

MARKETING

An Introduction



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Philip Kotler

Gary Armstrong

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Philip Kotler/Gary Armstrong

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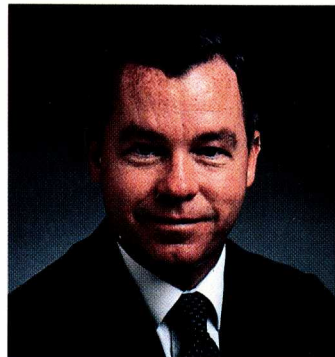
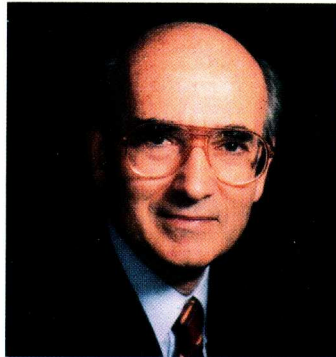
MARKETING

An Introduction

About the Authors

To Nancy, Amy, Melissa, and Jessica;
Kathy, Casey, and Mandy.

About the Authors



As a team, Philip Kotler and Gary Armstrong provide a blend of skills uniquely suited to writing an introductory marketing text. Professor Kotler is one of the world's leading authorities on marketing. Professor Armstrong is an award-winning teacher of undergraduate business students. Together they make the complex world of marketing practical, approachable, and enjoyable.

Philip Kotler is Harold T. Martin Professor of Marketing at the Kellogg Graduate School of Management, Northwestern University. He received his master's degree at the University of Chicago and his Ph.D. at M.I.T., both in economics. Dr. Kotler is author of *Marketing Management: Analysis, Planning and Control* (Prentice-Hall), now in its fifth edition and the most widely used marketing textbook in graduate schools of business. He has authored several other successful books and he has written over eighty articles for leading journals. Dr. Kotler's many major honors include the *Paul D. Converse Award* given by the American Marketing Association to honor "outstanding contributions to science in marketing" and the *Stuart Henderson Britt Award* as Marketer of the Year. In 1985, he was named the first recipient of two major awards: the *Distinguished Marketing Educator of the Year Award* given by the American Marketing Association and the *Philip Kotler Award for Excellence in Health Care Marketing* presented by the Academy for Health Care Services Marketing. Dr. Kotler has served as chairman of the College on Marketing of the Institute of Management Sciences (TIMS) and a director of the American Marketing Association. He has consulted with many major American companies on marketing strategy.

Gary Armstrong is Professor of Marketing in the School of Business Administration at the University of North Carolina at Chapel Hill. He holds undergraduate and masters degrees in business from Wayne State University in Detroit, and he received his Ph.D. in marketing from Northwestern University. Dr. Armstrong has contributed numerous articles to leading business journals, and his doctoral dissertation received the American Marketing Association's first-place award. As a consultant and researcher, he has worked with many companies on marketing research, sales management, and marketing strategy. But Professor Armstrong's first love is teaching. He is currently very active in the teaching and administration of North Carolina's undergraduate business program. His recent administrative posts include Associate Director of the Undergraduate Business Program, Director of the Business Honors Program, and others. He works closely with business student groups and has received several campus-wide and School of Business teaching awards. He is the only two-time recipient of school's AMF Award for Excellence in Undergraduate Teaching.

Preface

Marketing: An Introduction is designed to help students learn about the basic concepts and practice of modern marketing in an enjoyable and practical way. Marketing is all around us, and we all need to know something about it. Most students are surprised to find out how widely used marketing is. Marketing is used not only by manufacturing companies, wholesalers, and retailers, but by all kinds of individuals and organizations. Lawyers, accountants, and doctors use marketing to manage demand for their services. So do hospitals, museums, and performing arts groups. No politician can get the needed votes, and no resort the needed tourists, without developing and carrying out marketing plans.

People throughout these organizations need to know how to define and segment a market and develop need-satisfying products and services for chosen target markets. They must know how to price their offerings to make them attractive and affordable, and how to choose middlemen to make their products available to customers. And they need to know how to advertise and promote products so that customers will know about and want them. Clearly, marketers need a broad range of skills in order to sense, serve, and satisfy consumer needs.

Students also need to know marketing in their roles as consumers and citizens. Someone is always trying to sell us something, so we need to recognize the methods they use. And when students enter the job market, they must do "marketing research" to find the best opportunities and the best ways to "market themselves" to prospective employers. Many will start their careers with marketing jobs in sales forces, in retailing, in advertising, in research, or in one of a dozen other marketing areas.

APPROACH AND OBJECTIVES

Several factors guided the development of *Marketing: An Introduction*. Most students learning marketing want a broad picture of its basics, but they don't want to drown in a sea of details. They want to know about important marketing

principles and concepts, but also how these concepts are applied in actual marketing management practice. And they want a text that presents the complex and fascinating world of marketing in an easy to grasp, lively, and enjoyable way.

Marketing: An Introduction serves all of these important needs of beginning marketing students. The book is complete, covering all of the main topics that the marketer and consumer need to know. Yet its moderate length makes it manageable for beginning marketing students to cover during a single quarter or semester.

Marketing: An Introduction covers important marketing principles and concepts that are supported by research and evidence from economics, the behavioral sciences, and modern management theory. Yet it takes a practical, marketing management approach. Concepts are applied through countless examples of situations in which well-known and little-known companies assess and solve their marketing problems. Color illustrations, boxed exhibits, and longer cases present further applications.

Finally, *Marketing: An Introduction* makes learning marketing easy and enjoyable. Its writing style and level are well suited to the beginning marketing student. The book tells the stories that reveal the drama of modern marketing: the tremendous impact of the baby-boomers and the yuppies, yumpies, bumpies, and puppies; the rise and fall of New Coke, the Edsel of the Eighties; Procter and Gamble's fight to hold market share in the disposable diaper and toothpaste markets; giant Caterpillar's price war with Komatsu and Fuji's attack on Kodak; how Revlon sells not just products, but life-style and status, hopes and dreams; Century City Hospital's use of marketing to capture demand in key market segments; Gerber's difficult social responsibility decisions following a product tampering scare. These and dozens of other examples and illustrations throughout each chapter reinforce key concepts and bring marketing to life for the student.

Thus *Marketing: An Introduction* gives the beginning marketing student a complete yet manageable, conceptual yet applied and managerial introduction to the basics of marketing. Its style, level, and extensive use of examples and illustrations make the book easy to grasp and enjoyable to read.

LEARNING AIDS

Many aids are provided within this book to help students learn about marketing. The main ones are:

- *Chapter Objectives*. Each chapter begins with objectives that prepare the student for the chapter material and point out learning goals.
- *Opening Examples*. Each chapter starts with a dramatic marketing story that introduces the chapter material and arouses student interest.
- *Full-Color Figures, Photographs, and Illustrations*. Throughout each chapter, key concepts and applications are illustrated with strong, full-color visual materials.

- **Boxed Exhibits.** Additional examples and important information are highlighted in boxed exhibits throughout the text.
- **Summaries.** Each chapter ends with a summary which wraps up the main points and concepts.
- **Review Questions.** Each chapter has a set of review questions covering the main chapter points.
- **Key Terms.** Key Terms are highlighted within each chapter, and a list of key term definitions is provided at the end of each chapter.
- **Case Studies.** Cases for class or written discussion are provided at the end of each major part of the book. The twenty cases challenge students to apply marketing principles to real companies in real situations.
- **Appendixes.** Two appendixes, "Marketing Arithmetic" and "Careers in Marketing," provide additional, practical information for students.
- **Glossary.** At the end of the book, an extensive glossary provides quick reference to the key terms found in the book.
- **Indexes.** A subject index and an author index help students quickly find information and examples in the book.

SUPPLEMENTS

A successful marketing course requires more than a well-written book. It requires a dedicated teacher and a complete set of supplemental learning and teaching aids. The following aids support *Marketing: An Introduction*:

- **Instructor's Manual.** The comprehensive Instructor's Manual contains chapter overviews, lecture outlines, reviews of objectives and key terms, answers to chapter discussion questions, analyses of all nineteen cases, additional student assignments, teaching tips, and copies of selected marketing articles which can be assigned to students or used as lecture examples.
- **Test Item File.** The Test Item File contains about 2000 multiple choice, true-false, and essay questions. The questions are available in the Test Item File booklet, on computer tape, or through the Prentice-Hall Computerized Testing Service. A Floppy-Disk Testing System is also provided for preparing and editing tests containing testbank or teacher-designed questions on IBM and Apple II personal computers.
- **Gradebook Software.** Available to adopters. *Gradebook* allows users to tabulate, graph, statistically describe, and assign letter grades to test scores. Features include sorting by name and grade, multiple test storage, and weighting and averaging.
- **Study Guide.** For each chapter, the Study Guide contains a chapter review, sample questions with answers to help students test their knowledge, and two sets of exercises that help students learn and apply chapter terms and concepts.
- **Clark: Marketing Today: Successes, Failures, and Turnarounds.** This casebook featuring sixteen highly visible companies which have succeeded, failed, or have turned around is also available.
- **Full-Color Transparencies.** The Transparencies Package includes over 100 full-color transparencies—about half with important figures and illustrations from the book, and half with advertisements and illustrations not found in the book. More than 140 black and white transparency masters are also provided.

- *Audio-Visual Materials*. Award-winning videos from Simon and Schuster Communications. A wide selection includes companies, industries, and individuals such as Boeing, AT&T, the California wine industry, the entertainment industry, Frank Perdue, John Delorean, and many more. Available free to adopters. Also available—GREAT MARKETING WARS (three videotapes discussing competitive marketing practices) and Prentice Hall's PH-200 (a self-contained set of 200 slides for use in teaching the beginning marketing course). Available free to adopters.
- A limited introductory version of TWIN, a powerful spreadsheet program very similar to Lotus 1-2-3®, is available free to adopters. The TWIN works with Lotus 1-2-3® files and has the same basic command structure as 1-2-3®. The package includes templates containing exercises from the text such as breakeven analysis, budgeting, demographics, pricing, and salesforce compensation.

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Middlesex County College

Gregory Lincoln
Westchester Community College

Dorothy Maass
Delaware County Community College

William Morgenroth
University of South Carolina,
Columbia
Sandra Moulton
Technical College of Alamance
Lee Neumann
Bucks County Community College
David Olsen
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Finally, we owe many thanks to our families—Nancy, Amy, Melissa, and Jessica Kotler; and Kathy, Casey, and Mandy Armstrong—for their constant support and encouragement. To them, we dedicate this book.

Philip Kotler
Gary Armstrong

William Morgenroth
University of South Carolina,
Columbia
Sandra Moulton
Technical College of Alamance
Lee Neumann
Bucks County Community College
David Olsen
North Hennepin Community College
Thomas Paczkowski
Cayuga Community College
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Gloucester County College

Robert Ross
The Wichita State University
Andre San Augustine
The University of Arizona
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Contents

Preface xvii

Part One

UNDERSTANDING MARKETING AND THE MARKETING MANAGEMENT PROCESS

1 Social Foundations of Marketing: Meeting Human Needs 3

What is Marketing? 4
Needs 4 Wants 5 Demands 5 Products 6 Exchange 8
Transactions 8 Markets 9 Marketing 10
Marketing Management 11
Marketing Management Philosophies 11
The Production Concept 14 The Product Concept 14
The Selling Concept 15 The Marketing Concept 15
The Societal Marketing Concept 17
The Goals of the Marketing System 18
Maximize Consumption 18 Maximize Consumer Satisfaction 18
Maximize Choice 19 Maximize Life Quality 19
The Rapid Adoption of Marketing 19
In the Business Sector 19 In the International Sector 20
In the Nonprofit Sector 20
Plan of the Book 21
Summary 23 Questions for Discussion 24 Key Terms 24

2 Strategic Planning and Marketing's Role in the Organization 27

Overview of Planning 28
Benefits of Planning 28 Kinds of Plans 28
Strategic Planning 29
Defining the Company Mission 30 Setting Company Objectives and Goals 31
Designing the Business Portfolio 32 Planning Functional Strategies 37
The Marketing Management Process 41
Target Consumers 44 Developing the Marketing Mix 46
Managing the Marketing Effort 47 The Marketing Environment 49
Summary 49 Questions for Discussion 50 Key Terms 51 References 51

3 Planning, Implementing, and Controlling Marketing Programs 53

Marketing Planning 55
Executive Summary 55 Current Marketing Situation 56
Threats and Opportunities 56 Objectives and Issues 57 Marketing Strategies 58
Action Programs 59 Budgets 59 Controls 59
Implementation 59
Reasons for Poor Implementation 60 The Implementation Process 61
Marketing Department Organization 67
Functional Organization 67 Geographic Organization 68
Product Management Organization 68 Market Management Organization 70
Marketing Control 70
Annual Plan Control 71 Profitability Control 73 Strategic Control 73
Summary 76 Questions for Discussion 77 Key Terms 78 References 78
Cases:
IBM 79 Minnetonka 81 Maytag 83

Part Two

ANALYZING MARKETING OPPORTUNITIES 85

4 Marketing Research and Information Systems 87

The Marketing Information System 89
Assessing Information Needs 90
Developing Information 91
Internal Records 91 Marketing Intelligence 92 Marketing Research 94
The Marketing Research Process 96 Information Analysis 108

Distributing Information 108
Summary 111 Questions for Discussion 112 Key Terms 113
References 113

5 The Marketing Environment 115

The Company's Microenvironment 116
The Company 117 *Suppliers* 118 *Marketing Intermediaries* 118
Customers 119 *Competitors* 120 *Publics* 120
The Company's Macroenvironment 121
Demographic Environment 123 *Economic Environment* 127
Natural Environment 129 *Technological Environment* 131
Political Environment 134 *Cultural Environment* 137
Summary 140 Questions for Discussion 141 Key Terms 141
References 142
Cases:
Sony 143 *Quaker Oats: Gatorade* 144

Part Three

SELECTING TARGET MARKETS 145

6 Consumer Markets and Consumer Buyer Behavior 147

A Model of Consumer Behavior 150
Personal Characteristics Affecting Consumer Behavior 150
Cultural Factors 151 *Social Factors* 152 *Personal Factors* 156
Psychological Factors 160
The Buyer Decision Process 165
Problem Recognition 165 *Information Search* 166
Evaluation of Alternatives 167 *Purchase Decision* 169 *Postpurchase Behavior* 170
Buyer Decision Process for New Products 172
Stages in the Adoption Process 172
Individual Differences in Innovativeness 173 *Role of Personal Influence* 174
Influence of Product Characteristics on Rate of Adoption 174
Summary 175 Questions for Discussion 176 Key Terms 176

7 Organizational Markets and Organizational Buyer Behavior 179

Organizational Markets 180
Types of Organizational Markets 180 *Characteristics of Organizational Markets* 182
A Model of Organizational Buyer Behavior 184