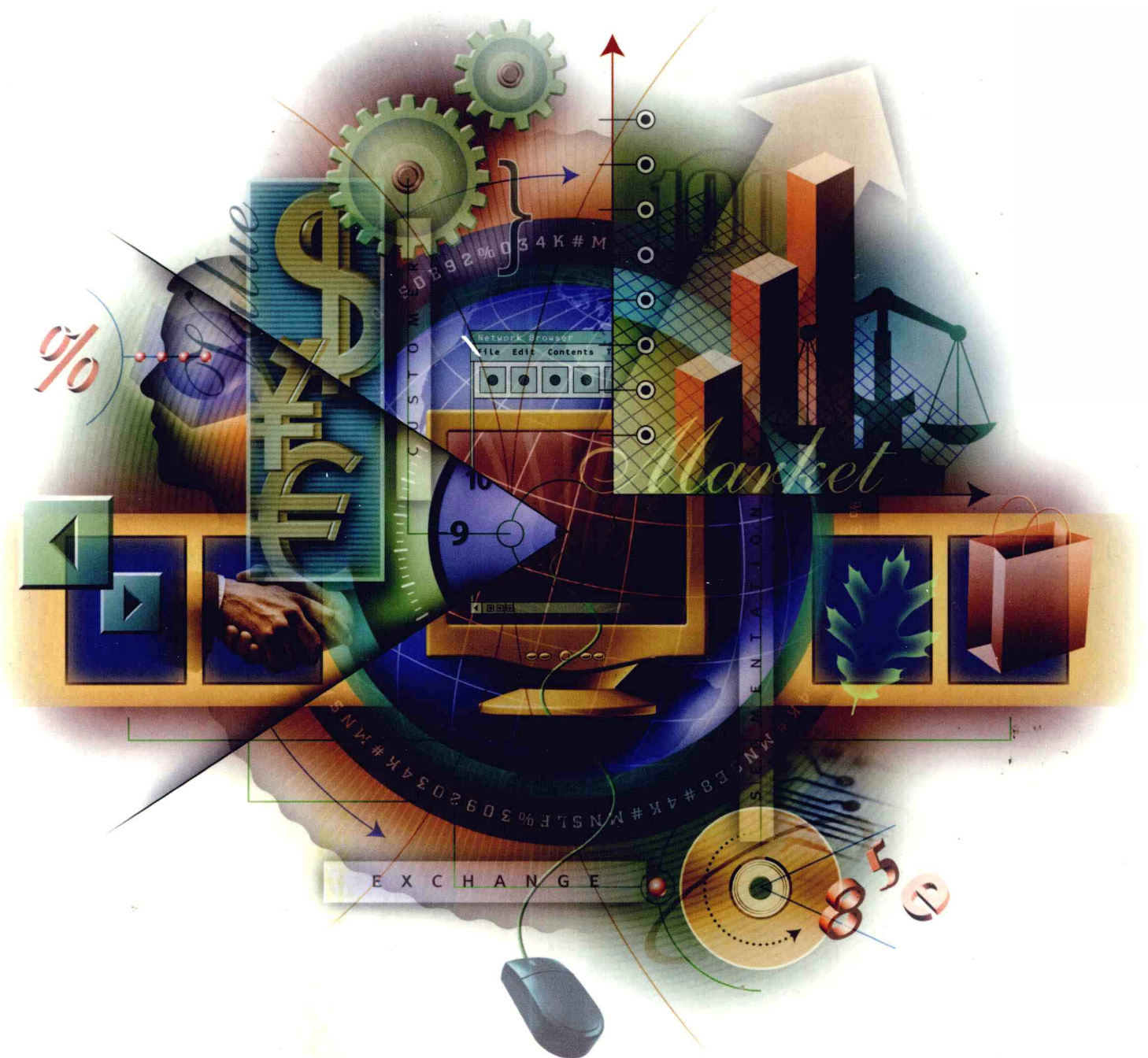


# MARKETING

7<sup>th</sup>  
E D I T I O N



ERIN

BERKOWITZ

HARTLEY

RUDELIUS

# MARKETING

7<sup>th</sup>  
E D I T I O N

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## MARKETING

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# PREFACE

Dynamic . . . Exciting . . . Challenging . . . and Surprising! The 21st century is an extraordinary time for instructors, students, and managers to be involved in the field of marketing. Virtual advertising, multichannel retailing, eCRM, cashless vending, everyday fair pricing, online coupons, data mining, and brand equity are just a few of the many indications that marketing is racing into a new era. At the same time, many traditional elements of the discipline such as segmentation, new product development, and pricing are growing in importance and use. The combination of the contemporary and the traditional elements of marketing create a truly exceptional topic to study and understand. We appreciate the opportunity to share our enthusiasm for the field with you and welcome you to your introduction to marketing!

The Seventh Edition of *Marketing* is the result of a detailed and rigorous development process designed to provide customer value in several ways. First, we continue to use the active-learning approach that has been the foundation of our previous editions. Second, we have incorporated many new examples, tools, and design elements that are consistent with the learning styles of today's students. Third, we have added, deleted, and modified topics and content based on our own expertise and the advice of many knowledgeable reviewers. Finally, we have invested in the most effective of the many evolving educational technologies. Overall, the Seventh Edition of *Marketing* represents our efforts to guarantee the high quality of previous editions and to continue our tradition of growth and improvement.

We are gratified by the growing interest in our approach to the study of marketing. Feedback from students and instructors from around the world continues to reinforce our pedagogical style. The text and its translations and adaptations are now used extensively throughout the United States, and in Canada, Poland, Russia, China, and many other countries. We hope that you will enjoy the text and your exploration of the knowledge, skills, and tools of the marketing discipline!

## DISTINCTIVE FEATURES OF OUR APPROACH

The innovative pedagogical approach we developed through our own classroom experiences was introduced in the first edition in 1986. While each new edition has offered new content, cases, and examples to reflect changes in the marketing discipline and the marketplace, the distinctive features of our approach have remained as the foundation of the text and the supporting supplements. The features which you may recognize from previous editions and which are prominent in this edition include:

- An easy-to-read, high-involvement, interactive writing style that engages students through active learning techniques, timely and interesting examples, and challenging applications.
- A vivid and accurate description of businesses and marketing professionals—through cases, exercises, and testimonials—that allows students to “personalize” marketing and identify possible career interests and role models.
- The use of extended examples, involving people making marketing decisions, that students can easily relate to text concepts and that emphasize a decision-making orientation.
- Comprehensive and integrated coverage of traditional and contemporary scholarly concepts illustrated through relevant practitioner-related literature.
- A rigorous pedagogical framework based on the use of learning objectives, concept checks, key words, chapter summaries, and supportive student supplements such as the Student CD-ROM and Study Guide.



- A package of support materials to accommodate a wide variety of instructor teaching styles and student learning styles.

Feedback from many of the 2,500 instructors and 600,000 students who have used our text and package in the past has encouraged us to build on these strengths as we developed the Seventh Edition of *Marketing*.

## NEW AND REVISED CONTENT

- **The Role of the Internet and Technology in Marketing Today:** *Marketing, 7/e* recognizes that the Internet and other digital technologies provide us with powerful new tools that can greatly enhance communication and commerce. From cover to cover, *Marketing, 7/e* integrates coverage of e-Commerce topics such as e-marketplaces, dynamic pricing, viral marketing, permission marketing, personalization, multichannel retailing, eCRM, collaborative commerce, file sharing and peer-to-peer communication, cyberservices, Internet appliances, interactive television, online secondary data sources, and virtual advertising.
- **New Chapter 21: “Implementing Interactive and Multichannel Marketing”:** This new chapter provides a framework for how to think about and implement marketing strategy in an Internet/Web-enabled marketplace. Emphasis is placed on interactive marketing practice and the growing application of multichannel marketing. Students will also find this chapter of interest because they will see how important it is for companies to forge collaborative channel relationships to improve their global market competitiveness.
- **Consumer Behavior and Organizational Behavior Chapters Earlier in Text:** In response to reviewer feedback the global chapter has been moved to follow the behavior chapters allowing earlier coverage of these key chapters (now Chapters 5 and 6).
- **Increased Emphasis on Customer Value:** Chapter 1 presents an enhanced emphasis on customer value, the role of brands and how they make firms accountable to consumers, new products, the breadth of marketing and how it is used by many types of organizations, and a complete update of Rollerblade’s marketing program.
- **Updated Overview of the Marketing Environment:** Chapter 3 now includes a discussion of Napster’s dramatic impact on the music industry; an introduction to current electronic business technologies including the Internet, the World Wide Web, e-Commerce, and the growth of collaborative commerce; the shifting age distribution of the population; and the changing attitudes and roles of women.
- **Updated CB Coverage:** Chapter 5 includes new examples related to the stages of the consumer-decision process; new discussions of customer satisfaction and retention, and marketing strategies for high- and low-involvement products; and an updated discussion of VALS profiles.
- **New Organizational Buying Coverage:** Chapter 6 features new sections on online buying in organizational markets, e-marketplaces, and online auctions.
- **Updated Global Coverage:** Chapter 7 includes discussions of the emergence of a networked global marketplace, the influence of the World Trade Organization on the global rules of trade between nations, and important differences in the economic infrastructures of China, India, Eastern Europe, and the countries of the former Soviet Union. Discussions of global regulatory influences, such as the Economic Espionage Act and the Foreign Corrupt Practices Act, have been updated to reflect the latest regulatory changes.
- **Expanded Coverage of Marketing Research Technology:** Chapter 8 opens with an exciting example—the *Lord of the Rings* movie trilogy—and introduces

up-to-date and comprehensive coverage of online databases and Internet resources. The chapter also includes new discussions of creative research techniques such as hiring “cool hunters” to identify important cultural trends, and new coverage of Internet and fax survey techniques, data mining, and the impact of research on marketing actions.

- **Expanded Segmentation, Positioning, and Customization Material:** Chapter 9 includes coverage of the mass customization of shoes at Customatix.com, Apple’s segmentation strategy, the chocolate milk positioning challenge, and updated coverage of product-market grids.
- **Updated Coverage of Brand Equity:** Chapter 11 now includes the Customer-based Brand Equity Pyramid, which helps explain the relationship between brand awareness and how consumers think and feel about a brand. This helps students understand how the added value of a brand name gives a product competitive and price advantage.
- **Updated Channels Coverage:** Chapter 15 includes new material and examples related to multiple channels of distribution, strategic alliances, vertical marketing, exclusive distribution, slotting allowances, and satisfying buyer requirements that show students how marketing channels are a necessity as a company builds sustainable market value.
- **Updated Supply Chain and Logistics Coverage:** Chapter 16 features current examples, such as “Dell Computer Corporation: A Responsive Supply Chain,” and “Wal-Mart, Inc.: An Efficient Supply Chain,” and current topics, such as “Information’s Role in Supply Chain Responsiveness and Efficiency.” Reverse logistics are used to explain the role of supply chains and logistics management in marketing and how a firm balances distribution costs against the need for effective customer service.
- **Updated Retailing Coverage:** Chapter 17 offers a new discussion of the repositioning of Target as an “upscale discount store,” updated coverage of the global expansion of many retailers and e-tailers, and popular retail formats such as franchising. In addition, the chapter provides coverage of important new technologies, including cashless vending systems and interactive television shopping, as well as new concepts, such as everyday fair pricing and multi-channel retailing.
- **Updated Advertising Coverage:** Chapter 19 now includes virtual advertising, interactive television, satellite radio, as well as Internet advertising. Up-to-date examples of the latest forms of promotion, including sweepstakes, product placement, and online coupons are also provided.

## ORGANIZATION

The Seventh Edition of *Marketing* is divided into five parts. Part 1, “Initiating the Marketing Process,” looks first at what marketing is and how it creates customer value and customer relationships (Chapter 1). Then Chapter 2 provides an overview of the strategic marketing process that occurs in an organization—which provides a framework for the text. Appendix A provides a sample marketing plan as a reference for students. Chapter 3 analyzes the five major environmental factors in our changing marketing environment, while Chapter 4 provides a framework for including ethical and social responsibility considerations in marketing decisions.

Part 2, “Understanding Buyers and Markets,” first describes, in Chapter 5, how individual consumers reach buying decisions. Next, Chapter 6 looks at organizational buyers and how they make purchase decisions. And finally, in Chapter 7, the nature and scope of world trade and the influence of cultural differences on global marketing practices are explored.

In Part 3, “Targeting Marketing Opportunities,” the marketing research function and how information about prospective consumers is linked to marketing strategy

and decisions is discussed in Chapter 8. The process of segmenting and targeting markets and positioning products appears in Chapter 9.

Part 4, “Satisfying Marketing Opportunities,” covers the four Ps—the marketing mix elements. The product element is divided into the natural chronological sequence of first developing new products and services (Chapter 10) and then managing the existing products (Chapter 11) and services (Chapter 12). Pricing is covered in terms of underlying pricing analysis (Chapter 13), followed by actual price setting (Chapter 14), and Appendix B, Financial Aspects of Marketing. Three chapters address the place (distribution) aspects of marketing: Managing Marketing Channels and Wholesaling (Chapter 15), Integrating Supply Chain and Logistics Management (Chapter 16), and Retailing (Chapter 17). Retailing is a separate chapter because of its importance and interest as a career for many of today’s students. Promotion is also covered in three chapters. Chapter 18 discusses integrated marketing communications and direct marketing, topics that have grown in importance in the marketing discipline recently. The primary forms of mass market communication—advertising, sales promotion, and public relations—are covered in Chapter 19. Personal selling and sales management is covered in Chapter 20.

Part 5, “Managing the Marketing Process,” discusses issues and techniques related to interactive marketing technologies and the strategic marketing process. Chapter 21 describes how interactive technologies influence customer value and the customer experience through context, content, community, customization, connectivity, and commerce. Chapter 22 expands on Chapter 2 to describe specific techniques and issues related to blending the four marketing mix elements to plan, implement, and control marketing programs.

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

# ACKNOWLEDGMENTS

## DEVELOPMENT OF THE TEXT AND PACKAGE

To ensure continuous improvement of our product we have utilized an extensive review and development process for each of our past editions. Building on that history, the Seventh Edition development process included several phases of evaluation and a variety of stakeholder audiences (e.g., students, instructors, etc.).

- The first phase of the review process asked adopters to suggest improvements to the text and supplements through a detailed review of each component while used in the classroom. We also surveyed students to find out what they liked about the book and what changes they would suggest.
- The second phase utilized user and non-user focus groups. These sessions focused specifically on the supplements package and its effectiveness for instructors and students.
- Finally, a group of experienced marketing instructors gave us feedback on selected chapters of the Sixth Edition and the supplements package.

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

Christie Amato  
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Andy Aylesworth  
*Bentley College*

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

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Many businesspeople also provided substantial assistance by making available information that appears in the text and supplements—much of it for the first time in college materials. Thanks are due to Jimmy Jam, Terry Lewis, and Susan Owens of Flyte Tyme Productions; Carol Watzke of CNS; David Ford of Ford Consulting Group; Maureen Cahill of Mall of America; Jack McKeon and Frank Lynch of Golden Valley Microwave Foods; Wayne Johansen of HOM Furniture; Sarah Casanova of McDonald's in Russia; Donald Dunham of BP plc; Ken Hart of 3M; Debra Kennedy and Keith Nowak of Nokia; Monica Noordam, Umberto Milletti, and Shelly Berkowitz of DigitalThink; and Mark Rehborg of Tony's Pizza. We also acknowledge the special help of a team that worked with us on the Fallon Worldwide video case: Fred Senn, Bruce Bildsten, Kevin Flatt, Ginny Grossman, Kim Knutson, Julie Smith, Erin Tait, and Rob White.

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***Roger A. Kerin***

***Eric N. Berkowitz***

***Steven W. Hartley***

***William Rudelius***

# A STUDENT'S GUIDE TO MARKETING, 7/e

*Marketing, 7/e* offers an array of pedagogical features to help you learn and apply the concepts at hand.

## Chapter-Opening Vignettes—Over 95% are new or revised!

Chapter-opening vignettes introduce you to the chapter concepts ahead, using a recognizable and interesting company example. For instance in Chapter 9, the authors use Heelys (a shoe with built-in wheels targeted at skateboard and inline skate enthusiasts) and the segmentation strategies of Reebok, Nike, New Balance, Vans, and others to grab your interest.



CHAPTER

9

## IDENTIFYING MARKET SEGMENTS AND TARGETS

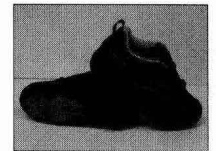
### AFTER READING THIS CHAPTER YOU SHOULD BE ABLE TO:

- Explain what market segmentation is, when to use it, and the five steps involved in segmentation.
- Recognize the different factors used to segment consumer and organizational markets.
- Understand the significance of heavy, medium, and light users and nonusers in targeting markets.
- Develop a market-product grid to use in segmenting and targeting a market.
- Interpret a cross-tabulation to analyze market segments.
- Understand how marketing managers position products in the marketplace.

### SNEAKERS MARKETING WARS: HEELYS, AIR PUMPS, AND A BILLION TRILLION CHOICES

Late for a flight out of the Dallas/Ft. Worth airport, Roger Adams rushed to the gate... by "heeling"? Adams, a former psychologist and skateboarder, had just invented Heelys, the latest craze (or fad) in sneakers.

Heelys combine the thrill of in-line skating, skateboarding, and scooting—along with running and walking—in one set of shoes! The sneakers come with an imbedded, detachable wheel located in the heel of each shoe. To "heel," you lift up the foot at the heel on one shoe, push off on the other foot, and glide (carefully). In 2001, Heelys ([www.heelys.com](http://www.heelys.com)), which average \$90 to \$100 per pair, were so hot that retailers couldn't keep them on their shelves. Heelys Sport LTD sold 1 million pairs of Heelys sneakers in 2001, its first full year of operations.



MARKET SEGMENT		PRODUCT									
GEN. Mkt.	YOUTH (13-17)	ADULT (18-24)	ADULT (25-34)	ADULT (35-44)	ADULT (45-54)	ADULT (55-64)	ADULT (65+)	ADULT (75+)	ADULT (85+)	ADULT (95+)	ADULT (105+)
Performance-oriented 27%	Runners										
	Aerobic/Fitness exercisers										
	Tennis players										
	Basketball players										
	Golfers										
Nonathletic-oriented 73%	Adventurers										
	Walkers										
	Children										
	Comfort/Style-conscious										

Key: Primary market Secondary market

The chapter-opening discussion is then woven throughout parts of the narrative, exhibits, and boxed features as well.

### WEB LINK

Mass Customizing Your Own "Designer" Sneakers

Don't like the looks of those things on your feet right now? If you think your style instincts could design you a better running shoe or hiking boot, go to [www.customatix.com](http://www.customatix.com)! There you can design your own shoe—customizing 15 elements of your shoe. All possible combinations of these 15 design elements are the basis for Customatix's claim of offering more than 3 billion trillion design variations.

A bit too complex? Design a simpler sneaker on Nike's website: [www.nike.com/nike\\_id](http://www.nike.com/nike_id).





## MARKETING NEWSNET

Communicating with Gen Y...  
29.8 Hours per Day!

CROSS FUNCTIONAL

### Marketing NewsNet— Nearly 75% new or updated!

This boxed feature provides exciting, current examples of marketing applications in action, organized around the following themes: Technology & E-Commerce, Customer Value, Global, and Cross Functional.

Recent research indicates that consumers have created 29.8-hour days by using more than one communication medium at the same time—a behavior often called "multitasking." Generation Y seems to be particularly adept at this new phenomenon. For example, it would not be unusual for a college freshman to log onto the Internet while listening to the radio and checking out Web addresses in a magazine! One reason is that media is pervasive—the average student may be exposed to 5000 messages each day—but another reason is the desire to be informed and to "keep in touch." As a result, this group of consumers probably doesn't give its full attention to any single message. Instead it uses continuous partial attention to scan the media.

Marketers can still communicate with Gen Y by utilizing a variety of promotional tools—from advertising to packaging to word-of-mouth communication—with an integrated message. Which media work particularly well with Gen Y? The most popular television channel is MTV. The most popular magazines are *Sports Illustrated* and *Seventeen*.

Favorite websites include anything with content related to their interests: celebrities, music, sports, and videogames. Another tactic growing in popularity is viral, or "buzz" marketing. Volkswagen of America, for example, holds contests on college campuses to see how many people can fit into a Volkswagen Beetle (the current record is 26). The participants and the observers end up experiencing and talking about the product for at least part of their 29.8-hour day!



TECHNOLOGY & E-COMMERCE

CUSTOMER VALUE

GLOBAL

CROSS FUNCTIONAL

### Ethics and Social Responsibility Alert—Over 50% new or updated!

These boxes increase your awareness and assessment of current topics of ethical and social concern.

ETHICS

Address: <http://www.mhhe.com>

### Web Link—Over 70% new or updated!

Integrated throughout the text, Web Links encourage you to explore digital strategies that innovative companies and organizations are employing online.

### Concept Checks

Found at the end of each major chapter section, these checkpoints offer critical thinking and memory recall questions, helping you reflect on the text and test your comprehension of the material before reading on.

#### Concept Check

1. How does a product manager help manage a product's life cycle?
2. What does "creating new use situations" mean in managing a product's life cycle?
3. Explain the difference between trading up and trading down in repositioning.

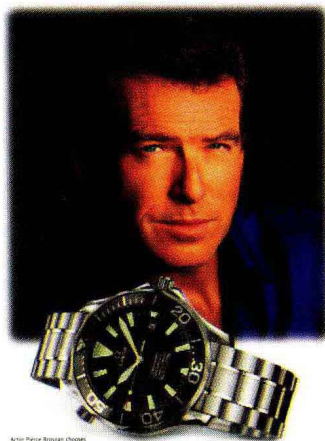
Firms use actors or athletes as spokespersons to represent their products, such as Pierce Brosnan and Anna Kournikova for Omega watches, in the hope that they are opinion leaders.

**Omega**

[www.omega.com](http://www.omega.com)



### Pierce Brosnan's Choice



Actor Pierce Brosnan chooses the Seamaster Professional.

**Ω  
OMEGA**

[www.omegawatches.com](http://www.omegawatches.com)

### Anna Kournikova's Choice



tennis star Anna Kournikova chooses the 18 k gold Constellation "Quadrant".

**Ω  
OMEGA**

[www.omegawatches.com](http://www.omegawatches.com)

## Website Addresses

The URLs of companies and organizations discussed in the text are easily located in the text margin—facilitating further exploration of these real-world examples.

## Internet Exercises—Over 70% new or updated!

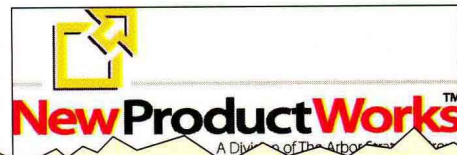
These end-of chapter exercises ask you to go online and think critically about a specific company's use of the Internet—helping you apply your knowledge of key chapter concepts, terms, and topics, as well as evaluate the success or failure of the company's efforts.

### INTERNET EXERCISE



Jalapeno soda? Aerosol mustard? Fingos? These are just three of the more than 65,000 products (both successes and failures) on the shelves of the NewProductWorks Showcase in Ann Arbor, Michigan. The Showcase includes food, beverages, health and beauty care, household, and pet products appearing from 1965 to the present. Although you probably can't personally visit the company, you can visit its new website ([www.newproductworks.com](http://www.newproductworks.com)).

ture is in doubt; "Failures," which are recent products that have failed miserably; and "Favorite Failures," which are those that cause people to ask "What were they thinking?" Study several of the failed products listed on the website and





## VIDEO CASE 1-1 Rollerblade®: Rediscovering Growth

In the fiercely competitive in-line skate marketplace, what does the future hold for Rollerblade®?

As David Samuels, senior director for Sports Innovation at Rollerblade explains, innovative technology—in the form of new and better skates—will continue to be key for Rollerblade to stay ahead of the competition. Rollerblade must also find ways to expand the market for in-line skates. “Our challenge is to provide new venues, new reasons for people to skate. There’s a lot of growth for us to catch up on in terms of household penetration,” says Samuels.

### THE SITUATION TODAY

When Rollerblade was founded, it was the only manufacturer of in-line skates in the world. Today the industry has more than 30 competitors, many that sell lower-priced skates than Rollerblade through mass-merchandising chains. Some of the large sporting goods manufacturers, like Nike, that have not traditionally sold in-line skates are now looking for ways to grow and are exploring the in-line skate market.

In addition, both Rollerblade and other in-line skate manufacturers are facing increased competition from

## Video Case Studies

This end-of-chapter feature provides an up-close look at a company example—reinforcing the chapter content, while bringing the material to life! Rollerblade, Flyte Tyme, and Nokia are just a few of the exciting video cases now available with the Seventh Edition.

## VIDEO CASE 3-1 Flyte Tyme Productions, Inc.: The Best Idea Wins!

“Terry was looking for a keyboard player to be in the band he was just starting,” remembers Jimmy Jam of Flyte Tyme Productions, Inc. “I had sort of rebelled because I had first thought of myself as a drummer,” says Jam. But after he listened and heard how good the drummer was, he told Terry, “I’ll be the keyboard player.”

The conversation took place a few weeks after Terry Lewis and Jimmy Jam met at a summer math program for gifted junior high school students, sponsored by a local university. The two came to prominence in the early 1980s as members of the funk band “The Time” that appeared as the opener on many of Prince’s early tours. The pair still credit Prince for much of their tenacious work ethic and eclectic musical tastes. After leaving the band,

Terry and Jimmy started a music production company, Flyte Tyme—creating the new sound of the 1990s. Now in their early 40s, they have worked together for 20 years, most of it in Los Angeles ([www.flytetyme.com](http://www.flytetyme.com)), where J. Blige, Boyz II Men, Mariah Carey, Michael Jackson, Patti LaBelle, and many others!

Flyte Tyme’s successes are impressive. Recently they produced Usher’s No. 1 pop hit “U Remind Me,” which held the top spot on the charts for four weeks. They also produced Sting’s Oscar-nominated song “My Funny Friend and Me” for the film *The Emperor’s New Clothes*. And their work on Hikaru Utada’s album helped it climb to the top of Japan’s pop charts, selling 4 million copies in two weeks!

These and other hits put Flyte Tyme in extraordinary company. Having produced 16 No. 1 singles on *Billboard*’s pop chart, they are second only to the producer for the Beatles (with 23) and tied with the producer for Elvis Presley. Flyte Tyme has managed to stay at the top throughout the 1980s, ’90s, and ’00s, thanks in large part

## VIDEO CASE 9-1 Nokia: A Phone for Every Segment

“While practically everybody today is a potential mobile phone customer, everybody is simultaneously different in terms of usage, needs, lifestyles, and individual preferences,” explains Nokia’s Media Relations Manager, Keith Nowak. Understanding those differences requires that Nokia conduct ongoing research among different consumer groups throughout the world. The approach is reflected in the company’s business strategy:

We intend to exploit our leadership role by continuing to target and enter segments of the communications market that we believe will experience rapid growth or grow faster than the industry as a whole. . . .

In fact, Nowak believes that “to be successful in the mobile phone business of today and tomorrow, Nokia has to fully understand the fundamental nature and rationale of segmentation.”

### THE COMPANY



tures that were sold mainly in North America. In the 1990s, second generation (2G) devices consisted of voice/data digital cell phones with higher data transfer rates, expanded range, and more features. Sales of these devices expanded to Europe and Asia. In the twenty-first century, Nokia and other companies are combining several digital technologies into third generation (3G) communication devices that reach globally and feature the convergence of the cell phone, personal digital assistant (PDA), Internet services, and multimedia applications.

The global demand for cell phones has increased significantly over the years—from 284 million in 1999 to 410 million units in 2000 to 510 million units in 2001.

Producers of first and second generation cell phones used a geographic segmentation strategy as wireless communication networks were developed. Most started with the U.S. and then proceeded to Western Europe and Asia. However, each market grew differently.

## THE MUSIC

## Alternate Cases (Appendix D)

Not only do you get 22 end-of-chapter video cases, but 22 alternate cases found in Appendix D—now that’s a lot of learning opportunities!

## Appendix A: Creating an Effective Marketing Plan

Following Chapter 2, this sample marketing plan of Howlin' Coyote Chili provides you with an effective reference early on in the text.

**Color-coding Legend**

Blue boxes explain significance of Marketing Plan elements

Pink boxes give writing style, format, and layout guidelines

Seen by many experts as the single most important element in the plan, the two-page Executive Summary reads and b... sons, but qu... of Ch... reader... tive S...

### FIVE-YEAR MARKETING PLAN Paradise Kitchens,® Inc.

The C... highl... tory a... of the...

The S... Plan s... direct... organ... with v... tions e... must... section... all ma... Chap...

The C... Vision... the ad... Kitch... holder... serve...

To improve readability, each numbered section usually starts on a new page. (This is not done in this plan to save space.)

The Situation Analysis is a snapshot to answer the question, "Where are we now?" See Chapter 2.

The SWOT Analysis identifies strengths, weaknesses, opportunities, and threats to provide a solid foundation as a springboard to identify subsequent actions in the marketing plan. See Chapter 2.

Each long table, graph, or photo is given a figure number and title. It then appears as soon as possible after the first reference in the text, accommodating necessary page breaks. This also avoids breaking long tables like this one in the middle. Short tables or graphs that are less than 1 1/2 inches are often inserted in the text without figure numbers because they don't cause serious problems with page breaks.

Effective tables seek to summarize a large amount of information in a short amount of space.

#### 4. Situation Analysis

This situation analysis starts with a snapshot of the current environment in which Paradise Kitchens finds itself by providing a brief SWOT (strengths, weaknesses, opportunities, threats) analysis. After this overview, the analysis probes ever-finer levels of detail: industry, competitors, company, and consumers.

##### SWOT Analysis

Figure 1 shows the internal and external factors affecting the market opportunities for Paradise Kitchens. Stated briefly, this SWOT analysis highlights the great strides taken by the company since its products first appeared on grocers' shelves. In the

Figure 1. SWOT Analysis for Paradise Kitchens

Management	Experienced and entrepreneurial management and board	Small size can restrict options
Offerings	Unique, high-quality, high-price products	Many lower-quality, lower-price competitors
Marketing	Distribution in 3 markets with excellent acceptance	No national awareness or distribution
Personnel	Good work force, though small; little turnover	Big gap if key employee leaves
Finance	Excellent growth in sales revenues	Limited resources may restrict growth opportunities when compared to giant competitors
Manufacturing	Sole supplier ensures high quality	Lack economies of scale of huge competitors
R&D	Continuing efforts to ensure quality in delivered products	
Consumer/Social	Upscale market, likely to be stable; Southwestern/Mexican food category is fast-growing segment	Premium price may limit access to mass markets.
Competitive	Distinctive name and packaging in its markets.	Not patentable; competitors can attempt to duplicate product
Technological	Technical breakthroughs enable smaller food producers to achieve many economies available to large competitors	
Economic	Consumer income is high; convenience important to U.S. households	More households "eating out," and bringing prepared take-out into home
Legal/Regulatory	High U.S. Food & Drug Admin. standards eliminate fly-by-night competitors	Mergers among large competitors being approved by government



Plus, when combined with the Marketing Planning Software on the enclosed Student CD-ROM, you can't lose when it comes to learning!



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## LECTURE PREPARATION TOOLS

**Instructor's Manual:** The thoroughly revised Instructor's Manual includes: lecture notes; discussions of the Marketing NewsNet boxes, Web Link boxes, Ethics and Social Responsibility Alerts, Internet Exercises; answers to the Applying Marketing Concepts and Applications questions; supplemental lecture notes; teaching suggestions; and detailed information about integrating other supplements into the course and classroom.

**Instructor's CD-ROM:** The CD-ROM includes the print and electronic supplements, so you have access to all of the supplements on one disk. It also contains the seventh edition Computest package.

**Video Case and Appendix D Case Teaching Notes:** This media resource guide includes teaching notes for the video cases and alternate cases.

**New PowerPoint Lecture Presentation Assembly Guide:** This printed guide contains a description of all of the individual multimedia assets from which you can construct a custom presentation. The assets are organized by chapter and by topic, and are contained on the CD-ROM packaged with the guide. This guide also includes instructions on how to import the video, audio, art, photos, and other files into new or existing PowerPoint presentations.

**Online Updates and Current Events:** Adopters can sign up to be emailed updates on cases and material specific to the text, and postings of new *BusinessWeek* articles, all accompanied with teaching notes and new PowerPoint slides as appropriate.

**In-Class Activities Guide in the Instructor's Survival Kit:** This resource provides you with detailed teaching notes, relevant handouts, props, and products for use in-class to illustrate marketing concepts and encourage student participation and collaboration.