CHAPTER 1


2. As quoted to Carolyn P. Neal, "From the Editor," Marketing Management, January/February 2006, p. 3.


CHAPTER 2


17. The four Ps classification was first suggested by E. Jerome McCarthy, Basic Marketing: A Managerial Approach (Homewood, IL: Irwin, 1960). For the 7Cs, other proposed classifications, and more discussion, see Robert Lauterborn, "New Marketing Literacy: 4P's Pass: 7-C's Take Over," Advertising Age, October 1, 1980, p. 26; Don E. Schultze, "New Definition of Marketing Reinforces Idea of

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19. This Web site provides continuously updated projections of the U.S. and world populations.


**CHAPTER 8**


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9. See Frederick E. Webster, Jr., and Yoram Wind, Organizational Buying Behavior, pp. 35-37.


CHAPTER 7


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4. See Daniel Roth, “The Trophy Life,” Fortune, April 19,

5. For more on marketing places, see Philip Kotler, Donald


8. See Roland T. Rust, Christine Moorman, and Peter R. Dickson.


11. For these and other examples, see Lee Gomes, “To Design Away Tears, SAP assorted to Make Simpler Software,” Wall Street Journal, June 21, 2006, p. B1; Lisa Chambers,


14. For these and other examples, see Susan Hamner.


18. Information accessed online at www.marketing.com, October)

19. Information about Colgate's product lines accessed at


22. David C. Belle and Morris H. Crook, “Does an Ab


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7. Ibid., p. 75.
9. Examples adapted from those found in Carol Ebenkamp, "It’s Like Cheers and Jeers, Only for..."


**CHAPTER 10**


11. Here accumulated production is drawn on a semilog scale so that equal distances represent the same percentage increase in output.

12. The arithmetic of markups and margins is discussed in Appendix 2, "Marketing by the Numbers."


**CHAPTER 11**


7. See Nagle and Hogan, The Strategy and Tactics of Pricing, pp. 244-247; Stefan Strearmarch and Gerard J. Tellis.


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2. Based on information from Stephanie Thompson and Kack Noff, "Retailer Revolt Causes $400M Loss at Revlon," Advertising Age, July 17, 2005, p. 32.


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2. The first four of these definitions are adapted from Peter D. Bennett, The AMA Dictionary of Marketing Terms, 2nd ed. (New York: McGraw-Hill, 1995). Other definitions can be found at www.marketingpower.com/live/mg-dictionary.php, August 2008.


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5. For more on this and other methods for determining sales force size, see William L. Cron and Thomas E. DeCarlo, Sales Management, 9th ed. (New York: John Wiley & Sons, 2006), pp. 84-85.


12. Quotes and other information in this section on super salespeople are from Geofrey Buzan, "Mind Reading: Who Drives Top Salespeople to Greatness?" Sales &
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19. For extensive discussions of sales force automation, see the May 2005 issue of Industrial Marketing Management, which is devoted to the subject.


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34. “JupiterResearch Forecasts Online Retail Spending Will Reach $144 Billion in 2010, a CAGR of 12% from 2005,” February 6, 2006, accessed at www.jupitermedia.com/corporate/releases/06.02.06-newjupiterresearch.html.


47. See information from the Top-Line Metrics section of www.iab.net.


49. Adapted from information found in Carol Krol, ““Look...
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13. For more discussion, see Philip Kotler and Kevin Lane Keller, Marketing Management, 12th ed., chap. 11.

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CHAPTER 20


The breakeven volume equation can also be derived from the basic profit equation. At the breakeven point, profit is equal to zero, and it is best to separate fixed and variable costs: 0 = \( (P \times Q) - TFC - (Q \times UVC) \). Solving for \( Q \) gives \( Q = \frac{TFC}{P - UVC} \).

As in the previous note, this equation is derived from the basic profit equation. However, unlike the break-even calculation, in which profit was set to equal zero, we set the profit equal to the dollar profit goal: Dollar profit goal = \( (P \times Q) - TFC - (Q \times UVC) \). Solving for \( Q \) gives \( Q = \frac{TFC + \text{dollar profit goal}}{P - UVC} \).

Again, using the basic profit equation, we set profit equal to ROI \( \times I \): \( \text{ROI} \times I = \frac{(P \times Q) - TFC - (Q \times UVC)}{I} \). Solving for \( Q \) gives \( Q = \frac{TFC + (\text{ROI} \times I)}{P - UVC} \).

As in previous notes, the contribution margin of 21% was based on variable costs representing 79% of sales. Therefore, if we do not know price, we can set it equal to $1.00. If price equals $1.00, 79 cents represents variable costs and 21 cents represents unit contribution. If price is decreased by 10%, the new price is $0.90. However, variable costs do not change just because price decreased, so the unit contribution and contribution margin decrease as follows:

<table>
<thead>
<tr>
<th>Old</th>
<th>New (reduced 10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$1.00</td>
</tr>
<tr>
<td>- Unit variable cost</td>
<td>$0.79</td>
</tr>
<tr>
<td>- Unit contribution</td>
<td>$0.21</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>$0.21/$1.00 = 0.21 or 21%</td>
</tr>
</tbody>
</table>

3. The breakeven volume equation can also be derived from the basic profit equation. At the breakeven point, profit is equal to zero, and it is best to separate fixed and variable costs: 0 = \( (P \times Q) - TFC - (Q \times UVC) \). Solving for \( Q \) gives \( Q = \frac{TFC}{P - UVC} \).

4. As in the previous note, this equation is derived from the basic profit equation. However, unlike the break-even calculation, in which profit was set to equal zero, we set the profit equal to the dollar profit goal: Dollar profit goal = \( (P \times Q) - TFC - (Q \times UVC) \). Solving for \( Q \) gives \( Q = \frac{TFC + \text{dollar profit goal}}{P - UVC} \).

5. Again, using the basic profit equation, we set profit equal to ROI \( \times I \): \( \text{ROI} \times I = \frac{(P \times Q) - TFC - (Q \times UVC)}{I} \). Solving for \( Q \) gives \( Q = \frac{TFC + (\text{ROI} \times I)}{P - UVC} \).

6. Again, using the basic profit equation, we set profit equal to 25% of sales, which is 0.25 \( \times P \times Q \): 0.25 \( \times P \times Q = \frac{(P \times Q) - TFC - (Q \times UVC)}{I} \). Solving for \( Q \) gives \( Q = \frac{TFC + (0.25 \times P - UVC)}{P - UVC} \).


11. Total contribution can also be determined from the unit contribution and unit volume. Total contribution = unit contribution \( \times \) unit sales. Total units sold in 2006 were 207,619 units, which can be determined by dividing total sales by price per unit ($100 million + $336). Total contribution = $70 contribution per unit \( \times \) 207,619 units = $20,833,330 (difference due to rounding).

12. Recall that the contribution margin of 21% was based on variable costs representing 79% of sales. Therefore, if we do not know price, we can set it equal to $1.00. If price equals $1.00, 79 cents represents variable costs and 21 cents represents unit contribution. If price is decreased by 10%, the new price is $0.90. However, variable costs do not change just because price decreased, so the unit contribution and contribution margin decrease as follows: