid* can be used by the student alone or with teacher direction. If the *Learning Aid* is not available at your college bookstore, it can be ordered directly from the publisher. (See the information at the front of the text.)

The *Learning Aid* has several objectives. Some elements seek to help students review what they have studied. Other elements are designed to stimulate a deeper understanding of important topics. Specifically, the *Learning Aid* provides a brief introduction to each chapter and a list of the important new terms (with text page numbers for easy reference). The *Learning Aid* also features true-false questions (with answers and text page numbers) covering *all* the important terms and concepts, as well as multiple-choice questions (with answers) that illustrate the kinds of questions that may appear on exams. In addition, the *Learning Aid* offers exercises—cases and problems—with clear instructions and assignments for the student to complete. Some of these exercises are computer-aided. The *Learning Aid* exercises can be used as classwork or homework. In fact, reading *Basic Marketing* and working with the *Learning Aid* can be the basic activity of the course.

Another separate unit, *Readings and Cases in Basic Marketing*, provides carefully selected complementary materials. The readings blend classic and current articles. They are thought-provoking—and illustrate concepts from the text. End-of-reading questions can spark discussion. The longer cases in this separate unit can be used for detailed student analysis—or for instructor presentation.

Another new *PLUS* element is *The Marketing Game!*—a microcomputer-based competitive simulation. It reinforces the target marketing and marketing strategy planning ideas in *Basic Marketing*. Students make marketing management decisions to compete for the business in several target markets. The innovative design of *The Marketing Game!* allows the instructor to increase the number of decision areas—as students learn more about marketing. Some instructors may want to use the advanced level of the game—perhaps in combination with *Readings and Cases in Basic Marketing*—as the basis for a second course.

Basic Marketing—and all of our accompanying materials—seek to promote student learning—and get students involved in the excitement and challenges of marketing management. Additional units of *PLUS* seek to help an instructor

offer a truly professional course that meets the objectives he sets for his students. Complete Instructor's Manuals are available. And a separate *Lecture Guide to Accompany Basic Marketing* is new with this edition—and offers a rich selection of lecture material and ideas. A high-quality selection of Color Transparencies—and the new *Basic Marketing Videotapes*—are also available. In addition, thousands of true-false and multiple choice questions—written by the authors to work reliably with the text—are available in a separate *Manual of Objective Tests*. The newly revised COMPUTEST II program for microcomputers allows the instructor to select questions directly from the *Manual of Objective Tests*, change them as desired, or add new questions—and quickly print out a finished test customized to a particular course.

Basic Marketing has been the leading marketing textbook for nearly three decades. We take the responsibilities of that leadership seriously. We know you want—and deserve—the very best teaching and learning materials possible. We are committed to providing those materials for you. We will continue to improve *Basic Marketing* to keep pace with your needs in our ever-changing economy. We encourage your comments. Thoughtful criticisms and suggestions from students and teachers help keep *Basic Marketing* in the forefront of marketing texts.

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Acknowledgments

Planning and preparing this revision of *Basic Marketing* has been a consuming, three-year effort. The resulting text—and all of the teaching and learning materials that accompany it—represent a blending of our career-long experiences—and have been influenced and improved by the inputs of more people than it is possible to list.

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The designers, artists, editors, and production people at Richard D. Irwin, Inc., who worked with us on this edition warrant special recognition. Each has shared our commitment to excellence and brought their own individual creativity to the project.

We owe a special debt of gratitude to Linda G. Davis. She typed thousands of manuscript pages—through countless revisions of the text and all the accompanying materials. Her hard work and dedication to quality throughout the whole process was exemplary. We could not have asked for better support.

Our families have been patient and consistent supporters through all phases in developing *Basic Marketing*. The support has been direct and substantive. Joanne McCarthy and Pam Perreault provided invaluable editorial assistance—and many fresh ideas—through each draft and revision. The quality of their inputs is matched only by their energy and enthusiasm about the book. Carol McCarthy helped research and reorient the “Career Planning in Marketing” appendix—reflecting her needs and experiences as a college student looking for a career in advertising. Similarly, Mary Ellen McCarthy Zang provided creative inputs on visual aspects of the project.

We are indebted to all the firms that allowed us to reproduce their proprietary materials here. Similarly, we are grateful to associates from our business experiences who have shared their perspectives and feedback, and heightened our sensitivity to the challenges of marketing management.

A textbook must capsuleize existing knowledge—while bringing new perspec-

tives and organization to enhance it. Our thinking has been shaped by the writings of literally thousands of marketing scholars and practitioners. In some cases it is impossible to give unique credit for a particular idea or concept—because so many people have played important roles in anticipating, suggesting, shaping, and developing an area. We gratefully acknowledge these contributors—from the early thought-leaders to contemporary authors—who have shared their creative ideas. We respect their impact on the development of marketing and more specifically this book.

To all of these people—and to the many publishers who graciously granted permission to use their materials—we are deeply grateful. Responsibility for any errors or omissions is certainly ours, but the book would not have been possible without the assistance of many others. Our sincere appreciation goes to everyone who helped in their own special way.

E. Jerome McCarthy
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