

Applications in Basic Marketing

Clippings from the Popular
Business Press

2004-2005
Edition



William D. Perreault, Jr.

E. Jerome McCarthy

Applications in Basic Marketing

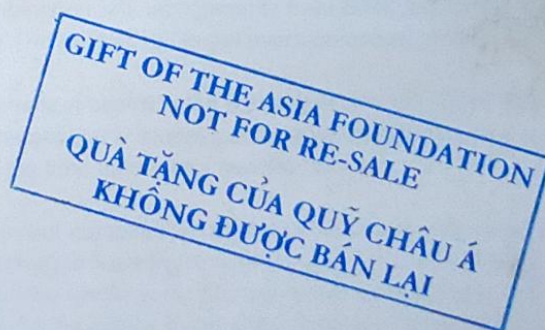
Clippings from the Popular Business Press

2004-2005 Edition

William D. Perreault, Jr.
University of North Carolina

and

E. Jerome McCarthy
Michigan State University



**Mc
Graw
Hill** **McGraw-Hill
Irwin**

Boston Burr Ridge, IL Dubuque, IA Madison, WI New York San Francisco St. Louis
Bangkok Bogotá Caracas Kuala Lumpur Lisbon London Madrid Mexico City
Milan Montreal New Delhi Santiago Seoul Singapore Sydney Taipei Toronto



APPLICATIONS IN BASIC MARKETING:

CLIPPINGS FROM THE POPULAR BUSINESS PRESS 2004-2005 EDITION

Published by McGraw-Hill/Irwin, a business unit of The McGraw-Hill Companies, Inc., 1221 Avenue of the Americas, New York, NY, 10020. Copyright © 2005 by The McGraw-Hill Companies, Inc. All rights reserved. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of The McGraw-Hill Companies, Inc., including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

This book is printed on acid-free paper.

2 3 4 5 6 7 8 9 0 QPD/QPD 0 9 8 7 6 5 4

ISBN 0-07-286470-2

ISSN 1099-5579

Publisher: *John E. Biernat*

Executive editor: *Linda Schreiber*

Coordinating editor: *Lin Davis*

Managing developmental editor: *Nancy Barbour*

Marketing manager: *Danial Silverburg*

Media producer: *Craig Atkins*

Senior project manager: *Christine A. Vaughan*

Manager, new book production: *Heather D. Burbridge*

Director of design: *Keith J. McPherson*

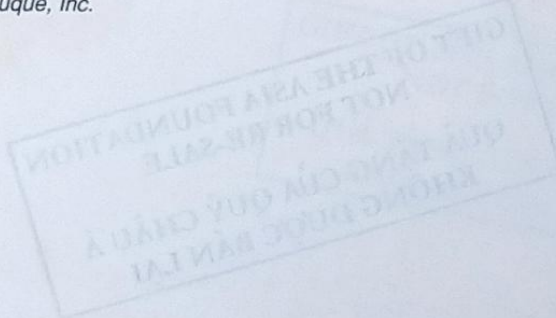
Lead supplement producer: *Cathy Tepper*

Senior digital content specialist: *Brian Nacik*

Compositor: *Electronic Publishing Services, Inc., TN*

Printer: *Quebecor World Dubuque, Inc.*

www.mhhe.com



Preface

This is the fifteenth annual edition of *Applications in Basic Marketing*. We developed this set of marketing "clippings" from popular business publications to accompany our texts—*Basic Marketing* and *Essentials of Marketing*. All of these clippings report interesting case studies and current issues that relate to topics covered in our texts and in the first marketing course. We will continue to publish a new edition of this book every year. That means that we can include the most current and interesting clippings. Each new copy of our texts will come shrink-wrapped with a free copy of the newest (annual) edition of this book. However, it can also be ordered from the publisher separately for use in other courses or with other texts.

Our objective is for this book to provide a flexible and helpful set of teaching and learning materials. We have included clippings (articles) on a wide variety of topics. The clippings deal with consumer products and business products, goods and services, new developments in marketing as well as traditional issues, and large well-known companies as well as new, small ones. They cover important issues related to marketing strategy planning for both domestic and global markets. The readings can be used for independent study, as a basis for class assignments, or as a focus of in-class discussions. Some instructors might want to assign all of the clippings, but we have provided an ample selection so that it is easy to focus on a subset which is especially relevant to specific learning/teaching objectives. A separate set of teaching notes discusses points related to each article. We have put special emphasis on selecting short, highly readable articles—ones which can be read and understood in 10 or 15 minutes—so that they can be used in combination with other readings and assignments for the course. For example, they might be used in combination with assignments from *Basic Marketing*, exercises from the *Learning Aid for Use with Basic Marketing*, or *The Marketing Game*/micro-computer strategy simulation.

All of the articles are reproduced here in basically the same style and format as they originally appeared. This gives the reader a better sense of the popular business publications from which they are drawn, and stimulates an interest in ongoing learning beyond the time frame for a specific course.

We have added this component to our complete set of **Professional Learning Units Systems** (our **P.L.U.S.**) to provide even more alternatives for effective teaching and learning in the first marketing course. It has been an interesting job to research and select the readings for this new book, and we hope that our readers find it of value in developing a better understanding of the opportunities and challenges of marketing in our contemporary society.

William D. Perreault, Jr. and E. Jerome McCarthy

Acknowledgments

We would like to thank all of the publications that have granted us permission to reprint the articles in this book. Similarly, we value and appreciate the work and skill of the many writers who prepared the original materials.

Lin Davis played an important role in this project. She helped us research thousands of different publications to sort down to the final set, and she also contributed many fine ideas on how best to organize the selections that appear here.

The ideas for this book evolved from and built on previous editions of *Readings and Cases in Basic Marketing*. John F. Grashof and Andrew A. Brogowicz were coauthors of that book. We gratefully recognize the expertise and creativity that they shared over the years on that project. Their fine ideas carry forward here and have had a profound effect on our thinking in selecting articles that will meet the needs of marketing instructors and students alike.

We would also like to thank the many marketing professors and students whose input have helped shape the concept of this book. Their ideas—shared in personal conversations, in focus group interviews, and in responses to marketing research surveys—helped us to clearly define the needs that this book should meet.

Finally, we would like to thank the people at McGraw-Hill/Irwin, our publisher, who have helped turn this idea into a reality. We are grateful for their commitment to making these materials widely available.

W.D.P. and E.J.M.

Contents

Marketing's Value to Consumers, Firms, and Society

1. Making High-Tech Play Less Work, 2
2. Southwest Airlines: The Hottest Thing in the Sky, 4
3. What's Wrong with This Printer?, 7
4. Selling Cellphones with Mixed Messages, 10
5. Advertising: To Get Their Messages Across, More and More Nonprofit Organizations Are Going Commercial, 11
6. Microsoft Hopes People See SPOTs when Glancing at Watches, 12
7. Dangerous Terrain: As ATVs Take Off in Sales, Deaths and Injuries Mount, 14

Finding Target Market Opportunities

8. Hot Starbucks to Go, 18
9. PC Companies Swoop into Consumer Electronics Biz, 22
10. The Net's Second Superpower, 24
11. Yes, Women Spend (and Saw and Sand), 26
12. Asia: Sand, Sun and Surgery, 28
13. Businesses Deliver Services to You, 30
14. Entrepreneur Joe Semprevivo, Create a Niche: By Making Cookies a Diabetic Could Love, He Pleased Himself First, 31

15. This Is Not a Sports Car, It's a Marketing Vehicle, 33

Evaluating Opportunities in the Changing Marketing Environment

16. Here's the Beef. So, Where's the Butcher?, 36
17. Dueling Diapers, 38
18. Latte Versus Latte: Starbucks, Dunkin' Donuts Seek Growth by Capturing Each Other's Customers, 40
19. A Debate on Web Phone Service: As Use Grows, How Will Government Handle Regulation?, 41
20. For This Delicacy, Brand Recognition Is a Problem, 43
21. Is Fat the Next Tobacco?, 44
22. Who Is Minding the USA's Food Store?, 47
23. India Is Becoming Powerhouse; Growth Expanding Middle Class, 50
24. Hispanic Nation, 52

Buyer Behavior

25. Not Your Father's ... Whatever: What Does Gen Y Want in a Car? To Auto Markers' Surprise, It's Price and Value, 58
26. Coke: Wooing the TiVo Generation, 60

27. New Beverage from Snapple Seeks to Avoid Stigma of Dieting, 61
28. Will Soft Touches Mean Softer Sales for the Mighty F-150?, 62
29. Advertising: China's Cultural Fabric Is a Challenge to Marketers, 65
30. Top Online Chemical Exchange Is Unlikely Success Story, 66
31. Wal-Mart's Low-Price Obsession Puts Suppliers through Wringer, 67
32. Blackberry Maker Finds Friend in Uncle Sam, 69

Getting Information for Marketing Decisions

33. This Volvo Is Not a Guy Thing: The Company Turns to Women to Learn How to Make the Ideal Car—for Everyone, 72
34. Labatt Gets Boost from Under-30 Set, 73
35. The New Science of Focus Groups, 74
36. Mystery Shoppers Going High Tech, 78
37. Data Mining: Welcome to Harrah's, 80
38. Like, What's a Spin Cycle?, 84
39. Unmarked Paid Search Results, Good or Bad?, 85
40. Never Heard of ACXIOM? Chances Are It's Heard of You, 87

Product

41. Now Low-Carb: Unilever's Skippy, Wishbone, Ragu, 92
42. Care, Feeding and Building of a Billion-Dollar Brand, Pringles Manager Niccol Mounts Stax Defense, 93
43. With Names like These ..., 95
44. Don't Devour the Company's Sales; Branding: Roll Out New Items without Cannibalizing Existing Product Lines, 96

45. Salad in Sealed Bags Isn't So Simple, It Seems, 98
46. Let There Be L.E.D.'s: Tiny, Glowing and Efficient, Chips Take On the Light Bulb, 100
47. Makers of Child-Tracking Technology Find Big Potential Market, 102
48. Wi-Fi Changes Virtually Everything: Users Say They'll Never Go Back, 104
49. Twilight of the CD? Not If It Can Be Reinvented, 106
50. Savvy Safety Systems Are Developed for Cars, 108
51. Nokia's Hit Factory, 110

Place

52. Losing Focus: As Kodak Eyes Digital Future, a Big Partner Starts to Fade, 116
53. Blockbuster Set to Offer Movies by Mail: Rental Giant's Shift in Approach Is Expected to Keep Prices Low; a Netflix Binge for \$19.95, 118
54. Online Sales Up 25%, but They're Small Piece of Retail Pie, 120
55. Retailers Rely More on Fast Deliveries, 121
56. 66,207,896 Bottles of Beer on the Wall, 122
57. E-Commerce Report: Some Web Merchants Fill a Void, and Make a Profit, by Selling Coffins and Other Funeral Supplies Online, 125
58. One Nation Under Wal-Mart, 126
59. It's Not Only the Giants with Franchises Abroad: Leaping Cultural Divides to Add Markets, 131

Promotion

60. Can Mad Ave. Make Zap-Proof Ads?, 134
61. As Consumers Revolt, a Rush to Block Pop-Up Online Ads, 136

62. Direct Response Getting Respect: As Oxiclean Moves to Stores, Clorox and P&G Try Infomercials, 138
63. China Cracks Down on Commercials, 139
64. Face-off: An Unlikely Rival Challenges L'Oreal in Beauty Market, 140
65. Giving Buyers Better Information; What's in Store: Hired-Gun Reps Spread the Word about New Products, 143
66. Out of Control: Oracle's Fabled Sales Culture Has Broken Down, Customers Are Angry..., 144
67. Advertisers Adding Up Their New Options: As Fewer Folks Watch TV, Marketers Study Ways to Pitch Their Messages, 149
68. In-Store Media Ring Cash Register, 150
69. Pizza People Prepare Super Bowl Blitz, 152
70. Conflict Issues Grow Murkier, 155
71. What to Expect when You're Expecting a Mini-Cooper, 157

Price

72. Car-Rental Agencies Talk of Realistic 'Total Pricing', 160
73. The New Drug War, 162
74. A Rare Chance to Take Back a Market: Johnson & Johnson's New Stent May Dominate Angioplasties, 167
75. Struggling with the Falling Dollar, 169
76. Value Positioning Becomes a Priority, 171
77. DeBeers Is in Talks to Settle Price-Fixing Charge, 173
78. Trade-Off: As China Surges, It Also Proves a Buttress to American Strength, 175
79. P&G Adapts Attitude toward Local Markets, 179

Marketing Strategies: Planning, Implementation and Control

80. Reach Out and Upend an Industry, 182
81. Rick Wagoner's Game Plan, 185
82. Under Renovation: A Hardware Chain Struggles to Adjust to a New Blueprint, 189
83. Flying with Panache, And at a Profit, Too, 191
84. A Bummer for the Hummer, 193
85. Linux Moves In on the Desktop, 194
86. Puma Does Fancy Footwork to Stay Out of the Mainstream, 196
87. Tough Shift: Lesson in India Not Every Job Translates Overseas, 197
88. A Radio Chip in Every Consumer Product, 199
89. The Annoying New Face of Customer Service, 201

Ethical Marketing in a Consumer-Oriented World: Appraisal and Challenges

90. Inside the Home of the Future, 204
91. Let Them Eat Cake—If They Want To, 207
92. Lost in Translation: A European Electronics Giant Races to Undo Mistakes in U.S., 208
93. The New Public Service Ad: Just Say 'Deal with It', 210
94. Nestle Markets Baby Formula to Hispanic Mothers in U.S., 211
95. Behind Roses' Beauty, Poor and Ill Workers, 213