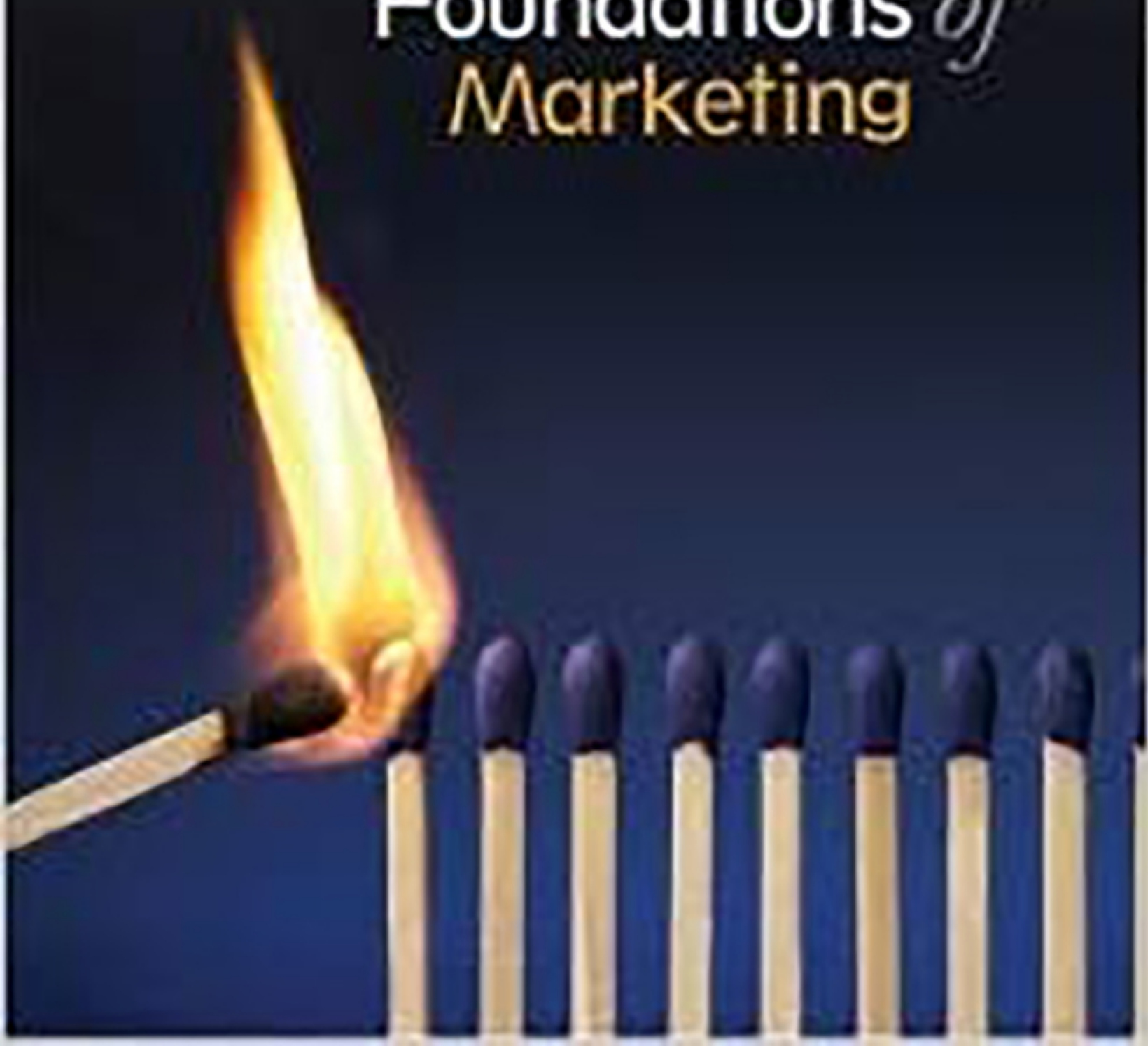


FOURTH EDITION

PRIDE · FERRELL

Foundations *of*
Marketing



PRIDE • FERRELL

Foundations *of*
Marketing

WILLIAM M. PRIDE

Texas A & M University

O. C. FERRELL

Auburn University



Foundations of Marketing, 8th Edition
William M. Pride and O.C. Ferrell

Senior Vice President, Higher Ed Product,
Content, and Market Development: Erin Joyner

Vice President, B&E, 4-LTR, and Support
Programs: Mike Schenk

Product Director: Bryan Gambrel

Product Manager: Heather Mooney

Content Manager: John Rich

Associate Content Developer: Allie Janneck

Product Assistant: Tawny Schaad

Content Project Manager: D. Jean Buttrom

Digital Content Specialist: David O'Connor

Marketing Coordinator: Audrey Jacobs

Production Service: MPS Limited

Senior Art Director: Bethany Bourgeois

Text and Cover Designer: Cindy & Lou Beckmeyer
/ Beckmeyer Design

Cover Image: JamesBrey/Getty Images

Intellectual Property

Analyst: Diane Garrity

Project Manager: Erika Mugavin

© 2019, 2017 Cengage Learning, Inc.

Unless otherwise noted, all content is © Cengage

ALL RIGHTS RESERVED. No part of this work covered by the copyright herein may be reproduced or distributed in any form or by any means, except as permitted by U.S. copyright law, without the prior written permission of the copyright owner.

For product information and technology assistance, contact us at
Cengage Customer & Sales Support, 1-800-354-9706 or
support.cengage.com.

For permission to use material from this text or product, submit all
requests online at **www.cengage.com/permissions.**

Library of Congress Control Number: 2017958680

ISBN: 978-1-337-61462-7

Cengage

20 Channel Center Street

Boston, MA 02210

USA

Cengage is a leading provider of customized learning solutions with employees residing in nearly 40 different countries and sales in more than 125 countries around the world. Find your local representative at **www.cengage.com.**

Cengage products are represented in Canada by
Nelson Education, Ltd.

To learn more about Cengage platforms and services,
visit **www.cengage.com.**

To register or access your online learning solution or purchase materials
for your course, visit **www.cengagebrain.com.**

To Nancy, Allen, Carmen, Gracie, Mike, Ashley, Charlie, J.R., and Anderson Pride
To James Collins Ferrell and George Collins Ferrell

brief contents

generic photo credit

Part 1: Strategic Marketing and Its Environment 1

- 1 Customer-Driven Strategic Marketing 2
- 2 Planning, Implementing, and Evaluating Marketing Strategies 24
- 3 The Marketing Environment, Social Responsibility, and Ethics 48

Part 2: Marketing Research and Target Markets 79

- 4 Marketing Research and Information Systems 80
- 5 Target Markets: Segmentation and Evaluation 106

Part 3: Customer Behavior and E-Marketing 131

- 6 Consumer Buying Behavior 132
- 7 Business Markets and Buying Behavior 160
- 8 Reaching Global Markets 184
- 9 Digital Marketing and Social Networking 212

Part 4: Product and Price Decisions 239

- 10 Product, Branding, and Packaging Concepts 240
- 11 Developing and Managing Goods and Services 270
- 12 Pricing Concepts and Management 300

Part 5: Distribution Decisions 329

- 13 Marketing Channels and Supply-Chain Management 330
- 14 Retailing, Direct Marketing, and Wholesaling 362

Part 6: Promotion Decisions 391

- 15 Integrated Marketing Communications 392
- 16 Advertising and Public Relations 418
- 17 Personal Selling and Sales Promotion 444

Endnotes 472

Glossary 511

Name Index 522

Company Index 527

Subject Index 531

AVAILABLE ONLY ONLINE:

Appendix A: Financial Analysis in Marketing

Appendix B: Sample Marketing Plan

Appendix C: Careers in Marketing

contents

generic photo credit

PART 1 STRATEGIC MARKETING AND ITS ENVIRONMENT 1

Chapter 1: Customer-Driven Strategic Marketing 2

Marketing Insights: Airbnb: Home Sweet Home 3

1-1 Defining Marketing 4

1-1a Marketing Focuses on Customers 4

1-2 Marketing Deals with Products, Price, Distribution, and Promotion 5

1-2a Product 6

1-2b Price 7

1-2c Distribution 8

1-2d Promotion 8

1-3 Marketing Creates Value 9

1-3a Marketing Builds Relationships with Customers and Other Stakeholders 10

1-4 Marketing Occurs in a Dynamic Environment 12

1-5 Understanding the Marketing Concept 12

1-5a Evolution of the Marketing Concept 13

Entrepreneurship in Marketing: Blue Bottle Coffee: Not Your Typical Daily Grind 14

1-5b Implementing the Marketing Concept 15

1-6 Customer Relationship Management 16

1-7 The Importance of Marketing in Our Global Economy 17

1-7a Marketing Costs Consume a Sizable Portion of Buyers' Dollars 17

1-7b Marketing Is Used in Nonprofit Organizations 17

1-7c Marketing Is Important to Businesses and the Economy 17

1-7d Marketing Fuels Our Global Economy 18

1-7e Marketing Knowledge Enhances Consumer Awareness 18

1-7f Marketing Connects People through Technology 19

1-7g Socially Responsible Marketing: Promoting the Welfare of Customers and Stakeholders 19

1-7h Marketing Offers Many Exciting Career Prospects 20

Going Green: Walmart's Environmental Initiative: It's Not Easy Being Green 20

Chapter Review 21

Developing Your Marketing Plan 22

Key Concepts 22

Issues for Discussion and Review 22

Video Case 1 *Cruising to Success: The Tale of New Belgium Brewing* 23

Chapter 2: Planning, Implementing, and Evaluating Marketing Strategies 24

Marketing Insights: Blue Apron's Strategic Recipe 25

2-1 The Strategic Planning Process 26

2-2 Establishing Organizational Mission, Goals, and Strategies 27

2-2a Developing Organizational Mission and Goals 27

2-2b Developing Corporate and Business-Unit Strategies 27

Going Green: Can Cleaners Be Greener? 29

2-3 Assessing Organizational Resources and Opportunities 31

2-3a SWOT Analysis 32

2-3b First-Mover and Late-Mover Advantage 33

2-4 Developing Marketing Objectives and Marketing Strategies 34

2-4a Selecting the Target Market 35

2-4b Creating Marketing Mixes 36

2-5 Managing Marketing Implementation 36

2-5a Organizing the Marketing Unit 37

2-5b Coordinating and Communicating 37

2-5c Establishing a Timetable for Implementation 38

2-6 Evaluating Marketing Strategies 38

2-6a Establishing Performance Standards 38

2-6b Analyzing Actual Performance 39

Entrepreneurship in Marketing: Want to Avoid Student Debt? Scholly Can Help 40

2-6c Comparing Actual Performance with Performance Standards and Making Changes, If Needed 41

2-7 Creating the Marketing Plan 42

Chapter Review 44

Developing Your Marketing Plan 45

Key Concepts 45

Issues for Discussion and Review 46

Video Case 2 *Mi Ola Rides the Marketing Wave* 46

Chapter 3: The Marketing Environment, Social Responsibility, and Ethics 48

Marketing Insights: TOMS: Taking Big Steps to Change Lives 49

3-1 The Marketing Environment 50

3-1a Responding to the Marketing Environment 51

3-2 Competitive Forces 51

3-3 Economic Forces 54

3-3a Buying Power and Willingness to Spend 54

3-3b Economic Conditions 56

3-4 Political Forces 57

3-5 Legal and Regulatory Forces 58

3-5a Regulatory Agencies 59

3-5b Self-Regulation 61

3-6 Technological Forces 62

3-7 Sociocultural Forces 63

Emerging Trends in Marketing: The Fair Trade Movement Explodes 65

3-8 Social Responsibility and Ethics in Marketing 65

3-8a Economic Dimension 66

3-8b Legal Dimension 66

3-8c Ethical Dimension 67

3-8d Philanthropic Dimension 69

Going Green: No Harm, No Foul: Harmless Harvest Connects with Stakeholders 71

3-9 Incorporating Social Responsibility and Ethics into Strategic Planning 72

Chapter Review 74

Developing Your Marketing Plan 75

Key Concepts 76

Issues for Discussion and Review 76

Video Case 3 Apple vs. Samsung: Gloves Are Off 76

PART 2 MARKETING RESEARCH AND TARGET MARKETS 79

Chapter 4: Marketing Research and Information Systems 80

Marketing Insights: IKEA Keeps Its Eyes on the Consumer 81

4-1 The Importance of Marketing Research 82

4-2 Types of Research 83

4-2a Exploratory Research 83

4-2b Conclusive Research 85

4-3 The Marketing Research Process 85

4-3a Locating and Defining Problems or Issues 86

4-3b Designing the Research Project 86

4-3c Collecting Data 87

Digital Marketing: Digital Marketing Research Leads to Behavioral Advertising 93

4-3d Interpreting Research Findings 95

4-3e Reporting Research Findings 95

4-4 Using Technology to Improve Marketing Information Gathering and Analysis 96

4-4a Marketing Information Systems 96

4-4b Databases 97

Emerging Trends in Marketing: Making Meaning Out of Big Data: Marketing Analytics 97

4-4c Big Data 98

4-4d Marketing Analytics 99

4-5 Issues in Marketing Research 101

4-5a The Importance of Ethical Marketing Research 101

4-5b International Issues in Marketing Research 102

Chapter Review 103

Developing Your Marketing Plan 104

Key Concepts 104

Issues for Discussion and Review 104

Video Case 4 Marketing Research Reveals Marketing Opportunities in the Baby Boomer Generation 105

Chapter 5: Target Markets: Segmentation and Evaluation 106

Marketing Insights: The Many Market Segments of Marriott 107

5-1 What Are Markets? 108

5-2 Target Market Selection Process 109

5-3 Step 1: Identify the Appropriate Targeting Strategy 110

5-3a Undifferentiated Targeting Strategy 110

5-3b Concentrated Targeting Strategy through Market Segmentation 110

5-3c Differentiated Targeting Strategy through Market Segmentation 112

5-4 Step 2: Determine Which Segmentation Variables to Use 113

5-4a Variables for Segmenting Consumer Markets 114

Emerging Trends in Marketing: Geofencing: Fenced In and Don't Know It? 118

Digital Marketing: ReplyYes for Vinyl Collectors and Graphic Novel Fans 120

5-4b Variables for Segmenting Business Markets 120

5-5 Step 3: Develop Market Segment Profiles 122

5-6 Step 4: Evaluate Relevant Market Segments 122

5-6a Sales Estimates 122

5-6b Competitive Assessment 123

5-6c Cost Estimates 123

5-7 Step 5: Select Specific Target Markets 124

5-8 Developing Sales Forecasts 124

5-8a Executive Judgment 124

5-8b Surveys 125

5-8c Time Series Analysis 125

5-8d Regression Analysis 126

5-8e Market Tests 126

5-8f Using Multiple Forecasting Methods 126

Chapter Review 127
 Developing Your Marketing Plan 128
 Key Concepts 128

Issues for Discussion and Review 129
Video Case 5 Mike Boyle Wants Customers Who
 Want to Train 129

PART 3 CUSTOMER BEHAVIOR AND E-MARKETING 131

Chapter 6: Consumer Buying Behavior 132

Marketing Insights: Frito-Lay Measures Consumer Response to Its Traditional and New Snack Products 133

6-1 Consumer Buying Decision Process 134

- 6-1a Problem Recognition 135
- 6-1b Information Search 135
- 6-1c Evaluation of Alternatives 136
- 6-1d Purchase 136
- 6-1e Postpurchase Evaluation 137

6-2 Types of Consumer Decision Making and Level of Involvement 137

- 6-2a Types of Consumer Decision Making 137
- 6-2b Consumer Level of Involvement 138

6-3 Situational Influences on the Buying Decision Process 139

6-4 Psychological Influences on the Buying Decision Process 141

- 6-4a Perception 141
- 6-4b Motives 142

Going Green: Green Eileen Recycles by Resale or Reuse 144

- 6-4c Learning 144
- 6-4d Attitudes 145
- 6-4e Personality and Self-Concept 147
- 6-4f Lifestyles 147

6-5 Social Influences on the Buying Decision Process 148

- 6-5a Roles 148
- 6-5b Family Influences 148
- 6-5c Reference Groups 149
- 6-5d Digital Influences 150

Digital Marketing: CoverGirl Signs Social Media Influencers 151

- 6-5e Opinion Leaders 151
- 6-5f Social Classes 152
- 6-5g Culture and Subcultures 152

6-6 Consumer Misbehavior 155

Chapter Review 156

Developing Your Marketing Plan 157

Key Concepts 157

Issues for Discussion and Review 158

Video Case 6 How Ford Drives Future Innovation 158

Chapter 7: Business Markets and Buying Behavior 160

Marketing Insights: Facebook Targets Businesses 161

7-1 Business Markets 162

- 7-1a Producer Markets 162

- 7-1b Reseller Markets 163

- 7-1c Government Markets 164

Entrepreneurship in Marketing: Picky Pyykkonen and the One Milk to Rule Them All 164

- 7-1d Institutional Markets 165

7-2 Industrial Classification Systems 166

7-3 Dimensions of Business Customers and Business Transactions 167

- 7-3a Characteristics of Transactions with Business Customers 168
- 7-3b Attributes of Business Customers 168
- 7-3c Primary Concerns of Business Customers 169

Going Green: Reduce, Reuse, Recycle, Repeat 171

- 7-3d Methods of Business Buying 171

- 7-3e Types of Business Purchases 172

- 7-3f Demand for Business Products 172

7-4 Business Buying Decisions 174

- 7-4a The Buying Center 174

- 7-4b Stages of the Business Buying Decision Process 175

- 7-4c Influences on the Business Buying Decision Process 177

7-5 Reliance on the Internet and other Technology 178

Chapter Review 180

Developing Your Marketing Plan 181

Key Concepts 181

Issues for Discussion and Review 182

Video Case 7 Will Apple Pay Pay Off for Retailers? 182

Chapter 8: Reaching Global Markets 184

Marketing Insights: Netflix Stream Becomes a Global River 185

8-1 The Nature of Global Marketing Strategy 186

8-2 Environmental Forces in Global Markets 187

- 8-2a Sociocultural Forces 187

- 8-2b Economic Forces 188

- 8-2c Political, Legal, and Regulatory Forces 190

- 8-2d Ethical and Social Responsibility Forces 192

Going Green: Greenhouse Gas Emissions: China Takes its Foot Off the Pedal 193

- 8-2e Competitive Forces 194

- 8-2f Technological Forces 195

8-3 Regional Trade Alliances, Markets, and Agreements 196

- 8-3a The North American Free Trade Agreement (NAFTA) 196

- 8-3b The European Union (EU) 197

- Emerging Trends in Marketing: IKEA: "African IKEA" Is Knocking on Your Door! 198**
- 8-3c The Southern Common Market (MERCOSUR) 198
 - 8-3d The Asia-Pacific Economic Cooperation (APEC) 199
 - 8-3e Association of Southeast Asian Nations (ASEAN) 200
 - 8-3f The World Trade Organization (WTO) 200
- 8-4 Modes of Entry into International Markets 201**
- 8-4a Importing and Exporting 201
 - 8-4b Licensing and Franchising 202
 - 8-4c Contract Manufacturing 203
 - 8-4d Joint Ventures 204
 - 8-4e Direct Ownership 204
- 8-5 Customization Versus Globalization of International Marketing Mixes 205**
- Chapter Review 207*
- Developing Your Marketing Plan 208*
- Key Concepts 209*
- Issues for Discussion and Review 209*
- Video Case 8 Alibaba and Global e-Commerce: Should Amazon Be Afraid? 209**

Chapter 9: Digital Marketing and Social Networking 212

- Marketing Insights: ipsis Has Beauty "Bagged" 213**
- 9-1 Defining Digital Marketing 214
 - 9-2 Growth and Benefits of Digital Marketing 215

9-3 Types of Consumer-Generated Marketing and Digital Media 216

- 9-3a Social Media Marketing 217
 - 9-3b Blogs and Wikis 220
- Emerging Trends in Marketing: Social Media Challenges: Fraudsters and Fake News 221**
- 9-3c Media-Sharing Sites 221
 - 9-3d Mobile Devices 223
 - 9-3e Applications and Widgets 224

Entrepreneurship in Marketing: The Virtual Grocery Cart: Instacart 226

9-4 Monitoring Digital Media Behaviors of Consumers 226

- 9-4a Online Monitoring and Analytics 226

9-5 E-Marketing Strategy 228

- 9-5a Product Considerations 229
- 9-5b Pricing Considerations 229
- 9-5c Distribution Considerations 230
- 9-5d Promotion Considerations 230

9-6 Ethical and Legal Issues 231

- 9-6a Privacy 232
- 9-6b Online Fraud 233
- 9-6c Intellectual Property and Illegal Activity 234

Chapter Review 235

Developing Your Marketing Plan 236

Key Concepts 236

Issues for Discussion and Review 237

Video Case 9 Zappos Drives Sales through Relationship Building on Social Media 237

PART 4 PRODUCT AND PRICE DECISIONS 239

Chapter 10: Product, Branding, and Packaging Concepts 240

Marketing Insights: What Are Technics and Shinola? Old and New Retro Brands 241

10-1 What Is a Product? 242

Emerging Trends in Marketing: Hello, Siri, Alexa, Cortana, and Google 243

10-2 Classifying Products 244

- 10-2a Consumer Products 244
- 10-2b Business Products 247

10-3 Product Line and Product Mix 248

10-4 Product Life Cycles and Marketing Strategies 249

- 10-4a Introduction 249
- 10-4b Growth 250
- 10-4c Maturity 251
- 10-4d Decline 252

10-5 Product Adoption Process 253

10-6 Branding 254

- 10-6a Value of Branding 255
- 10-6b Brand Equity 256
- 10-6c Types of Brands 257
- 10-6d Selecting a Brand Name 258
- 10-6e Protecting a Brand 259
- 10-6f Branding Policies 260

- 10-6g Brand Extensions 261

- 10-6h Co-Branding 261

- 10-6i Brand Licensing 262

10-7 Packaging 263

- 10-7a Packaging Functions 263

Digital Marketing: Inside Unboxing Videos 263

- 10-7b Major Packaging Considerations 264

- 10-7c Packaging and Marketing Strategy 264

- 10-7d Altering the Package 264

10-8 Labeling 265

Chapter Review 266

Developing Your Marketing Plan 268

Key Concepts 268

Issues for Discussion and Review 268

Video Case 10 GaGa: Not Just a Lady 269

Chapter 11 Developing and Managing Goods and Services 270

Marketing Insights: Different Cars, Different Product Positioning at Hyundai 271

11-1 Managing Existing Products 272

- 11-1a Line Extensions 272

- 11-1b Product Modifications 273

11-2 Developing New Products 274

11-2a	Idea Generation	275
11-2b	Screening	276
11-2c	Concept Testing	276
11-2d	Business Analysis	277
11-2e	Product Development	277
11-2f	Test Marketing	278
11-2g	Commercialization	279
Entrepreneurship in Marketing: How Safe Is Your Phone? Maybe Leather, Linen, and Wood Can Help 280		
11-3 Product Differentiation through Quality, Design, and Support Services 281		
11-3a	Product Quality	281
11-3b	Product Design and Features	282
11-3c	Product Support Services	283
Digital Marketing: Starbucks Brews Up Mobile Order-and-Pay 283		
11-4 Product Positioning and Repositioning 284		
11-4a	Perceptual Mapping	284
11-4b	Bases for Positioning	285
11-4c	Repositioning	285
11-5 Product Deletion 286		
11-6 Managing Services 287		
11-6a	Nature and Importance of Services	287
11-6b	Characteristics of Services	288
11-6c	Developing and Managing Marketing Mixes for Services	291
11-6d	Development of Services	292
11-6e	Pricing of Services	293
11-6f	Distribution of Services	294
11-6g	Promotion of Services	295
11-7 Organizing to Develop and Manage Products 296		
<i>Chapter Review</i> 297		
<i>Developing Your Marketing Plan</i> 298		
<i>Key Concepts</i> 298		
<i>Issues for Discussion and Review</i> 298		
Video Case 11 <i>How Sriracha Became a Hot Product</i> 299		

Chapter 12: Pricing Concepts and Management 300

Marketing Insights: At Disney, Prices are in Tiers, Guests are Not 301

12-1 Development of Pricing Objectives 302		
12-1a	Survival	303
12-1b	Profit	303
12-1c	Return on Investment	303
12-1d	Market Share	303
12-1e	Cash Flow	304
12-1f	Status Quo	304
12-1g	Product Quality	304
12-2 Assessment of the Target Market's Evaluation of Price 305		
12-3 Analysis of Demand 305		
12-3a	Demand Curves	305
Entrepreneurship in Marketing: Growing Gwynnie Bee 306		
12-3b	Demand Fluctuations	306
12-3c	Assessing Price Elasticity of Demand	307
12-4 Demand, Cost, and Profit Relationships 308		
12-4a	Marginal Analysis	309
12-4b	Break-Even Analysis	312
12-5 Evaluation of Competitors' Prices 313		
12-6 Selection of a Basis for Pricing 313		
12-6a	Cost-Based Pricing	314
12-6b	Demand-Based Pricing	315
12-6c	Competition-Based Pricing	315
12-7 Selection of a Pricing Strategy 316		
12-7a	New-Product Pricing	316
12-7b	Differential Pricing	317
12-7c	Psychological Pricing	318
12-7d	Product-Line Pricing	319
12-7e	Promotional Pricing	320
12-8 Determination of a Specific Price 321		
Emerging Trends: How Much Should a Life-Saving Product Cost? 321		
12-9 Pricing for Business Markets 322		
12-9a	Geographic Pricing	322
12-9b	Transfer Pricing	322
12-9c	Discounting	322
<i>Chapter Review</i> 323		
<i>Developing Your Marketing Plan</i> 325		
<i>Key Concepts</i> 326		
<i>Issues for Discussion and Review</i> 326		
Video Case 12 <i>Warby Parker Puts Affordable Eyewear in Focus</i> 326		

PART 5 DISTRIBUTION DECISIONS 329

Chapter 13: Marketing Channels and Supply-Chain Management 330

Marketing Insights: Seizing the Moment: Marketing Channels for Championship Gear 331

13-1 Foundations of the Supply Chain 332

13-2 The Role of Marketing Channels in Supply Chains 333

13-2a The Significance of Marketing Channels 334

13-2b	Types of Marketing Channels	336
Digital Marketing: REI Urges Customers to #OptOutside 337		
13-2c	Selecting Marketing Channels	340
13-3 Intensity of Market Coverage 342		
13-3a	Intensive Distribution	342
13-3b	Selective Distribution	343
13-3c	Exclusive Distribution	343

Entrepreneurship in Marketing: Meet Kemar Newell, Founder of Flip 344

13-4 Strategic Issues in Marketing Channels 344

- 13-4a Competitive Priorities in Marketing Channels 344
- 13-4b Channel Leadership, Cooperation, and Conflict 345
- 13-4c Channel Integration 347

13-5 Physical Distribution in Supply-Chain Management 348

- 13-5a Order Processing 350
- 13-5b Inventory Management 351
- 13-5c Materials Handling 352
- 13-5d Warehousing 352
- 13-5e Transportation 354

13-6 Legal Issues in Channel Management 356

- 13-6a Restricted Sales Territories 356
- 13-6b Tying Agreements 356
- 13-6c Exclusive Dealing 357
- 13-6d Refusal to Deal 357

Chapter Review 357

Developing Your Marketing Plan 359

Key Concepts 360

Issues for Discussion and Review 360

Video Case 13 Taza Cultivates Channel Relationships with Chocolate 361

Chapter 14: Retailing, Direct Marketing, and Wholesaling 362

Marketing Insights: Target Puts Its Bulls-Eye on College Campuses and on Urban Areas 363

14-1 Retailing 364

14-2 Major Types of Retail Stores 365

- 14-2a General-Merchandise Retailers 365

Emerging Trends: Stores Inside Stores 367

- 14-2b Specialty Retailers 369

14-3 Strategic Issues in Retailing 371

- 14-3a Location of Retail Stores 371
- 14-3b Retail Technology 373

Digital Marketing: Domino's AnyWare for Ordering Anywhere 374

- 14-3c Retail Positioning 375

- 14-3d Store Image 375

- 14-3e Category Management 376

14-4 Direct Marketing, Direct Selling, and Vending 376

- 14-4a Direct Marketing 376

- 14-4b Direct Selling 378

- 14-4c Automatic Vending 379

14-5 Franchising 380

14-6 Wholesaling 381

- 14-6a Services Provided by Wholesalers 382

- 14-6b Types of Wholesalers 382

Chapter Review 386

Developing Your Marketing Plan 388

Key Concepts 388

Issues for Discussion and Review 389

Video Case 14 Sephora: Brick or Click or App 389

PART 6 PROMOTION DECISIONS 391

Chapter 15: Integrated Marketing Communications 392

Marketing Insights: Toyota Camry Finds the Key to Integrated Marketing 393

15-1 The Nature of Integrated Marketing Communications 394

15-2 The Communication Process 395

15-3 The Role and Objectives of Promotion 398

- 15-3a Create Awareness 399
- 15-3b Stimulate Demand 400
- 15-3c Encourage Product Trial 400
- 15-3d Identify Prospects 401
- 15-3e Retain Loyal Customers 401
- 15-3f Facilitate Reseller Support 402
- 15-3g Combat Competitive Promotional Efforts 402
- 15-3h Reduce Sales Fluctuations 402

15-4 The Promotion Mix 403

- 15-4a Advertising 403
- 15-4b Personal Selling 404
- 15-4c Public Relations 405
- 15-4d Sales Promotion 406

15-5 Selecting Promotion Mix Elements 407

- 15-5a Promotional Resources, Objectives, and Policies 407

- 15-5b Characteristics of the Target Market 407

Entrepreneurship in Marketing: Dollar Shave Club's Razor-Sharp Marketing 408

- 15-5c Characteristics of the Product 408

- 15-5d Costs and Availability of Promotional Methods 409

- 15-5e Push and Pull Channel Policies 409

15-6 The Growing Importance of Word-of-Mouth Communications 410

Emerging Trends in Marketing: Picture This: The Success of Product Placement 412

15-7 Product Placement 413

15-8 Criticisms and Defenses of Promotion 414

Chapter Review 414

Developing Your Marketing Plan 416

Key Concepts 416

Issues for Discussion and Review 416

Video Case 15 Frank Pepe's Pizzeria Napoletana Uses Positive Word of Mouth to Remain a Premiere Pizzeria 417

Chapter 16: Advertising and Public Relations 418

Marketing Insights: Beloved Spokescharacters Imbue Brands with Personalities 419

16-1 The Nature and Types of Advertising 420

Emerging Trends in Marketing: The Rise of Native Advertising 422

16-2 Developing an Advertising Campaign 423

16-2a Identifying and Analyzing the Target Audience 423

16-2b Defining the Advertising Objectives 424

16-2c Creating the Advertising Platform 425

16-2d Determining the Advertising Appropriation 426

16-2e Developing the Media Plan 427

16-2f Creating the Advertising Message 430

16-2g Executing the Campaign 433

16-2h Evaluating Advertising Effectiveness 433

16-3 Who Develops the Advertising Campaign? 434

16-4 Public Relations Tools 435

16-4a Public Relations Tools 436

Going Green: Patagonia Advertising: Don't Buy This Jacket 437

16-5 Evaluating Public Relations Effectiveness 438

Chapter Review 439

Developing Your Marketing Plan 440

Key Concepts 440

Issues for Discussion and Review 441

Video Case 16 *Scripps Networks Interactive: An Expert at Connecting Advertisers with Programming 441*

Chapter 17: Personal Selling and Sales Promotion 444

Marketing Insights: Salesforce.com Sold on Stakeholder Satisfaction 445

17-1 The Nature of Personal Selling 446

17-2 Steps of the Personal Selling Process 447

17-2a Prospecting 448

17-2b Preapproach 448

17-2c Approach 449

17-2d Making the Presentation 449

17-2e Overcoming Objections 450

17-2f Closing the Sale 450

17-2g Following Up 450

Endnotes 472

Glossary 511

Name Index 522

Company Index 527

Subject Index 531

AVAILABLE ONLY ONLINE:

Appendix A: Financial Analysis in Marketing

Appendix B: Sample Marketing Plan

Appendix C: Careers in Marketing

17-3 Types of Salespeople 450

17-3a Sales Structure 450

17-3b Support Personnel 451

Entrepreneurship in Marketing: Tastefully Simple: Taking a Bigger Bite into Family Meal Planning 451

17-4 Team and Relationship Selling 452

17-4a Team Selling 452

17-4b Relationship Selling 453

17-5 Managing the Sales Force 453

17-5a Establishing Sales-Force Objectives 454

17-5b Determining Sales-Force Size 454

17-5c Recruiting and Selecting Salespeople 455

Going Green: Virtual Savings: The Growth of Digital Coupons 455

17-5d Training Sales Personnel 456

17-5e Compensating Salespeople 457

17-5f Motivating Salespeople 458

17-5g Managing Sales Territories 460

17-5h Controlling and Evaluating Sales-Force Performance 461

17-6 The Nature of Sales Promotion 461

17-7 Consumer-Sales-Promotion Methods 462

17-7a Coupons and Cents-Off Offers 462

17-7b Money Refunds and Rebates 464

17-7c Shopper Loyalty and Frequent-User Incentives 464

17-7d Point-of-Purchase Materials and Demonstrations 465

17-7e Free Samples and Premiums 465

17-7f Consumer Contests, Consumer Games, and Sweepstakes 466

17-8 Trade-Sales-Promotion Methods 466

17-8a Trade Allowances 467

17-8b Cooperative Advertising and Dealer Listings 467

17-8c Free Merchandise and Gifts 468

17-8d Premium Money 468

17-8e Sales Contest 468

Chapter Review 468

Developing Your Marketing Plan 469

Key Concepts 470

Issues for Discussion and Review 470

Video Case 17 *Niederlander Organization Rewards the Audience 470*

preface

generic photo credit

THE IMPORTANCE OF MARKETING TO BUSINESS

The environment of marketing has significantly changed over the last few years. While this revision reflects these changes, the foundational concepts of marketing continue to be important. All business students need to understand how marketing activities and functions are necessary for success. The 8th edition of *Foundations of Marketing* has been revised to provide a complete understanding of marketing by engaging students in decision making. We use active learning through the use of examples, exercises, cases, and MindTap. MindTap is an online personalized teaching experience with relevant assignments that guide students to analyze, apply, and improve thinking, allowing skills and outcomes to be measured with ease.

Pride and Ferrell *Foundations of Marketing* facilitates students in mastering essential concepts. Therefore, evolving marketing areas such as digital marketing and social networking, marketing ethics and social responsibility, as well as major decision variables related to product, price, distribution, and promotion have received complete revision based on available research and marketing best practices. Examples and boxes have been replaced to be as up-to-date as possible.

We also provide numerous ancillary materials to aid in student comprehension of marketing concepts as well as for increasing instructor resources for teaching this important material. The MindTap materials include building a Marketing Plan, concept check quizzes in the reading, self-assessments, homework assignments, PowerPoint presentations, videos of real companies, role play and group project assignments, flashcards, and more! Additionally, on the instructor companion site, YouTube videos are available for each chapter with worksheets to engage students in applying concepts. Our marketing video case series enables students to learn about how real-world companies address marketing challenges. Our Marketing Plan activities and video program provide students with practical knowledge of the challenges and the planning process of launching a new product. Together these revisions and additional materials will assist students in gaining a full understanding of pertinent marketing practices.

The decline of established ways of shopping is changing the retailing landscape, promotion, and consumer engagement. As consumers change the way they purchase products, department stores such as Macy's are closing stores. About two-thirds of books, music, films, and office supplies are now purchased online. It is not just that consumers are shopping and obtaining product information online, but also that consumer behavior is changing. We have addressed these changes and recognize that it is not just shopping from home. Consumers are increasingly focused on trust, value, and convenience. They are more aware of the best place to obtain products they want.



JamesBrey/Gary Images

Specific details of this extensive revision are available in the transition guide in the *Instructor's Resource Manual*. We have also made efforts to improve all teaching ancillaries and student learning tools. PowerPoint presentations continue to be a very popular teaching device, and a special effort has been made to upgrade the PowerPoint program to enhance classroom teaching. The *Instructor's Manual* continues to be a valuable tool updated with engaging in-class activities and projects. The authors and publisher have worked together to provide a comprehensive teaching package and ancillaries that are unsurpassed in the marketplace.

The authors have maintained a hands-on approach to teaching this material and revising the text and its ancillaries. This results in an integrated teaching package and approach that is accurate, sound, and successful in reaching students. The outcome of this involvement fosters trust and confidence in the teaching package and in student learning outcomes. Student feedback regarding this textbook is highly favorable.

WHAT'S NEW TO THIS EDITION?

Our goal is to provide the most up-to-date content possible, including concepts, examples, cases, exercises, and data. Therefore, in this revision there are significant changes that make learning more engaging and interesting to the students. The following information highlights the types of changes that were made in this revision.

- **Foundational content.** Each chapter has been updated with the latest knowledge available related to frameworks, concepts, and academic research. These additions have been seamlessly integrated into the text. Many examples are new and a review of footnotes at the end of the chapters reveals where new content has been added. Most of the other examples have been updated.
- **Opening vignettes: *Marketing Insights*.** All of the chapter-opening vignettes are new. They are written to introduce the general content of each chapter by focusing on actual entrepreneurial companies and how they deal with real-world situations.
- **Boxed features.** Each chapter includes new or updated boxed features that highlight green marketing, marketing entrepreneurs, emerging trends in marketing, or controversial issues in marketing. The majority of the boxed features are new to this edition.
- **New Snapshot features.** All of the Snapshot features are new and engage students by highlighting interesting, up-to-date statistics that link marketing theory to the real world.

MARKETING INSIGHTS

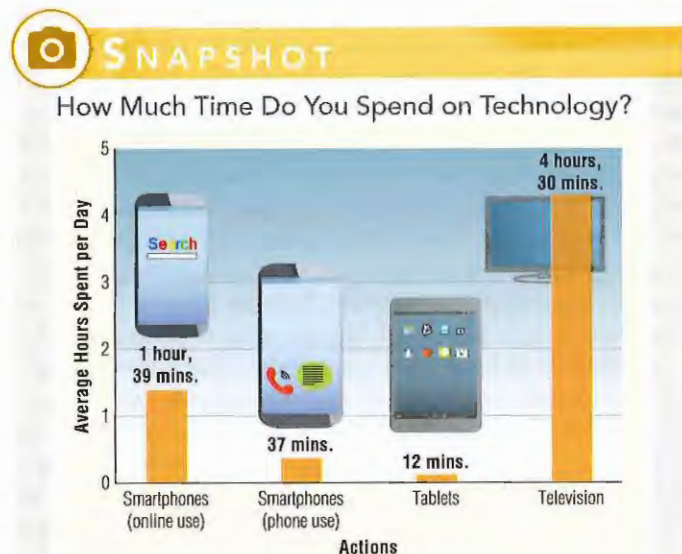
Airbnb: Home Sweet Home

Airbnb has come far in the 10 years it has been in business. The company started when founders Brian Chesky and Joe Gebbia turned their apartment into a bed and breakfast so they could afford to pay rent. The founders had identified an unmet customer need: the desire to stay in less expensive but homier lodgings. They launched the Airbnb website in 2007 to connect travelers to people in the area willing to rent out their couch or extra room. Like Uber, the car-sharing service, Airbnb embraces the sharing economy concept that promotes the sharing of underutilized human and physical resources. Airbnb does not own the rooms like Marriott or Hyatt but provides access to the owner's rooms.

The target market was initially conference attendees but soon expanded to all types of travelers. Today, Airbnb connects travelers to lodgings in 34,000 cities across 191 countries. Those who wish to rent an extra room or house can set their own prices, and Airbnb takes 3 percent of the booking price when the property is rented out. Therefore, Airbnb is facilitating an exchange between a buyer and a seller.

Despite its immense success, Airbnb believes it can create more value for more customers. It began to offer Business Travel on Airbnb to concentrate on corporate clients. Airbnb has signed up hundreds of businesses, including Google and Salesforce.com. It is especially popular among new employees who are being put up by an employer until they find a more permanent location.

Not all stakeholders are happy about Airbnb, however. Some cities and regulators believe Airbnb encourages owners of multiple properties to rent them in the short term rather than turning them into long-term residences—that causing a disruption in urban housing. However, Airbnb contends that creating customer value in the form of less expensive lodging for travelers and additional income for renters is a valuable service.

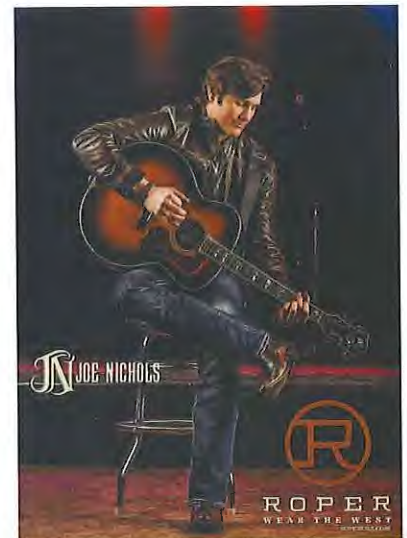



- **New research.** Throughout the text we have updated content with the most recent research that supports the frameworks and best practices for marketing.
- **New illustrations and examples.** New advertisements from well-known firms are employed to illustrate chapter topics. Experiences of real-world companies are used to exemplify marketing concepts and strategies throughout the text. Most examples are new or updated to include digital marketing concepts as well as several new sustainable marketing illustrations.
- **End-of-chapter video cases.** Each chapter contains one video case, profiling firms to illustrate concrete application of marketing concepts and strategies. Some of our video cases are new and others have been revised.
- **YouTube videos.** Each chapter has a YouTube video related to a concept. Student worksheets are available for application. These are all available on the instructor companion site.

FEATURES OF THE BOOK

As with previous editions, this edition of the text provides a comprehensive and practical introduction to marketing that is both easy to teach and to learn. *Foundations of Marketing* continues to be one of the most widely adopted introductory marketing textbooks in the world. We appreciate the confidence that adopters have placed in our textbooks and continue to work hard to make sure that, as in previous editions, this edition keeps pace with changes. The entire text is structured to excite students about the subject and to help them learn completely and efficiently.

- An *organizational model* at the beginning of each part provides a “road map” of the text and a visual tool for understanding the connections among various components.
- *Objectives* at the start of each chapter present concrete expectations about what students are to learn as they read the chapter.
- Every chapter begins with an *opening vignette*. This feature provides an example of the real world of marketing that relates to the topic covered in the chapter. After reading the vignette, the student should be motivated to want to learn more about concepts and strategies that relate to the varying topics. Students will be introduced to such companies as TOMS, Blue Apron, Netflix, Airbnb, and Hyundai.
- The *Emerging Trends* boxes cover such marketing phenomena as the Fair Trade movement, product placement, stores within department stores, and native advertising. Featured companies include Apple, Amazon, and EpiPen.



Promotion

Roper uses country music artist Joe Nichols to promote its western wear.



EMERGING TRENDS IN MARKETING

The Fair Trade Movement Explodes

Fair Trade–certified organizations require factories to meet different conditions. They must pay their workers a minimum wage in the country in which they are employed, with the intention of working toward a “livable wage.” A livable wage allows workers to afford basic necessities. Additionally, brands must pay a premium to factory workers. These premiums are placed in a collective bank account and are used for bonuses or to address community needs.

Traditionally, Fair Trade gained attention with commodities like coffee and cocoa. The Fair Trade trend is gaining traction among fashion and home furnishings. Many apparel and home furnishing brands have made a commitment to improve factory conditions. Consumers are embracing Fair Trade

apparel and home goods as well. For instance, during the back-to-school shopping season, Bed, Bath & Beyond quickly sold out of back-to-school supplies labeled as Fair Trade certified. This demonstrates consumers’ increased concern for how goods are manufactured.

In particular, Fair Trade certification focuses on improving the labor conditions of factory workers. Although Fair Trade certification costs brands 1 to 5 percent of what companies pay to factories, it is clear that demand is on the rise. Fair Trade apparel and home furnishings have increased fivefold in the past few years, spurring more factories to work toward achieving certification. Marketers monitoring the environment are finding the costs of Fair Trade well worth the benefits.⁴



GOING GREEN

Can Cleaners Be Greener?

Eco-friendly detergents are a major marketing battleground for Procter & Gamble and Unilever, two giants of the laundry industry. Procter & Gamble's detergent brands include Tide and Gain, while Unilever's well-known detergents include Surf and Omo. But in recent years, green brands such as Seventh Generation and Method have nibbled away at the market share of traditional detergents as more consumers switch to eco-friendly products. As a result of these shifts in market share and consumer behavior, both Unilever and Procter & Gamble have revamped their marketing strategies to go greener and maintain momentum in the profitable detergent industry.


Unilever purchased Seventh Generation in 2016, in line with its strategic vision of emphasizing a larger social purpose. This deal brought Unilever

a business unit with a healthy bottom line and an established green reputation. Seventh Generation gained access to Unilever's marketing and manufacturing muscle so it can expand even more rapidly as demand increases.

Meanwhile, Procter & Gamble launched Tide purclean, a green version of its ever-popular Tide detergent. This formula is biobased and produced in a zero-waste factory powered by renewable wind energy, adding to the product's green credentials. Because biobased ingredients aren't yet well known, Procter & Gamble must use its marketing to educate consumers, raise awareness, promote product trial, and encourage repeat purchasing. What's next for Procter & Gamble and Unilever in their high-stakes battle over detergent market share?

- The *Going Green* boxes introduce students to such topics as digital coupons, profiting from recycling, and green energy. Featured companies include Green Eileen, Walmart, Patagonia, and Procter & Gamble.

- The *Digital Marketing* features illustrate how organizations use social media and online marketing. Examples of organizations discussed include Facebook, Starbucks, Domino's, CoverGirl, and ReplyYes.




DIGITAL MARKETING

Digital Marketing Research Leads to Behavioral Advertising

It is no secret that online advertisers track consumer Internet activity and use the information to target ads toward each person's interests and preferences. These efforts used to be largely limited to individual websites tracking their own visitors. Now, however, technology enables the tracking of Internet users across sites. For example, every site with Facebook's "Like" button—as well as every smartphone app installed—sends Facebook information, which it then uses to target ads to its users.

Marketers claim this is a win-win for businesses and consumers. When ads are targeted to each user's behavior, users are more likely to see offerings in which they have an interest, improving their online experience. Targeted ads are also more efficient for businesses. Some privacy advocates, however, criticize the tracking of Internet users without their consent. Another concern is keeping information secure in a digital environment where hacking attempts are increasing. Privacy advocates therefore argue that behavioral advertising should be strictly regulated. Self-regulation is also an option. Facebook, for instance, now offers an online tool that allows users to opt out of having ads shown to them based on sites they have visited outside the social network.



ENTREPRENEURSHIP IN MARKETING

Blue Bottle Coffee: Not Your Typical Daily Grind

At John Freeman's Blue Bottle Coffee Company, headquartered in Oakland, California, coffee is more than a commodity. Blue Bottle embraces the third-wave movement, a movement that makes premium coffee into an exquisite experience of purity, flavor, and artanship, similar to wine and cigars. To show that this experience is worth paying for, Blue Bottle has adopted a different marketing style than that of traditional coffee shops or even Starbucks.

For example, the stores of Blue Bottle emphasize the coffee experience above all else. Beverages only come in one size. With the exception of its

Palo Alto location, stores do not have Wi-Fi so as to prevent distraction. Beans for each order are freshly ground and brewed from scratch right in front of the customer. The price: between \$4.00 and \$7.00 per cup.

While this may seem expensive for the average coffee lover, Blue Bottle shows that its niche target market is those who experience the quality and experience of coffee. Apparently, this market is growing—Blue Bottle has 33 locations worldwide with ongoing expansion plans in the works.

- The *Entrepreneurship in Marketing* feature focuses on the role of entrepreneurship and the need for creativity in developing successful marketing strategies by featuring successful entrepreneurial companies like Blue Bottle Coffee, Instacart, Pad & Quill, Dollar Shave Club, and Tastefully Simple.

- *Key term definitions* appear in the margins to help students build their marketing vocabulary.
- Figures, tables, photographs, advertisements, and Snapshot features increase comprehension and stimulate interest.
- A complete *chapter review* covers the major topics discussed and is organized based upon the chapter objectives.
- The list of key concepts provides another end-of-chapter study aid to expand students' marketing vocabulary.
- *Issues for discussion and review* at the end of each chapter encourage further study and exploration of chapter content
- The Marketing Applications are designed to facilitate students' comprehension of important topics and to enhance their critical thinking skills. Additional application questions have been included to help students quantify and apply marketing strategies. These questions have been developed based on a higher-level of thinking as related to Bloom's taxonomy. The primary purpose of these questions is to guide students from a basic knowledge of marketing concepts to application, analysis, and synthesis of marketing activities. The Marketing Applications appear online.

- The *Developing Your Marketing Plan* feature allows students to explore each chapter topic in relation to developing and implementing a marketing plan.
- Each chapter has an end-of-chapter video case to help students understand the application of chapter concepts. Some examples of companies highlighted in the cases are Ford, Apple Pay, Sephora, Alibaba, and Scripps Networks.
- *Appendices* discuss marketing career opportunities, explore financial analysis in marketing, and present a sample marketing plan. All of these appendices appear online on the instructor and student companion sites and in MindTap.
- A comprehensive *glossary* defines more than 600 important marketing terms.

TEXT ORGANIZATION

We have organized the six parts of *Foundations of Marketing* to give students a theoretical and practical understanding of marketing decision making.

Part 1 Strategic Marketing and Its Environment

In **Chapter 1**, we define marketing and explore several key concepts: customers and target markets, the marketing mix, relationship marketing, the marketing concept, and value-driven marketing. In **Chapter 2**, we look at an overview of strategic marketing topics, such as the strategic planning process; corporate, business-unit, and marketing strategies; the implementation of marketing strategies; performance evaluation of marketing strategies; and the components of the marketing plan. We examine competitive, economic, political, legal and regulatory, technological, and sociocultural forces as well as social responsibility and ethical issues in marketing decisions that can have profound effects on marketing strategies in **Chapter 3**.

Part 2 Marketing Research and Target Markets

In **Chapter 4**, we provide a foundation for analyzing buyers with a look at marketing information systems and the basic steps in the marketing research process. We look at elements that affect buying decisions to better analyze customers' needs and evaluate how specific marketing strategies can satisfy those needs. In **Chapter 5**, we deal with how to select and analyze target markets—one of the major steps in marketing strategy development.

Part 3 Customer Behavior and E-Marketing

We examine consumer buying decision processes and factors that influence buying decisions in **Chapter 6**. In **Chapter 7**, we explore business markets, business customers, the buying center, and the business buying decision process. **Chapter 8** focuses on the actions, involvement, and strategies of marketers that serve international customers. In **Chapter 9**, we discuss digital marketing, social media, and social networking.

Part 4 Product and Price Decisions

In **Chapter 10**, we introduce basic concepts and relationships that must be understood to make effective product decisions as well as branding, packaging, and labeling. We analyze a variety of dimensions regarding product management in **Chapter 11**, including line extensions and product modification, new-product development, product deletions, and the nature, importance, and characteristics of services. In **Chapter 12**, we initially discuss price and non-price competition. Then we analyze the eight stages of the process marketers use to establish prices. We explore a variety of pricing topics such as demand, elasticity, marginal analysis, break-even analysis, the basis for pricing, and pricing strategies.

Part 5 Distribution Decisions

In **Chapter 13**, we look at supply-chain management, marketing channels, and the decisions and activities associated with the physical distribution of products, such

as order processing, materials handling, warehousing, inventory management, and transportation. **Chapter 14** explores retailing and wholesaling, including types of retailers and wholesalers, direct marketing and selling, and strategic retailing issues.

Part 6 Promotion Decisions

We discuss integrated marketing communications in **Chapter 15**. The communication process and major promotional methods that can be included in promotion mixes are described. In **Chapter 16**, we analyze the major steps in developing an advertising campaign. We also define public relations and how it can be used. **Chapter 17** deals with personal selling and the role it can play in a firm's promotional efforts. We also explore the general characteristics of sales promotion and describe sales-promotion techniques.

A COMPREHENSIVE INSTRUCTIONAL RESOURCE PACKAGE

For instructors, this edition of *Foundations of Marketing* includes an exceptionally comprehensive package of teaching materials.

Instructor's Manual

The *Instructor's Manual* has been revamped to meet the needs of an engaging classroom environment. It has been updated with diverse and dynamic discussion starters, classroom activities, and group exercises. It includes such tools as:

- Quick Reference Guide to see the available key terms, overview of the learning objectives, and major topics in each chapter
- What's New in Each Chapter?
- Purpose Statement
- Integrated Lecture Outline
- Discussion Starter recommendations that encourage active exploration of the in-text examples
- Class Exercises, Semester Project Activities, and Chapter Quizzes
- Suggested Answers to end-of-chapter exercises, cases, and strategic cases

Test Bank

The test bank provides more than 3,000 test items including true/false, multiple-choice, and essay questions. Each objective test item is accompanied by the correct answer, appropriate Learning Objective, level of difficulty, Bloom's level of thinking, Interdisciplinary Learning Outcomes, and Marketing Disciplinary Learning Outcomes. Cengage Learning Testing Powered by Cognero is a flexible, online system that allows you to:

- Author, edit, and manage test bank content from multiple Cengage Learning solutions
- Create multiple test versions in an instant
- Deliver tests from your LMS, your classroom, or wherever you want

American Marketing Association Professional Certified Marketer®

The American Marketing Association has recently started offering marketing graduates the opportunity of adding the AMA PCM® credentials to their undergraduate or MBA degree, which can serve as a symbol of professional excellence that affirms mastery of marketing knowledge and commitment to quality in the practice of marketing. Certification, which is

voluntary, requires passing a rigorous and comprehensive exam and then maintaining your certification through continuing education. Earning your AMA PCM® certification demonstrates to employers, peers, and clients that you:

- Have mastered essential marketing knowledge and practices
- Go the extra mile to stay current in the marketing field
- Follow the highest professional standards

The AMA recommends Pride and Ferrell *Foundations of Marketing* as a suggested resource for AMA PCM® students to utilize as they prepare for taking the AMA PCM® Certification exam, and the text was used as a source to design the course and as a source for suitable examination questions. Now, more than ever, you need to stand out in the marketplace. AMA's Professional Certified Marketer (PCM®) program is the perfect way to showcase your expertise and set yourself apart.

To learn more about the American Marketing Association and the AMA PCM® exam, visit <https://www.ama.org/events-training/Certification/Pages/digital-marketing-certification.aspx>.

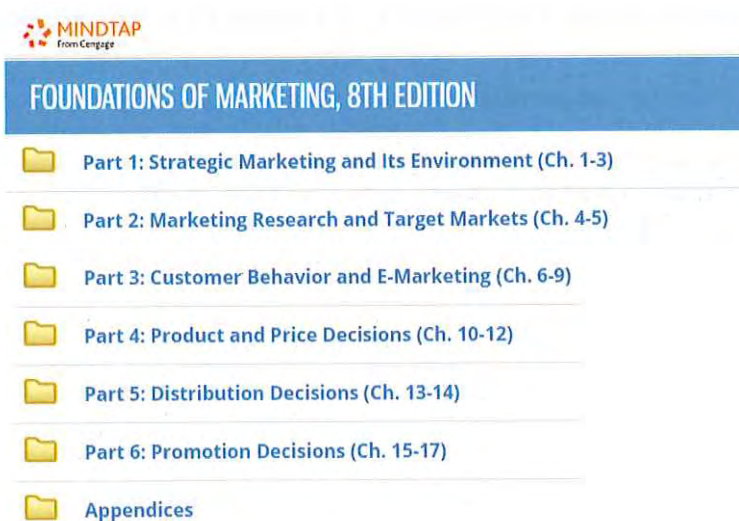
PowerPoint Slides

PowerPoint continues to be a very popular teaching device, and a special effort has been made to upgrade the PowerPoint program to enhance classroom teaching. Premium lecture slides, containing such content as advertisements, Web links, and unique graphs and data, have been created to provide instructors with up-to-date, unique content to increase student application and interest.

MindTap for Marketing

MindTap is a personalized teaching experience with relevant assignments that guide students to analyze, apply, and improve thinking, allowing them to measure skills and outcomes with ease.

- **Personalized Teaching:** Becomes yours with a learning path that is built with key student objectives. Control what students see and when they see it. Use it as-is or match to your syllabus exactly—hide, rearrange, add, and create your own content.
- **Guide Students:** A unique learning path of relevant readings, multimedia, and activities that move students up the learning taxonomy from basic knowledge and comprehension to analysis and application.
- **Promote Better Outcomes:** Empower instructors and motivate students with analytics and reports that provide a snapshot of class progress, time in course, and engagement and completion rates.





Marketing Video Case Series

This series contains videos specifically tied to the video cases found at the end of the book. The videos include information about exciting companies, such as New Belgium Brewing, Sephora, Huy Fong, and Warby Parker.

Authors' Website

The authors also maintain a website at <http://prideferrell.net> to provide video resources that can be used as supplements and class exercises. The videos have been developed as marketing labs with worksheets for students to use on observing the videos. Some of the videos are accessible through links, and there is also information on where some of the videos can be obtained.

Building a Marketing Plan

New to MindTap in this edition, the marketing plan has been expanded into six parts that walk students through the steps of building a marketing plan as they finish relevant content in the book. These flexible, modular assignments allow you to assign a complete marketing plan in stages—or pick only specific sections to assign. Featuring fill-in-the-blank response fields for quick review of student-provided information and corresponding templates for students to complete and upload, these assignments present a flexible, course-integrated way to give students experience thinking through and building out a marketing plan.

SUPPLEMENTS TO MEET STUDENT NEEDS

The MindTap has been updated with key features to help address your students' needs and engage them in the material. It is the digital learning solution that powers students from memorization to mastery by challenging students to apply what they have learned instead of just recalling the information with activities such as You Make the Decision and Group Project and Role Play video activities. It gives you complete control of your course—to provide engaging content, to challenge every individual, and to build their confidence.

Other MindTap activities include:

- Self-Assessments
- Concept Checks
- Adaptive Test Prep
- Flashcards
- PowerPoint slides
- And more!

YOUR COMMENTS AND SUGGESTIONS ARE VALUED

As authors, our major focus has been on teaching and preparing learning materials for introductory marketing students. We have traveled extensively to work with students and to understand the needs of professors of introductory marketing courses. We both teach introductory marketing courses on a regular basis and test the materials included in this book, test bank, and other ancillary materials to make sure they are effective in the classroom. Bill Pride has recently developed an online principles of marketing course using our book at Texas A&M University.

Through the years, professors and students have sent us many helpful suggestions for improving the text and ancillary components. We invite your comments, questions, and criticisms. We want to do our best to provide materials that enhance the teaching and learning of marketing concepts and strategies. Your suggestions will be sincerely appreciated. Please write us, or e-mail us at w-pride@tamu.edu or ocf0003@auburn.edu, or call 979-845-5857 (Bill Pride).

acknowledgments

Like most textbooks, this one reflects the ideas of many academicians and practitioners who have contributed to the development of the marketing discipline. We appreciate the opportunity to present their ideas in this book.

A number of individuals have made helpful comments and recommendations in their reviews of this or earlier editions. We appreciate the generous help of these reviewers:

Zafar U. Ahmed
Lebanese American University

Thomas Ainscough
University of South Florida

Sana Akili
U.S. Department of Commerce

Katrece Albert
Southern University

Joe F. Alexander
Belmont University

Mark I. Alpert
University of Texas at Austin

David M. Ambrose
University of Nebraska

David Andrus
Kansas State University

Linda K. Anglin
Minnesota State University

George Avellano
Central State University

Emin Babakus
University of Memphis

Siva Balasubramanian
Illinois Institute of Technology

Joseph Ballenger
Stephen F. Austin State University

Frank Barber
Cuyahoga Community College

Joseph Barr
Framingham State College

Thomas E. Barry
Southern Methodist University

Richard C. Becherer
University of Tennessee–Chattanooga

Walter H. Beck, Sr.
Reinhardt College

Russell Belk
York University

John Bennett
University of Missouri–Columbia

W. R. Berdine
California State Polytechnic Institute

Karen Berger
Pace University

Stewart W. Bither
Pennsylvania State University

Roger Blackwell
Blackwell Business Advisors

Nancy Bloom
Nassau Community College

Paul N. Bloom
Duke University

James P. Boespflug
Arapahoe Community College

Joseph G. Bonnici
Central Connecticut State University

John Boos
Ohio Wesleyan University

Peter Bortolotti
Johnson & Wales University

Chris D. Bottomley
Ocean County College

Jenell Bramlage
University of Northwestern Ohio

James Brock
Pacific Lutheran University

John R. Brooks, Jr.
Houston Baptist University

John Buckley
Orange County Community College

Pat J. Calabros
University of Texas–Arlington

- Linda Calderone
*State University of New York College of
Technology at Farmingdale*
- Joseph Cangelosi
University of Central Arkansas
- William J. Carner
University of Texas–Austin
- Nancy M. Carr
Community College of Philadelphia
- James C. Carroll
University of Central Arkansas
- Terry M. Chambers
Westminster College
- Lawrence Chase
Tompkins Cortland Community College
- Larry Chonko
University of Texas at Arlington
- Ernest F. Cooke
Loyola College–Baltimore
- Robert Copley
University of Louisville
- Robert Corey
West Virginia University
- Deborah L. Cowles
Virginia Commonwealth University
- William L. Cron
Texas Christian University
- Gary Cutler
Dyersburg State Community College
- Bernice N. Dandridge
Diablo Valley College
- Sally Dibb
Open University
- Katherine Dillon
Ocean County College
- Ralph DiPietro
Montclair State University
- Paul Dishman
Utah Valley University
- Casey L. Donoho
Northern Arizona University
- Todd Donovan
Colorado State University
- Kent Drummond
University of Wyoming
- Tinus Van Drunen
University Twente (Netherlands)
- Robert F. Dwyer
University of Cincinnati
- Roland Eyears
Central Ohio Technical College
- Cheryl A. Fabrizi
*Broome Community College, State Univer-
sity of New York*
- Kathleen Ferris-Costa
Bridgewater State University
- James Finch
University of Wisconsin–La Crosse
- Renée Florsheim
Loyola Marymount University
- Charles W. Ford
Arkansas State University
- John Fraedrich
Southern Illinois University, Carbondale
- Terry Gabel
Monmouth College
- Robert Garrity
University of Hawaii
- Geoffrey L. Gordon
Northern Illinois University
- Sharon F. Gregg
Middle Tennessee University
- Charles Gross
University of New Hampshire
- John Hafer
University of Nebraska at Omaha
- David Hansen
Texas Southern University
- Richard C. Hansen
Ferris State University
- Nancy Hanson-Rasmussen
University of Wisconsin–Eau Claire
- Robert R. Harmon
Portland State University
- Michael Hartline
Florida State University
- Salah S. Hassan
George Washington University
- Manoj Hastak
American University
- Dean Headley
Wichita State University
- Esther Headley
Wichita State University

- Debbora Heflin-Bullock
California State Polytechnic University–Pomona
- Tony Henthorne
University of Nevada, Las Vegas
- Charles L. Hilton
Eastern Kentucky University
- Elizabeth C. Hirschman
Rutgers, State University of New Jersey
- Charlie Hofacker
Florida State University
- Deloris James
Howard University
- Ron Johnson
Colorado Mountain College
- Theodore F. Jula
Stonehill College
- Peter F. Kaminski
Northern Illinois University
- Jerome Katrichis
University of Hartford
- Garland Keesling
Towson University
- James Kellaris
University of Cincinnati
- Alvin Kelly
Florida A&M University
- Sylvia Keyes
Bridgewater State College
- William M. Kincaid, Jr.
Oklahoma State University
- Hal Koenig
Oregon State University
- Kathleen Krentler
San Diego State University
- John Krupa, Jr.
Johnson & Wales University
- Barbara Lafferty
University of South Florida
- Patricia Laidler
Massasoit Community College
- Bernard LaLonde
Ohio State University
- Richard A. Lancioni
Temple University
- Geoffrey P. Lantos
Stonehill College
- Charles L. Lapp
University of Texas at Dallas
- Virginia Larson
San Jose State University
- John Lavin
Waukesha County Technical Institute
- Marilyn Lavin
University of Wisconsin Whitewater
- Hugh E. Law
East Tennessee State University
- Monle Lee
Indiana University–South Bend
- Ron Lennon
University of South Florida–Sarasota-Manatee
- Richard C. Leventhal
Ashford University
- Marilyn L. Liebrez-Himes
George Washington University
- Terry Loe
Kennesaw State University
- Mary Logan
Global University
- Paul Londrigan
Mott Community College
- Anthony Lucas
Community College of Allegheny County
- George Lucas
U.S. Learning, Inc.
- William Lundstrom
Cleveland State University
- Rhonda Mack
College of Charleston
- Stan Madden
Baylor University
- Patricia M. Manninen
North Shore Community College
- Gerald L. Manning
Des Moines Area Community College
- Lalita A. Manrai
University of Delaware
- Franklyn Manu
Morgan State University
- Allen S. Marber
University of Bridgeport
- Gayle J. Marco
Robert Morris College

- Carolyn A. Massiah
University of Central Florida
- James McAlexander
Oregon State University
- Donald McCartney
University of Wisconsin–Green Bay
- Jack McNiff
*State University of New York College of
Technology at Farmington*
- Lee Meadow
Eastern Illinois University
- Jeffrey A. Meier
Fox Valley Technical College
- Marilyn Martin Melchiorre
College of Idaho
- James Meszaros
County College of Morris
- Brian Meyer
Minnesota State University
- Martin Meyers
University of Wisconsin–Stevens Point
- Stephen J. Miller
Oklahoma State University
- Carol Morris-Calder
Loyola Marymount University
- David Murphy
Madisonville Community College
- Keith Murray
Bryant University
- Sue Ellen Neeley
University of Houston–Clear Lake
- Carolyn Y. Nicholson
Stetson University
- Francis L. Notturmo, Sr.
Owens Community College
- Terrence V. O'Brien
Northern Illinois University
- James R. Ogden
Kutztown University of Pennsylvania
- Shannon Ogden
Black River Technical College
- Lois Bitner Olson
San Diego State University
- Robert S. Owen
Texas A&M University—Texarkana
- David P. Paul III
Monmouth University
- Terry Paul
Ohio State University
- Teresa Pavia
University of Utah
- John Perrachione
Truman State University
- Lana Podolak
*Community College of Beaver
County*
- William Presutti
Duquesne University
- Daniel Rajaratnam
University of Texas at Dallas
- Mohammed Rawwas
University of Northern Iowa
- James D. Reed
Louisiana State University–Shreveport
- John Reed
University of New Mexico
- William Rhey
Florida Southern College
- Glen Riecken
College of Charleston
- Ed Riordan
Wayne State University
- Bruce Robertson
San Francisco State University
- Robert A. Robicheaux
University of Alabama–Birmingham
- Linda Rose
Westwood College Online
- Bert Rosenbloom
Drexel University
- Robert H. Ross
Wichita State University
- Tom Rossi
Broome Community College
- Vicki Rostedt
The University of Akron
- Catherine Roster
University of New Mexico
- Don Roy
Middle Tennessee State University
- Catherine Ruggieri
St. John's University
- Rob Salamida
SUNY Broome Community College

- Ronald Schill
Middlebury Institute of International Studies at Monterey
- Bodo Schlegelmilch
Vienna University of Economics and Business Administration
- Edward Schmitt
Villanova University
- Donald Sciglimpaglia
San Diego State University
- Stanley Scott
University of Alaska—Anchorage
- Beheruz N. Sethna
University of West Georgia
- Abhay Shah
Colorado State University—Pueblo
- Morris A. Shapero
Eckerd College
- Mark Siders
Southern Oregon University
- Carolyn F. Siegel
Eastern Kentucky University
- Lyndon Simkin
University of Reading
- Roberta Slater
Cedar Crest College
- Paul J. Solomon
University of South Florida
- Sheldon Somerstein
City University of New York
- Eric R. Spangenberg
University of Mississippi
- Rosann L. Spiro
Indiana University
- William Staples
University of Houston—Clear Lake
- Carmen Sunda
University of New Orleans
- Crina Tarasi
Central Michigan University
- Ruth Taylor
Texas State University
- Steven A. Taylor
Illinois State University
- Ira Teich
Lander College for Men
- Debbie Thorne
Texas State University
- Sharynn Tomlin
Angelo State University
- James Underwood
University of Louisiana—Lafayette
- Barbara Unger
Western Washington University
- Dale Varble
Indiana State University
- Bronis Verhage
Georgia State University
- R. “Vish” Viswanathan Iyer
University of Northern Colorado
- Kirk Wakefield
Baylor University
- Harlan Wallingford
Pace University
- Jacquelyn Warwick
Andrews University
- James F. Wenthe
Georgia College
- Sumner M. White
Massachusetts Bay Community College
- Janice Williams
University of Central Oklahoma
- Alan R. Wiman
Rider College
- John Withey
St. Edwards University

We would like to thank Charlie Hofacker and Michael Hartline, both of Florida State University, for many helpful suggestions and insights in developing the chapter on digital marketing and social networking. Michael Hartline also assisted in the development of the marketing plan outline and provided suggestions throughout the text. In this edition we also appreciate a review and helpful comments from Martin Key for the Digital Marketing chapter. Catherine Roster, University of New Mexico, and Marty Meyers, University of Wisconsin—Stevens Point, provided important assistance in revising “Marketing Research and Information Systems,” “Consumer Buying Behavior,” and “Digital Marketing and Social Networking.”

We thank Gwyn Walters and Kelsey Reddick for their research and editorial assistance in the revision of the chapters. In addition, Kelsey Reddick revised the *Instructor's Manual*. We appreciate the efforts of Marian Wood and Jennifer Sawayda for developing and revising a number of boxed features and cases. We deeply appreciate the assistance of Fatima Wood, Marilyn Ayala, Brenda Aram, Jessica Minks, Jaime Mitash, Clarissa Means, Amy Handlin, and Susan Leshnower for providing editorial technical assistance and support.

We express appreciation for the support and encouragement given to us by our colleagues at Texas A&M University and Auburn University. We are also grateful for the comments and suggestions we received from our own students, student focus groups, and student correspondents who provided feedback through the website.

A number of talented professionals at Cengage Learning and Integra have contributed to the development of this book. We are especially grateful to Erin Joyner, Mike Schenk, Bryan Gambrel, Heather Mooney, Allie Janneck, Jean Buttrom, John Rich, Stephanie Hall, Bethany Casey, Katie Jergens, Tawny Schaad, and Megan Fischer. Their inspiration, patience, support, and friendship are invaluable.

William M. Pride

O. C. Ferrell

about the authors

William M. Pride is Professor of Marketing, Mays Business School, at Texas A&M University. He received his PhD from Louisiana State University. In addition to this text, he is the co-author of Cengage Learning's *Business MindTap* and *Foundations of Business*, market leaders. Dr. Pride has taught Principles of Marketing and other marketing courses for more than 40 years at both the undergraduate and graduate levels.

Dr. Pride's research interests are in advertising, promotion, and distribution channels. His research articles have appeared in major journals in the fields of marketing, such as the *Journal of Marketing*, the *Journal of Marketing Research*, the *Journal of the Academy of Marketing Science*, and the *Journal of Advertising*.

Dr. Pride is a member of the American Marketing Association, Academy of Marketing Science, Society for Marketing Advances, and the Marketing Management Association. He has received the Marketing Fellow Award from the Society for Marketing Advances and the Marketing Innovation Award from the Marketing Management Association. Both of these are lifetime-achievement awards.

O. C. Ferrell is the James T. Pursell Sr. Eminent Scholar in Ethics and Director of the Center for Ethical Organizational Cultures, Auburn University. He served as the Distinguished Professor of Leadership and Ethics at Belmont University and University Distinguished Professor of Marketing in the Anderson School of Management at University of New Mexico. He has also been on the faculties of the University of Wyoming, Colorado State University, University of Memphis, Texas A&M University, Illinois State University, and Southern Illinois University. He received his PhD in Marketing from Louisiana State University.

He is past president of the Academic Council of the American Marketing Association and chaired the American Marketing Association Ethics Committee. Under his leadership, the committee developed the AMA Code of Ethics and the AMA Code of Ethics for Marketing on the Internet. In addition, he is a former member of the Academy of Marketing Science Board of Governors and is a Society of Marketing Advances and Southwestern Marketing Association Fellow and an Academy of Marketing Science Distinguished Fellow. He was the vice president of publications and is president-elect of the Academy of Marketing Science. He was the first recipient of the Marketing Education Innovation Award from the Marketing Management Association. He received a Lifetime Achievement Award from the Macromarketing Society and a special award for service to doctoral students from the Southeast Doctoral Consortium. He received the Harold Berkman Lifetime Service Award from the Academy of Marketing Science and more recently the Cutco/Vector Distinguished Marketing Educator Award.

Dr. Ferrell is the co-author of 20 books and more than 100 published articles and papers. His articles have been published in the *Journal of Marketing Research*, the *Journal of Marketing*, the *Journal of Business Ethics*, the *Journal of Business Research*, the *Journal of the Academy of Marketing Science*, and the *Journal of Public Policy & Marketing*, as well as other journals.