

Preface

The Twelfth Edition—Creating More Value for You!

The goal of *Principles of Marketing*, twelfth edition, is to introduce new marketing students to the fascinating world of modern marketing in an innovative yet practical and enjoyable way. Like any good marketer, we're out to create more value for you, *our* customer. We've poured over every page, table, figure, fact, and example in an effort to make this the best text from which to learn about and teach marketing.

Today's marketing is all about creating customer value and building profitable customer relationships. It starts with understanding consumer needs and wants, deciding which target markets the organization can serve best, and developing a compelling value proposition by which the organization can win, keep, and grow targeted consumers. If an organization does these things well, it will reap the rewards in terms of market share, profits, and customer equity.

Marketing is much more than just an isolated business function—it is a philosophy that guides the entire organization. The marketing department cannot create customer value and build profitable customer relationships by itself. This is a companywide undertaking that involves broad decisions about who the company wants as its customers, which needs to satisfy, what products and services to offer, what prices to set, what communications to send, and what partnerships to develop. Marketing must work closely with other company departments and with other organizations throughout its entire value-delivery system to delight customers by creating superior customer value.

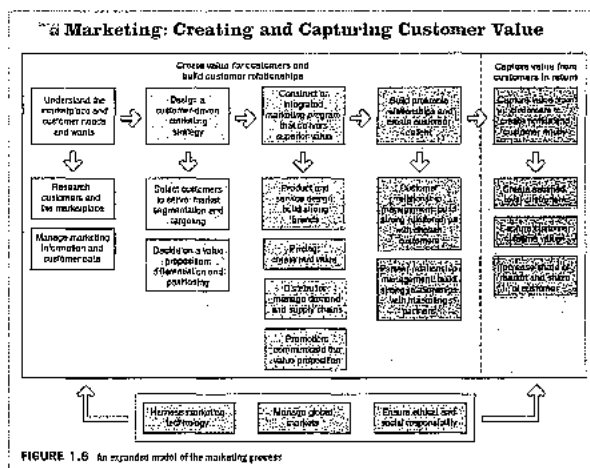
Marketing: Creating Customer Value and Relationships

From beginning to end, *Principles of Marketing* develops an innovative customer-value and customer-relationships framework that captures the essence of today's marketing.

Five Major Value Themes

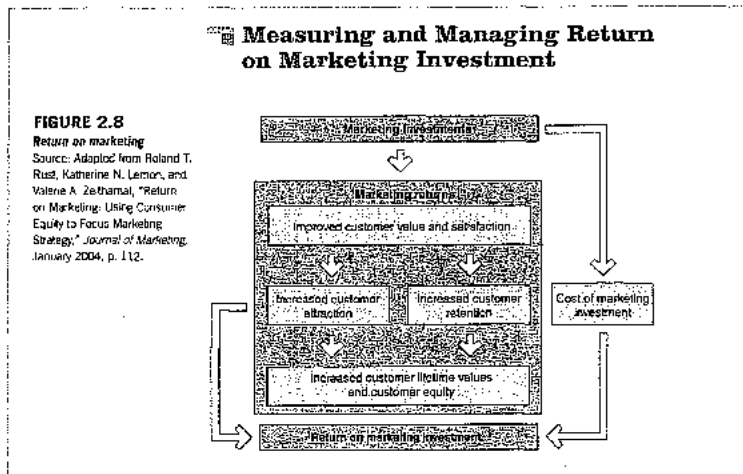
The twelfth edition builds on five major value themes:

- Creating value for customers in order to capture value from customers in return. Today's marketers must be good at *creating customer value* and *managing customer relationships*. They must attract targeted customers with strong value propositions. Then, they must keep and grow customers by delivering superior customer value and effectively managing the company-customer interface. Today's outstanding marketing companies understand the marketplace and customer needs, design value-creating marketing strategies, develop integrated marketing programs that deliver customer value and delight, and build strong customer relationships. In return, they capture value from customers in the form of sales, profits, and customer loyalty.



This innovative *customer-value framework* is introduced at the start of Chapter 1 in a five-step marketing process model, which details how marketing *creates* customer value and *captures* value in return. The framework is carefully explained in the first two chapters, providing students with a solid foundation. The framework is then integrated throughout the remainder of the text.

- **Building and managing strong, value-creating brands.** Well-positioned brands with strong brand equity provide the basis upon which to build customer value and profitable customer relationships. Today's marketers must position their brands powerfully and manage them well.
- **Managing return on marketing to recapture value.** In order to capture value from customers in return, marketing managers must be good at measuring and managing the return on their marketing investments. They must ensure that their marketing dollars are being well spent.



In the past, many marketers spent freely on big, expensive marketing programs, often without thinking carefully about the financial and customer response returns on their spending. But all that is changing rapidly. Measuring and managing return on marketing investments has become an important part of strategic marketing decision making.

- **Harnessing new marketing technologies.** New digital and other high-tech marketing developments are dramatically changing how marketers create and communication customer value. Today's marketers must know how to leverage new computer, information, communication, and distribution technologies to connect more effectively with customers and marketing partners in this digital age.

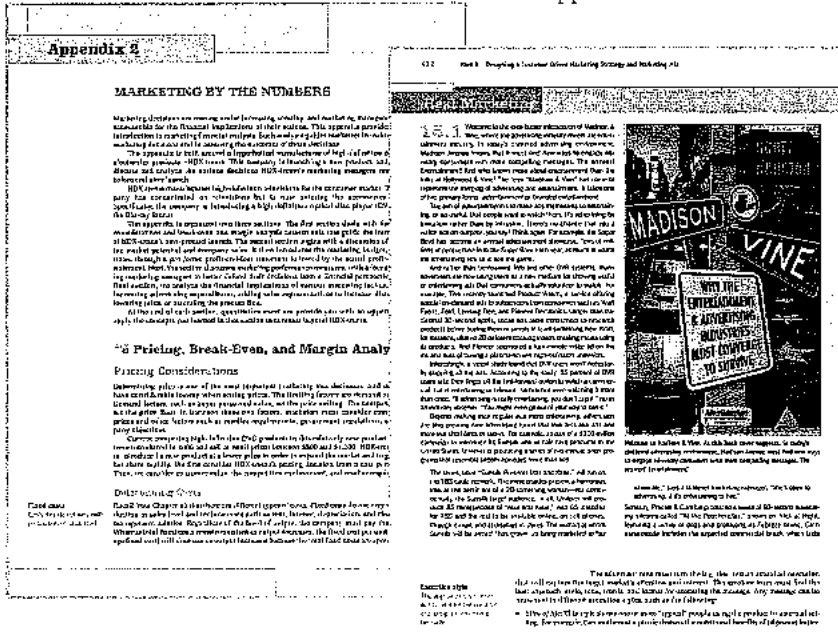
- **Marketing in a socially responsible way around the globe.** As technological developments make the world an increasingly smaller place, marketers must be good at marketing their brands globally and in socially responsible ways that create not just short-term value for individual customers but also long-term value for society as a whole.

Important Changes and Additions

We've thoroughly revised the twelfth edition of *Principles of Marketing* to reflect the major trends and forces impacting marketing in this era of customer value and relationships. Here are just some of the major changes you'll find in this edition.

- This new edition builds on and extends the innovative **customer-value framework** from previous editions. No other marketing text presents such a clear and comprehensive customer-value approach.
- The integrated marketing communications chapters have been completely restructured to reflect sweeping shifts in how today's marketers communicate value to customers.
 - A newly revised Chapter 14—**Communicating Customer Value**—addresses today's **shifting integrated marketing communications model**. It tells how marketers are now adding a host new-age media—everything from interactive TV and the Internet to iPods and cell phones to reach targeted customers with more personalized messages.
 - Advertising and public relations are now combined in Chapter 15, which includes important new discussions on "Madison & Vine" (the merging of advertising and entertainment to break through the clutter), return on advertising, and other important topics. A restructured Chapter 16 now combines personal selling and sales promotion.
 - The new Chapter 17—**Direct and Online Marketing**—provides focused new coverage of direct marketing and its fastest-growing arm, marketing on the Internet. The new chapter includes a section on new digital direct-marketing technologies, such as mobile phone marketing, podcasts and vodcasts, and interactive TV.

- We've revised the pricing discussions in Chapter 10—Pricing: Understanding and Capturing Customer Value. It now focuses on **customer-value-based pricing**—on understanding and capturing customer value as the basis for setting and adjusting prices. The revised chapter includes new discussions of “good-value” and “value-added” pricing strategies, dynamic pricing, and competitive pricing considerations.
- In line with the text's emphasis on **measuring and managing return on marketing**, we've added a new Appendix 2: Marketing by the Numbers. This comprehensive new appendix introduces students to the marketing financial analysis that helps to guide, assess, and support marketing decisions in this age of marketing accountability. The Return on Marketing section in Chapter 2 has also been revised, and we've added return on advertising and return on selling discussions in later chapters.



- Chapter 9 contains a new section on managing new-product development, covering new customer-driven, team-based, holistic new-product development approaches.
- Chapter 5 (Consumer Behavior) provides a new discussion on “online social networks” that tells how marketers are tapping digital online networks such as YouTube, MySpace, and others to build stronger relationships between their brands and customers.

The twelfth edition also includes new and expanded material on a wide range of other topics, including managing customer relationships and CRM, brand strategy and positioning, SWOT analysis, data mining and data networks, ethnographic consumer research, marketing and diversity, generational marketing, buzz marketing, services marketing, supplier satisfaction and partnering, environmental sustainability, cause-related marketing, socially responsible marketing, global marketing strategies, and much, much more.

Countless new examples have been added within the running text. All tables, examples, and references throughout the text have been thoroughly updated. The twelfth edition of *Principles of Marketing* contains mostly new photos and advertisements that illustrate key points and make the text more effective and appealing. All new or revised company cases and many new video cases help to bring the real world directly into the classroom. The text even has a new look, with freshly designed figures. We don't think you'll find a fresher, more current, or more approachable text anywhere.

Real Value through Real Marketing

Principles of Marketing features in-depth, real-world examples and stories that show concepts in action and reveal the drama of modern marketing. In the twelfth edition, every chapter-opening vignette and Real Marketing highlight has been updated or replaced to provide fresh and relevant insights into real marketing practices. Learn how:

- NASCAR creates avidly loyal fans by selling not just stock car racing but a high-octane, totally involving experience
- Best Buy builds the right relationships with the right customers by going out of its way to attract and keep profitable “angel” customers while exorcizing unprofitable “demons”
- Nike’s “just do it!” marketing strategy has matured as this venerable market leader has moved from maverick to mainstream

- Harrah's, the world's largest casino operator, maintains a vast customer database and uses CRM to manage day-to-day customer relationships and build customer loyalty
- Dunkin' Donuts targets the "Dunkin' Tribe"—not the Starbucks snob but the average Joe

The collage features several key elements:

- Top Left:** A graphic with the number '7' and the text 'Presenting the Concepts'.
- Top Center:** A title 'Customer-Driven Marketing Strategy: Creating Value for Target Customers'.
- Top Right:** A Dunkin' Donuts logo on a dark background.
- Bottom Left:** A Staples advertisement for an 'easy' button, with the text 'Now there's an easy button for your business. It's called Staples.' and 'Staples' logo.
- Bottom Center/Right:** Various snippets of text, including 'Objections' and 'The Staples that are real'.

- Tiny niche Bike Friday creates customer evangelists—delighted customers who can't wait to tell others about the company
- Apple Computer founder Steve Jobs used dazzling customer-driven innovation to first start the company and then to remake it again 20 years later
- Staples held back its now-familiar "Staples: That was easy" repositioning campaign for more than a year. First, it had to *live* the slogan.
- Ryanair—Europe's original, largest, and most profitable low-fares airline—appears to have found a radical new pricing solution: Fly free!

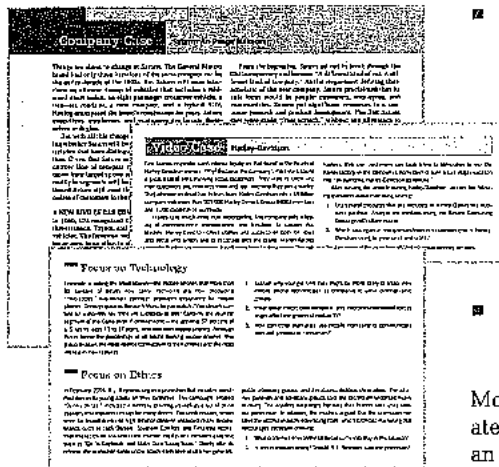
- The NBA has become one of today's hottest global brands, jamming down one international slam dunk after another
- Dove—with its Campaign for Real Beauty campaign featuring candid and confident images of real women of all types—is on a bold mission to create a broader and healthier view of beauty

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

Valuable Learning Aids

A wealth of chapter-opening, within-chapter, and end-of-chapter learning devices help students to learn, link, and apply major concepts:

- **Previewing the Concepts.** 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.
- **Chapter-opening marketing stories.** Each chapter begins with an engaging, deeply developed marketing story that introduces the chapter material and sparks student interest.
- **Real Marketing highlights.** Each chapter contains two highlight features that provide an in-depth look at real marketing practices of large and small companies.
- **Reviewing the Concepts.** A summary at the end of each chapter reviews major chapter concepts and chapter objectives.
- **Reviewing the Key Terms.** Key terms are highlighted within the text, clearly defined in the margins of the pages in which they first appear, and listed at the end of each chapter.
- **Discussing the Concepts and Applying the Concepts.** Each chapter contains a set of discussion questions and application exercises covering major chapter concepts.
- **Focus on Technology.** Application exercises at the end of each chapter provide discussion on important and emerging marketing technologies in this digital age.
- **Focus on Ethics.** Situation descriptions and questions highlight important issues in marketing ethics at the end of each chapter.



- **Company Cases.** All new or revised company cases for class or written discussion are provided at the end of each chapter. These cases challenge students to apply marketing principles to real companies in real situations.
- **Video Shorts.** Short vignettes and discussion questions appear at the end of every chapter, to be used with the set of 4- to 7-minute videos that accompany this edition.
- **Marketing Plan appendix.** Appendix 1 contains a sample marketing plan that helps students to apply important marketing planning concepts.
- **Marketing by the Numbers appendix.** A new Appendix 2 introduces students to the marketing financial analysis that helps to guide, assess, and support marketing decisions.

More than ever before, the twelfth edition of *Principles of Marketing* creates value for you—it gives you all you need to know about marketing in an effective and enjoyable total learning package!

A Valuable Supplements Package

A successful marketing course requires more than a well-written book. Today's classroom requires a dedicated teacher and a fully integrated teaching system. A total package of teaching and learning supplements extends this edition's emphasis on creating value for both the student and instructor. The following aids support *Principles of Marketing*.

Supplements for Instructors

The following supplements are available to adopting instructors.

Instructor's Manual with Video Case Notes (ISBN: 0-13-239003-5)

The instructor's handbook for this text provides suggestions for using features and elements of the text. This *Instructor's Manual* includes a chapter overview, objectives, a detailed lecture outline (incorporating key terms, text art, chapter objectives, and references to various pedagogical elements), and support for end-of-chapter material. Also included within each chapter is a section that offers barriers to effective learning, student projects/assignments, as well as an outside example, all of which provide a springboard for innovative learning experiences in the classroom. Video Case Notes, offering a brief summary of each segment, along with answers to the case questions in the text, as well as teaching ideas on how to present the material in class are also offered in the *Instructor's Manual*.

Visit the Instructor's Resource Center Online (www.prenhall.com/irc) for these additional elements:

- "Professors on the Go!" serves to bring key material upfront in the manual, where an instructor who is short on time can take a quick look and find key points and assignments to incorporate into the lecture, without having to page through all the material provided for each chapter.
- Annotated Instructor's Notes, which serve as a quick reference for the entire supplements package. Suggestions for using materials from the *Instructor's Manual*, PowerPoint slides, Test Item File, Video Library, and online material are offered for each section within every chapter.
- More Quantitative Exercises, based on the concepts covered in Appendix 2: Marketing by the Numbers. An additional set of exercises are offered here, not found in the textbook. Suggested answers are provided as well.

Test Item File (ISBN: 0-13-239004-3)

Featuring more than 3,000 questions, 175 questions per chapter, this Test Item File has been written specifically for the twelfth edition. Each chapter consists of multiple-choice, true/false,

short-answer, and essay questions, with page references and difficulty level provided for each question. New to this edition is the introduction of small-business cases, offering ten essay questions per chapter. Additionally, the questions are offered in two categories—General Concept and Application. The application questions provide real-life situations that take students beyond basic chapter concepts and vocabulary and ask them to apply their newly learned marketing skills.

Instructor's Resource Center

Register. Redeem. Login.

The Web site www.prenhall.com/irc is where instructors can access a variety of print, media, and presentation resources available with this text in downloadable, digital format. For most texts, resources are also available for course management platforms such as Blackboard, WebCT, and Course Compass.

It gets better. Once you register, you will not have additional forms to fill out or multiple usernames and passwords to remember to access new titles and/or editions. As a registered faculty member, you can log in directly to download resource files and receive immediate access and instructions for installing Course Management content to your campus server.

Need help? Our dedicated technical support team is ready to assist instructors with questions about the media supplements that accompany this text. Visit 247.prenhall.com/ for answers to frequently asked questions and toll-free user support phone numbers.

All instructor resources in one place. It's your choice. Available via a password-protected site at www.prenhall.com/kotler or on CD-ROM (0-13-239007-8). Resources include:

- *Instructor's Manual*: View chapter-by-chapter or download the entire manual as a .zip file.
- *Test Item File*: View chapter-by-chapter or download the entire test item file as a .zip file.
- *TestGen EQ for PC/Mac*: Download this easy-to-use software; it's preloaded with the twelfth edition test questions and a user's manual.
- *Image bank (on CD only)*: Access many of the images, ads, and illustrations featured in the text. Ideal for PowerPoint customization.
- *PowerPoints*: When it comes to PowerPoints, Prentice Hall knows one size does not fit all. That's why we offer instructors more than one option.

PowerPoint BASIC: This simple presentation includes only basic outlines and key points from each chapter. No animation or forms of rich media are integrated, which makes the total file size manageable and easier to share online or via e-mail. BASIC was also designed for instructors who prefer to customize PowerPoints and want to be spared from having to strip out animation, embedded files, or other media rich features.

PowerPoint MEDIA RICH (on CD only): This media-rich alternative includes basic outlines and key points from each chapter, plus advertisements and art from the text, images not included in the text, discussion questions, Web links, and embedded video snippets from the accompanying video library. This is the best option for a complete presentation solution. Instructors can further customize this presentation using the image library featured on the Instructor's Resource Center on CD-ROM.

PowerPoints for Classroom Response Systems (CRS): These Q&A style slides are designed for classrooms using "clickers" or classroom response systems. Instructors who are interested in making CRS a part of their course should contact their Prentice Hall representative for details and a demonstration. CRS is a fun and easy way to make your classroom more interactive.

- *Online Courses*: See OneKey below. Compatible with BlackBoard and WebCT.

TestGen Test Generating Software

Prentice Hall's test-generating software is available from the *IRC Online* (www.prenhall.com/kotler) or from the *IRC on CD-ROM*.

- PC/Mac compatible; preloaded with all of the Test Item File questions.
- Manually or randomly view test bank questions and drag -and drop to create a test.

- Add or modify test bank questions using the built-in Question Editor.
- Print up to 25 variations of a single test and deliver the test on a local area network using the built-in QuizMaster feature.
- Free customer support is available at media.support@pearsoned.com or call 1-800-6-PROFESSOR between 8:00 a.m. and 5:00 p.m. CST.

Custom Videos

The video library features 20 exciting segments for this edition. All segments are available online (www.prenhall.com/kotlervideo), on VHS (ISBN: 0-13-239012-4), and on DVD (ISBN: 0-13-239011-6). Here are just a few of the videos offered:

- GE and pricing strategies
- Harley-Davidson and how brand image is managed through global marketing strategies
- NineMSN and its strategies in direct marketing
- American Express and the modern marketing environment
- The NFL and the importance of social responsibility
- Eaton's approach to B2B issues, including buyer behavior
- Hasbro's views on distribution channels and logistics management
- Wild Planet's strategies in the consumer markets

Transparencies (ISBN: 0-13-239006-X)

Features 15 to 20 color acetates per chapter selected from the media-rich set of PowerPoints, which includes images from the text.

AdCritic.com



Prentice Hall and AdAge are bringing the most current ads and commentary from advertising experts into your classroom. Only Prentice Hall can offer students 16 weeks of access to a special AdCritic.com site that includes AdAge's encyclopedia of articles at a deeply discounted rate. An access code is available only when shrink-wrapped with a Prentice Hall text, so be sure and specify the appropriate package with your local bookstore in advance. Please visit www.prenhall.com/marketing for a tour of the AdCritic site.

Supplements for Students

OneKey

Available through Course Compass, Blackboard, and WebCT, classroom resources for students are available in one spot. Resources include:



- Quizzing for review
- Case Pilot to aid in analyzing cases
- Marketing Toolkit: Interactive Modules to aid in review of understanding key concepts
- Marketing Updates: Bringing current articles to the classroom
- Critical Thinking Problems
- Learning Modules
- Much more

OneKey requires an access code, which professors can ask to be shrink-wrapped with new copies of this text. Please contact your local sales representative for the correct ISBN. Codes may also be purchased separately at www.prenhall.com/marketing.

Study Guide (ISBN: 0-13-238987-8)

The twelfth edition study guide provides students on the go with a valuable resource. It consists of detailed chapter outlines, student exercises, plus exercises correlated to award-winning print advertisements. There is also a section providing suggested answers for all

exercises, offering the students feedback on their responses. The study guide can be packaged at a low cost with new copies of this text. The study guide can also be purchased separately at www.prenhall.com/marketing.

Companion Website

The Web site www.prenhall.com/kotler offers two student quizzes per chapter. The Concept Check Quiz is to be administered prior to reviewing the chapter, in order to assess the student's initial understanding. The Concept Challenge Quiz is to be administered after reviewing the chapter.

More Valuable Resources

Announcing SafariX Textbooks Online—Where the Web meets textbooks for student savings!



Principles of Marketing, twelfth edition, is also available as a WebBook! SafariX WebBooks offer study advantages no print textbook can match. With an Internet-enhanced SafariX WebBook, students can search the entire text for key concepts; navigate easily to a page number, reading assignment, or chapter; or bookmark important pages or sections for quick review at a later date. Some key features:

- Digital textbook delivery that saves students off the print edition's suggested list price
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- Easy navigation, which makes finding pages and completing assignments easy and efficient
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This exciting new wireless polling technology makes classrooms, no matter how large or small, even more interactive because it enables instructors to pose questions to their students, record results, and display those results instantly. Students answer questions using compact remote-control-style transmitters. Prentice Hall has partnerships with leading classroom response systems providers and can show you everything you need to know about setting up and using a CRS system. We'll provide the classroom hardware, software, and support and show you how your students can save.

- Enhance interactivity
- Capture attention
- Get instant feedback
- Access comprehension

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- *Key Terms*: Audio “flashcards” to help you review key concepts and terms
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