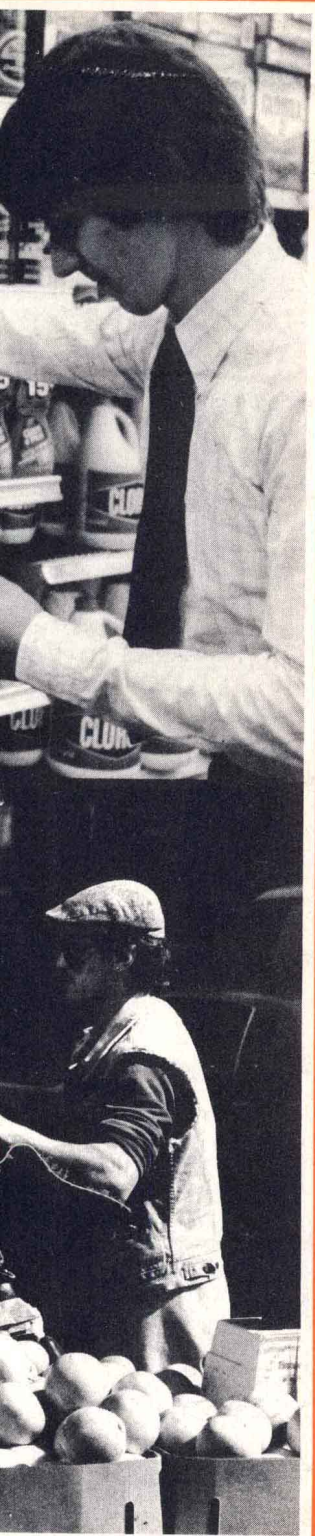


Marketing Essentials

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Philip Kotler



Marketing Essentials

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Preface

In the complex world we live in, all of us need to know about marketing. Whether we are selling our car, looking for a job, raising money for a charity, or promoting a cause, we engage in marketing. We need to know what the market is like, who is in it, how it functions, what it wants.

We also need to know marketing as consumers and citizens. People are always trying to sell us something, and we need to recognize the methods they use. Studying marketing helps us behave more intelligently as consumers, whether we are buying toothpaste, frozen pizza, a personal computer, or a new car.

Marketing is an essential subject for professional marketers, such as sales representatives, retailers, advertising executives, marketing researchers, new-product managers, brand managers, and so on. They need to know how to define and segment a market; assess the needs, wants, and preferences of consumers in the target market; design and test need-satisfying products for that market; price products to convey their values to customers; select capable middlemen so that the products will be widely available and well represented; and advertise and promote the products so that customers know about and want them. Clearly, marketers need a broad range of skills.

Students who want to learn marketing can find many books on the subject. Even the large textbooks only skim the surface, since there is so much to learn about each marketing tool. Most students new to a subject want a broad picture of its essentials. They don't want to drown in a sea of details. *Marketing Essentials* has been written with this objective in mind.

Marketing Essentials, however, is not written just as an outline of marketing. The subject is far too fascinating to be displayed only in skeletal form. *Marketing Essentials* tells the stories that make up the drama of modern marketing: the failure of CBS cable television; the never-ending war between Coca-Cola and Pepsi-Cola; Miller Beer's successful rise from seventh to second place in the beer market; the Avon lady's impact on home shopping; Columbia Records' promotion strategy for the band Men at Work; the price war in the home computer market; and so on. Each chapter begins with a vignette describing some important marketing event or battle. Throughout each chapter, real-life examples make the world of marketing come alive to the reader.

In writing *Marketing Essentials*, I followed several principles. The book should be interesting to read, cover the main topics that the marketer and citizen need to know, flow logically from chapter to chapter, describe scientific findings rather than hearsay, and adopt a management orientation. My goal was to prepare the reader to make better decisions in the marketing arena.

Pedagogical Aids

This book contains many aids to help students learn about marketing. The main ones are:

- **Objectives.** Each chapter begins with objectives that prepare students for the chapter material.
- **Opening vignette.** Each chapter presents a marketing story that leads students into the chapter material.
- **Figures, tables, and photographs.** Throughout the text, key points and principles are illustrated.
- **Boxed exhibits.** Additional examples and interesting material are featured throughout the text.
- **Summary.** Each chapter concludes with a review of the main points and principles.
- **Review questions.** Each chapter has a set of questions covering the material presented.
- **Key terms.** Each chapter has a list of definitions to review the key terms in the chapter.
- **Case studies.** The text includes twenty cases for class and/or written discussion. The cases challenge students to apply marketing principles to real companies in real situations. Notes at the end of each chapter direct students to the appropriate cases.
- **Appendixes.** Two appendixes, "Marketing Arithmetic" and "Careers in Marketing," provide additional, practical material for students.
- **Glossary.** At the end of the book, there is a complete glossary of the key terms found in the book.
- **Indexes.** A name index and a subject index help in finding information and examples in the text.

Supplements

A successful course in marketing requires more than a well-written textbook. It requires a dedicated teacher and a set of useful teaching/learning aids. The following aids support *Marketing Essentials*:

- **Instructor's Manual.** The Instructor's Manual is available to all professors who adopt the book. It contains: an overview, list of features and key terms, lecture outline, and answers to discussion questions for each chapter; analyses of all twenty cases; and transparency masters for the major figures and tables.
- **Test Item File.** The Test Item File contains approximately 1,800 multiple-choice and true-false questions. The questions are available either on a computer tape or through the Prentice-Hall Computerized Testing Service.
- **Study Guide and Workbook.** The Study Guide and Workbook for students contains a review of each chapter, exercises to test students' knowledge, and cases with questions that ask students to apply the concepts presented in the chapter.
- **80 full-color transparencies.**

- **Prentice-Hall Marketing Slides (PH-200).** Prentice-Hall offers a self-contained set of 200 slides for the teaching of marketing essentials.
- **Introduction to Marketing filmstrips and audio cassette.** This full-color, ten-module audiovisual program introduces the major principles of marketing, and uses definitions, diagrams, charts, and photographs to connect the principles with real-life situations. Available through Prentice-Hall Media.
- **Great Marketing Wars Videotapes.** Prentice-Hall also offers a set of three videotapes describing how a functional analogy can be drawn between military strategy and marketing practices in competitive industries, such as the soft-drink wars and the blue-jeans wars.

Acknowledgments

No book is the work of a single author. Every author draws on the predecessors in his or her field who have pioneered its territory and developed its concepts, theories, and techniques. Every author relies also on his or her immediate colleagues who have lent their support by discussing various marketing ideas. In this connection, my thanks go to my colleagues at the J. L. Kellogg Graduate School of Management: Bobby J. Calder, Richard M. Clewett, Lakshman Krishnamurthi, Stephen A. LaTour, Sidney J. Levy, Prabha Sinha, Louis W. Stern, Brian Sternthal, Alice M. Tybout, and Andris A. Zoltners. Thanks also go to my Dean and longtime friend, Donald P. Jacobs, for his generous support of my research and writing efforts.

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I owe a great debt to two talented people at Prentice-Hall who aided the birth of this book. Elizabeth Classon, marketing editor, analyzed the market and convinced me that this book would make a contribution to undergraduate education in marketing. Deirdre Silberstein, development editor, helped me understand the needs and interests of undergraduate students and write the text in a way that would be lively without sacrificing substance. Many others at Prentice-Hall contributed to the book. My production editor, Eleanor Perz, copyedited manuscript and supervised galleys and proofs. Christine A. Pullo researched and gathered the text photos. The art director, Florence Dara Silverman, directed the design and layout of the text and cover. Sara Lewis aided in research and the preparation of new material. My thanks also go to Paul Misselwitz, marketing manager, and Ray Keating, manufacturing buyer.

Others at Prentice-Hall have been so helpful over the years that I want to celebrate my seventeen years of working with the company by dedicating this book to Prentice-Hall.

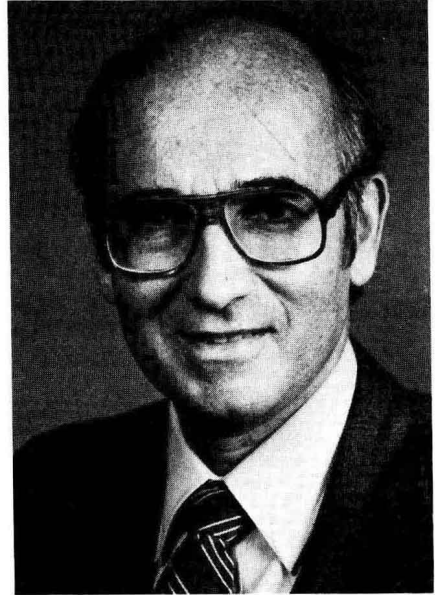
P. K.

Chapter **1**



**Social Foundations
of Marketing:
Meeting Human Needs**

About the Author



Philip Kotler is the Harold T. Martin Professor of Marketing at the J. L. Kellogg Graduate School of Management at Northwestern University. He received a master's degree at the University of Chicago and a Ph.D. degree at M.I.T., both in economics. He did postdoctoral work in mathematics at Harvard and in behavioral science at the University of Chicago.

Dr. Kotler is the author of *Marketing Management: Analysis, Planning, and Control*, now in its fourth edition. This text has been translated into nine languages and is the most widely used marketing textbook in graduate schools of business. His *Marketing for Nonprofit Organizations*, now in its second edition, is the most widely used textbook in that specialized area. Dr. Kotler's other books are *Marketing Decision Making: A Model Building Approach*; *Marketing Management and Strategy: A Reader*; *Creating Social Change*; and *Simulation in the Social and Administrative Sciences*. In addition, he has written over seventy articles for leading journals, including the *Harvard Business Review*, *Journal of Marketing*, *Journal of Marketing Research*, *Management Science*, and *Journal of Business Strategy*. He is the only three-time winner of the coveted Alpha Kappa Psi award for the best annual article published in the *Journal of Marketing*.

Dr. Kotler has served as chairman of the College on Marketing of The Institute of Management Sciences (TIMS) and as director of the American Marketing Association. He is currently on the board of trustees of the Marketing Science Institute and is a director of the Management Analysis Center (MAC) and Deltak, Inc. He received the 1978 Paul D. Converse Award given by the American Marketing Association to honor "outstanding contributions to science in marketing."

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