

PREFACE

The goal of this book is to help students master the basic concepts and practices of modern marketing in an enjoyable and practical way. Achieving this goal involves a constant search for the best balance among the “three pillars” that support the text—theories and concepts, practices and applications, and pedagogy. *Marketing: An Introduction* provides the most authoritative and up-to-date coverage of marketing theory and concepts, brings the theory to life with real examples of marketing practices, and presents both theory and practice in a way that makes them easy and enjoyable to learn.

Marketing: An Introduction, focuses on pedagogy—providing an effective *teaching and learning tool*. This exciting teaching and learning thrust comes to life through a short, lively design that features a set of “Road to Marketing” learning aids that begin students on their marketing journey. To help students learn, link, and apply important marketing concepts more effectively, *Marketing: An Introduction*, is filled with “road map” learning tools throughout each chapter. These pedagogical guides help students by:

- challenging them to stop and think at important junctures in their journey
- previewing chapter material
- reviewing and linking key chapter concepts
- providing practical Internet and marketing-application exercises through which students apply newly-learned marketing concepts in realistic situations

The result is an enhanced learning experience for the student.

STARTING DOWN THE ROAD TO MARKETING

Marketing is the business function that identifies customer needs and wants; determines which target markets the organization can serve best; and designs appropriate products, services, and programs to serve these markets. However, marketing is much more than just an isolated business function—it is a philosophy that guides the entire organization. The goal of marketing is to create customer satisfaction profitably by building value-laden relationships with important customers. The marketing department cannot accomplish this goal by itself. To provide superior value to customers, it must team up closely with other departments in the company and partner with other organizations throughout its entire value-delivery system. Thus, marketing calls upon everyone in the organization to “think customer: and to do all they can to help create and deliver superior customer value and satisfaction.

Marketing is all around us, and we all need to know something about it. Marketing is used not only by manufacturing companies, wholesalers, and retailers, but by all kinds of individuals and organizations. Lawyers, accountants, and doctors use marketing to manage demand for their services. So do museums and

performing arts groups. No politician can get the needed votes, and no resort the needed tourists, without developing and carrying out marketing plans.

People throughout these organizations need to know how to define and segment a market and how to position themselves strongly by developing products and services that satisfy the needs of chosen target segments. They must know how to price their offerings to make them attractive and affordable, and how to choose and manage intermediaries to make their products available to customers. They need to know how to advertise and promote products so customers will know about them and want them. Clearly, marketers need a broad range of skills in order to sense, serve, and satisfy consumer needs.

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

MARKETING: AN INTRODUCTION—A NEW LEARNING APPROACH

Our goal with *Marketing: An Introduction* is to create an effective teaching and learning environment. Most students learning marketing want a broad picture of marketing’s basics. They want to know about important marketing principles and concepts and how these concepts are applied in actual marketing management practice. However, they don’t want to drown in a sea of details, or to be overwhelmed by marketing’s nuances and complexities. Instead, they want a text that guides them effectively and efficiently down the road to learning marketing in an easy-to-grasp, lively, and enjoyable way.

Marketing: An Introduction serves all of these important needs of beginning marketing students. The book is complete, covering all of the important principles and concepts that the marketer and consumer need to know. Moreover, it takes a practical, marketing-management approach—concepts are applied through countless examples of situations in which well known and little known companies assess and solve their marketing problems.

Marketing: An Introduction makes the teaching and learning of marketing easy, effective, and enjoyable. The “Road to Marketing” aids help students to learn, link, and apply important concepts. The length makes it manageable for beginning marketing students to cover the subject during a given semester. Its approachable writing style and level are well suited to the beginning marketing student. A lively design, the abundant use of illustrations, and New Directions boxes help bring life to the marketing journey.

Marketing: An Introduction tells the stories that reveal the drama of modern marketing:

- **Mountain Equipment Coop’s** customer-focused marketing strategy, dedicated not only to commercial success but also to environmental and social causes

- **Tim Hortons'** consistent product and positioning strategy throughout its history
- **Canadian Tire's** powerful “click-and-mortar” model that combines traditional retailing and e-tailing
- **Procter & Gamble's** use of segmentation, targeting, and positioning
- **WestJet's** successful “less for less” strategy
- **Intrawest's** exciting integration of product and service
- **Roots'** lifestyle marketing that captures customers' way of looking at the world

These and dozens of other examples and illustrations throughout each chapter reinforce key concepts and bring marketing to life.



TAXIGUY Comprehensive Case and Marketing Plan

From our eye-catching cover to the comprehensive case in the text, students are introduced to Justin Raymond's TAXIGUY, the small Canadian company that made it *big*. The comprehensive case examines the development of the company and looks at how it created a relationship with Molson as part of Molson's responsible drinking campaign. Students then are invited to read TAXIGUY's marketing plan, which has been annotated to serve as a model and teaching tool. The TAXIGUY story has it all, from strong co-branding and partnership between a start-up entrepreneur and a leading national company to an inside look at a successful value-delivery network and socially responsible marketing.

CONTENT AND ORGANIZATION

As we enter the twenty-first century, the major marketing developments can be summed up in a single theme: *connectedness*. Rapidly changing computer, information, communication, and transportation technologies are making the world a smaller place. Now, more than ever before, we are all connected to each other and to things near and far in the world around us. Moreover, we are connecting in new and different ways. *Marketing: An Introduction* reflects the major trends and forces that are impacting marketing in this new, connected millennium. It offers coverage on:

Customers: connecting more selectively, more directly, and for life:

- **Relationship marketing**—developing profitable customers and capturing customer lifetime value by building value-laden customer relationships.
- **Delivering superior customer value, satisfaction, and quality**—attracting, keeping, and growing customers by developing market-centred strategies and “taking care of the customer.”
- **Connecting technologies**—employing the Internet and other information, computer, communications, and transportation technologies to connect directly with customers and to shape marketing offers tailored to their needs.

Marketing partners: connecting inside and outside the company to jointly bring more value to customers:

- **The company value chain**—connecting inside the company to create cross-functional, customer-focused teamwork and integrated action.
- **Value-delivery networks**—connecting with partners outside the company to create effective supply chains.

The world around us:

- **Global marketing**—connecting globally with customers and marketing partners. This book offers integrated chapter-by-chapter coverage plus a full chapter focusing on global marketing considerations.
- **Marketing ethics, environmentalism, and social responsibility**—reexamining connections with social values and responsibilities. This book offers integrated chapter-by-chapter coverage plus a full chapter on social responsibility and marketing ethics.
- **Broadened connections**—the increasing adoption of marketing by nonprofit and government organizations.

Chapter 1 introduces and integrates these important themes to set the stage at the beginning of the course. The chapter concludes with a section on the challenges and opportunities marketers will face in the new, connected millennium. Chapter 3, Marketing in the Internet Age, assesses the impact of the Internet and other technologies on marketing. Recent technological advances, including the explosion of the Internet, have created an Internet age, which is having a dramatic impact on both buyers and the marketers who serve them. To thrive in this new Internet age—even to survive—marketers must rethink their strategies and practices. This chapter introduces the exciting new strategies and tactics that firms are applying in order to prosper in today’s high-tech environment. The chapter explores major forces shaping the Internet age; major e-commerce and e-marketing developments in B2C, B2B, C2C, and C2B domains; and strategies and tactics for setting up a successful e-commerce presence.

Related topics are covered throughout the other chapters, with material on everything from Internet research and the virtual reality displays that test new products to the high-tech approaches of the e-commerce marketers who sell them. Students will learn about the wonders of new marketing technologies, from the Internet, database marketing, customer relationship marketing, and Web-based marketing research to mass customization, Internet business-to-business purchasing networks, Web-based personal selling, and technological advances in marketing logistics. The Companion Website for the text provides Web-based exercises that guide students through the fascinating world of marketing and the Internet.

Additional coverage of up-to-date trends and concerns includes customer management and assessing customer value, brand equity and brand management, value propositions and positioning, experiences marketing, the new direct marketing model, “markets-of-one” marketing, internal and online marketing databases, Internet and online marketing research, cross-functional partnering and supply chain management, business-to-business marketing on the Internet, value pricing, integrated marketing communications, diversity, environmental sustainability, international marketing strategy, and much more.

LEARNING AIDS

The following “Road to Marketing” learning devices dispersed at critical points throughout the chapter help students to learn, link, and apply major concepts as they progress through their journey toward learning marketing.



Looking Ahead A section at the beginning of each chapter briefly previews chapter concepts, links them with previous chapter concepts, outlines chapter learning objectives, and introduces the chapter-opening vignette.

Looking Ahead
 Ready to travel on? In the first chapter, you learned the core concepts and philosophies of marketing. Next, you'll investigate marketing's role in the broader organization and the specifics of the marketing process. First, marketing urges a whole-company philosophy that puts customers at the centre. Then, marketers work with other company functions to design strategies for delivering value to carefully targeted customers and to develop marketing mixes—comprising product, price, distribution, and promotion tactics—to carry out these strategies profitably. Chapters 1 and 2 will fully introduce you to the basics of marketing, the decisions marketing managers make, and where marketing fits into an organization. After that, we'll look at the environments in which marketing operates.

After studying this chapter, you should be able to

1. explain companywide strategic planning and its four steps
2. discuss how to design business portfolios and develop growth strategies
3. explain functional planning strategies and assess marketing's role in strategic planning



You Are Here “Concept checks” inserted at key points in each chapter help students ensure that they are grasping and applying key concepts and linkages. This feature consists of a brief statement and a few concept and application questions.

Pause here and cool your engine for a bit. Think about the relative advantages and disadvantages of *click-only*, *brick-and-mortar only*, and *click-and-mortar* retailers.

- Visit the Amazon.ca Web site. Search for a specific book or DVD—perhaps one that's not too well known—and go through the buying process.
- Now visit www.chapters.indigo.ca and shop for the same book or video. Then visit a Chapters or Indigo store and shop for the item there.
- What advantages does Amazon.ca have over Indigo? What disadvantages does Amazon.ca have? How does your local independent bookstore, with its store-only operations, fare against these two competitors?



Looking Back A summary of key concepts at the end of each chapter reviews chapter concepts and the chapter objectives.

<< Looking Back < < < < < < <

Companies must constantly watch and adapt to the *marketing environment* to seek opportunities and ward off threats. The marketing environment comprises all the actors and forces influencing the company's ability to transact business effectively with its target market.

1. Describe the environmental forces that affect the company's ability to serve its customers.

fifth comprises the seven *publics* with an actual or potential interest in or impact on the company's ability to meet its objectives, including the financial, media, government, citizen action, and local, general, and internal publics.

The *macroenvironment* consists of larger societal forces that affect the entire microenvironment—demographic, economic, natural, technological, political, and cultural forces. These six forces shape



Mastering Marketing The multimedia tool that means business. This technologically innovative CD-ROM uses video and interactive exercises to actively engage students in learning core marketing concepts. Exercises at the end of each chapter in the text direct students to the CD-ROM.

Mastering Marketing

The Mastering Marketing CD-ROM included with this book uses a fictional Internet company, CanGo, to examine the ideas presented in the text. Explore the videos and interactive exercises on the CD-ROM, and consider the questions that appear in the Mastering Marketing section at the end of each chapter.

Beyond creating short-term transactions, marketers need to build long-term relationships with valued customers, distributors, dealers, and suppliers. Cite three examples from CanGo of relationship marketing with customers, distributors, dealers, or suppliers. Be specific in your comments.

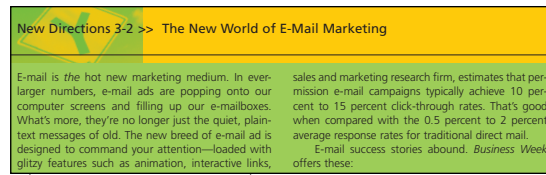


Navigating the Key Terms A list of the chapter's key terms helps students review the chapter content. Definitions are provided in an end-of-book glossary.

Navigating the Key Terms

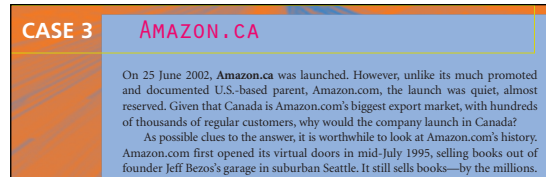
| | |
|-------------------------------------|---------------------------------|
| Business portfolio, p. 53 | Marketing control, p. 71 |
| Business unit strategy, p. 47 | Marketing implementation, p. 69 |
| Corporate strategic planning, p. 47 | Marketing mix, p. 64 |
| Diversification, p. 59 | Marketing process, p. 61 |
| Functional strategy, p. 48 | Marketing strategy, p. 68 |
| Growth-share matrix, p. 55 | Mission statement, p. 51 |
| Market development, p. 59 | Portfolio analysis, p. 54 |

New Directions Boxes
Additional examples and important information are highlighted in boxes throughout the text.



Video Cases Every chapter is supplemented with a video case that can be accessed on the CD accompanying the text.

Cases Every chapter ends with a case that challenges students to apply marketing principles to companies in real situations.



TAXIGUY Comprehensive Case and Marketing Plan The TAXIGUY case integrates concepts from throughout the text, and the annotated marketing plan provides a real-life example of marketing planning in action and serves as a model for students.



Glossary At the end of the book, an extensive glossary provides quick reference to the key terms found in the book.

Marketing Arithmetic This appendix provides additional, practical information for students.

Indexes Author, company and subject indexes reference all information and examples in the book.

A TOTAL TEACHING AND LEARNING PACKAGE

A successful marketing course requires more than a well written book. Today's classroom requires a dedicated instructor and a fully-integrated teaching system. A total package of teaching and learning supplements extends this edition's emphasis on effective teaching and learning. The following aids support *Marketing: An Introduction*.

For the Instructor



New! Pearson's MarketShare Website (www.pearsoned.ca/MarketShare). Visit MarketShare to discover the only one-stop information portal and meeting place developed for all Canadian Marketing instructors. Browse Virtual Libraries for most major courses in the undergraduate curriculum, spice up your lectures with additional media and news stories, visit the calendar of upcoming events, join in the online discussion of the latest hot topic with your peers, or add your name to our "Who's Who" list of Marketing instructors in Canada.

Instructor's Resource Manual and FACTS guide (ISBN 0-13-120457-2). This highly praised teaching guide contains chapter-by-chapter teaching strategies, outlines, interactive assignments, class projects, and answers to end-of-chapter questions and applications. Throughout, this guide places special emphasis on media supplements such as PowerPoint slides and Web resources, cross-referencing other supplements to do the work for you.

Test Item File (ISBN 0-13-120460-2). This test bank has been carefully tested and revised based on user feedback. The test bank includes up to 85 multiple choice and 35 true/false questions per chapter, together with essay and application questions. All questions are graded for difficulty, are labelled “recall” or “applied,” include page references, and cite the chapter objective tested.

Pearson TestGen. The Pearson TestGen is a special computerized version of the Test Item File that enables instructors to view and edit the existing questions, add questions, generate tests, and print the tests in a variety of formats. Powerful search and sort functions make it easy to locate questions and arrange them in any order desired. TestGen also enables instructors to administer tests on a local area network, have the tests graded electronically, and have the results prepared in electronic or printed reports. Available on the Instructor's Resource CD (see below), the Pearson TestGen is compatible with PC or Macintosh systems.

PowerPoint Express and Extendit! Slides. Two sets of PowerPoint slides are available with this edition. PowerPoint Extendit! presentations include up to 25 slides per chapter with Weblinks and attention-grabbing video clips embedded into key slides. This set of lecture aids follows the chapter outline and also offers additional material from outside the text. PowerPoint Express slideshows are shorter and more basic, aimed at instructors who like to customize more. Both sets of PowerPoint files can be accessed on the Instructor's Resource CD (see below) or through the Companion Website.

Colour Transparencies (ISBN 0-13-121746-1). PowerPoint slides and text figures are available to qualified adopters as full-colour acetates.

Instructor's Resource CD (ISBN 0-13-120459-9). This handy resource provides one source for all your supplement needs. The CD-ROM contains the entire Instructor's Resource Manual and FACTS Guide, TestGen software loaded with the complete Test Item File, and PowerPoint Slides.

Companion Website (www.pearsoned.ca/armstrong). This Web resource provides instructors with a complete array of teaching material including downloadable versions of the Instructor's Resource Manual and PowerPoint slides and a Syllabus Builder to help plan your course. Also included is an interactive and exciting online Student Study Guide, plus great resources such as current events and Internet exercises.

CBC and On Location Videos (0-13-139811-3). This video library provides 16 segments (one per chapter), including topical coverage from CBC's *Venture*, *Marketplace*, and *Undercurrents*, as well as On Location segments created specifically for use with Pearson's Marketing texts. These videos, along with related cases,

can also be accessed through the Companion Website or the Media Companion CD-ROM provided with the text. Contact your Pearson sales representative for details about the videotapes.

The Bessies (ISBN 0-13-121578-7). The Television Bureau of Canada annually recognizes excellence in Canadian television advertising with The Bessies awards program. Copies of the 2001 and 2002 show reels have been made available by the Television Bureau to instructors using *Marketing: An Introduction*. These tapes feature the best in recent advertising for Canadian companies for Canadian audiences. Please contact your Pearson sales representative for details. These videos are subject to availability. For further information about The Bessies or to inquire about the Television Bureau of Canada's library of nearly 30 000 commercials, please contact The Television Bureau of Canada, at 160 Bloor Street East, Suite 1005, Toronto, ON, M4W 1B9 (416-923-8813) or visit their website at www.tvb.ca.

Marketing: An Introduction 2003 Video Library (ISBN 0-13-035398-1). This set of three videotapes offers custom videos shot on location at leading companies, including companies such as *Exclusively Weddings* (segmentation and targeting), *Clarins* (distribution), and *American Standard* (integrated marketing communications). A video guide with cases is available on the Companion Website. These videotapes are available in Canada by special request through your Pearson sales representative.

ADvertising ADventure CD (0-13-140314-1). This CD-ROM contains a whole host of award-winning ads for use in the classroom. This supplement is available to qualified adopters through your Pearson sales representative.

Pearson Custom Publishing (www.prenhall.com/custombusiness). Pearson Custom Publishing can provide you and your students with texts, cases, and articles to enhance your course. Choose material from Darden, Ivey, Harvard Business School Publishing, NACRA, and Thunderbird to create your own custom casebook. Contact your Pearson sales representative for details.

Online Learning Solutions. Pearson Education Canada supports instructors interested in using online course management systems. We provide text-related content in WebCT and Blackboard. To find out more about creating an online course using Pearson content in one of these platforms, contact your Pearson sales representative.

New! Instructor's ASSET. Pearson Education is proud to introduce Instructor's ASSET, the Academic Support and Service for Educational Technologies. ASSET is the first integrated Canadian service program committed to meeting the customization, training, and support needs for your course. Ask your Pearson sales representative for details!

Your Pearson Sales Representative. Your Pearson rep is always available to ensure you have everything you need to teach a winning course. Armed with experience, training, and product knowledge, your Pearson rep will support your assessment and adoption of any of the products, services, and technology outlined here to ensure our offerings are tailored to suit your individual needs and the needs of your students. Whether it's getting instructions on TestGen software or specific content files for your new online course, your Pearson Sales Representative is there to help.

For the Student

Online Study Guide and Companion Website (www.pearsoned.ca/armstrong). Part of this text's integrated package is an interactive and exciting Study Guide, including multiple choice, true/false, and short essay questions with hints and answers that direct them to specific text pages for reinforcement. Students can read about the latest marketing issues "In the News" or use the Internet exercises to explore and deepen their knowledge. Other online resources include links to streaming videos and accompanying cases, lecture notes in PowerPoint, a "Careers in Marketing" section, sample marketing plans, and an unbeatable Virtual Library for Introductory Marketing.

Included with this textbook!

Mastering Marketing CD-ROM. Linked to this book via end of chapter material, this self-paced, interactive software helps reinforce marketing principles by linking theory to practice. It features 12 video episodes, bringing key marketing concepts to life. Students watch as employees at CanGo, a fictional Internet company, are faced with various realistic marketing issues. Interactive exercises accompany each video segment, challenging students to analyze the issue and develop new marketing strategies.

Included with this textbook!

Media Companion CD-ROM. This CD-ROM offers 16 video segments and cases (one per chapter). The videos include topical segments from CBC's *Venture*, *Marketplace*, and *Undercurrents*, as well as On Location segments created specifically for use with Pearson's Marketing texts.

Included with this textbook!

Marketing Plan Pro CD-ROM (0-13-065436-1). Available at a modest extra charge in a value-package, this highly acclaimed software enables students to build a marketing plan from scratch. Marketing Plan Pro also includes sample marketing plans.

The Marketing Plan: A Handbook with CD-ROM by Marian Burke Wood (0-13-175947-7). This brief paperback, which includes Marketing Plan Pro software (described above), is the ideal companion for any course in which students will create a marketing plan.

Strategy Magazine. Students can log in to www.strategymag.com/studentpromo and receive access for one year to past and current article searches on www.strategymag.com, a powerful research tool.

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Peter Mitchell
British Columbia Institute of Technology