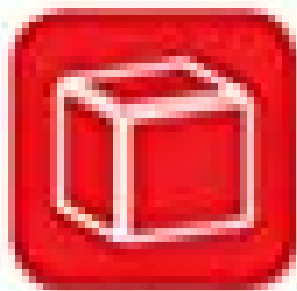


Essentials of Marketing

A Marketing Strategy
Planning Approach



Product



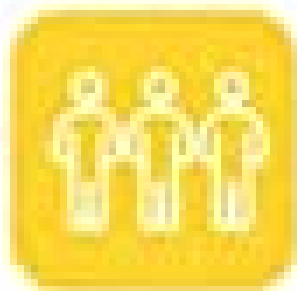
Place



Promotion



Price



Target



Marketing
Strategy



Marketing for
a Better World

17th Edition



Perreault

Cannon

McCarthy


17

EDITION

Essentials of Marketing

A Marketing Strategy Planning Approach

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UNIVERSITY OF NORTH CAROLINA

Joseph P. Cannon, PhD
COLORADO STATE UNIVERSITY

E. Jerome McCarthy, PhD
MICHIGAN STATE UNIVERSITY



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Hill



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

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Authors of *Essentials of Marketing*, 17/e

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William D. Perreault Jr.



William D. Perreault Jr. is Kenan Professor of Business Emeritus 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 was also selected for the Churchill Award, which honors career impact on mar-

keting 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, served as chair of an advisory committee to the U.S. Census Bureau, and served 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.

Joseph P. Cannon



Joseph P. Cannon is a Dean's Distinguished Teaching Fellow and professor of marketing at Colorado State University. He has also taught at the University of North Carolina, 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 numerous 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 Operations Management*, *Journal of Personal Selling and Sales Management*, and *Journal of Marketing Education*. The *Journal of Marketing* 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



Marketing lost one of its pioneers when E. Jerome "Jerry" McCarthy passed away at his home in East Lansing, Michigan, in 2015.

After earning a PhD at the University of Minnesota, Dr. McCarthy joined the faculty at Notre Dame and became a Fellow in the prestigious Ford Foundation Program at Harvard, an experience that focused on how to make marketing management practice more rigorous and shaped

his thoughts on the needs of students and educators. Dr. McCarthy spent most of his career at Michigan State University, gaining a reputation for working with passion and purpose. He received the AMA's Trailblazer Award in 1987 and was voted one of the "top five" leaders in marketing thought by marketing educators.

Dr. McCarthy was well known for his innovative teaching materials and texts, including *Basic Marketing* and *Essentials of Marketing*. These books changed the way marketing was taught by taking a managerial point of view. He also introduced a marketing strategy planning framework, organizing marketing decisions around the Four Ps—Product, Place, Promotion and Price. As these approaches became the standard in other texts, Dr. McCarthy continued to innovate, including new materials in the digital realm. Today's marketing instructors owe a great debt to this innovative pioneer.

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 very excited about this 17th 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 to the text and all the supporting materials that accompany it. We'll highlight some of those changes in this preface, but first we'll provide background on the evolution of *Essentials of Marketing*.

Building on Pioneering Strengths

Basic Marketing (*Essentials of Marketing's* parent text) pioneered an innovative structure—the “Four Ps” (Product, Place, Promotion, and Price) 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 the best way to meet their needs?*

With each new edition of *Essentials of Marketing*, we update the content based on changes in marketing management and the market environment. This book reflects marketing's best practices and ideas. *Essentials of Marketing* and the supporting materials that accompany it have been more widely used than any other teaching materials for the introductory marketing class. It is gratifying that the Four Ps organizing structure 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 framework, and we have continuously improved the book. The text's Four Ps framework, managerial orientation, and strategy planning focus have proven to be foundation pillars that are remarkably robust for supporting new developments in the field, resulting in innovations in the text and package.

Thus, with each new edition of *Essentials of Marketing*, we continue 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 the integrative approach to our 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. *Essentials of Marketing*:

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

The supplements package is extensive—designed to let you *teach marketing your way* (see Exhibit P-1). The integration of these three features delivers a product proven to work 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.

What and how of marketing. Marketing operates in dynamic markets. Fast-changing global markets, environmental challenges and sustainability, the blurring speed of technological advances—including an explosion in the use of digital tools by 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.

Exhibit P-1
Essentials of Marketing: An Integrated Approach to Teaching and Learning Marketing



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 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.

Integration of special topics. 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, non-profit organizations, marketing ethics, marketing analytics, social issues, and business-to-business marketing—in separate chapters (or parts of chapters). 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 ethics or marketing analytics completely ignores the reality that these are not isolated topics; rather, they must be considered across the rubric of marketing decisions.

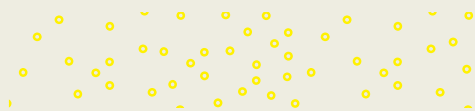
Exhibit P-2 shows the coverage of some key topics across specific chapters.

The teaching and learning materials have been designed and developed by the authors—so they seamlessly

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
Marketing analytics	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Technology, Internet, social media, “big data,” and digital lifestyle	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Environment and sustainability	X	X	X	X	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
Marketing for a better world (#M4BW)	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.



integrate with the textbook. They are integrated to work effectively with *Essentials of Marketing*. We don't tack on extras that have been outsourced and therefore don't mix well with our package. Because of this, you have flexible tools for *teaching and learning marketing your way*. You pick those elements from the package that best fit your students and your teaching approach.

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 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).

Most business students take only one marketing course in their studies. 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 Connect exercises to the test bank to the PowerPoint slides and In-Class Activities—continue to be updated based on what has proven to work for generations of students.

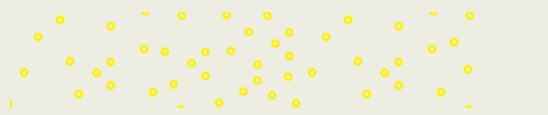
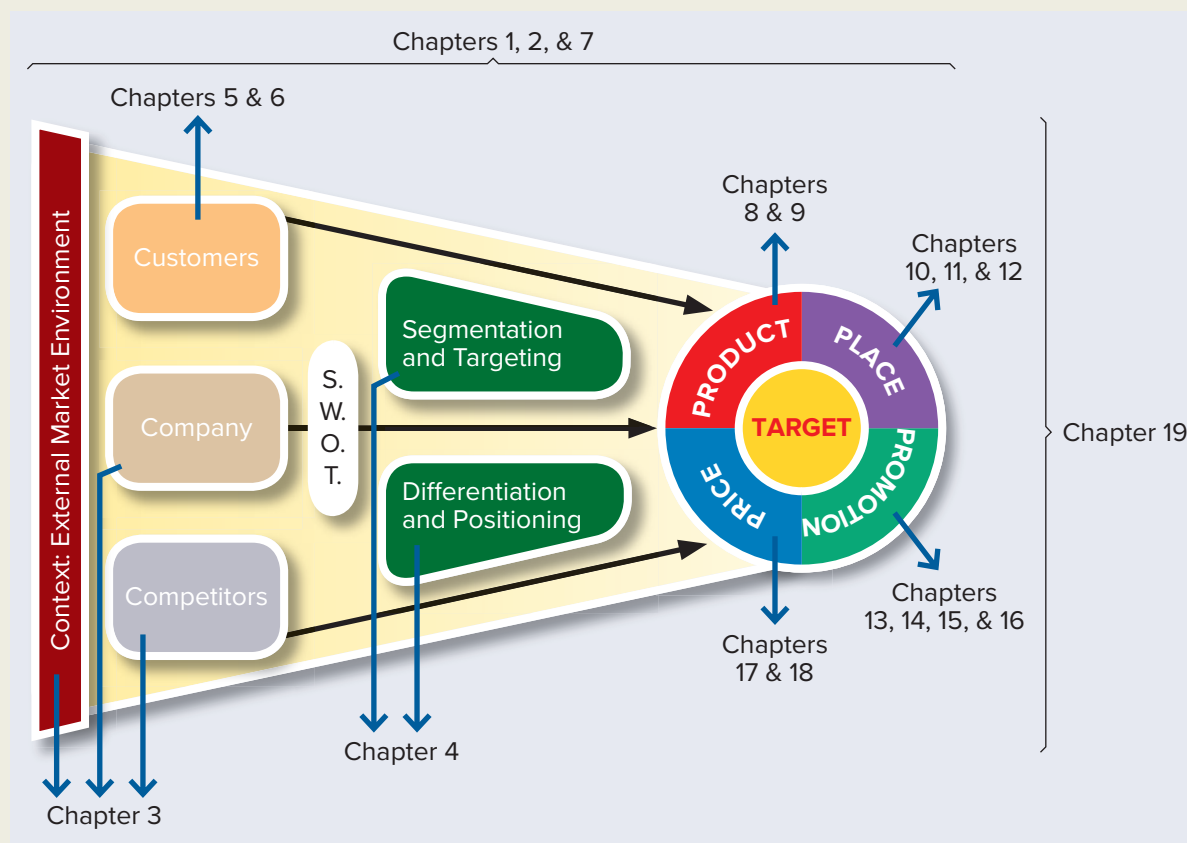
Nineteen Chapters—with an Emphasis on Marketing Strategy Planning

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 topics and chapters fit together into a clear, overall framework for the marketing strategy planning process.

Broadly speaking, the chapters can be grouped into three sections. The first seven chapters introduce marketing and provide 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 throughout the text—see Exhibit P-3. Chapters 3–7 each cover different 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 topics to improve marketing decisions. The second part of the text (Chapters 8–18) goes into the details of planning the Four Ps, with

Exhibit P-3 *Essentials of Marketing and the Marketing Strategy Planning Process*



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 1 also introduces students to our marketing for a better world (#M4BW) elements—designed to show students examples of companies creatively using marketing to make profits *and* improve the world around them.

Chapter 2 builds on these ideas with a focus on the marketing strategy planning process. It discusses why the marketing strategy planning process involves narrowing down to the selection of a specific target market while blending the Four Ps into a marketing mix to meet the needs of 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 to narrow down all possible opportunities to those that the firm will pursue. Chapter 4 shows how market analysis relates to segmentation and differentiation decisions, as well as the criteria used to narrow down to a specific target market and marketing mix. Our approach to segmentation includes defining product-markets—which fits with our strategic planning approach. Analyzing product-markets teaches students how to identify and evaluate opportunities—a key element of marketing strategy.

It is necessary 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 marketing research data—is transforming marketing. This sets the stage for discussions in later chapters about how research and marketing information improve each area of marketing strategy planning.

Chapters 8 through 18 are concerned with developing a marketing mix out of the Four Ps. 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 while still meeting 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 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-quality service.

Chapters 10 through 12 focus on Place. Chapter 10 introduces decisions a manager makes about whether to use direct distribution (for example, selling from the firm's own website) or work 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 chapter helps students see why 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 introduced in Chapter 13. Chapter 14 describes 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 examines publicity, which we broadly define to include owned, earned, and social media.

Chapters 17 and 18 deal with Price. Chapter 17 focuses on pricing objectives and policies, including the 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—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 both 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 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 in end-of-chapter exercises.

Following Appendix D are 39 written cases. The first 5 cases are video cases, available to instructors in video format in the Instructor Resources section of Connect. Most of the next 34 short written cases have been updated with new information to make sure they reflect the realities of the current marketplace. The focus of these cases is on problem solving. They encourage students to apply—and engage with—the concepts developed in the text. At the end of each chapter, we recommend the cases that best relate to that chapter’s content.

Two bonus chapters (previously available only with our *Basic Marketing* text) are now available online and through custom printing. Bonus Chapter 1 builds on implementation and control, two concepts introduced in Chapter 2. The chapter goes into more detail 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 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.

I love your book—but there are too many chapters for my class. What can I do?

We are often asked this question by professors who use the quarter system, who prefer to provide students with less breadth of coverage but more depth, or who like the

idea of one chapter per week. Three chapters can easily be dropped from the text without harming understanding of other topics:

- Chapter 11 provides coverage of logistics and customer service. We hear that schools with a required course on supply chain management often find this chapter to be redundant. It can also be dropped if there is less desire for this type of coverage. Dropping it does not have an adverse impact on other Place chapters.
- Chapter 18 provides depth in setting prices. Some instructors prefer not to cover this more quantitative treatment and drop the chapter.
- Chapter 19 provides a critical look at marketing and a review of the marketing strategy planning process. If time is an issue, this can be dropped, though we recommend instructors have a concluding lecture that ties together the course.

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. Over the last couple of editions we focused on (1) marketing for a better world, (2) marketing analytics, (3) active learning, and (4) currency. 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 a leader in pedagogical innovations. Here is a quick overview of what we changed for the 17th edition of *Essentials of Marketing*.

Marketing for a better world. Brand new to this edition—we look at the best of marketing, where marketing practices meet target customer needs and make the world a better place. We have noticed that many of our students come into our class with a negative perception of marketing. We also find that young people today are really interested in the opportunity for business to contribute to making the world a better place. When we look around, we see so many businesses and nonprofit organizations finding ways to make a better world through their marketing efforts. We decided to highlight those efforts, and you will see our “green boxes” and #M4BW across every chapter.

Our perspective on marketing for a better world is not a philanthropic one—we propose that firms do this as an extension of a marketing orientation. A growing number of customers in developed economies want to buy from companies that do good things in the world.

Marketing analytics. The last couple of editions of *Essentials of Marketing* have featured growing coverage of big data and marketing analytics. Following marketing practice and feedback from instructors, this edition builds on that coverage of these topics. Our students—whether

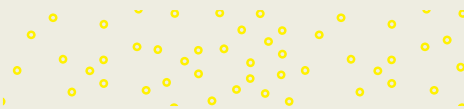


Exhibit P-4 You Decide How Much Marketing Analytics to Add to Your Class

I want my students to ...	Resources in <i>Essentials of Marketing</i>
... understand the importance of analytics and some key terms.	Each chapter features new key terms and/or marketing analytics examples.
... understand how marketing managers use analytics.	Each chapter includes a “Marketing Analytics in Action” activity—a mini case study of analytics in practice.
... calculate some basic marketing analytics.	Each chapter includes a Connect homework exercise “Marketing Analytics: Data to Knowledge”
... conduct sales and performance analysis.	Assign Bonus Chapter 1, “Implementing and Controlling Marketing Plans: Metrics and Analysis”

marketing majors or in some other area of business—are expected to know what marketing analytics is and how it can be used in marketing strategy planning.

We had discussions with many different instructors about how to add marketing analytics to the introductory marketing course. While everyone agreed that today’s student needs to know more about how businesses use marketing analytics, there was disagreement about how much time and focus it should receive. Given that, we make our coverage flexible—allowing *you* the instructor to decide how much attention marketing analytics gets in your class. Most of our extended treatment of marketing analytics can easily be added or left out—as it involves an in-text boxed element, end-of-chapter and online exercises, a marketing simulation, and a bonus chapter. Exhibit P-4 shows how each can contribute to the learning objectives you have for your students.

Currency. Every edition of *Essentials of Marketing* focuses on currency. We find that students like to read current examples. And with technology and customer behavior evolving so quickly, a marketing textbook must keep pace. Instructors and students require up-to-date concepts, content, and examples. In this edition:

- We add hundreds of new examples and images (ads and photos) that engage students. Of course, we continue to include the latest earned, owned, and social media examples—but we also recognize changing consumer behavior, organizational buying behavior, new-product development, the growth and evolution of retail (especially online), advertising, and pricing.
- Current visuals—photos and advertising examples—are particularly important for today’s student, so we choose examples that provide a learning experience for the student, not just added color.
- Our *What’s Next?* boxes, embedded in each chapter, provide a futuristic perspective on where marketing may be headed.

Active learning exercises. Connect and SmartBook offer your students better 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 active learning exercises so students can learn more critical thinking and application of concepts, which helps them understand how marketing really works. This edition of *Essentials of Marketing* features:

- *Flip Your Marketing Class.* A few years ago, Joe Cannon decided to “flip” his marketing classes. He no longer lectures and now uses about 90 percent of class time on in-class activities. Whether you are ready to completely “flip” your class or are just looking to add more active learning to mix in with your lectures, you will appreciate the materials he has put together. Joe’s *Flip Your Marketing Class* e-book can be downloaded from the Instructor’s Resource Materials.
- *In-Class Activities.* As part of the *Flip Your Marketing Class* e-book effort, Joe produced a series of exercises that can be used in class. For each chapter there are two to four In-Class Activities. These exercises can be completed in small groups in class. They reinforce and apply concepts learned from *Essentials of Marketing*. Beyond that, many of the following elements of *Essentials of Marketing* could also be used as in-class activities. We have added some brand-new activities, and others were updated.
- *Marketing Analytics in Action.* These in-chapter boxed features place students in the situation many managers face: analyzing and interpreting marketing analytics. The activities show students how marketing analytics are used—but they also ask questions that force students to use critical thinking skills to make marketing decisions. These exercises work particularly well for in-class discussion.
- *Practice Marketing.* The *Practice Marketing* simulation offers a unique way to learn and apply the Four Ps of marketing. Students take on the role of a marketing manager tasked with creating and launching a new product; they do actual marketing strategy planning around a backpack—analyzing customers, competitors, and company—then making target market, product, place, promotion, and price decisions. After

seeing the results of their initial decisions, they can adapt their strategy. The simulation allows students to compete with other students or artificial intelligence characters. Many students have referred to *Practice Marketing* as a virtual internship.

- *What's Next?* Each chapter includes an active learning boxed element. Each *What's Next?* offers an in-depth analysis of some trend or marketing future—and asks students about its implications. These elements have all been updated to make them more forward-looking and active learning focused.
- *Ethical Dilemma*. Several of these critical thinking exercises have been updated from previous editions, with a focus on students making decisions in gray areas, many of which have been introduced by the advancing technologies used in marketing.
- *Questions and Problems*. In past editions, our chapter opening cases have primarily served to motivate a chapter's subject matter. We have added two 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 are asked 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*. These end-of-chapter exercises—which can be done through Connect—show students how data analysis is used by marketing managers. Using concepts and examples from each chapter, the exercises 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 to find answers, and then asks (optional) discussion questions to build critical thinking skills.
- *Cases*. Our video and short cases continue to provide students with opportunities to explore how real companies conduct the marketing strategy planning process.

Chapter-by-chapter. We updated every chapter's opening case scenario. Although we don't have space to list all of our changes, the following are some highlights of the more significant changes we have made to this edition of *Essentials of Marketing*:

Chapter 1. Refreshed with new and updated examples. New discussion and introduction of the idea of marketing for a better world and the associated #M4BW.

Chapter 2. An updated opener and refreshed and more current examples throughout the chapter. We added a new *Ethical Dilemma*. Revised and reorganized coverage of customer lifetime value and customer equity. Added examples of marketing for a better world.

Chapter 3. Updates for currency throughout the chapter. Minor revisions to section on objectives. Major changes throughout the technology section, including the addition of *machine learning* and removal of the ethics coverage from this section. Many changes resulting in more streamlined coverage of the legal environment. Shortened and combined what were three major sections at the end of this chapter. Added examples of marketing for a better world.

Chapter 4. Updates for currency throughout this chapter with new examples. Simplified Exhibit 4-3 and coverage of segmentation. New Exhibit 4-11 provides a detailed explanation of the dynamic behavioral segmentation approach that is being used for online segmentation. Added examples of marketing for a better world.

Chapter 5. Updates for currency across the chapter and new examples. Added examples of marketing for a better world.

Chapter 6. Updates for currency and refreshed examples. New *Ethical Dilemma*, revisions to Exhibits 6-3 and 6-7. New exhibit added to give students more examples of different types of buying processes. Added examples of marketing for a better world.

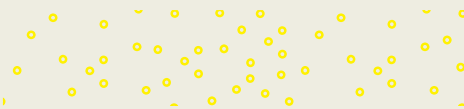
Chapter 7. Many updates and new examples as marketing research continues to evolve—drawing on new sources of data and new types of marketing analytics. Major revisions to coverage of information systems and two new exhibits designed to reinforce important ideas. Deleted the section on international marketing research, with relevant content integrated elsewhere in the chapter—and dropped the related learning objective. Added examples of marketing for a better world.

Chapter 8. Updates throughout this chapter. New key term *product line length*. New exhibit to better show differences between services and goods. Significantly reduced coverage of warranties—previously had its own learning objective and major section—now briefly covered elsewhere in chapter. Added examples of marketing for a better world.

Chapter 9. Updated for currency. New key terms include *continuous innovation*, *dynamically continuous innovation*, and *discontinuous innovation*. New *Ethical Dilemma*. Updated coverage of managing service quality with attention to robots replacing service workers. Added examples of marketing for a better world.

Chapter 10. Updated for currency. Major revisions to coverage of selling direct versus indirect—reorganized and new content added. Added two new key terms: *horizontal channel conflict* and *vertical channel conflict*. Moved and updated coverage of *multichannel shopping* and *omnichannel* from Chapter 12 to this chapter as it felt like a better fit. Updated reverse channel coverage. Added examples of marketing for a better world.

Chapter 11. Updated for currency. Added new coverage of food delivery and service level. Major new section at the end of the chapter, "Disaster Relief—Logistics



Saves Lives,” provides an example of marketing for a better world but also a nice integration and review of key concepts from this chapter. Added examples of marketing for a better world.

Chapter 12. We always have a lot of revisions in our coverage of retailing—and this edition is no different. To remain current, every edition requires significant rewriting, especially in our section on retailing and the Internet. Other changes include minor updates to Exhibits 12-3, 12-4, and 12-6 and moving coverage of multichannel shopping and omnichannel to Chapter 10. Added examples of marketing for a better world.

Chapter 13. This chapter always has a lot of new examples—students notice dated examples and we aim to eliminate them. Major revision to the section “How Typical Promotion Plans Are Blended and Integrated” that includes a better explanation of this process and new content. Added examples of marketing for a better world.

Chapter 14. Updated for currency. Major rewrite and coverage of customer service. Also major updates and edits to “Information Technology Provides Tools to Do the Job.” Added examples of marketing for a better world.

Chapter 15. Because it reflects evolutionary changes in advertising, this chapter always has major changes with each edition. Major updates include (1) updates to the chapter opening case on Domino’s; (2) new graphic that really demonstrates the changing advertising media landscape (see Exhibit 15-6); (3) deleted the separate section on advertising agencies, moving some necessary coverage elsewhere in the chapter, but really cutting back this content; (4) many revisions to the “Digital and Mobile Advertising” section; (5) new key term and coverage of *influencers*—including legal issues; (6) revision and updates to sales promotion; and (7) new coverage of legal issues for sales promotion. Added examples of marketing for a better world.

Chapter 16. This chapter is another that requires constant updating with all the changes going on with earned, owned, and social media. There were lots of small changes and updates throughout the chapter, including updates to Exhibits 16-6 and 16-7. Added examples of marketing for a better world.

Chapter 17. Updated for currency as well as major changes that include (1) two new key terms, *benefit corporation* and *B Corporation (B Corp) certification*, (2) new *Ethical Dilemma*, (3) additional coverage on price level policies through the product life cycle, (4) major reorganization including new topics under “Pricing Policies for Price Reductions, Financing, and Transportation,” which included (5) streamlined coverage of geographic pricing where we eliminated key terms and coverage of *FOB*, *zone pricing*, *uniform delivered pricing*, and *freight absorption pricing*. Added examples of marketing for a better world.

Chapter 18. Updated for currency. New exhibit and better explanation of price sensitivity. Added examples of marketing for a better world.

Chapter 19. Modest updates for currency. Added examples of marketing for a better world.

Bonus Chapter 1. The previous edition included (1) adding a new learning objective and section “Marketing Metrics and Analytics Can Guide Marketing Strategy Planning” and (2) *What’s Next?* Making better decisions in a world of data analytics. This edition provides updates for currency and new examples of marketing for a better world.

Bonus Chapter 2. Updates for this edition include new examples for currency and examples of marketing for a better world.

Expanded Teaching and Learning Resources for the 17th 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 Instructor Resources section of the Connect Library for the 17th edition.

- **Active Learning Guide and Exercises**—We hear more and more from instructors seeking to change their marketing course away from being primarily lecture-based to adding more active learning in the classroom. Joe Cannon decided to flip his class and learned a lot in the process. He shares those insights in an e-book that provides some guidance—see *Flip Your Marketing Class*. The ideas work whether you want to completely flip the class or just add more active learning to your current class sessions. One of the most difficult aspects of making this transition is having high-quality activities for students to work on—activities that reinforce important marketing concepts and critical thinking. We have put together many different resources that can help you make this transition—most with teaching notes.
- **Connect Interactive Applications**—An online assignment and assessment solution that connects students with the tools and resources they’ll need to achieve success.
- **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.
- **PowerPoint Presentation Resources:**
 - **Chapter PowerPoint Slides.** For each chapter there is a set of PowerPoint presentations that includes television commercials and short video clip examples, examples of print advertisements that

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demonstrate important concepts, and questions to use with “clickers” or simply to check if students are getting it. These slides cover all the major topics in the chapter.

- **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 to 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 related to 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. This can be found at www.mhpractice.com and through Connect.
- **Teaching Videos—**The video package includes 17 full-length videos and video cases and 25 shorter animated iSeeIt! videos.

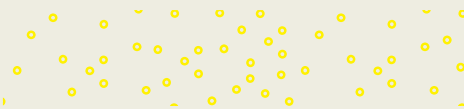
- **Test Bank—**Our test bank includes more than 5,000 objective test questions—every question developed or edited by the authors to ensure it works seamlessly with the text. McGraw-Hill’s TestGen program facilitates the creation of tests.

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.

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. Thoughtful criticisms and suggestions from students and teachers alike have helped make *Essentials of Marketing* what it is today. We hope that you will help us make it what it will be in the future.

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



Acknowledgments

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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.

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

Many improvements in recent editions were stimulated by feedback from a number of colleagues around the country. Their feedback took many forms. In particular, we would like to recognize the helpful contributions of:

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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 lecture-support PowerPoints have been a tremendous effort over many editions. We appreciate the efforts of Shannon Lemay-Finn, 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.

We have had a great team of people work on LearnSmart questions and Connect exercises. I would particularly like to thank Leroy Robinson from University of Houston-Clear Lake for his leadership and work on LearnSmart and Jon Firooz of Colorado State University who 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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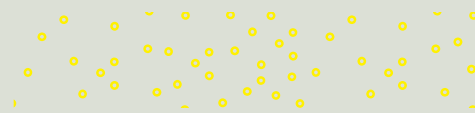
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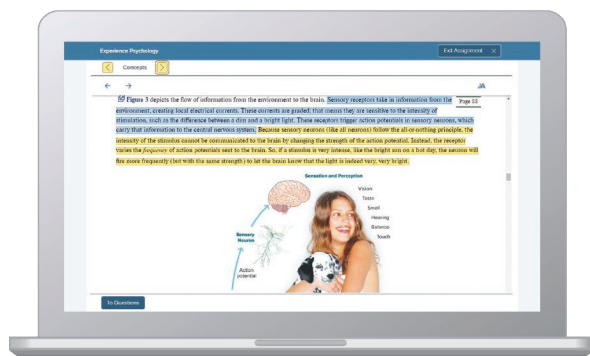
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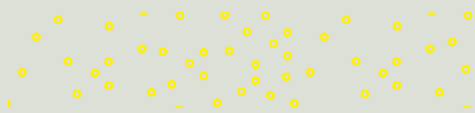
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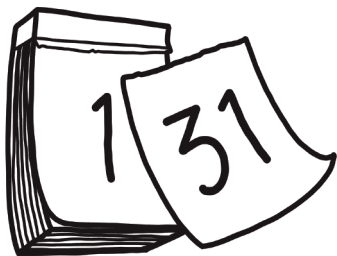
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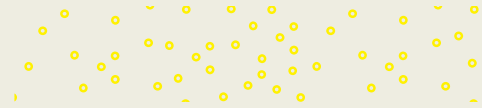
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