

MARKETING

Fifth Edition



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MARKETING

FIFTH EDITION

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PREFACE

As the 21st century approaches, the world of marketing is entering a new and exciting era that was unimaginable only a short time ago. Electronic shopping, digizines, virtual organizations, e-cash, interactive television, and the information superhighway are just a few indications of the many new changes marketing instructors, managers, and students are likely to face in the near future. We are eager to utilize the active learning approach of *Marketing* to facilitate preparation for this extraordinary marketplace. In addition, we appreciate the opportunity to share our enthusiasm with you and we welcome you to your introduction to the field of marketing.

The Fifth Edition of *Marketing* is the result of a product development process designed to focus on customer needs, and a commitment to provide exceptional customer value. We have retained the strengths of previous editions and added new dimensions to reflect changes in the business environment and in student and instructor interests. For example, users of previous editions frequently tell us that *Marketing* provides:

- An easy-to-read, high-involvement, interactive approach to the study of marketing.
- Comprehensive and integrated coverage of traditional and contemporary marketing and business topics.
- Up-to-date and relevant examples, cases, and exercises.
- Many extended examples involving people making marketing decisions that students can easily relate to text concepts.
- A rigorous pedagogical framework and a useful decision-making orientation.
- A package of support materials to accommodate a wide range of teaching styles and formats.

These attributes remain as the foundation of our product offering, while changes in topic emphasis, the order of chapters, the number of cases, and the overall length of the book are the result of our efforts at continuous quality and coverage improvement.

We are gratified by the success of *Marketing*. The innovative pedagogical approach we developed and introduced with the first edition in 1986, and improved in subsequent editions, has helped over 350,000 students and 2,100 instructors study and teach one of the most dynamic and challenging areas of our global economic system. We have focused on creating customer value by providing exceptional knowledge, understanding, skills, decision-making tools, and support materials. This edition of *Marketing* provides you with the best revision of what we believe is the best marketing textbook available today. We hope you agree!

NEW FEATURES IN THIS EDITION

The feedback we received through our formal marketing research efforts has led to several changes in the organization of this edition:

- Global marketing topics previously covered in two chapters have been consolidated into Chapter 5, Global Marketing and World Trade, and integrated throughout the text. This change reflects a truly global view of marketing and the extensive implications of world trade on all aspects of marketing practice.

- Chapter 13, Managing Services, has been moved from the end of the text to Part IV, Satisfying Marketing Opportunities. This change is consistent with the growing recognition of services as products, and the increasing importance of service components of product offerings.
- The strategic marketing process, previously covered in three chapters, is now covered in Chapter 2 and Chapter 22. This combination of chapters allows an early introduction to a framework that integrates topics covered in-depth later in the text—while acknowledging the time constraints faced by instructors today.
- A marketing plan now appears as Appendix A following Chapter 2. In the past, many instructors have used the framework presented in Chapter 2 as a guideline for a marketing plan assignment or lecture. This appendix provides an actual, up-to-date, and relevant marketing plan as a model for students to study and use as they write marketing plans as part of their class assignments.
- Additional cases are now included at the end of the book in Appendix D. These cases allow instructors the flexibility of additional case assignments if desired. The cases address marketing topics related to products, services, and companies that students will find interesting and familiar. Some examples include: Windows 95, Starbucks, Timex, Nordstroms, Kingpin Snowboards, and the Hummer.

The content of *Marketing* has also been revised to provide complete and current coverage of emerging issues, new marketing terms, environmental trends, and changes in business practices. Examples include:

- The network organization
- Value propositions
- Total quality management
- Kaizen (continuous incremental improvement)
- Reengineering, streamlining, and restructuring
- Market orientation
- Emerging markets in South and East Asia and Eastern Europe
- Customer management teams
- Generational marketing
- Ethnic and regional marketing
- Recycling and precycling
- Intellectual property use (e.g., software piracy)
- Environmentally friendly new product development
- Global consumers and brand loyalty
- The North American Industrial Classification System (NAICS)
- Supply (channel) partnerships
- Electronic survey research
- Counterfeit brands and products
- Co-branding and co-marketing
- Emergence of “pay-for-use” services
- Cross-functional teams
- Strategic alliances
- Smart cards
- Salesforce automation
- Electronic markets (marketspace)

In addition, new sections have been added to several chapters. For example, the global marketing chapter now addresses global competition among global companies for global consumers, and the retailing chapter now includes a section on nonstore retailing which covers direct mail, telemarketing, in-home shopping, direct selling, and automatic vending. The personal selling and sales management chapter provides an up-to-date treatment of salesforce automation with a focus on information and communication technologies.

Marketplace examples have been updated to reflect the most recent activities of large and small organizations, and to provide relevant, logical illustrations of the concepts discussed in the text. Some of these include:

- Rollerblade's introduction of automatic braking technology and selection by *Business Week* as one of the best new products of the year.
- Saturn's regional marketing campaigns targeting segments of the Hispanic population.
- The "Smart Solutions" campaign used by the U.S. Postal Service as part of its aggressive new marketing strategy.
- The move by Ford, General Electric, and General Motors into consumer loans, credit cards, mortgages, commercial loans, and insurance.
- Levi Strauss's \$90 million investment in new stores and computers, and its recent decision to limit investment in China as a matter of ethical policy.
- The growth of "online cafes," such as Cybersmith in Massachusetts.
- Sony's new entry into the video game market.

Several topics continue to have such an important impact on the field of marketing that they continue to receive unique coverage in separate chapters in *Marketing*. These include Ethics and Social Responsibility (Chapter 4) and Information Technology (Chapter 10). Topics which are integrated through every chapter of the text include:

- Customer value
- The impact of technology
- Ethics and social responsibility
- Global perspectives
- Cross-functional issues

Finally, the package of support materials has been expanded to provide a wide variety of value-added opportunities for students and instructors. New to the package are:

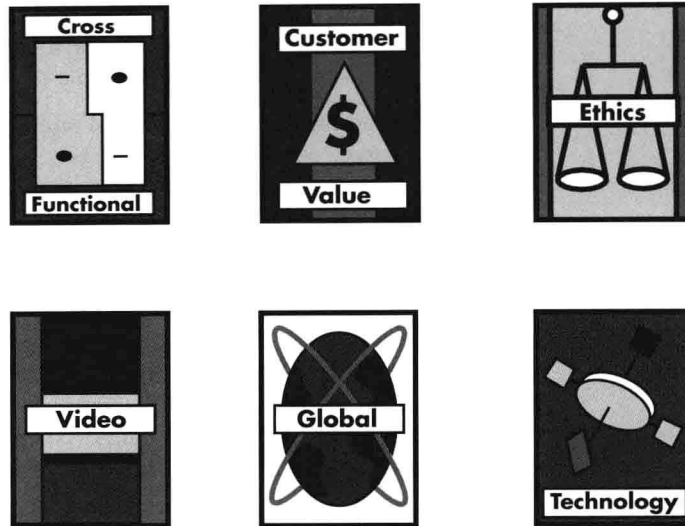
- An instructor "survival" kit which contains product samples, in-class activities, and other teaching tools that are intended to increase both student learning and participation.
- Electronic presentation slides.
- New video cases including Specialized Bicycles, Imagination Pilots, Washburn Guitars, Environsell, Sprint, and Ken Davis Products.
- Presentation CD-ROM.

In addition, we have completely revised and updated every other component of the supplement package.

HELPFUL PEDAGOGICAL FEATURES

As in previous editions, we want to involve you in the study of marketing by encouraging you to think about your personal experiences as a consumer and by asking you to take the role of a marketing decision maker. Examples of contemporary people and organizations, and their marketing decisions appear in the chapter opening vignettes, the Marketing NewsNet boxes, extended examples that are included in the text, and in the end-of-chapter cases. To help you understand potential explanations for the success or failure of marketing programs, each chapter also integrates research related to specific marketing decisions.

The book alerts the reader to special topics with corresponding icons. These include: general topics, customer value, global topics, technology, cross-functional topics, and ethics and social responsibility issues.



In addition, the book reinforces major concepts as they are introduced in each chapter to stimulate your understanding of them and foster your ability to apply them appropriately. At the end of every major section, Concept Checks pose two or three questions to test your recall. The Learning Objectives at the beginning of each chapter and the Summary and Key Terms and Concepts at the close provide further reinforcement.

We believe that the use of these unique learning aids lets you learn about, understand, and integrate the many marketing topics covered in our textbook, and allows you to apply them in the constantly changing marketing environment you will encounter as a consumer and a marketing manager.

THE ORGANIZATION OF *MARKETING*

The Fifth Edition of *Marketing* is divided into five parts. *Part I, Initiating the Marketing Process*, looks first at what marketing is and how it identifies and satisfies consumer needs (Chapter 1). Then Chapter 2 provides an overview of the strategic marketing process that occurs in an organization—which provides a structure 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 discusses the significance of ethics and social responsibility in marketing decisions.

Part II, Understanding Buyers and Markets, first describes, in Chapter 5, the nature and scope of world trade and the influence of cultural differences on global marketing practices. Next, Chapter 6 describes how ultimate consumers reach buying decisions. Finally, because of their important differences from ultimate consumers, industrial and organizational buyers and how they make purchase decisions are covered in Chapter 7.

In *Part III, Targeting Marketing Opportunities*, the marketing research function is discussed in Chapter 8. The process of segmenting and targeting markets and positioning products appears in Chapter 9. The increasing importance of relationship marketing, how today's marketing managers use strategic information systems, and sales forecasting are described in Chapter 10.

Part IV, Satisfying Marketing Opportunities, covers the four Ps—the marketing mix elements. Unlike most competitive textbooks, the product element is divided into

the natural chronological sequence of first developing new products (Chapter 11) and then managing the existing products (Chapter 12). Services are discussed as separate product offerings and as components of product offerings (Chapter 13). Pricing is covered in terms of underlying pricing analysis (Chapter 14), followed by actual price setting (Chapter 15), and the related Appendix B, Financial Aspects of Marketing. Three chapters address the place (distribution) aspects of marketing: Marketing Channels and Wholesaling (Chapter 16), Physical Distribution and Logistics Management (Chapter 17), and Retailing (Chapter 18). 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 19 discusses integrated marketing communications and presents an in-depth treatment of sales promotion, an activity that often exceeds advertising in the promotional budgets of many firms but receives minimal coverage in many textbooks. Chapter 19 also covers public relations. Advertising (Chapter 20) and Personal Selling and Sales Management (Chapter 21) complete the coverage of promotional activities.

Part V, Managing the Marketing Process, expands on Chapter 2 to describe specific techniques and issues related to blending the four marketing mix elements to plan, implement, and control (Chapter 22) marketing programs. The part closes with Appendix C, Career Planning in Marketing, which discusses marketing jobs themselves and how to get them, and Appendix D, Alternate Cases.

A detailed glossary, and three indexes (author; company and product; and subject) complete the book.

As we observe in Chapter 1, we genuinely hope that somewhere in *Marketing* the reader will discover not only the challenge and excitement of marketing, but possibly a career as well.

EXTENSIVE SUPPLEMENTAL RESOURCES

Providing a comprehensive and integrated package of high-quality innovative instructional supplements continues to be a priority for us. We have been involved, as authors or supervisors, in the production of all of the supplements that now accompany our text. Much attention has been given to providing elements and features in these supplements that were requested by both inexperienced and experienced instructors. As a result, each supplement contains several features not offered with any other marketing text.

Instructor's Manual The Instructor's Manual includes lecture notes, new transparency masters, discussions of the Marketing NewsNet boxes and the Ethics and Social Responsibility Alerts, and answers to the end-of-chapter Problems and Applications questions. Supplemental Lecture Notes and In-Class Activities are also provided. The Fifth Edition of the Instructor's Manual also includes teaching suggestions and detailed information about integrating the other supplements.

Transparency Acetates A set of 200 four-color overhead transparency acetates is available free to adopters. More than 50 percent of these have been developed from information outside the text. In addition, the acetates now include a greater ratio of print advertisements that demonstrate key marketing theories. Several of the ads correspond with the companies that are featured in the video cases, making it possible to teach a more integrated lecture. Each of the transparency acetates from outside of the text is accompanied by lecture notes to assist instructors in integrating the material into their lectures.

Electronic Slides New to this edition, this software includes a PowerPoint® viewer and a set of over 200 PowerPoint® slides. The slides include topics not

covered in the acetate package and other key concepts covered in the text. Those instructors who have PowerPoint® can customize and add to this valuable presentation tool.

Test Bank Our Test Bank has been developed and class tested to provide an accurate and exhaustive source of test items for a wide variety of examination styles. It contains more than 3,000 questions, categorized by topic and level of learning (definitional, conceptual, or application). The test questions for the Fifth Edition are more application oriented and include questions for each end-of-chapter video case. A Test Item Table allows instructors to select questions from any section of a chapter at any of the three levels of learning. The Test Bank includes approximately 10 essay questions, and over 100 multiple-choice questions per chapter, making it one of the most comprehensive test packages on the market. The Test Bank also includes questions for Appendices A, B, and D.

IRWIN's Computest IV In addition to the printed format, a computerized test bank is available free to adopters. The Computest program for microcomputers allows the instructor to select from any of the questions, change if desired, or add new questions—and quickly print out a finished set customized to the instructor's course.

Video Case Studies A unique series of 22 contemporary marketing cases is available on videotape cassettes. Each video case corresponds with chapter specific topics and an end-of-chapter case in the text. Over 60 percent of the video cases have been updated or are new. The video cases feature a variety of organizations and provide balanced coverage of services, consumer products, small businesses, Fortune 500 firms, and business-to-business examples. *Washburn Guitars*, *Specialized Bicycles*, *Imagination Pilots*, and *Ken Davis Barbecue Products* are just a few of the exciting video cases that are available with the Fifth Edition.

Study Guide Authored by William Carner of The University of Texas, the Study Guide enables the students to learn and apply marketing principles instead of simply memorizing facts for an examination. The Study Guide includes chapter outlines for student note-taking, sample tests, critical thinking questions, and flash cards. The new format is based on the results of student focus groups.

Computer-Problem Software This software features short cases and problems that allow students to learn about and apply marketing concepts and see the results of marketing decisions on a personal computer.

Marketing Planning Software Revised for Windows®, the marketing plan software is designed to help students use the strategic marketing process introduced in Chapter 2 and Appendix A and discussed in detail in Chapter 22. The software provides a personal and computer-based tool for involving students in the planning process.

Wall Street Journal Articles A collection of recent *Wall Street Journal* articles with corresponding questions is provided to facilitate class discussion and add currency.

Presentation CD-ROM IRWIN's new Instructor CD-ROM for *Marketing* will contain video clips, slides, and acetates for the text. Great for enhancing class presentations, CD-ROM enables the instructor to show video segments as they pertain to lectures or access the software or electronic slides instantly. The CD-ROM will also include the print supplements and electronic supplements so that the instructor has access to all of the supplements on one disk.

Virtual Marketing Careers CD-ROM More than just a careers application, this innovative, interactive software puts the students in the role of several marketing professions: sales manager, brand manager, marketing research manager, advertising manager, and retail manager. The virtual reality environment gives students the opportunity to make decisions within a realistic environment and have fun while learning to apply concepts.

Instructor's "Survival Kit" Today's students are more likely to learn and be motivated by active, participative experiences than by classic classroom lecture and discussion. While our many other supplements like video cases and transparencies enhance classroom instruction, the Instructor's "Survival Kit" contains three specific elements of special value to today's instructors:

- **In-class activities.** What we term "in-class activities" have appeared in our Instructor's Manual in the past, and we have received such extremely positive feedback from our customers—both instructors and students—on these that we are now putting them in a separate package so they get the attention they deserve. These may relate to a specific video case or example from the text or may be totally new. For example, some popular activities from our past editions include the "Quick Quiz" on music from Prince's Paisley Park video case, the Coke versus Pepsi taste test, and the "Ethics Quiz." These not only elicit classroom discussion, but also have a learning value in helping students understand marketing.
- **"Props"** to help run the in-class activities. With the time pressures on today's instructors, our goal is to make their lives simpler. So included in the survival kit are the props to run the activities, such as the labels for the Coke versus Pepsi taste test, the "quizzes" for the Paisley Park Quick Quiz (and the right answers), and the bean bags for the Total Quality Management experiment.
- **Sample products.** *Marketing*, in both the text and supplements, utilizes examples of offerings from both large and small firms that will interest today's students. A number of these are included in the survival kit when they may be new or unusual to students, items such as Breathe Right Nasal Strips and Hydrobands. Also, when appropriate, sample ads are included among our transparencies.

Linda Rochford of the University of Minnesota-Duluth spearheaded our efforts in developing the survival kit.

Instructor's Media Resource Guide This all-in-one guide includes everything that the instructor needs to coordinate and utilize the media supplements. It includes recommended articles, teaching suggestions for the student software, and instructions for the CD-ROMs.

Case Teaching Notes This supplement includes teaching notes for the video cases and supplemental cases.

Marketing Home Page Our new home page is a source of information for student and instructors alike. The home page includes additional teaching ideas and hot links to home pages that are relevant to anyone interested more about marketing.

DEVELOPMENT OF THIS BOOK

Through each of the editions of *Marketing* we have been fortunate to utilize the extensive developmental resources of Richard D. Irwin. Building on that history, the fifth edition developmental process included several phases of evaluation and a variety of stakeholder (e.g., student, instructor, etc.) audiences. The first phase of the review process asked adopters to focus on recommendations for the organization of

the text and improvements that could be made to the supplements package. The second phase encompassed a more detailed review of each chapter as the text was used by adopters in the classroom. We also surveyed students to find out what they liked about the book and what changes they would suggest. Finally, a key group of instructors who do not use the text gave us feedback on the fourth edition.

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

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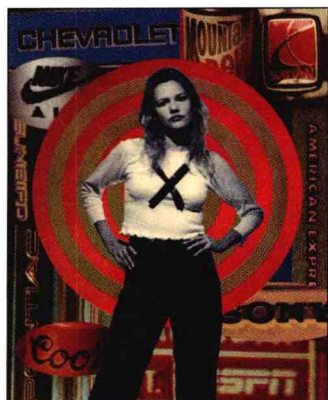
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