

William D. Perreault, Jr.

E.

Twelfth Edition

Basic Marketing

A Global-Managerial Approach

William D. Perreault, Jr., Ph.D. University of North Carolina

E. Jerome McCarthy, Ph.D. Michigan State University



Chicago·Bogotá·Boston·Buenos Aires·Caracas London·Madrid·Mexico City·Sydney·Toronto © Richard D. Irwin, a Times Mirror Higher Education Group, Inc. company, 1960, 1964, 1968, 1971, 1975, 1978, 1981, 1984, 1987, 1990, 1993, and 1996

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Irwin Book Team

Senior sponsoring editor: Stephen M. Patterson

Coordinating editor: Linda G. Davis

Senior developmental editor: Nancy Barbour

Marketing manager: Colleen Suljic Project editor: Amy E. Lund

Production supervisor: Laurie Kersch

Assistant manager, desktop services: Jon Christopher

Designer: Keith McPherson

Cover illustrator: Comunigrafix, Inc.

Interior illustrator: Carlisle Communications, Ltd.

Photo separations: CR Waldman

Assistant manager, graphics: Charlene R. Breeden Graphics supervisor: Heather D. Burbridge Compositor: Carlisle Communications, Ltd.

Typeface: 10.5/12 Goudy Printer: Von Hoffmann Press, Inc.

Times Mirror Higher Education Group

Library of Congress Cataloging-in-Publication Data

McCarthy, E. Jerome (Edmund Jerome)

Basic marketing: a global managerial approach / E. Jerome

McCarthy, William D. Perreault.—12th ed.

p. cm.—(The Irwin series in marketing)

Includes bibliographical references and index.

ISBN 0-256-13990-3

1. Marketing-Management. I. Perreault, William D. II. Title.

III. Series.

HF5415.13.M369 1996

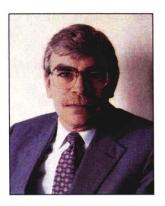
858.8-dc20

95-34965

Printed in the United States of America

About the Authors

of Basic Marketing, Twelfth Edition



William D. Perreault, Jr., is currently Kenan Professor at the University of North Carolina Kenan-Flagler Business School and President of the American Marketing Association Academic Council. He has taught at the University of Georgia, North Carolina State University, and Stanford University. At UNC, he has twice received awards for

teaching excellence. In 1987, the Decision Sciences Institute recognized him for innovations in marketing education, and Ad Week magazine has profiled him as one of the "10 best young marketing professors in America." In 1995, The Academy of Marketing Science recognized him with its Outstanding Educator Award.

Dr. Perreault is a well-known author, and his ideas about marketing management, marketing research, and marketing education have been published in many journals. He is a past editor of the *Journal of Marketing Research* and has served on the review board of the *Journal of Marketing* and other publications. In 1985, he received the American Marketing Association's prestigious William O'Dell Award, which recognizes long-run contributions to marketing research.

Dr. Perreault serves on the board of directors of the AMA and was previously AMA's VP-Publications. He has been chair of an advisory committee to the U.S. Bureau of the Census and a trustee of the Marketing Science Institute. He has also worked as a marketing consultant to many organizations, including IBM, GE, Whirlpool, Southwestern Bell, the Federal Trade Commission, and a variety of wholesale and retail firms. He is currently on the advisory board for Copernicus: The Marketing Investment Strategy Group. He has served as an advisor evaluating educational programs for the U.S. Department of Education, the Venezuelan Ministry of Education, and the American Assembly of Collegiate Schools of Business.



E. Jerome McCarthy received his Ph.D. from the University of Minnesota in 1958. Since then he has taught at the Universities of Oregon, Notre Dame, and Michigan State. He has been deeply involved in teaching and developing new teaching materials. Besides writing various articles and monographs, he is the author of textbooks on data pro-

cessing and social issues in marketing.

Dr. McCarthy is active in making presentations to academic conferences and business meetings. He has worked with groups of teachers throughout the country and has addressed international conferences in South America, Africa, and India.

Dr. McCarthy received the American Marketing Association's Trailblazer Award in 1987, and he was voted one of the top five leaders in Marketing Thought by marketing educators. He was also a Ford Foundation Fellow in 1963–64, studying the role of marketing in global economic development. In 1959–60 he was a Ford Foundation Fellow at the Harvard Business School working on mathematical methods in marketing.

Besides his academic interests, Dr. McCarthy is involved in consulting for, and guiding the growth of, a number of businesses—both in the U.S. and overseas. He has worked with top managers from Steelcase, Dow Chemical, 3M, Bemis, Grupo Industrial Alfa, and many other large and small companies. He is also active in executive education and is a director of several organizations. His primary interests, however, are in (1) "converting" students to marketing and marketing strategy planning and (2) preparing teaching materials to help others do the same. This is why he has continued to spend a large part of his time revising and improving marketing texts. This is a continuing process, and the 12th edition of Basic Marketing incorporates the latest thinking in the field.

The IRWIN Series in Marketing

Alreck & Settle

The Survey Research Handbook, 2/E

Contemporary Advertising, 6/E

Belch & Belch

Introduction to Advertising and Promotion: An Integrated Marketing Communications Approach, 3/E

Bearden, Ingram & LaForge

Marketing: Principles & Perspectives, 1/E

Bernhardt & Kinnear

Cases in Marketing Management, 6/E

Berkowitz, Kerin, Hartley & Rudelius Marketing, 4/E

Bonoma & Kosnik

Marketing Management: Text & Cases, 1/E

Boyd, Walker & Larréché

Marketing Management: A Strategic Approach, 2/E

The Market Place: A Strategic Marketing Simulation, 1/E

Cateora

International Marketing, 9/E

Churchill, Ford & Walker Sales Force Management, 4/E

Cole & Mishler

Consumer and Business Credit

Management, 10/E

Cravens

Strategic Marketing, 4/E

Cravens & Lamb

Strategic Marketing Management

Cases, 4/E

Crawford

New Products Management, 4/E

Dillon, Madden & Firtle

Essentials of Marketing Research, 1/E

Dillon, Madden & Firtle

Marketing Research in a Marketing

Environment, 3/E

Engel, Warshaw & Kinnear

Promotional Strategy, 8/E

Faria, Nulsen & Roussos

Compete, 4/E

Futrell

ABC's of Selling, 4/E

Fundamentals of Selling, 5/E

Hawkins, Best & Coney

Consumer Behavior, 6/E

Lambert & Stock

Strategic Logistics Management, 3/E

Lehmann & Winer

Analysis for Marketing Planning, 3/E

Lehmann & Winer

Product Management, 1/E

Levy & Weitz

Essentials of Retailing, 1/E

Levy & Weitz

Retailing Management, 2/E

Mason, Mayer, & Ezell

Retailing, 5/E

Mason & Perreault

The Marketing Game!, 2/E

McCarthy & Perreault

Essentials of Marketing: A

Global-Managerial Approach, 6/E

Meloan & Graham

International and Global Marketing Concepts and Cases, Inc.

Sales Force A Sales Management

Simulation Game, 1/E

Perreault & McCarthy

Basic Marketing: A Global Manage

Approach, 12/E

Peter & Donnelly

A Preface to Marketing Management, 6/E

Peter & Donnelly

Marketing Management: Knowledge and

Skills, 4/E

Peter & Olson

Consumer Behavior and Marketing

Strategy, 3/E

Peter & Olson

Understanding Consumer Behavior, 1/E

Quelch

Cases in Product Management, 1/E

Quelch, Dolan & Kosnik

Marketing Management: Text &

Cases, 1/E

Quelch & Farris

Cases in Advertising and Promotion

Management, 4/E

Ouelch, Kashani & Vandermerwe

European Cases in Marketing

Management, 1/E

Rangan

Industrial Marketing Strategy: Cases &

Readings, 1/E

Rangan

Readings in Industrial Marketing

Strategy, 1/E

Smith & Quelch

Ethics in Marketing, 1/E

Stanton, Buskirk & Spiro

Management of a Sales Force, 9/E

Thompson & Stappenbeck

The Marketing Strategy Game, 1/E

Walker, Boyd & Larreche

Marketing Strategy: Planning and

Implementation, 2/E

Weitz, Castleberry & Tanner

Selling: Building Partnerships, 2/E

Preface

Basic Marketing satisfies customers'

Every organization needs to think about its markets and how effectively it meets its customers' or clients' needs. Organizations that don't satisfy their customers sooner or later disappear—and usually it's sooner rather than later. Conversely, organizations that find new and better ways to meet needs prosper and grow. Trust us on this: It's better to prosper than to fail and disappear.

So, there's hardly any issue that's more important than figuring out how to satisfy customers—whether old ones an organization has served in the past or new ones it hopes to attract. At its essence, that's what marketing and marketing strategy planning is all about. And, yes, it's also what this book is all about.

Further, we believe in practicing what we preach. So, you can bank on the fact that this new 12th edition of *Basic Marketing* and all of the other teaching and learning materials that accompany it will satisfy *your* needs. We're excited about this edition, and we hope that you will be as well.

In creating this edition we've made hundreds of big and small additions, changes, and improvements. We'll highlight some of those changes in this preface, but first it's useful to put this newest edition in a longer-term perspective.

Building on pioneering strengths

Basic Marketing pioneered an innovative structure—using the "four Ps" with a managerial approach—for the introductory marketing course. It quickly became one of the most widely used business textbooks ever published because it organized marketing ideas so that readers could both understand and apply them. It didn't settle for endless lists or disjointed description.

It has been 37 years since publication of the first edition of *Basic Marketing*. During that time there have been constant changes in marketing management. Some of the changes have been dramatic, and others have been subtle. Throughout all of these changes, *Basic Marketing* and the supporting materials that accompany it have been more widely used than any other teaching materials for introductory marketing. It is gratifying that the "four Ps" has proved to be an organizing structure that has worked well for *millions* of students and teachers.

Continuous innovation and improvement

Of course, this position of leadership is not the result of a single strength—or one long-lasting innovation. Rather, the text's four Ps framework, managerial orientation, and strategy planning focus have proved to be foundation pillars that are remarkably robust and powerful in supporting and encompassing new developments in the field.

Thus, with each new edition of *Basic Marketing*, we have continued to introduce innovations—and to better meet the needs of students and faculty. Our objective is to provide a flexible, high-quality text and choices from comprehensive and reliable support materials—so that instructors and students can accomplish their learning objectives. For example, included with the other innovations for this new edition are:

• Completely integrated coverage of the role of marketing in building relationships.

- A new chapter on marketing's link with other functional areas.
- Integrative video cases.
- Multimedia electronic slides and related lecture materials.
- CD-ROM technology to support multimedia teaching and learning.
- Powerful new versions of our Hypertext reference disk and computer-aided problems software.

Another change in this edition is that we've shifted the order of the authors' names on the cover of the book. Many people who knew we planned to do that have asked why, so we'll mention it here in case other old friends and users of the text are also curious. When McCarthy wrote the first edition of Basic Marketing, he did it alone and when he was still in his early 20s. He was responsible for seven editions of the book before Perreault, at age 32, joined the project. Our long-term plan has always been for the "newcomer" to take over the bulk of the work of actually incorporating new innovations to the text and supplements—after we worked together very closely for a number of editions to maximize the impact of our joint efforts. As this transition has evolved, the senior partner has taken on more of a "Chairman of the Board" role—providing valuable ideas, advice, criticisms, and encouragement. Thus, the change in the masthead of the book is simply symbolic of the shift in our current contributions to the ongoing improvements in the book and package.

We formed our partnership with a shared commitment to ongoing improvements, and we're both proud that we were implementing continuous quality improvements in preparing Basic Marketing long before the idea became popular in the world of business. Useful teaching innovations are ones that meet students' and instructors' needs well—and you can be confident that's what this innovative edition will accomplish. We work to be creative in our coverage and approaches—because creativity is at the heart of the marketing spirit. That's also why our first priority has always been—and always will be—producing quality materials that work for students and teachers as they should.

As with many other product categories, too many books come out that don't do that. It's said that the cost of poor quality is lost customers—and that's why poor quality texts routinely disappear from print. Yet, the real cost of poor quality texts is more insidious. Students only take the first marketing course once. If their only exposure is to a poor quality text, the cost is their lost learning—or worse. We see that as a totally unacceptable cost, and it's why we see it as a personal responsibility to build quality into every aspect of the text and accompanying package.

Our belief that attention to continuous quality improvement in every aspect of the text and support materials does make a difference is consistently reaffirmed by the enthusiastic response of students and teachers alike to each new edition.

We believe that the 12th edition of Basic Marketing is the highest-quality teaching and learning resource ever published for the introductory marketing course. The whole text and all of the supporting materials have been critically revised, updated, and rewritten. As in past editions, clear and interesting communication has been a priority. Basic Marketing is designed to make it easy, interesting, and fast for students to grasp the key concepts of marketing. Careful explanations provide a crisp focus on the important "basics" of marketing strategy planning. At the same time, we have thoroughly:

And a symbolic change too

We believe in continuous quality improvement

Critically revised, updated, and rewritten

- Researched and incorporated new concepts.
- Integrated hundreds of new examples that bring the concepts alive.
- Illustrated marketing ideas in a wide variety of contexts.

We have deliberately used marketing examples from a host of different contexts. Examples span profit and nonprofit organizations, large and small firms, domestic and international settings, purchases by organizations as well as by final consumers, and services and ideas or "causes" as well as physical goods, established products, and new technologies—because this variety reinforces the point that effective marketing is critical to all organizations.

Clear focus on changes in today's dynamic markets

The 12th edition focuses special attention on changes taking place in today's dynamic markets. *Throughout every chapter of the text* we have integrated discussion and examples of:

- Relationship building in marketing.
- The importance of customer satisfaction and retention.
- International perspectives.
- Ethical issues.

Similarly, we've also integrated new material on such important and fastevolving topics as:

- Integrated marketing communications, including direct-response promotion.
- The expanding role of information technologies in all areas of marketing.
- Return on quality and quality management (with special emphasis on service quality).
- The increasing channel power of large retail chains.
- Competitor analysis.
- Marketing control, including marketing cost analysis, to name but a sampling.

Throughout the 12th edition we've continued our thrust begun in the 11th edition of focusing more attention on the importance of competitive advantage in strategy planning. You'll learn about the changing relationships among marketing partners—ranging from coordination of logistics and promotion efforts among firms to the new relationships between firms and their ad agencies and marketing research suppliers. You'll see how intense competition—both in the United States and around the world—is affecting marketing strategy planning. You'll see why rapid response in new-product development is so critical.

Some other marketing texts are attempting to describe such changes. But that's not adequate. What sets *Basic Marketing* apart is that the explanations and examples not only highlight the changes that are taking place today but also equip students to see *why* these changes are taking place—and what changes to expect in the future. That is an important distinction—because marketing is dynamic. Our objective is to equip students to analyze marketing situations and develop workable marketing strategies—not just recite an endless set of lists.

22 chapters—with an emphasis on marketing strategy planning Along with the new content, we've given the text a fresh design. The changes range from the new cover to hundreds of new photographs, ads, and illustrations. We've added new artwork and revised or updated proven pieces from past editions.

The aim of all this revising, refining, editing, and illustrating is to arrive at an overall redesign that makes important concepts and points even clearer to students. We want to make sure that each student really does get a good feel for a 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-two chapters introduce the important concepts in marketing management and help the student see marketing through the eyes of the marketing manager. The organization of the chapters and topics is carefully planned. But we took special care in writing so that:

- It is possible to rearrange and use the chapters in many different sequences—to fit different needs.
- All of the topics and chapters fit together into a clear, overall framework for marketing strategy planning.

The first two chapters deal with the nature of marketing—focusing both on its macro role in a global society and its micro role in businesses and other organizations. The first chapter stresses that the effectiveness of our macromarketing system depends on the decisions of many producers and consumers. That sets the stage for the second chapter—and the rest of the book—which focus on how business people and, in particular, marketing managers develop marketing strategies to satisfy specific target markets.

Chapter 3 introduces a strategic planning view of how managers can find new market opportunities. The emphasis is on identifying target markets with market segmentation and positioning approaches. This strategic view alerts students to the importance of evaluating opportunities in the external environments affecting marketing—and these are discussed in Chapter 4. Chapter 5 is a contemporary view of getting information—from marketing information systems and marketing research—for marketing management planning. This chapter sets the stage for discussions in later chapters about how research and information systems can improve each area of marketing strategy planning.

The next three chapters take a closer look at *customers*—so students will better understand how to segment markets and satisfy target market needs. Chapter 6 introduces the demographic dimensions of the global consumer market, and the next two chapters study the behavioral features of the consumer market and how business and organizational customers—like manufacturers, channel members, and government purchasers—are similar to and different from final consumers.

The next group of chapters—Chapters 9 to 18—is concerned with developing a marketing mix out of the four Ps: Product, Place (involving channels of distribution, logistics, and distribution customer service), Promotion, and Price. These chapters are concerned with developing the "right" Product and making 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 students' thinking about planning marketing strategies develops logically.

Chapters 9 and 10 focus on product planning for goods and services as well as new-product development and the different strategy decisions that are required at different stages of the product life cycle.

Chapters 11 through 13 focus on Place. Chapter 11 introduces channels of distribution, with special emphasis on the need for channel members to cooperate and coordinate to better meet the needs of customers. Chapter 12 focuses on the fast-changing arena of logistics and the strides that firms are making to reduce the costs of storing and transporting products while improving the distribution service they provide customers. Chapter 13 provides a clear picture of retailers, whole-salers, and their strategy planning. This new composite chapter helps students see why the big changes taking place in retailing are reshaping the channel systems for many consumer products.

Chapters 14 to 16 deal with Promotion. These chapters have been significantly reworked to build on the concept of integrated marketing communications, including direct-response promotion, which is introduced in Chapter 14. Then, Chapter 15 deals with the role of personal selling in the promotion blend, and Chapter 16 covers advertising and sales promotion.

Chapters 17 and 18 deal with Price. Chapter 17 focuses on pricing objectives and policies, including consideration of pricing in the channel and the use of discounts, allowances, and other variations from a list price. Chapter 18 covers cost-oriented and demand-oriented pricing approaches. Its careful coverage of marketing costs helps equip students to deal with the cost-conscious firms they will join.

Chapter 19 reinforces the integrative nature of marketing management and offers a specific framework for creating innovative marketing plans and programs. Chapter 20 offers completely updated coverage of marketing implementation and control and provides perspective on how new approaches are reshaping these areas now that more control-related information is available faster. The chapter also details how total quality management approaches can improve implementation, including implementation of better customer service.

Chapter 21 is a totally new chapter dealing with the link between marketing and other functional areas. The marketing concept says that people in an organization should work together to satisfy customers at a profit. No other text has a chapter that explains how to accomplish the "working together" part of that idea. Yet, it's increasingly important in the business world today, and that's what this important new chapter is designed to explore.

The final chapter considers how efficient the marketing process is. Here we evaluate the effectiveness of both micro- and macro-marketing—and consider the competitive, ethical, and social challenges facing marketing managers now and in the future. After this chapter, the student might want to look at Appendix C—which is about career opportunities in marketing.

Careful integration of special topics

Some textbooks treat "special" topics—like relationship marketing, international marketing, services marketing, marketing for nonprofit organizations, marketing ethics, and business-to-business marketing—in separate chapters. We have deliberately avoided doing that because we are convinced that treating such

topics separately leads to an unfortunate compartmentalization of ideas. We think they are *too important to be isolated in that way*. Instead, they are interwoven and illustrated throughout the text to emphasize that marketing thinking is crucial in all aspects of our society and economy. Instructor examination copies of the new edition are packaged with a grid that shows, in detail, how and where specific topics are integrated throughout the text.

Students get
"how-to-do-it" skill
and confidence

Really understanding marketing and how to plan marketing strategies can build self-confidence—and it can help prepare a student 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 enable the student to analyze marketing situations in a confident and meaningful way. Taken seriously, they are practical and they work. In addition, because they are interesting and understandable, they equip students to see marketing as the challenging and rewarding area it is.

Basic Marketing motivates high-involvement learning

So students will see what is coming in each *Basic Marketing* chapter, behavioral objectives are included on the first page of each chapter. And to speed student understanding, important new terms are shown in red and defined immediately. Further, a glossary of these terms is presented 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 text. Further, we have placed annotated photos and ads near the concepts they illustrate to provide a visual reminder of the ideas—and to show vividly how they apply in the business world. All of these aids help the student understand important concepts—and speed review before exams. End-of-chapter questions and problems offer additional opportunities. They can be used to encourage students to investigate the marketing process and develop their own ways of thinking about it. They can also be used for independent study or as a basis for written assignments or class discussion.

Varied types of

Understanding of the text material can be deepened by analysis and discussion of specific cases. *Basic Marketing* features several different types of cases. Each chapter starts with an in-depth case study developed specifically to highlight that chapter's teaching objectives. In addition, each chapter features a special case report in a highlighted box. Each case illustrates how a particular company has developed its marketing strategy—with emphasis on topics covered in that chapter. All of these cases provide an excellent basis for critical evaluation and discussion.

In addition, there are several suggested cases at the end of each chapter. The focus of these cases is on problem solving. They encourage students to apply—and really get involved with—the concepts developed in the text. Each chapter also features a computer-aided problem. These case-based exercises stimulate a problem-solving approach to marketing strategy planning—and give students hands-on experience that shows how logical analysis of alternative strategies can lead to improved decision making. For the convenience of students and faculty alike, the cases for computer-aided problems are now incorporated in the book itself. Further, the award-winning software we developed specifically for use with

these problems is provided free to instructors in two versions: the classic DOS version and a new Windows version.

New multimedia video cases are integrative New for this edition, we've also custom developed an exciting set of video cases. Each of these combines a written case with an accompanying video. These cases are a bit longer than the text-only cases, which opens up the opportunity for students to analyze an organization's whole marketing program in more depth and with even greater integration. Marketing professors wrote the scripts for both the video and text portions of the cases—so that the videos reinforce real content while bringing a high-involvement multimedia dimension to the learning opportunity. And to ensure consistency with all of the other *Basic Marketing* materials, we've carefully edited and coordinated the whole effort. These cases deal with a variety of issues:

- Services marketing and integrated marketing communications in a hospital setting.
- The expanding role of marketing in developing export opportunities for a raw material that was previously just viewed as a commodity.
- New-product development for a major component part that is sold to producers who serve consumer markets.
- The growth strategy of a chain of franchised and company-owned restaurants in a highly competitive market.
- How a well-known company lost touch with its market and then won
 profits and customer loyalty by developing a marketing mix that's
 carefully matched to the needs of its target market.

We designed these cases so that students can analyze them before or after seeing the video, or even without seeing the video at all. They can be used in a variety of ways, either for class discussion or individual assignments. We're proud of these new video cases, and we're sure that they provide you with a valuable new way to learn about marketing.

Comprehensive, current references for independent study Some professors and students want to follow up on text readings. Each chapter is supplemented with detailed references—to both classic articles and current readings in business publications. These can guide more detailed study of the topics covered in a chapter.

Instructor creates a system—with our P.L.U.S.

Basic Marketing can be studied and used in many ways—the Basic Marketing text material is only the central component of a Professional Learning Units System (our P.L.U.S) for students and teachers. Instructors (and students) can select from our units to develop their own personalized systems. Many combinations of units are possible—depending on course objectives. As a quick overview, in addition to the Basic Marketing text, the P.L.U.S. package includes several totally new supplements:

- CD-ROM multimedia system.
- Electronic presentation slides built with Microsoft's PowerPoint software.
- Videotapes for the video cases.
- Windows software for the computer-aided problems.
- A new Multimedia Lecture Support Package, including software.

And that's just what's totally new. In addition, we've completely revised and ubdated:

- The *Learning Aid* workbook.
- Applications in Basic Marketing, an annually updated book of marketing clippings from the popular press, free and shrinkwrapped with the text.
- The Hypertext Reference Disk, with a new interface for developing marketing plans.
- Over 200 color acetates.
- Over 200 transparency masters.
- The classic DOS version of the P.L.U.S. Computer-Aided Problems Software.
- Instructor's Manual.
- Author-prepared Manual of Tests.
- Computest III test-generator system (and Teletest).
- 18 new and updated teaching videos (and Instructor's Manual).
- A new edition of *The Marketing Game!* (and Instructor's Manual).

We introduced the innovative Basic Marketing Hypertext Reference Disk with the 11th edition of Basic Marketing. This easy-to-use software puts almost all of the key concepts from Basic Marketing at your fingertips. It features hyperlinks, which means that when you are reading about a concept on screen you can instantly jump to more detail on any topic. You simply highlight the concept or topic and click with a mouse or press the enter key. Books assemble information in some specific order—but hypertext allows you to integrate thinking on any topic or combination of topics, regardless of where it is treated in the text.

Based on suggestions from users, the new version of the software provides a clearer and easier way to search for ideas while developing a marketing plan. You can also use the software to review topics in "book order"—starting with learning objectives and then "paging" through each set of ideas.

We are convinced that this new version of the Hypertext Reference Disk is a step toward reshaping how people learn about and use marketing concepts. It brings new technology to making the concepts in Basic Marketing even more accessible, and no other text offers anything like it.

It is a sign of the commitment of our publisher to the introductory marketing course that it will publish a new edition of Applications in Basic Marketing every year and provide it free of charge shrinkwrapped with each new copy of the 12th edition of Basic Marketing! This annually updated collection of marketing "clippings"—from publications such as The Wall Street Journal, Advertising Age, Fortune, and Business Week—provides convenient access to short, interesting, and current discussions of marketing issues. Each edition features about 100 articles. There are a variety of short clippings related to each chapter in Basic Marketing. In addition, because we revise this collection each year, it includes timely material that is available in no other text.

There are more components to P.L.U.S. A separate Learning Aid provides several more units and offers further opportunities to obtain a deeper understanding of the material. The Learning Aid can be used by the student alone or with

Hypertext—a marketing knowledge navigator

Free applications book-updated each year

Learning Aid—deepens understanding teacher direction. Portions of the *Learning Aid* help students to review what they have studied. For example, there is a brief introduction to each chapter, a list of the important new terms (with page numbers for easy reference), true-false questions (with answers and page numbers) that cover *all* the important terms and concepts, and multiple-choice questions (with answers) that illustrate the kinds of questions that may appear in examinations. In addition, the *Learning Aid* has cases, exercises, and problems—with clear instructions and worksheets for the student to complete.

The Learning Aid also features computer-aided problems that build on the computer-aided cases in the text. The Learning Aid exercises can be used as classwork or homework—to drill on certain topics and to deepen understanding of others by motivating application and then discussion. In fact, reading Basic Marketing and working with the Learning Aid can be the basic activity of the course.

Compete and learn—with new edition of The Marketing Game!

Another valuable resource is *The Marketing Game!* The Marketing Game! is a microcomputer-based competitive simulation. It was developed specifically to reinforce the target marketing and marketing strategy planning ideas discussed in Basic Marketing. Students make marketing management decisions—blending the four Ps to compete for the business of different possible target markets. The innovative design of *The Marketing Game!* allows the instructor to increase the number of decision areas involved as students learn more about marketing. In fact, many instructors use the advanced levels of the game as the basis for a second course. *The Marketing Game!* is widely heralded as the best marketing simulation available—and the new edition widens its lead over the others available.

Author-developed instructor materials

Basic Marketing—and all of our accompanying materials—have been developed to promote student learning and get students involved in the excitement and challenges of marketing management. Additional elements of *P.L.U.S.* have been specifically developed to help an instructor offer a truly professional course that meets the objectives he or she sets for students. Complete Instructor's Manuals accompany all of the *P.L.U.S.* components.

Electronic presentation slides with many uses

With this edition we are providing instructors with a copy of innovative electronic slide presentation software based on Microsoft's popular PowerPoint program. This flexible package features PowerPoint graphics developed for every chapter in the text. An instructor can use the provided software to display the electronic slides with a computer-controlled video projector, in the order that they're provided or branching in whatever sequence is desired. Presentations can be based on composite slides, or the points on a slide can "build up" one point at a time.

Because we provide the input files, instructors can modify any slide or add other slides by using their own copy of PowerPoint. And, of course, if electronic projection equipment isn't available the instructor can print out the images to their own customized color acetates or black and white transparencies.

While the electronic slides are intended mainly for instructor use in class discussions and lectures, they are easy to use and can be placed on a school's computer network or in a computer lab as a supplement for independent review by students.

With the electronic slide software we also provide detailed lecture notes, as well as lecture outlines with miniature versions of the presentation slides that an instructor can use as handouts in class. All of these materials are packaged in a new supplement, our *Multimedia Lecture Support Package*. This supplement gives instructors a great deal of flexibility and saves time that can be spent on other teaching activities. Instructors who prefer to use materials like those that were in the past included with our *Lecture Guide* won't be disappointed either. The new package will provide that material as well—in both printed form and as word processing files (which make it easier for instructors to incorporate their own materials).

In addition, the *Multimedia Lecture Support Package* is accompanied by a high-quality selection of overhead masters and color transparencies—over 400 in all. The manual provides detailed suggestions about ways to use them.

Exciting new videos—created by marketing experts

The newly revised and expanded *Basic Marketing Videos* are also available to all schools that adopt *Basic Marketing*. Half of the video modules are completely new—based on scripts written by expert marketing scholars and carefully linked to key topics in the text. In addition, several of the most popular video modules from the previous edition—the ones instructors and students said they most wanted to keep—have been thoroughly revised and updated. These new videos are really great, but it doesn't stop there! As we noted earlier, there are also five great new videos to accompany the video cases.

CD-ROM—supports multimedia teaching and learning

New with this edition, we are also introducing the *Basic Marketing CD-ROM*, which provides exciting new opportunities for marketing faculty to take advantage of the latest advances in multimedia teaching and learning. Our CD-ROM provides easy and instantaneous access—in one convenient place—not only to the various software packages that accompany the text—but also to electronic versions of all of the instructor's manuals and much of the material in this book.

Testing that works for faculty and students

In addition, thousands of objective test questions—written by the authors to really work with the text—give instructors a high-quality resource. The COMPUTEST III program for microcomputers allows the instructor to select from any of these questions, change them as desired, or add new questions—and quickly print out a finished test customized to the instructor's course.

The responsibilities of leadership

In closing, we return to a point raised at the beginning of this preface. Basic Marketing has been a leading textbook in marketing since its first edition. We take the responsibilities of that leadership seriously. We know that you want and deserve the very best teaching and learning materials possible. It is our commitment to bring you those materials—today with this edition and in the future with subsequent editions.

We recognize that fulfilling this commitment requires a process of continuous improvement. Improvements, changes, and development of new elements must be ongoing—because needs change. You are an important part of this evolution, of this leadership. We encourage your feedback. Thoughtful criticisms and suggestions from students and teachers alike have helped to make *Basic Marketing* what it is. We hope that you will help make it what it will be in the future.

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—represents a blending of our career-long experiences, influenced and improved by the inputs of more people than it is possible to list.

We are especially grateful to our many students who have criticized and made comments about materials in *Basic Marketing*. Indeed, in many ways, our students have been our best teachers.

We owe a special debt of gratitude to Linda G. Davis. For nearly a decade she has made contributions to every aspect of the text and package. She spent countless hours researching photos and case histories, and she critiqued thousands of manuscript pages through countless revisions of the text and all the accompanying materials. She has reviewed and edited every word we've written—and if it weren't for her the book would not be so clear (and it might have a zillion spelling errors!). Her hard work, positive attitude, and dedication to quality throughout the whole process is without match. We could not have asked for a better friend and colleague or for better support.

We've always believed that the best way to build consistency and quality into the text and all of the other *P.L.U.S.* units is to do as much as possible ourselves. With the growth of multimedia technologies it's darn hard to be an expert on them all. But we've had spectacular help in that regard.

From the very outset, Professor Phillip Niffenegger at Murray State University has been the guru of our video series. He's got a rare combination of vision about what's possible with video and also a practical sense to know what will work—and work well. With this edition, as in the past, he has done a massive amount of work not only in creating video scripts himself but also in serving as executive producer for the whole series. In that job, he has worked with Nick Childers, whose Arthur Scott Production company handles all of our video production work and editing. He also coordinates with Stephen Lovett, who prepares the computer graphics for the videos. But an even bigger job is working with us, the companies, and all of the marketing professors who contribute scripts for videos.

It has been an honor for us to work with the talented group of professors who have been involved in developing our video series. Too much of the video footage used at all levels of education is full of glitz but devoid of content—because the people who produce it too often don't understand the content. We've been able to conquer that challenge, but only because of the participation of outstanding colleagues who have converted their marketing insights to the video medium. More specifically, we express respect for and deep appreciation to:

Gary R. Brockway,
Murray State
University
Martha O. Cooper,
Ohio State
University
Carolyn Costley,
University of Miami

Elizabeth A.
Klompmaker,
Sara Lee
Gene R. Lazniak,
Marquette University
Charles S. Madden,
Baylor University

W. Glynn Mangold, Murray State University Michael R. Mullen, Florida Atlantic University Jeanne M. Simmons, Marquette University Rollie O. Tillman, University of North Carolina at Chapel Hill Poh-Lin Yeou, University of South Carolina

We're also indebted to Lewis Hershey for his work on the new electronic presentation slides for this edition. It's rare to find a world-class multimedia technologist who is also an experienced marketing professor, but he's it.

Many improvements in the current edition were stimulated by feedback from a number of colleagues around the country. Their feedback took many forms. We received valuable insights—and hundreds of detailed suggestions—from professors who kept class-by-class diaries while teaching from *Basic Marketing*. Participants in focus group interviews shared their in-depth ideas about ways to improve teaching and materials used in the first marketing course. Professors who provided comprehensive comparative reviews helped us see ways to build on our strengths and identify where improvements would be most helpful to students and faculty. And responses to detailed surveys gave us ideas and insights for ways to update and improve not only the text but also the whole set of teaching and learning materials that accompany it. Further, some of the ideas stimulated by thorough reviewers and survey respondents for the 11th edition were more fully implemented in this edition. For all of these suggestions and criticisms we are most appreciative. In particular, we would like to recognize the helpful contributions of:

L. McTier Anderson. Francis Marion University Raj Arora, University of Missouri-Kansas City Ramon A. Avila, Ball State University Harold W. Babb, University of Richmond Thomas J. Babb, West Liberty State College Barry J. Babin, University of Southern Mississippi Angelos C. Ballas, West Chester University Jeffrey Baum. SUNY-Oneonta Stephen Bell, New York University Dan Bello, Georgia State University

Ashok Bennett, University of Illinois at Chicago E. Edward Blevins. DeVry Institution of **Technology** Jocelyn C. Bojack, University of Central Florida Michael Bolin. Abilene Christian University Betsy Boze, University of Alaska-Anchorage Carl S. Bozman, Gonzaga University Carter Broach, University of Delaware Wendy Bryce. Western Washington University Jim Burley, Central Michigan University

C. R. Busch, Lee College James R. Butts, The American University David Campbell, Valdosta State University Phyllis Campbell, Bethel College Charles R. Canedy, III, University of Hartford Kit Carman, Golden Gate University Lawrence I. Chase, Tompkins Cortland Community College Pravat K. Choudhury, Howard University Gene Convers, North Georgia College Robert L. Cook. Central Michigan University