

# BASIC MARKETING

Sixth Canadian Edition



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# ***BASIC MARKETING***

## ***Sixth Canadian Edition***

***E. Jerome McCarthy, Ph.D.***

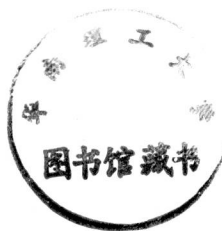
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# ***BASIC MARKETING***

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*To Roberta*

*for her patience, forbearance and understanding during nine successive  
efforts at Canadianization (six Basic and three Essentials)  
and to Robert  
who, with somewhat less patience, has endured the last four of these efforts*

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## Preface

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This is the sixth time a special edition of McCarthy and Perreault has been prepared for the Canadian market. On each occasion, the American text on which that Canadianization was based had itself been completely revised and updated. Successive editions in both countries have been prepared in a manner consistent with the 4 Ps managerial approach so widely accepted by professors, so extensively used by students, and so often copied by competing textbooks for over three decades.

The Canadian version of each edition is deliberately made more Canadian than its counterpart was American. This is because relatively few Canadianized marketing texts are available for use in more advanced marketing courses. Consistent with this commitment to Canadian content, successive editions have contained the most recent information available on Canadian law and demographics, more and longer Canadian cases, and an increasing number of excerpted articles reporting on Canadian marketing practice. In this respect, the sixth Canadian edition of *Basic Marketing* differs substantially, but only in degree, from its predecessors.

The above notwithstanding, a number of innovations make this edition a landmark revision. Though all those features that have contributed to the book's past success are still to be found, the sixth Canadian edition both looks and reads very differently. The reason, as your own examination will reveal, is an editorial commitment, over and above that to the traditional 4 Ps, to four new Cs which collectively have shaped this revision.

*Colorful presentation:* This is the first Canadian edition of *Basic Marketing* to be published in color rather than black and white. The result is an incredibly attractive volume with a thoroughly contemporary feel.

*Canadian imagery:* A major effort has been made within this new visual framework to incorporate many more advertisements, illustrations, and photographs that are obviously and appropriately Canadian.

*Corporate practice:* At the request of people using the earlier editions, far more frequent reference has been made throughout the text to the marketing policies, practices, and behavior of leading Canadian firms.

*Contemporary concerns:* Increased attention is called to the impact on Canadian marketing of such recent and ongoing issues as free trade with the United States, the role of Quebec in Canada, the G.S.T., "green marketing," and Europe 1992.

The aforementioned 4 Cs have had a marked influence throughout the entire text. In addition, new introductions to many chapters link the theoretical concepts subsequently introduced to actual corporate practice. Completely rewritten treatments discuss the institutional factors affecting Canadian marketers both domestically and abroad. You'll also find many more Marketing Demos drawn from Canada's business press and material describing the marketing efforts that have made Whistler, British Columbia, a world-class resort. Finally, 16 new cases, either with a Canadian focus or related to the marketing efforts of multinationals active in Canada, appear for the first time.

As with previous editions, we have provided as complete a supplementary package as possible. The following supplements are available on a complimentary basis to adopters of the text:

*Instructor's manual* provides chapter-by-chapter lecture outlines, transparency masters, answers to all questions, cases, and Learning Aid material.

*Applications in Basic Marketing* includes two to four articles per chapter drawn from popular business press.

*Manual of Objective Tests* includes approximately 3,000 objective test questions. Questions are classified by level of difficulty. They include application, integrative, and comprehension questions.

*Transparencies.*

*Videos.*

*Computest III* microcomputer testing system is available for the IBM-PC. It allows you to select questions from the Manual of Objective Tests, edit and add questions, and print out a customized test for your class.

For the student, a comprehensive Learning Aid accompanies the text. The Learning Aid includes a chapter review, key terms, true/false and multiple choice questions, caselets, and numerical problems.

Though it builds on a long-established tradition, *Basic Marketing's* Sixth Canadian Edition differs appreciably from its predecessors. The differences are of such a magnitude that both people traditionally inclined to use this text and those otherwise inclined should carefully examine the product we're now bringing to market. The authors are confident that such an examination of this new offering, incorporating the 4 Ps in a contemporary Canadian package, will result in *Basic Marketing* again being recognized as the standard to which all our competitors must aspire.

The authors' self-confidence notwithstanding, the ultimate test of any textbook is its degree of acceptance. Previous Canadian editions of *Basic Marketing* have been well received by both students and colleagues. We have tried to justify this past confidence by preparing an even better Sixth Canadian Edition that emphasizes both what is universal about marketing and what is uniquely Canadian. Once more, we submit our joint effort to the judgment of the marketplace. The authors welcome comments, suggestions, and corrections on any subject. Canadian concerns might best be discussed with me as I alone am responsible for any errors, either of omission or of commission, in the Canadianized sections of this text.

Stanley J. Shapiro

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## *Acknowledgments*

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The acknowledgments section of a text cannot be prepared until after the entire manuscript has been completed. Only then can the authors be certain that they'll make no additional requests for assistance, information, or material. Since that stage has finally been reached, I can now acknowledge my very substantial debts of gratitude to those who have assisted me in this most recent Canadianization of McCarthy and Perreault.

How this Canadian edition differs from its predecessors is discussed in the accompanying Preface. However, each succeeding edition of any text builds upon and refines what has preceded it. Consequently all those who assisted in the preparation of previous Canadian editions again deserve thanks for they have contributed as well to this latest effort. A complete listing of those individuals is found in the five preceding acknowledgment sections.

My debts of gratitude to those who assisted in the preparation of this sixth edition fall into a number of different categories. First, I must acknowledge the very significant contribution made by colleagues at other Canadian educational institutions who prepared the cases in this volume. That honor role of associates includes D. Aronchik, Ryerson Polytechnical Institute; P. Banting, McMaster University; K. Hardy, the University of Western Ontario; G. Jacob, the British Columbia Institute of Technology; V. H. Kirpalani and H. Simpkins, Concordia University; John Kyle, Mount Saint Vincent University; L. Meredith, Simon Fraser University; J. Oldland, Bishop's University; R. Rotenberg, Brock University; M. Ryder, McMaster University; F. Saleh, University of Saskatchewan; E. Weymes, University of Regina; and, last but by no means least, R. Wyckham of Simon Fraser University.

Other important contributions to the text itself also deserve recognition. Professor June Francis of Simon Fraser University substantially revised the Canadian component of the chapter on international marketing. Ms. Tanya Stastny of Just the Facts, Vancouver, B.C., prepared an entirely new appendix on Canadian sources of marketing information giving equal prominence to print and electronic sources. Mr. John Bell, president of Nabob Foods Limited, personally provided the material on that company appearing in the text. I am grateful as well to that large group of individuals, too numerous to mention for fear of inadvertently overlooking someone, who either furnished illustrations or Canadian Marketing Demos that appear in this edition.

Three different organizations provided information, advertisements, and photographs used throughout the text to highlight the resort of Whistler, British Columbia. Thanks go to David Perry, marketing manager for Intrawest/Blackcomb Skiing Enterprises; Cathy Dixon, marketing manager for Whistler Mountain Ski Corporation; and Barrett Fisher, director of advertising and promotions for the Whistler Resort Association. These three individuals have played a significant role in helping Whistler become a world-class destination resort.

Thanks are also due to Ian Aldworth, Seneca College of Applied Arts and Technology; Lanita Carter, Memorial University of Newfoundland; Rejean Drolet, Bishop's University; Michael March, Red River Community College; and Vivian Vaup-



shas, McGill University for their thoughtful and penetrating reviews of the Fifth Canadian Edition of *Basic Marketing*. Many of the most significant changes in this edition were made in direct response to suggestions from these colleagues. When their recommendations weren't followed, it was usually because such action would have fallen outside my "Canadianization" mandate.

Finally, I will attempt, however inadequately, to acknowledge my debt to the project team that proved indispensable in completing this task on time and in accordance with a new and exciting vision. An important role on that team was played by Margaret Oxnard, Linda Wetzel, and Diane Lesack, all of the Dean's Office of the SFU Faculty of Business Administration. Not only did this dedicated group work on the book itself, even more importantly, by doing a great deal over and above the call of duty, they made far more of my own time available for this project.

Ann and Abe Porter meticulously carried out all of the many tasks involved in readying McCarthy and Perreault's Tenth Edition for its metamorphosis into the "Canadian Sixth." This duo, related not only to each other but also to me, assumed responsibility as well for preparing the accompanying Learning Aid, the Instructor's Manual, and the Manual of Objective Tests. Then, of course, there was that beloved master of well-intentioned, constructive harassment—Rod Banister, sponsoring editor for Richard D. Irwin, Inc. Rod urged, egged, cajoled, and coerced the rest of us into first making and then honoring a commitment to both excellence and innovation. He also played a very direct role in gathering the material on Whistler that became such an important part of this edition.

Finally, Lori. Each Canadianization of McCarthy has benefited from the invaluable contribution of an editorial assistant who made it all happen. Never before, however, has that editorial assistant come from outside a Faculty of Business Administration. Ms. Lori Walker, in contrast, was recruited—fresh, eager and intense—from SFU's outstanding Department of Communication. In addition to doing all that her predecessors had previously done, Lori was also made primarily responsible for providing the additional corporate content and Canadian imagery unique to this volume. Although her assignment was entirely unstructured, Lori performed in a truly exemplary manner. When awesome attention to detail was required, that attention was provided. When, in contrast, the task called for creativity and imagination, Lori rose to that challenge as well. Ms. Walker is certain to go on to a most distinguished academic career once she receives her Ph.D. Though strongly tempted to do otherwise, I shall resist the urge to delay that happy event until after this volume's successor publication, the Seventh Canadian Edition, has been prepared.

S.J.S.

# ***BASIC MARKETING***

***Sixth Canadian Edition***

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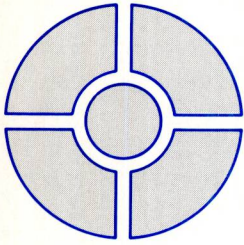
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# *Chapter* **1**

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## ***Marketing's Role in Society***

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### ***When You Finish This Chapter, You Should***

1. Know what marketing is and why you should learn about it.
2. Understand the difference between micro-marketing and macro-marketing.
3. Know why and how macro-marketing systems develop.
4. Know why marketing specialists—including middlemen and facilitators—develop.
5. Know the marketing functions and who performs them.
6. Understand the important new terms (shown in blue).