

Essentials of Marketing

15e



A Marketing Strategy
Planning Approach



Product



Place



Promotion



Price



Target



Marketing
Strategy

15

EDITION

Essentials of Marketing

A Marketing Strategy Planning Approach

William D. Perreault, Jr., Ph.D.

UNIVERSITY OF NORTH CAROLINA

Joseph P. Cannon, Ph.D.

COLORADO STATE UNIVERSITY

E. Jerome McCarthy, Ph.D.

MICHIGAN STATE UNIVERSITY





ESSENTIALS OF MARKETING: A MARKETING STRATEGY PLANNING APPROACH, FIFTEENTH EDITION

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Authors of Essentials of Marketing, 15/e

William D. Perreault, Jr.



William D. Perreault, Jr., is Kenan Professor of Business at the University of North Carolina. Dr. Perreault is the recipient of the two most prestigious awards in his field: the American Marketing Association Distinguished Educator Award and the Academy of Marketing Science Outstanding Educator Award. He also was selected for the Churchill Award, which honors career impact

on marketing research. He was editor of the *Journal of Marketing Research* and has been on the review board of the *Journal of Marketing* and other journals.

The Decision Sciences Institute has recognized Dr. Perreault for innovations in marketing education, and at UNC he has received several awards for teaching excellence. His books include two other widely used texts: *Basic Marketing* and *The Marketing Game!*

Dr. Perreault is a past president of the American Marketing Association Academic Council and served as chair of an advisory committee to the U.S. Census Bureau and as a trustee of the Marketing Science Institute. He has also worked as a consultant to organizations that range from GE and IBM to the Federal Trade Commission and Venezuelan Ministry of Education.

Joseph P. Cannon



Joseph P. Cannon is professor of marketing at Colorado State University. He has also taught at the University of North Carolina at Chapel Hill, Emory University, Instituto de Empresa (Madrid, Spain), INSEAD (Fontainebleau, France), and Thammasat University (Bangkok, Thailand). He has received several teaching awards and the N. Preston Davis Award for Instructional Innovation.

Dr. Cannon's research has been published in the *Journal of Marketing*, *Journal of Marketing Research*, *Journal of the Academy of Marketing Science*, *Journal of Operations*

Management, *Journal of Personal Selling and Sales Management*, *Journal of Public Policy and Marketing*, *Antitrust Bulletin*, and the *Academy of Management Review* among others. He is a two-time recipient of the Louis W. and Rhona L. Stern Award for high-impact research on interorganizational issues. He has also written many teaching cases. Dr. Cannon has served on the editorial review boards of the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Personal Selling and Sales Management*, and *Journal of Marketing Education*. The *Journal of Marketing Education* has honored Dr. Cannon with several distinguished reviewer awards. He served as chair of the American Marketing Association's Interorganizational Special Interest Group (IOSIG). Before entering academics, Dr. Cannon worked in sales and marketing for Eastman Kodak Company.

E. Jerome McCarthy



E. Jerome McCarthy received his Ph.D. from the University of Minnesota and was a Ford Foundation Fellow at the Harvard Business School. He has taught at the Universities of Oregon, Notre Dame, and Michigan State. He was honored with 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.

Besides publishing various articles, he is the author of books on data processing and social issues in marketing. He has been a frequent presenter at marketing conferences in the United States and internationally.

In addition to his academic interests, Dr. McCarthy has been involved in guiding the growth of organizations in the United States and overseas—both as a consultant and as a director. He has also been active in executive education. Throughout his career, his primary interests have been in (1) "converting" students to marketing and effective marketing strategy planning and (2) preparing teaching materials to help others do the same. This is why he has spent a large part of his career developing and improving marketing texts to reflect the most current thinking in the field.

Preface

Essentials of Marketing Is Designed to Satisfy Your Needs

This book is about marketing and marketing strategy planning. At its essence, marketing strategy planning is about figuring out how to do a superior job of satisfying customers. We take that point of view seriously and believe in practicing what we preach. So you can trust that this new edition of *Essentials of Marketing*—and all of the other teaching and learning materials that accompany it—will satisfy your needs. We’re excited about this 15th edition of *Essentials of Marketing* and we hope that you will be as well.

In developing this edition, we’ve made hundreds of big and small additions, changes, and improvements in the text and all of the supporting materials that accompany it. We’ll highlight some of those changes in this preface, but first some background on the evolution of *Essentials of Marketing*.

Building on Pioneering Strengths

Essentials of Marketing pioneered an innovative structure—using the “Four Ps” (Product, Price, Promotion, and Place) 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 the best ideas about marketing so that readers could both understand and apply them. The unifying focus of these ideas is: how does a marketing manager decide which customers to target, and what is the best way to meet their needs?

Over many editions of *Essentials of Marketing*, there have been constant changes in marketing management and the market environment. As a result, we have made ongoing changes to the text to reflect marketing’s best practices and ideas. Throughout all of these changes, *Essentials of 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 framework has proved to be an organizing structure that has worked well for millions of students and teachers.

The success of *Essentials of Marketing* is not the result of a single strength—or one long-lasting innovation. Other textbooks have adopted our Four Ps frame-

work, and we have continuously improved the book. And the text’s Four Ps framework, managerial orientation, and strategy planning focus have proved to be foundation pillars that are remarkably robust for supporting new developments in the field and innovations in the text and package. Thus, with each new edition of *Essentials of Marketing* we have continued to innovate to better meet the needs of students and faculty. In fact, we have made ongoing changes in how we develop the logic of the Four Ps and the marketing strategy planning process. As always, though, 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.

What’s Different about Essentials of Marketing?

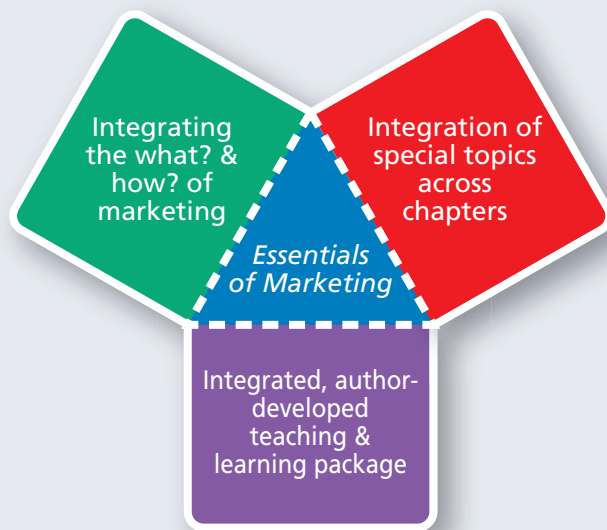
The biggest distinguishing factor about *Essentials of Marketing* is our integrative approach to creating a teaching and learning package for the introductory marketing course. This integration makes it easier to learn about marketing, teach marketing, and apply it in the real world. For many students, the introductory marketing course will be the only marketing class they ever take. They need to come away with a strong understanding of the key concepts in marketing and how marketing operates in practice. So in *Essentials of Marketing*:

1. We examine *both* what marketing is and how to do it.
2. We integrate special topics such as services, international marketing, big data, social media, ethics, and more, across the text—with coverage in almost every chapter.
3. We deliver a supplements package completely developed or closely managed by the authors—so each part links closely with our content.

The supplements package is extensive—designed to allow you to *teach marketing your way* (see Exhibit P–1). The integration of these three elements delivers a proven product for instructors and students. Let us show you what we mean—and why and how instructors and students benefit from the *Essentials of Marketing* teaching and learning package.

Marketing operates in dynamic markets. Fast-changing global markets, environmental challenges and

Exhibit P-1
Essentials of Marketing Integrates Marketing



sustainability, and the blurring speed of technological advances—including an explosion in the use of digital tools by both consumers and businesses—are just a few of the current trends confronting today’s marketing manager. Whereas some marketing texts merely attempt to describe this market environment, *Essentials of Marketing* teaches students *analytical abilities* and *how-to-do-it skills* that prepare them for success. To propel students in this direction, we deliberately include a variety of examples, explanations, frameworks, conceptual organizers, exercises, cases, and how-to-do-it techniques that relate to our overall framework for marketing strategy planning. Taken together, these different learning aids speed the development of “marketing sensibility” and enable students to analyze marketing situations and develop marketing plans in a confident and meaningful way. They are practical and they work. And because they are interesting and understandable, they motivate students to see marketing as the challenging and rewarding area it is. In the end, the *Essentials of Marketing* teaching and learning package prepares students to analyze marketing situations and develop exceptional marketing strategies—not just recite endless sets of lists.

In contrast to many other marketing textbooks, we emphasize careful *integration of special topics*. Some textbooks treat “special” topics—such as marketing relationships, international marketing, services marketing, the Internet, digital lifestyles, nonprofit organizations, marketing ethics, social issues, and business-to-business

marketing—in separate chapters (or parts of chapters). We deliberately avoid doing this because we are convinced that treating such topics separately leads to an unfortunate compartmentalization of ideas. For example, to simply tack on a new chapter covering e-commerce or Internet marketing applications completely ignores the reality that these are not isolated topics; rather, they must be considered broadly across the whole rubric of marketing decisions. Conversely, there is virtually no area of marketing decision making where it’s safe to ignore the impact of e-commerce, the Internet, or information technology. The same is true with other topics.

Exhibit P-2 shows the coverage of some key topics across specific chapters.

The teaching and learning materials—designed and developed by the authors—are integrated to work effectively with *Essentials of Marketing*. We don’t tack on extras that have been outsourced and therefore don’t integrate well with our package. Because of this, you have flexible tools for *teaching and learning marketing your way*.

Marketing can be studied in many ways, and the *Essentials of Marketing* text material is only the central component of our Professional Learning Units System (*P.L.U.S.*) for students and for teachers. Instructors and students can select from our units to develop their own personalized teaching and learning systems. Our objective is to offer you a *P.L.U.S.* “menu” so that you can conveniently select units you want—and disregard what you do not want. Many combinations of units are possible depending on course and learning objectives. Later in this Preface, we highlight each *P.L.U.S.* element (full details can be found in the Instructor’s Manual).

Students take the introductory marketing course only once. They deserve the benefits of a highly innovative yet *proven* set of integrated learning materials. Our teaching and learning materials—from the textbook to the iPod videos to the test question bank to the online materials—have been continually updated based on what has proven to work for generations of students.

What’s New in This Edition of *Essentials of Marketing*?

Each revision of *Essentials of Marketing* has a few basic themes—areas we try to emphasize across the book. This edition could be boiled down to: 1) currency, 2) owned, earned, and social media, 3) marketing analytics, and 4) active learning. There are several big changes to this edition of *Essentials of Marketing* and hundreds of smaller ones. *Essentials of Marketing* is quick to recognize the many dramatic changes in the market environment and marketing strategy—we are also quick to jump on new pedagogical innovations. So here is a quick overview of what we changed for the 15th edition of *Essentials of Marketing*.

Exhibit P-2 Coverage of Special Topics Across Chapters*

Special Topic	Chapter																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Marketing relationships	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
International	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
Ethics	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Services	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
B2B	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X
Technology, Internet, "Big Data" & digital lifestyle	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Environment & sustainability	X	X	X		X	X	X	X	X	X			X	X	X	X		X	X
Nonprofits	X	X	X	X		X	X	X			X		X		X	X		X	X
Quality	X	X	X	X	X	X	X	X	X		X		X	X	X	X	X	X	X
Customer value	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Marketing's link with other functions	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

*"X" indicates coverage in the form of a section of the chapter, example, illustration, or discussion.

Currency. Every edition of *Essentials of Marketing* focuses on currency. Technology and consumer behavior are evolving in a fast-changing marketplace—and marketing practice is evolving as well. Instructors want current content and current examples. To prepare students to work in this new world, a textbook must be up-to-date and provide more than a passing nod to the future. In this edition:

- We add hundreds of new examples and images (ads and photos) that engage students.
- Our *What's Next?* boxes, embedded in each chapter, provide a forward-looking perspective.
- Our end-of-chapter *What's Now?* links connect students to content and examples that are updated every semester.
- We increase attention to marketing analytics chapter content and with end-of-chapter exercises ("Marketing Analytics: Data to Knowledge").
- And of course, we emphasize the fastest changing area of marketing—promotion; in particular, the use of different kinds of media, which leads to our second major update . . .

Owned, earned, and social media. These topics now get their own chapter. For the last decade, these media have been perhaps the hottest trend in marketing practice. Previous editions of *Essentials of Marketing* have carefully integrated these topics across the textbook. The prominence of these tools—and their nuance in the promotion blend—merits an entire chapter's coverage. With

that comes a much greater focus on owned media (a company's own website, web pages, brochures, and blogs), earned media (press coverage and word-of-mouth), and social media (Facebook, Twitter, LinkedIn, and more). This new chapter (16) follows the *Essentials of Marketing* tradition by creating conceptual organizers that help students understand *why* and *how* these tools best fit in a contemporary promotion blend.

Marketing analytics. Our last edition of *Essentials of Marketing* significantly increased coverage of "big data." This edition builds on that with more "big data" examples and integration across chapters and increased attention to marketing analytics. Marketing strategy decisions are increasingly data-driven. Almost every chapter in this edition of *Essentials of Marketing* provides students with more exposure to analytics. In some chapters, it is with examples or topical coverage. Most chapters have added new end-of-chapter exercises (see "Marketing Analytics: Data to Knowledge"). These exercises are based on activities in previous editions; they're now integrated into the Connect model—making the exercises easier for instructors to assign and grade—and easier for students to complete. When students complete the exercises on Connect, they will be more prepared to discuss them in class.

Active learning exercises. Connect and Smartbook offer your students more opportunities to get grounded in the basic concepts of marketing. Many instructors count on these to prepare students for class and utilize more active learning activities inside or outside the classroom.

We have designed many new active learning exercises, so student can apply these concepts. This edition of *Essentials of Marketing* features:

- *What's Next?* Each chapter includes an active learning boxed element. These elements have all been updated to make them more forward-looking (as in, “what’s next”) and active learning focused. Each box offers an in-depth analysis of some trend or marketing future—and asks students about its implications.
- *Ethical Dilemma*—many of these exercises have been updated from previous editions, with a focus on students making decisions in gray areas, many introduced by the advancing technologies used in marketing.
- *Online Toolkit*—the Internet offers so many tools for today’s marketing manager. Each chapter includes two “Online Toolkit” exercises, which expose students to something marketing-related online and provide discussion questions for class or homework assignment.
- *Questions and Problems*—in past editions, our chapter opening cases have primarily served to motivate a chapter’s subject matter. In this edition, we have added two new end-of-chapter “Questions and Problems” (always questions 1 and 2) designed to have students reflect on the opening case studies. Students experience higher-order learning when they have to recognize concepts in a case study—so we ask them to do that in question 1. Question 2 turns the chapter opener into a discussion case. Both questions can be used for in-class discussion or homework assignments for instructors looking for higher-order learning objectives for their students.
- *Marketing Analytics: Data to Knowledge*: This end-of-chapter exercise—which can be done through Connect—shows students how data analysis is used by marketing managers. Using concepts and examples from each chapter, the exercises will build higher-order learning skills and demonstrate data-driven marketing decision making. Each practical question walks students through a real-life scenario, shows them how to use a spreadsheet for answers, and then asks (optional) discussion questions to build critical thinking skills.
- *Cases*—all of our cases have been updated—including some completely new ones.

Chapter-by-chapter. Besides the general updates mentioned here, let’s walk through the chapter-by-chapter changes you will see in this edition of *Essentials of Marketing*. We updated each and every chapter opening case scenario. There are dozens of new examples and specific concepts spread throughout the book. Although we don’t have space to list all of these changes, we can provide you with some highlights of the more significant changes with this edition of *Essentials of Marketing*:

Chapter 1. Refreshed with new and updated examples.

Chapter 2. An updated opener and refreshed examples throughout the chapter. Introduced the sample marketing plan (Appendix D). Updated and clarified coverage of *customer lifetime value* and *customer equity* in the text and in the new Online Toolkit exercise.

Chapter 3. This has traditionally been one of the longest chapters in the book—so we made an effort to streamline coverage of all topics. Enhanced discussion of the *mission statement*, major revision of competition—including the addition of an exhibit with a competitor matrix (Exhibit 3–3). Coverage of NAFTA has been cut back with a broader discussion of free trade in general and a new key term *free trade*. The technological environment was once again updated to reflect fast-moving changes here. There is also a new extended example on organic foods.

Chapter 4. The opener was updated to reflect continued success of LEGO and its growing emphasis on the girls’ market. Introduced and provided some details on the idea of a *buyer persona*. Updated the *What’s Next?* box on Target stores. A new section discusses location-based targeting through mobile phones.

Chapter 5. Updated the chapter opening case scenario on Apple to reflect its newest product (Apple Watch). Hierarchy of needs and selective processes were updated and clarified—and we explore whether customers learn needs from marketing. A new *What’s Next?* box examines the sharing economy with a focus on automobiles and homes. Drawing on recent research we updated and revised the section on social media and social influence. New key term *purchase situation*.

Chapter 6. Updated throughout—mostly with new examples. Several changes reflect growing use of online search and social media in organizational buying. Reflecting reviewer feedback, we increased coverage of manufacturers in text and dropped a table with information on manufacturer size.

Chapter 7. Marketing research is heavily influenced by the technology revolution, so we included new material on how innovations in information technology refine the marketing research process. A new *What’s Next?* box, “Big data predicts pop music hits,” is informative and will be enjoyed by students. Major changes in our section on how to search the web. The sections on surveying, quantitative research, qualitative research, and Exhibit 7–6 were all updated—and a new Online Toolkit exercise was added.

Chapter 8. This chapter was updated throughout for currency. We reorganized the chapter a bit and added more coverage of “experiences” as a component of product. The battle of the brands is always evolving and our updated coverage reflects the latest. Updated coverage on service guarantees.

Chapter 9. Updated for currency. Added new section on patent law with new key term *patent*.

Chapter 10. Updated this chapter for currency. We added a new *What's Next?* box that examines distribution of virtual products (music, TV, movies, books). Clarified our coverage of direct versus indirect distribution and channel relationships.

Chapter 11. We revised our discussion of the trade-offs among physical distribution costs, customer service level, and sales with a longer, but clearer treatment. New examples throughout—including a discussion of drones as a form of distribution transportation.

Chapter 12. We always have a lot of revisions in our coverage of retailing—and this edition is no different. To remain current here, almost every edition requires significant rewriting of retailing and the Internet. We added the key terms *omnichannel* and *multichannel shoppers*. A new *What's Next?* box examines how leading retailers are using technology. We also added a new Online Toolkit exercise.

Chapter 13. This chapter always has a lot of new examples—students notice dated examples and we aim to eliminate them. We added a fun new Online Toolkit on the *AdFreak* blog. The chapter was made a bit shorter as some content was moved (more detail on opinion leaders and owned media) to the new chapter (Chapter 16).

Chapter 14. Updated for currency. New section on specializing salespeople by product lines.

Chapter 15. Reflecting evolutionary changes in advertising, this chapter always has major changes with each edition. This revision includes new Learning Objectives and a completely revised treatment of digital advertising that emphasizes advertising on mobile devices (which appears to finally be breaking through). Statistics have been updated throughout our Exhibits. We added new key terms including *advertising media*, *pay-per-click*, and *retargeting* that reflect the need to understand digital advertising. We also updated the “Advertising Everywhere” box (now called, *What's Next?* Does advertising everywhere get us anywhere?) and added a new Online Toolkit. We cover the controversial topic of native advertising—and add an Ethical Dilemma box to give your students a way to critically think about this. Chapter 15 is much shorter as we removed the “publicity” section—the topic is now covered (in a completely different and more thorough manner) in Chapter 16.

Chapter 16. This is an **entirely new** chapter. With the big changes going on in owned, earned, and social media, we found that most of what we had in other Promotion chapters was now dated. We needed to start almost from scratch. We maintain some of the organizing structure we had in previous editions around paid, owned, and earned media; but this chapter provides us the opportunity to delve more deeply into this important part of the promotion blend. Everything is new here—we expect you'll enjoy the whole chapter.

Chapter 17. The chapter opener was updated and revised—and we added a new learning objective. Our

What's Next? box addresses a fascinating topic—the value of some very expensive medical treatments, which raises thought-provoking questions of values and ethics.

Chapter 18. Updated for currency. Revised learning objectives bring more coherence to the coverage.

Chapter 19. Updated for currency throughout—including the chapter-opening scenario on ethical marketing and the *What's Next?* box on big data.

Bonus Chapters. Now available to all adopters of *Essentials of Marketing 15e* are two chapters that previously resided only in our hard cover book *Basic Marketing*. These are now available through Connect and SmartBook and can be bound in a printed version of the text through McGraw-Hill's Create custom publishing. We are calling them “Bonus Chapters” because they are something extra and optional for instructors seeking this extended coverage. You will be able to access these optional chapters online within the Connect/SmartBook platform. Once you're logged into Connect, access your SmartBook and click on the Bonus Chapters Tab to access these additional chapters.

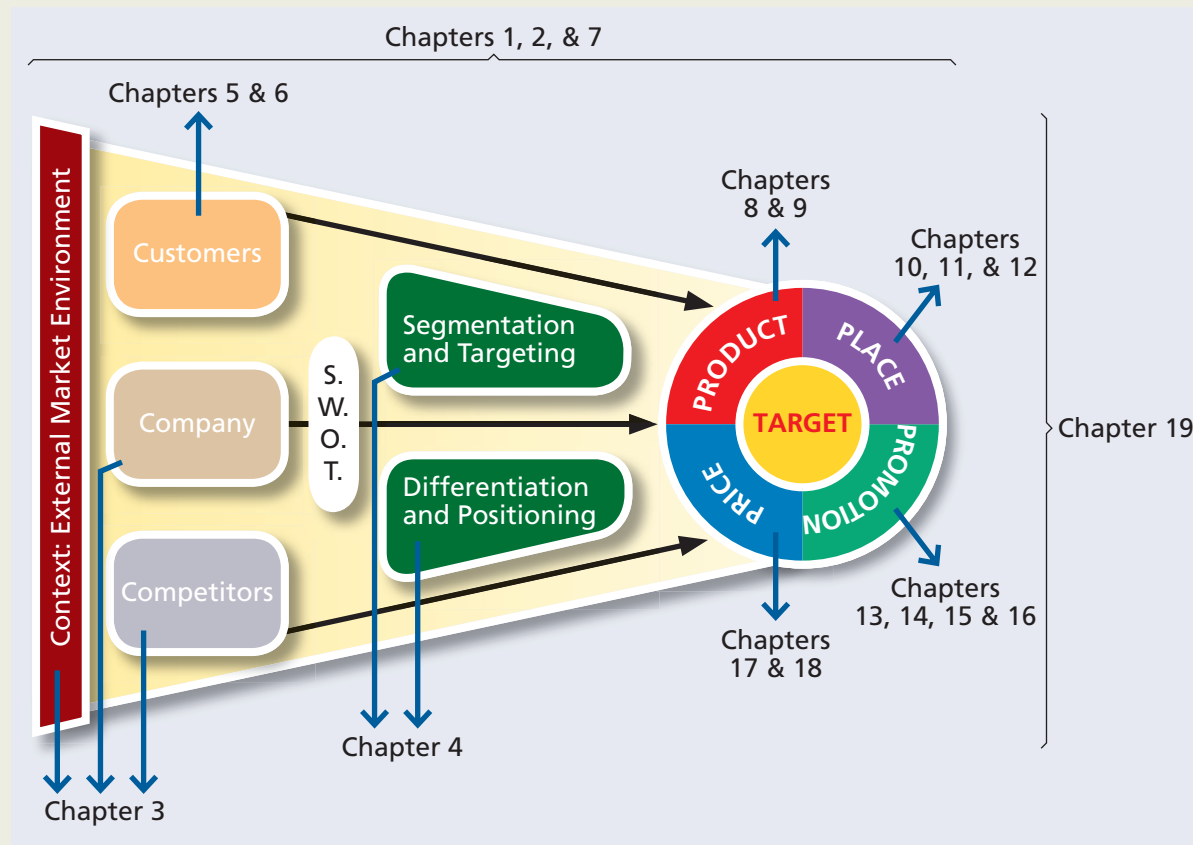
Bonus Chapter 1: Implementing and Controlling Marketing Plans: Evolution and Revolution. Previously Chapter 18 in *Basic Marketing 19e*, this chapter builds on implementation and control, two concepts introduced in Chapter 2. This chapter goes into more depth on these concepts and offers how-to approaches for making implementation and control more effective. The chapter discusses how new information technology tools facilitate these practices and demonstrates how firms use sales analysis, performance analysis, and cost analysis to control marketing strategies and plans.

Bonus Chapter 2: Managing Marketing's Link with Other Functional Areas. Previously Chapter 19 in *Basic Marketing 19e*, this revised chapter covers some of the important ways that marketing links to other functional areas. The emphasis is not on the technical details of these other functional areas, but rather on the most important ways that cross-functional links impact your ability to develop marketing strategies and plans that really work. The chapter includes separate sections that describe how finance, production and operations, accounting, information systems and human resources interact with marketing to create and implement successful marketing plans.

Nineteen Chapters—with an Emphasis on Marketing Strategy Planning

The emphasis of *Essentials of Marketing* is on marketing strategy planning. Nineteen chapters introduce the important concepts of marketing and help students see marketing through the eyes of the manager. The organization of the chapters and topics is carefully planned. 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 the marketing strategy planning process.

Broadly speaking, the chapters fall into three groupings. The first seven chapters introduce marketing and a broad view of the marketing strategy planning process. We introduce the marketing strategy planning process in Chapter 2 and use this framework as a structure for our coverage of marketing. See Exhibit P-3. Chapters 3–7 cover topics such as the market environment, competition, segmentation, differentiation, and buyer behavior, as well as how marketing information systems and research provide information about these forces to improve marketing decisions. The second part of the text (Chapters 8–18) goes into the details of planning the Four Ps, with specific attention to the key strategy decisions in each area. Finally, we conclude with an integrative review (Chapter 19) and a critical assessment of marketing’s challenges and opportunities.

The first chapter deals with the important role of marketing—focusing not only on how a marketing orientation guides a business or nonprofit organization in the process of providing superior value to customers but also on the role of macro-marketing and how a market-directed

economy shapes choices and quality of life for consumers. Chapter 2 builds on these ideas with a focus on the marketing strategy planning process and why it involves narrowing down to the selection of a specific target market and blending the Four Ps into a marketing mix to meet the needs of those customers. With that foundation in place, Chapter 2 introduces an integrative model of the marketing strategy planning process that serves as an organizing framework for the rest of the text.

Chapter 3 introduces students to the importance of evaluating opportunities in the external environments affecting marketing. This chapter also highlights the critical role of screening criteria for narrowing down from all possible opportunities to those that the firm will pursue. Then, Chapter 4 shows how analysis of the market relates to segmentation and differentiation decisions, as well as the criteria for narrowing down to a specific target market and marketing mix.

You have to understand customers in order to segment markets and satisfy target market needs. So the next two chapters take a closer look at *customers*. Chapter 5 studies the behavioral aspects of the final consumer market. Chapter 6 looks at how business and organizational customers—such as manufacturers, channel members, and government purchasers—are similar to and different from final consumers.

Chapter 7 presents a contemporary view of getting information—from marketing information systems and marketing research—for marketing planning. Chapter 7 includes discussion of how information technology—ranging from intranets to speedy collection of market research data—is transforming the marketing job. This sets the stage for discussions in later chapters about how research and marketing information improve each area of marketing strategy planning.

The next group of chapters—Chapters 8 through 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 at the “right” Price to satisfy target customers and still meet the objectives of the business. These chapters are presented in an integrated, analytical way—as part of the overall framework for the marketing strategy planning process—so students’ thinking about planning marketing strategies develops logically.

Chapters 8 and 9 focus on product planning for goods and services as well as managing product quality, new-product development, and the different strategy decisions that are required at different stages of the product life cycle. We emphasize the value of an organized new-product development process for developing truly new products that propel a firm to profitable growth. These chapters also detail how quality management approaches can improve implementation, including implementation of better service quality.

Chapters 10 through 12 focus on Place. Chapter 10 introduces decisions a manager must make about using direct distribution (for example, selling from the firm’s own website) or working with other firms in a channel of distribution. We put special emphasis on the need for channel members to cooperate and coordinate to better meet the needs of customers. Chapter 11 focuses on the fast-changing arena of logistics and the strides that firms are making in using e-commerce to reduce the costs of storing, transporting, and handling products while improving the distribution service they provide customers. Chapter 12 provides a clear picture of retailers, wholesalers, and their strategy planning, including exchanges taking place via the Internet. This composite chapter helps students see why the big changes taking place in retailing are reshaping the channel systems for many consumer products.

Chapters 13 through 16 deal with Promotion. These chapters build on the concepts of integrated marketing communications, direct-response promotion, and customer-initiated digital communication, which are introduced in Chapter 13. Chapter 14 deals with the roles of personal selling, customer service, and sales technology in the promotion blend. Chapter 15 covers advertising and

sales promotion, including the ways that managers are taking advantage of the Internet and other highly targeted media to communicate more effectively and efficiently. Chapter 16 is the newest chapter in the book and addresses publicity, broadly defined to include owned, earned, and social media.

Chapters 17 and 18 deal with Price. Chapter 17 focuses on pricing objectives and policies, including use of information technology to implement flexible pricing; 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 and how they fit in today’s competitive environments. The careful coverage of marketing costs helps equip students to deal with the renewed cost-consciousness of the firms they will join.

The final chapter (19) considers how efficient the marketing process is. Here we evaluate the effectiveness of both micro- and macro-marketing—and we consider the competitive, technological, ethical, and social challenges facing marketing managers now and in the future. Chapter 19 also reinforces the integrative nature of marketing management and reviews the marketing strategy planning process that leads to creative marketing plans.

Four appendices can be used to supplement the main text material. Appendix A provides some traditional economic analysis of supply and demand that can be a useful tool in analyzing markets. Appendix B reviews some quantitative tools—or marketing arithmetic—which help marketing managers who want to use accounting data in analyzing marketing problems. Appendix B also reviews forecasting as a way to predict market potential and sales for a company’s product. Students especially appreciate Appendix C—which is about career opportunities in marketing. Appendix D provides an example of a marketing plan for Hillside Veterinary Clinic. This example is referenced in Chapter 2 and with end-of-chapter exercises.

Following Appendix D are 46 written cases. The first eight of these cases are available to instructors in video format in the instructor resources in Connect. Most of the the next 38 short written cases have been updated with new information to make sure they reflect the realities of the current marketplace. Three of those cases are completely new to this edition. 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. At the end of each chapter, we recommend particular cases that best relate to that chapter’s content.

Two bonus chapters are available online and through custom printing. Bonus Chapter 1 “Implementing and Controlling Marketing Plans: Evolution and Revolution” was previously Chapter 18 in *Basic Marketing 19e*. This chapter provides a deeper dive on the concepts of implementation and control introduced in Chapter 2.

Bonus Chapter 2: “Managing Marketing’s Link with Other Functional Areas” was previously Chapter 19 in *Basic Marketing 19e*. This chapter covers some of the important ways that marketing interacts with and relies on other functional areas: finance, production and operations, accounting, information systems and human resources.

Expanded Teaching and Learning Resources for the Fifteenth Edition

The authors of *Essentials of Marketing* and McGraw-Hill Higher Education have put together a variety of resources to supplement your teaching and learning experience.

Instructors will find the following resources posted in the Connect Library Instructor Resources for the Fifteenth Edition.

- **Connect Interactive Applications**—An online assignment and assessment solution that connects students with the tools and resources they’ll need to achieve success. This is also where you will find our NEW Marketing Analytics: Data to Knowledge exercises and NEW iSeeIt! videos to engage student understanding of 17 key marketing concepts.
- **SmartBook**—Powered by LearnSmart, SmartBook is the adaptive reading experience that helps students learn faster, study more efficiently, and retain more knowledge.
- **Instructor’s Manual and Digital Implementation Guide**—offers a single resource to make it easier for you to decide which resources to use when covering each chapter in the text.
- **Power Point Presentation Resources**—
 - *Chapter PowerPoint Slides*. For each chapter there is a set of PowerPoint presentations for a complete lecture that includes television commercials and short video clip examples, examples of print advertisements that demonstrate important concepts, and questions to use with “clickers” or simply to check if students are getting it.
 - *YouTube PowerPoint slides*. We have embedded YouTube videos into a collection with more than 80 slides, which bring virtual guest speakers, viral videos, case studies, and new ads to your classroom presentations.
 - *Multimedia Lecture Support Guide and Video Guide*. Now integrated into the Instructor’s Manual and Digital Implementation Guide, you will find detailed lecture scripts and chapter outlines

for the presentation slides that make getting prepared for class fast and easy.

- **Author Blog**: Connect with the redesigned *Teach the 4 Ps* blog www.teachthe4ps.com for links to articles, blog posts, videos, video clips, and commercials—with tips on how to use them with *Essentials of Marketing*. The site is organized by topic—so you can easily find something for what you are teaching that day—and provides plenty of tips for bringing *active learning* to your classroom.
- **Practice Marketing Simulation**—An online and fully mobile interactive learning environment that simulates the full marketing mix as well as market segmentation and targeting. www.mhpractice.com.
- **Teaching Videos**—The video package includes 31 full-length videos and video cases that can be shown in class or assigned to students to view outside of class.
- **Test Bank**—Our test bank includes more than 5,000 objective test questions—every question developed or edited by the authors to ensure it works seamlessly with the text. McGraw-Hill’s EZ-Test program facilitates the creation of tests.

Responsibilities of Leadership

In closing, we return to a point raised at the beginning of this preface. *Essentials of 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 future editions.

We recognize that fulfilling this commitment requires a process of continuous improvement. Because needs change, revisions, updates, and development of new elements must be ongoing. You are an important part of this evolution and of this leadership. We encourage your feedback. The most efficient way to get in touch with us is to send an e-mail message to Joe.Cannon@ColoState.edu. If you prefer the traditional approach, send a letter to Joe Cannon at Colorado State University, College of Business, Fort Collins, CO 80528-1278, United States of America. Thoughtful criticisms and suggestions from students and teachers alike have helped to make *Essentials of Marketing* what it is. We hope that you will help make it what it will be in the future.

William D. Perreault, Jr., Joseph P. Cannon, and E. Jerome McCarthy



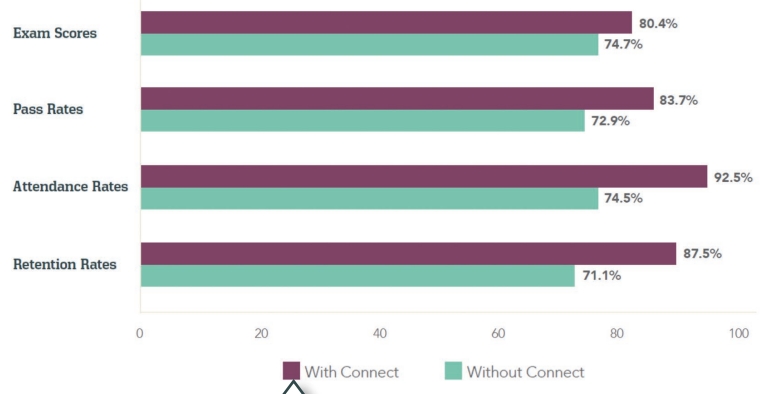
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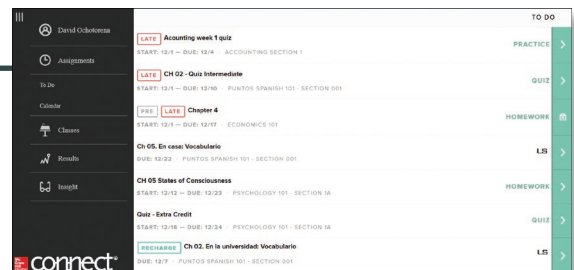


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Essentials of Marketing has been influenced and improved by the input of more people than it is possible to list. We want to express our appreciation to those who have played the most significant roles, especially in this edition.

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We’ve always believed that the best way to build consistency and quality into the text and 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.

The new chapter in this edition—Chapter 16—benefited greatly from some “student” reviews along the way. Kelly Cannon, Ally Cannon, Ellery Miller, and Haley Wolfinger provided valuable feedback.

The lecture-support PowerPoints have been a tremendous effort over many editions. We appreciate the efforts

of Luis Torres, Jay Carlson, Mandy Noelle Carlson, David Urban, Milt Pressley, and Lewis Hershey for their creative work on the lecture-support PowerPoint presentation slides. Ellery Miller was a huge help in putting together the YouTube PowerPoints in this edition.

Jon Firooz took our Computer-Aided Problems and updated them for use in Connect—they are now titled *Marketing Analytics: Data to Knowledge*.

We consider our “best in the business” video package a true team effort. Although the authors had input, the project has been led in recent years by Nick Childers at Shadows and Light Creative Services. For several editions, Judy Wilkinson has played a big role as producer of the video series for the book. In that capacity, she worked closely with us to come up with ideas, and she provided guidance to the talented group of marketing professors and managers who created or revised videos for this edition.

Of course, like other aspects of *Essentials of Marketing*, the video series has evolved and improved over time, and its current strength is partly due to the insights of Phil Niffenegger, who served as producer for our early video efforts. The video series also continues to benefit from the contributions of colleagues who developed videos in earlier editions. They are

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Heather Darr worked as product developer on this edition; her insight and project management skills are much appreciated. Our executive brand manager, Kim Leistner, was new to this edition and brought great enthusiasm, energy, and ideas. We appreciated her valuable perspective on the *Essentials of Marketing* franchise.

The layout and design of the print and online versions of the text included a dedicated team of professionals. Keith McPherson is a long-time creative and valued contributor to *Essentials of Marketing*. He is a great talent and we sincerely appreciate his past efforts that continue to be reflected in the book’s design. We sincerely appreciate the talents of Pam Verros who created the interior and Egzon Shaqiri who designed the cover for this edition of *Essentials of Marketing*. We also appreciate Mike Hruby, who again tracked down photos, ads, and permissions for the images we selected to illustrate important ideas.

We owe an ongoing debt of gratitude to Lin Davis. The book probably wouldn’t exist without her—without her help, the book would’ve been just too overwhelming and we’d have quit! Lin was part of this team for more than 25 years. During that time, she has made contributions in every aspect of the text and package.

Kendra Miller joined the team with the 14th edition and has been a valuable addition. Kendra has brought new energy and insight along with a sharp eye for detail. Kendra’s copyediting and photo/ad chasing have been very helpful. We like to bounce ideas off of Kendra—and she often shares her own insights—many of which have been added to the book.

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William D. Perreault, Jr.

Joseph P. Cannon

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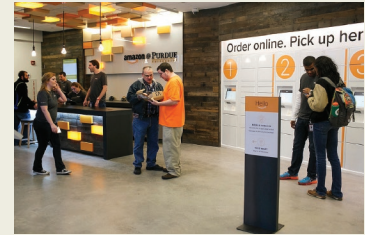
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