

MICHAEL R. SOLOMON ■ GREG W. MARSHALL ■ ELNORA W. STUART

Marketing

Real People, Real Choices



11E

This page intentionally left blank

Marketing

Real People, Real Choices

Eleventh Edition

Michael R. **SOLOMON**
SAINT JOSEPH'S UNIVERSITY

Greg W. **MARSHALL**
ROLLINS COLLEGE

Elnora W. **STUART**
UNIVERSITY OF SOUTH CAROLINA UPSTATE

Please contact <https://support.pearson.com/getsupport/s/> with any queries on this content

Cover Images from Goodboy Picture Company, Getty Images, and fizkes/Shutterstock.

Microsoft and/or its respective suppliers make no representations about the suitability of the information contained in the documents and related graphics published as part of the services for any purpose. All such documents and related graphics are provided “as is” without warranty of any kind. Microsoft and/or its respective suppliers hereby disclaim all warranties and conditions with regard to this information, including all warranties and conditions of merchantability, whether express, implied or statutory, fitness for a particular purpose, title and non-infringement. In no event shall Microsoft and/or its respective suppliers be liable for any special, indirect or consequential damages or any damages whatsoever resulting from loss of use, data or profits, whether in an action of contract, negligence or other tortious action, arising out of or in connection with the use or performance of information available from the services.

The documents and related graphics contained herein could include technical inaccuracies or typographical errors. Changes are periodically added to the information herein. Microsoft and/or its respective suppliers may make improvements and/or changes in the product(s) and/or the program(s) described herein at any time. Partial screen shots may be viewed in full within the software version specified.

Microsoft® and Windows® are registered trademarks of the Microsoft Corporation in the U.S.A. and other countries. This book is not sponsored or endorsed by or affiliated with the Microsoft Corporation.

Copyright © 2022, 2020, 2018 by Pearson Education, Inc. or its affiliates, 221 River Street, Hoboken, NJ 07030. All Rights Reserved. Manufactured in the United States of America. This publication is protected by copyright, and permission should be obtained from the publisher prior to any prohibited reproduction, storage in a retrieval system, or transmission in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise. For information regarding permissions, request forms, and the appropriate contacts within the Pearson Education Global Rights and Permissions department, please visit www.pearsoned.com/permissions/.

Acknowledgments of third-party content appear on the appropriate page within the text.

PEARSON, ALWAYS LEARNING, and MYLAB are exclusive trademarks owned by Pearson Education, Inc. or its affiliates in the U.S. and/or other countries.

Unless otherwise indicated herein, any third-party trademarks, logos, or icons that may appear in this work are the property of their respective owners, and any references to third-party trademarks, logos, icons, or other trade dress are for demonstrative or descriptive purposes only. Such references are not intended to imply any sponsorship, endorsement, authorization, or promotion of Pearson’s products by the owners of such marks, or any relationship between the owner and Pearson Education, Inc., or its affiliates, authors, licensees, or distributors.

Cataloging-in-Publication Data is available on file at the Library of Congress.

ScoutAutomatedPrintCode



ISBN-10: 0-13-681038-1
ISBN-13: 978-0-13-681038-4

*To Gail, Amanda, Zachary, Alex, Orly, Rose, Evey,
and Arya—my favorite market segment*
—M.S.

To Patti and Justin
—G.M.

To Sonny, Patrick, Allyson, and Gaby
—E.S.

*The authors also dedicate this edition to students,
faculty, and their friends and families who were
impacted by the COVID-19 crisis. We wish you
all the best for happiness and success in the future.*

Brief Contents

Preface xi

PART 1 Understand the Value Proposition 2

CHAPTER 1 Welcome to the World of Marketing: Create and Deliver Value 2

CHAPTER 2 Global, Ethical, and Sustainable Marketing 34

CHAPTER 3 Strategic Market Planning 78

Chapter 3 Supplement: Build a Marketing Plan 108

PART 2 Determine the Value Propositions Different Customers Want 110

CHAPTER 4 Market Research 110

CHAPTER 5 Marketing Analytics: Welcome to the Era of Data-Driven Insights! 146

Chapter 5 Supplement: CRM Metrics and Key Performance Indicators (KPIs) 184

CHAPTER 6 Understand Consumer and Business Markets 190

CHAPTER 7 Segmentation, Target Marketing, and Positioning 242

PART 3 Develop the Value Proposition for the Customer 274

CHAPTER 8 Product I: Innovation and New Product Development 274

CHAPTER 9 Product II: Product Strategy, Branding, and Product Management 306

CHAPTER 10 Price: What Is the Value Proposition Worth? 340

Chapter 10 Supplement: Marketing Math 388

PART 4 Deliver and Communicate the Value Proposition 398

CHAPTER 11 Deliver the Goods: Determine the Distribution Strategy 398

CHAPTER 12 Deliver the Customer Experience 436

CHAPTER 13 Promotion I: Planning and Advertising 480

CHAPTER 14 Promotion II: Social Media Platforms and Other Promotion Elements 536

Appendix Marketing Plan: The S&S Smoothie Company 584

Glossary 597

Name Index 619

Subject Index 624

Contents

Preface xi

PART 1: Understand the Value Proposition 2

CHAPTER 1 Welcome to the World of Marketing 2

Real **People**, Real **Choices**: Suzanne McFadden 3

MARKETING: WHAT IS IT? 3

“Marketing Is the Activity, Set of Institutions, and Processes . . .” 4

“ . . . for Creating, Communicating, Delivering, and Exchanging . . .”: The Marketing Mix 6

“ . . . Offerings . . .”: What Can We Market? 8

“ . . . Value for Customers . . .” 9

WHEN DID MARKETING BEGIN? THE EVOLUTION OF A CONCEPT 11

The Production Era 12

The Sales Era 12

The Relationship Era 13

The Triple-Bottom-Line Era 14

What’s Next in the Evolution of Marketing? 15

THE VALUE OF MARKETING AND THE MARKETING OF VALUE 17

Value from the Customer’s Perspective 17

Value from the Seller’s Perspective 17

Value from Society’s Perspective 22

MARKETING AS A PROCESS 24

Disruptive Marketing 25

BRAND YOU: A FRAMEWORK FOR MANAGING YOUR CAREER 26

Starting the *Brand You* Process 26

Applying Marketing Concepts to Brand You 27

Objective Summaries and Key Terms 27

Chapter Questions and Activities 29

Marketing in Action Case: Real Choices at StockX 31

CHAPTER 2 Global, Ethical, and Sustainable Marketing 34

Real **People**, Real **Choices**: Tom Szaky 35

TAKE A BOW: MARKETING ON THE GLOBAL STAGE 36

World Trade 37

Should We Go Global? 38

UNDERSTAND INTERNATIONAL, REGIONAL, AND COUNTRY GLOBAL TRADE CONTROLS 39

Initiatives in International Cooperation and Regulation 39

ANALYZE THE EXTERNAL MARKETING ENVIRONMENT 42

The Economic Environment 42

The Technological Environment 48

The Political and Legal Environment 48

The Sociocultural Environment 51

Disruption in the Global Marketplace 54

HOW “GLOBAL” SHOULD A GLOBAL MARKETING STRATEGY BE? 55

Company-Level Decisions: The Market Entry Strategy 56

Marketing Mix Strategies: To “P” or Not to “P?” 57

ETHICS IS JOB ONE IN MARKETING PLANNING 60

Ethical Philosophies 60

Codes of Business Ethics 61

Is Marketing Unethical? 62

When Is a Bribe Not a Bribe? Ethical Issues for Global Business 63

SUSTAINABILITY: MARKETERS DO WELL BY DOING GOOD 64

Sustainability Is a Sensible Business Decision 64

Developing a Sustainable Marketing Mix 64

Sustainable Customer Behavior 66

BRAND YOU: FINDING THE RIGHT FIT 66

Organizational Culture 67

Differences among Industries 67

Landing a Job Overseas 68

Objective Summaries and Key Terms 69

Chapter Questions and Activities 71

Marketing in Action Case: Real Choices at Walmart 74

CHAPTER 3 Strategic Market Planning 78

Real **People**, Real **Choices**: Robert “Navy Bob”

Roncska 79

BUSINESS PLANNING: COMPOSE THE BIG PICTURE 80

The Three Levels of Business Planning 81

STRATEGIC PLANNING: FRAME THE PICTURE 83

Step 1: Define the Mission, Vision, and Values 83

Step 2: Evaluate the Internal and External Environment 84

Step 3: Set Organizational or SBU Objectives 85

Step 4: Establish the Business Portfolio 86

Step 5: Develop Growth Strategies 88

**MARKET PLANNING: DEVELOP AND EXECUTE
MARKETING STRATEGY 90**

- Step 1: Perform a Situation Analysis 90
- Step 2: Set Marketing Objectives 91
- Step 3: Develop Marketing Strategies: Target Markets and the Marketing Mix 91
- Step 4: Implement and Control the Marketing Plan 92
- Action Plans 94
- Operational Planning: Day-to-Day Execution of Marketing Plans 96
- Agile Marketing and the Strategic Market Planning Process 96
- Digital Disruption and Strategic Market Planning 97

Make Your Life Easier! Use the Market Planning Template 98

BRAND YOU: PLANNING YOUR CAREER 99

- Your Personal Strategic Plan 99
- From Strategic Planning to Success 102

Objective Summaries and Key Terms 102

Chapter Questions and Activities 104

[Marketing in Action Case: Real Choices at P&G](#) 106

Chapter 3 Supplement: Build a Marketing Plan 108**PART 2: Determine the Value Propositions Different Customers Want 110****CHAPTER 4 Market Research 110**

Real **People**, Real **Choices**: Cindy Bean 111

KNOWLEDGE IS POWER 112

- Disruption and Market Research 113
- The Marketing Information System 114

**EVIDENCE-BASED DECISION MAKING IN
MARKETING 118****STEPS IN THE MARKET RESEARCH PROCESS 119**

- Step 1: Define the Research Problem 120
- Step 2: Determine the Research Design 121
- Step 3: Choose the Method to Collect Primary Data 125
- Step 4: Design the Sample 134
- Step 5: Collect the Data 135
- Step 6: Analyze and Interpret the Data 136
- Step 7: Prepare the Research Report 137

**BRAND YOU: CAREER AND INTERNSHIP INFORMATION
AND RESEARCH 137**

- Good Research Strategies 138
- How to Begin and End Your Search 139
- Gathering Information Online and Offline 139

Objective Summaries and Key Terms 140

Chapter Questions and Activities 141

[Marketing in Action Case: Real Choices at LEGO](#) 143

**CHAPTER 5 Marketing Analytics: Welcome to
the Era of Data-Driven Insights! 146**

Real **People**, Real **Choices**: Josh Barbieri 147

**CUSTOMER RELATIONSHIP MANAGEMENT (CRM): A KEY
DECISION TOOL FOR MARKETERS 148**

- Why Is CRM So Effective? 148
- Measuring Marketing Success 152

BIG DATA: ZETTABYTES RULE 154

- Big Data Creation, Sources, and Usage 156
- Data Mining 158
- Primary Data Types for Data Mining 159

Data Mining: Applications for Marketers 161

Data Scientists: Transforming Big Data into Winning Information 162

Augmented Intelligence: Enhancing Consumer Experiences with Big Data 163

Reality Check for Marketers: Ethical Considerations in Using Big Data 163

A PRIMER ON ANALYTICS 166

Connect Digital Marketing Channels to Marketing Analytics 167

Connect with Consumers across Digital Marketing Channels 170

Marketing Accountability within Digital Marketing Channels: A Specialty Headphones Example 172

Marketing Accountability within Nondigital Marketing Channels 174

Predictive Analytics 174

**BRAND YOU: CREATING, ORGANIZING, AND MINING YOUR
PERSONAL CAREER BIG DATA—FOR THE LIFETIME OF
YOUR CAREER 175**

Customer Acquisition 176

Customer Retention 176

Objective Summaries and Key Terms 177

Chapter Questions and Activities 178

[Marketing in Action Case: Real Choices at Spotify](#) 181

**Chapter 5 Supplement: CRM Metrics and Key
Performance Indicators (KPIs) 184****CHAPTER 6 Understand Consumer and
Business Markets 190**

Real **People**, Real **Choices**: Dondeena Bradley 191

THE CONSUMER DECISION-MAKING PROCESS 192

Not All Decisions Are the Same 192

Step 1: Problem Recognition 194

| | |
|---|------------|
| Step 2: Information Search | 195 |
| Step 3: Evaluation of Alternatives | 197 |
| Step 4: Product Choice | 197 |
| Step 5: Postpurchase Evaluation | 198 |
| The Hive Mind: Consumer Decision Making in the Digital Age | 199 |
| Changes in Consumer Decision Making: Welcome to AI | 199 |
| INTERNAL INFLUENCES ON CONSUMERS' DECISIONS | 201 |
| Perception | 201 |
| Motivation | 203 |
| Learning | 204 |
| Attitudes | 206 |
| Personality and the Self: Are You What You Buy? | 207 |
| Age | 207 |
| Lifestyle | 208 |
| SITUATIONAL AND SOCIAL INFLUENCES ON CONSUMERS' DECISIONS | 209 |
| Situational Influences | 209 |
| Social Influences on Consumers' Decisions | 212 |
| Values (Again) | 212 |
| BUSINESS MARKETS: BUYING AND SELLING WHEN THE CUSTOMER IS ANOTHER ORGANIZATION | 217 |
| Types of Business-to-Business Customers | 218 |
| Factors That Make a Difference in Business Markets | 220 |
| B2B Demand | 222 |
| BUSINESS PURCHASE SITUATIONS AND THE BUSINESS BUYING DECISION PROCESS | 223 |
| The Buyclass Framework | 223 |
| Professional Buyers and Buying Centers | 224 |
| The Business Purchase Decision Process | 226 |
| B2B E-Commerce and Social Media | 229 |

| | |
|---|------------|
| BRAND YOU: WHY EMPLOYERS BUY | 232 |
| Step 1: Understand the Employer's Decision Process | 232 |
| Step 2: Understand the Process of Creating Brand You | 232 |
| Objective Summaries and Key Terms | 233 |
| Chapter Questions and Activities | 235 |
| Marketing in Action Case: Real Choices at Anheuser-Busch InBev | 237 |

CHAPTER 7 Segmentation, Target Marketing, and Positioning 242

| | |
|---|------------|
| Real People , Real Choices : Jen Sey | 243 |
| TARGET MARKETING: SELECT AND ENTER A MARKET | 244 |
| STEP 1: SEGMENTATION | 245 |
| Segment Consumer Markets | 246 |
| Demographic Segmentation: By Age | 247 |
| Segment B2B Markets | 257 |
| Disruption in Segmentation: When Everybody's a Segment of One | 257 |
| STEP 2: TARGETING | 258 |
| Phases of Targeting | 258 |
| STEP 3: POSITIONING | 262 |
| Steps in Positioning | 262 |
| Perceptual Maps | 264 |
| BRAND YOU: SHARPENING YOUR FOCUS WITH TARGET MARKETING | 265 |
| Target Marketing | 265 |
| Bringing Your Personal Brand to Life | 266 |
| Objective Summaries and Key Terms | 267 |
| Chapter Questions and Activities | 268 |
| Marketing in Action Case: Real Choices at ThirdLove | 270 |

PART 3: Develop the Value Proposition for the Customer 274

CHAPTER 8 Product I: Innovation and New Product Development 274

| | |
|--|------------|
| Real People , Real Choices : Sheryl Adkins-Green | 275 |
| BUILD A BETTER MOUSETRAP—AND ADD VALUE | 275 |
| Layers of the Product Concept | 277 |
| HOW MARKETERS CLASSIFY PRODUCTS | 279 |
| How Long Do Products Last? | 279 |
| How Do Consumers Buy Products? | 279 |
| How Do Businesses Buy Products? | 282 |
| DISRUPTION IN MARKETING: INNOVATION AND DESIGN THINKING NOW DRIVE PRODUCT SUCCESS | 283 |
| Types of Innovations | 284 |
| NEW PRODUCT DEVELOPMENT | 286 |
| Phase 1: Ideation (or Idea Generation) | 287 |
| Phase 2: Product Concept Development and Screening | 287 |
| Phase 3: Marketing Strategy Development | 288 |
| Phase 4: Business Analysis | 288 |
| Phase 5: Technical Development | 288 |
| Phase 6: Market Test | 289 |
| Phase 7: Commercialization | 290 |
| ADOPTION AND DIFFUSION OF NEW PRODUCTS | 291 |
| Stages in Consumers' Adoption of a New Product | 291 |
| Adopter Categories | 294 |
| Product Factors That Affect the Rate of Adoption | 296 |
| BRAND YOU: CREATING YOUR VALUE PROPOSITION | 298 |
| Add to Your Product Layers | 298 |
| Objective Summaries and Key Terms | 300 |
| Chapter Questions and Activities | 301 |
| Marketing in Action Case: Real Choices at Nature On Tap | 303 |

CHAPTER 9 Product II: Product Strategy, Branding, and Product Management 306Real **People**, Real **Choices**: Aaron Keller 307**PRODUCT PLANNING: DEVELOP PRODUCT OBJECTIVES AND PRODUCT STRATEGY 307**

Getting Product Objectives Right 308

Objectives and Strategies for Individual Products 309

Objectives and Strategies for Multiple Products 310

Product Mix Strategies 312

Quality as a Product Objective: TQM and Beyond 312

MARKETING THROUGHOUT THE PRODUCT LIFE CYCLE 315

Introduction Stage 315

Growth Stage 317

Maturity Stage 318

Decline Stage 318

BRANDING AND PACKAGING: CREATE PRODUCT IDENTITY 319

What's in a Name (or a Symbol)? 319

Why Brands Matter 320

Branding Strategies 323

Disruption in Branding: Toward Social Justice and Marketing's Responses 325

Packages and Labels: Branding's Little Helpers 326

ORGANIZE FOR EFFECTIVE PRODUCT MANAGEMENT 329

Manage Existing Products 329

Organize for New Product Development 331

BRAND YOU: MANAGING THE PRODUCT—YOU 331

Your Value Proposition—The Key to Success 331

Launch Your Career with Marketable Skills 332

Manage Your Career by Remaining Employable 332

Communicate Your Value 333

Going Up! 333

Objective Summaries and Key Terms 333

Chapter Questions and Activities 335

Marketing in Action Case: Real Choices at Helen of Troy 337**CHAPTER 10 Price: What Is the Value Proposition Worth? 340**Real **People**, Real **Choices**: Imad Khalidi 341**“YES, BUT WHAT DOES IT COST?” 341**

What Is Price? 342

Step 1: Develop Pricing Objectives 342

COSTS, DEMAND, REVENUE, AND THE PRICING ENVIRONMENT 345

Step 2: Estimate Demand 345

Step 3: Determine Costs 349

Step 4: Examine the Pricing Environment 354

IDENTIFY STRATEGIES AND TACTICS TO PRICE THE PRODUCT 357

Step 5: Choose a Pricing Strategy 357

Step 6: Develop Pricing Tactics 362

PRICING AND INNOVATIONS IN PAYMENT FOR E-COMMERCE 365

Pricing Advantages for Online Shoppers 365

Dynamic Pricing Strategies 365

Online Auctions 366

Freemium Pricing Strategies 366

Internet Price Discrimination 366

Innovations in Payment Systems 367

Disruption on the Consumer Side of the Exchange 370

PSYCHOLOGICAL, LEGAL, AND ETHICAL ASPECTS OF PRICING 370

Psychological Issues in Setting Prices 371

Psychological Pricing Strategies 372

Legal and Ethical Considerations in B2C and C2C Pricing 374

Legal Issues in B2B Pricing 375

Price-Fixing 376

Predatory Pricing 376

BRAND YOU: HOW MUCH ARE YOU WORTH? 376

Step 1: Realistic Expectations 377

Step 2: Know What You're Worth 377

Step 3: Know How Much You Need 378

Salary Question Dos and Don'ts 378

Objective Summaries and Key Terms 379

Chapter Questions and Activities 381

Marketing in Action Case: Real Choices at United Airlines 384**Chapter 10 Supplement: Marketing Math 388****PART 4: Deliver and Communicate the Value Proposition 398****CHAPTER 11 Deliver the Goods: Determine the Distribution Strategy 398**Real **People**, Real **Choices**: Michael Ford 399**TYPES OF DISTRIBUTION CHANNELS AND WHOLESALE INTERMEDIARIES 400**

Functions of Distribution Channels 400

The Evolution of Distribution Functions 402

Types of Distribution Channels 406

Distribution Channels and the Marketing Mix 410

Ethics in the Distribution Channel 411

DEVELOP A CHANNEL STRATEGY 412

Step 1: Develop Distribution Objectives 412

Step 2: Evaluate Internal and External Environmental Influences 412

Step 3: Choose a Distribution Strategy 413

Step 4: Develop Distribution Tactics 416

LOGISTICS AND THE SUPPLY CHAIN 418

- The Lowdown on Logistics 419
- Place: Pulling It All Together through the Supply Chain 424
- Disruption in Logistics and Supply Chain 425

BRAND YOU: DELIVERING YOUR VALUE PROPOSITION 426

- Step 1: Study the Company 427
- Step 2: Prepare Good Questions and Good Answers 427
- Step 3: Close the Interview 428
- Step 4: Follow Up 428
- How to Dress and What to Bring 428

Objective Summaries and Key Terms 429

Chapter Questions and Activities 430

Marketing in Action Case: Real Choices at Rent the Runway 432

CHAPTER 12 Deliver the Customer Experience 436

Real **People**, Real **Choices**: Paula Hopkins 437

THE CUSTOMER EXPERIENCE IS EVERYTHING! 437

- Customer Journey Mapping 439

RETAILING, 21ST-CENTURY STYLE 440

- Retailing: A Mixed (Shopping) Bag 440
- The Evolution of Retailing 440

TYPES OF RETAILERS 441

- Classifying Retailers by What They Sell 441
- Classifying Retailers by Level of Service 443
- Major Brick-and-Mortar Retailing Formats 444

B2C E-COMMERCE AND OTHER TYPES OF NONSTORE RETAILERS 449

- B2C E-Commerce 449
- Benefits of B2C E-Commerce 449
- Limitations of B2C E-Commerce 451

THE EVOLUTION CONTINUES: WHAT'S "IN STORE" FOR THE FUTURE? 453

- Economic Evolution 453
- Customer Evolution 454
- Technological Evolution 455

ETHICAL PROBLEMS IN RETAILING 456

- Dishonest Behaviors 456
- Ethical Treatment of Customers 458
- Other Ethical Issues in B2C and C2C Retailing 458
- Fair Trade: Retailing and Global Social Responsibility 459

SELLING WHAT ISN'T THERE: SERVICES AND OTHER INTANGIBLES 460

- Marketing Services 460
- The Service Encounter 461
- How We Provide Quality Service 462
- Marketing People, Places, and Ideas 464
- The Future of Services 465
- Disruption in Retail 466

BRAND YOU: EVALUATING AND FINALIZING YOUR OFFER 467

- Salary Discussions 467
- Evaluating the Offer 468
- But Is It the Right Offer for YOU? 469
- Negotiating an Offer 469
- Accepting the Offer 470

Objective Summaries and Key Terms 471

Chapter Questions and Activities 473

Marketing in Action Case: Real Choices at Lululemon Athletica 475

CHAPTER 13 Promotion I: Planning and Advertising 480

Real **People**, Real **Choices**: Sara Bamossy 481

COMMUNICATION MODELS IN A DIGITAL WORLD THAT IS "ALWAYS ON" 481

- The Communication Process 484
- Updated Web 2.0 Communication 486
- The Promotion Mix 487
- Mass Communication: The One-to-Many Model 489
- Personal Communication: The One-to-One Model 489

AN OVERVIEW OF PROMOTION PLANNING 489

- Step 1: Identify the Target Audience(s) 490
- Step 2: Establish the Communication Objectives 490
- Step 3: Determine and Allocate the Marketing Communication Budget 492
- Step 4: Design the Promotion Mix 494
- Step 5: Evaluate the Effectiveness of the Communication Program 494
- Multichannel Promotion Strategies 494

ADVERTISING 496

- Types of Advertising Based on Marketing Goals 496
- Who Creates Advertising? 498
- User-Generated Advertising Content 499
- Ethical Issues in Advertising 500
- Develop the Advertising Campaign 501
- Where to Say It: Traditional Mass Media 509
- Comparing Traditional Media Vehicles 512
- Where to Say It: Branded Entertainment 513
- Where to Say It: Support Media 514
- Where to Say It: Digital Media 515
- Ethical Issues in Digital Media Advertising 519
- When and How Often to Say It: Media Scheduling 520
- Disruption in Advertising 521

DIRECT MARKETING 521

- Mail Order 522
- Direct Mail 522
- Telemarketing 523
- Direct-Response Advertising 523
- M-Commerce 524

BRAND YOU: DEVELOPING A PERSONAL MARKETING COMMUNICATION PLAN 524

Step 1: Your Job Search: What “Media” to Use 524

Step 2: Advertising: Developing Your Marketing

Communication Messages 526

Objective Summaries and Key Terms 528

Chapter Questions and Activities 530

Marketing in Action Case: Real Choices at Nestlé 533

CHAPTER 14 Promotion II: Social Media Platforms and Other Promotion Elements 536

Real **People**, Real **Choices**: Andrew Mitchell 537

SOCIAL MEDIA MARKETING 538

Social Media 539

Social Networks 539

Location-Based Social Networks and Mobile Apps 545

The Internet of Things 546

Disruption in Storytelling 546

SALES PROMOTION 547

Sales Promotion Directed toward Consumers 547

Trade Sales Promotion: Targeting the B2B Customer 550

PERSONAL SELLING: ADDING THE PERSONAL TOUCH TO THE PROMOTION MIX 553

The Role of Personal Selling in the Marketing Mix 553

Technology and Personal Selling 555

Future Trends in Professional Selling 557

Types of Sales Jobs 557

Two Approaches to Personal Selling 558

The Creative Selling Process 559

PUBLIC RELATIONS 562

Plan a PR Campaign 563

PR Tactics 565

Buzz Marketing 567

Evaluation of a PR Campaign 569

BRAND YOU: HOW NETWORKING CAN HELP YOU ACHIEVE YOUR CAREER GOALS 571

Networking—How It Works 571

Where to Start Networking 571

How LinkedIn Can Help You Build Your Network 572

Other Ways to Enhance Networking 572

Objective Summaries and Key Terms 573

Chapter Questions and Activities 575

Marketing in Action Case: Real Choices at Brud 578

Appendix Marketing Plan: The S&S Smoothie Company 584

Glossary 597

Name Index 619

Subject Index 624

Preface

MARKETING: REAL PEOPLE, REAL CHOICES

Why did we write this book? We'll answer this question with a simple, yet profound, statement: *Companies don't make decisions. People do.* And those decisions have never been harder than in recent memory, when marketers had to adjust to a worldwide pandemic that challenged many of the choices they needed to make. Professors and students have had to make hard choices, too! We all had to adapt to this "strange new world" together.

But regardless of what changing economic and social conditions may bring, at the end of the day, good marketing is good marketing! That's why "real people, real choices" is our mantra. Too often students read about what *a company* did or didn't do. We've worked with a lot of marketers and their great brands over the years, but we've never "met" a company (whether in lockdown or not). Have you? It's not faceless companies but rather real flesh-and-blood *people*—people like students and their professors—who agonize over important marketing decisions.

These managers (hopefully) applied the marketing lessons they learned both while in school and in the trenches to make the best choices they could. Our focus on "real people, real choices" adds people (yes, *real* ones) to the equation that many marketing textbooks neglect. The real people, real choices focus is reinforced throughout the book by the end-of-chapter cases that require students to evaluate real companies' decisions and make their own recommendations and by the decision-making opportunities in many of the end-of-chapter questions and activities.

Solving Teaching and Learning Challenges

Just like the executives we profile, we know what it's like to be in the trenches. That's because we teach the Principles of Marketing course on a regular basis in both face-to-face and online formats. We understand the challenge of engaging an entire class of students—many of whom are not marketing majors and who come to class with a bit of a chip on their shoulders, like: "Why should I have to take this class if I'm not going into marketing as a career path?" That's why we work hard wherever possible to emphasize the role that marketing plays in a larger context and in real-world organizations (and we encourage you to do so as well).

Real People vignettes feature a variety of real decision makers, from CEOs to brand managers, who confront decisions in their jobs that relate to each chapter. These vignettes help students to understand how marketing plays out in real companies, including Levi Strauss, PepsiCo, AdventHealth, the Philadelphia Phillies, and many others. Each vignette includes a **Here's My Problem** section that presents real options considered by the marketer. Students can then use their critical-thinking skills to determine the best solution to each problem.

It's a revelation to students when they understand that, if nothing else, they definitely will need to market themselves. This textbook was the first to emphasize the notion of "Brand You," and to show students how the concepts they learn in the course apply directly to their own personal marketing plan. Beginning with the 10th edition, we expanded on that idea to offer a complete **Brand You** section in every chapter that discusses how the topic of the chapter, such as research or pricing, plays an important role in developing a personal marketing plan.

4.4

Brand You: Career and Internship Information and Research**OBJECTIVE**

Understand how to research both online and offline resources to search for a job or internship.

Taylor recognizes the importance of a good “fit” with the company and industry where he will work and spend his career. He also knows that he must investigate the culture of companies where he is interviewing. Understanding this, he is set to research different companies and industries in planning his personal brand.

How many times has someone asked you, “What do you want to do when you finish college?” While you may not know the answer to the question now, this is an excellent time to begin finding out more about your options. Yes, you need to find where there are some cool jobs, but at the same time, you also need to explore careers.

Just as a brand manager or a professional salesperson or an online retailer continuously gathers and analyzes information about his/her customers and other important factors relative to the product’s success, your success in marketing yourself for a great internship or your dream job requires that you have information. And the more information you have, the better decisions about your marketing strategy you can make. This section can help you to:

- Know how to gather relevant information
- Understand how trends will potentially affect your career
- Identify resources you can use to find companies

A great read—that’s how students describe our book. As we’ve always done, throughout this 11th edition, we deliver content in a conversational, jargon-free, and not overly academic style that students actually enjoy reading (we know, because they tell us). One reason we can do this is because all three authors have extensive experience working in marketing in industry in addition to their academic training and experience, and to this day, all three continue to work with organizations as marketing consultants! That’s the secret sauce of what keeps *Real People, Real Choices* so real!

Developing Employability Skills

So, how do we prepare tomorrow’s marketer? For one, we know that they will need to be “a numbers person.” In the old days, a lot of students majored in marketing because they “weren’t good

at math,” hence avoiding majors like accounting, finance, or economics. That’s so 20th century! Increasingly, the marketing field is data driven, and sophisticated analytics are revolutionizing the options organizations have at their fingertips to create, communicate, deliver, and measure value. We’re proud to say that with each edition we have continued to lead the field in offering to instructors and students cutting-edge coverage of marketing analytics and metrics. In this edition, we’ve continued to expand that coverage significantly to show how marketers use the exciting new tools they have available to understand and harness Big Data through marketing analytics as they strive to identify and meet customer needs.

To reinforce this focus throughout the book:

- **Apply Marketing Metrics** exercises at the end of each chapter provide additional opportunities for students to try their hand at applying some of the same metrics that marketers use to help them make good decisions.
- Way back in the 8th edition when quite a few practicing marketers hadn’t even heard of Big Data, we were proud to be the first Principles of Marketing textbook to devote **an entire chapter (Chapter 5)** to the emerging and vital topic of marketing analytics and related tools. In this 11th edition, we’ve greatly expanded that chapter’s coverage to include numerous new key terms, many more application examples to connect concepts to practice, and several new tables and figures to further illustrate this fascinating aspect of the emerging world of the “new marketer.”
- The name of the game in marketing nowadays is maximizing the success of the customer experience. To do this requires that marketers think and plan more holistically about what makes for a great customer experience, rather than just doing it piecemeal. In this 11th edition, we include a chapter (Chapter 12) that is fully devoted to best practices across the components of the customer’s experience with a provider and its offerings.
- One critical area to enhance employability in marketing today is a keen understanding of the role of digital and social media marketing approaches to marketing communication. In today’s agency and company environments, often it is digital and social marketing that takes precedence over more “traditional” promotional tools, like television and print advertising. Marketing students need to gain a body of knowledge about these newer approaches from their very first marketing course, and this 11th edition features a heavily revamped and extensive coverage of these important topics (Chapters 13 and 14).

New to This Edition

So far, you’ve read about a wide variety of new and enhanced features of this 11th edition. Just in case we haven’t impressed you enough already, here’s a summary list of those and more that make our book stand out as by far the most up-to-date, cutting-edge product in the Marketing Principles market!

- Five of the decision-focused Real People vignettes that open each chapter are new to this edition. The new vignettes feature marketers from: PepsiCo, AdventHealth, Mary Kay, Terra Cycle, and the Philadelphia Phillies.
- Nine (9) new and five (5) extensively updated Marketing in Action cases are included at the end of chapters. The nine new cases feature the problems and opportunities faced by the following exciting, contemporary organizations:
 - StockX
 - P&G
 - Anheuser-Busch InBev
 - ThirdLove
 - Helen of Troy
 - Rent the Runway
 - Lululemon Athletica
 - Nestlé
 - Brud
- 80 new key terms appear throughout the chapters.

For more information on changes in each chapter of this 11th edition, see the chart below.

Chapter-by-Chapter Updates

| | |
|--|---|
| Chapter 1 Welcome to the World of Marketing: Create and Deliver Value | <ul style="list-style-type: none"> • New discussion of the continuing evolution of marketing, including the very important customer experience, service-dominant logic, and the co-creation of value • Discussion of disruption in marketing with examples of how product innovations have created disruptions in marketing • New Marketing in Action Case: Real Choices at StockX • New key terms added to this chapter: <ul style="list-style-type: none"> - customer experience (CX or CEX) - service-dominant logic - customer co-creation - recommendation engine - disruptive marketing |
| Chapter 2 Global, Ethical, and Sustainable Marketing | <ul style="list-style-type: none"> • New Real People opening vignette featuring Tom Szaky at TerraCycle • New discussion of disruption in the global marketplace, including changes in the distribution of wealth, access to education, and improvements in infrastructure, especially media and telecommunications • Discussion of increasing differences in have and have-not countries as exposed by the COVID-19 pandemic • Increased coverage of the tariff debate and the U.S.–China trade war • New key terms added to this chapter: <ul style="list-style-type: none"> - climate change - consumer xenocentrism |

| | |
|---|--|
| Chapter 3 Strategic Market Planning | <ul style="list-style-type: none"> • New Real People opening vignette featuring Bob Roncska at AdventHealth • Stronger linking of the role of organizational strategy to marketing strategy and planning • Enhanced explanation and example of the concept of strategic business units • New coverage of the meaning and importance of organizational mission, vision, and values, along with clear examples of each • Multiple examples and connections between the COVID-19 crisis and its impact on organizational and marketing strategy and planning • Additional attention to the need for contingency planning and examining multiple planning scenarios • New Marketing in Action Case: Real Choices at P&G • New key terms added to this chapter: <ul style="list-style-type: none"> - strategy - mission - vision - vision statement - organizational values - nimble organization - strategic pivot - marketing metrics - digital disruption - digital vortex - contingency planning - scenarios |
| Chapter 4 Market Research | <ul style="list-style-type: none"> • Added focus on the importance of confidentiality and anonymity in market research • New dialogue on data privacy, data security, and risk management as the issues pertain to marketers • Discussion of the concept of using mystery shoppers in market research • Update on the Q Score syndicated research process • Enhanced coverage of qualitative research, quantitative research, and in-depth interviews • Introduction of robocalls and spoofed numbers and their impact on consumers • Coverage of the technique of catfishing online • New key terms added to this chapter: <ul style="list-style-type: none"> - GIGO - data privacy - confidentiality - anonymity - risk management - data security - mystery shoppers - data analytics - qualitative research - quantitative research - in-depth interview - survey research - robocall - spoofed numbers - catfish |
| Chapter 5 Marketing Analytics: Welcome to the Era of Data-Driven Insights! | <ul style="list-style-type: none"> • New Real People opening vignette featuring Josh Barbieri at the Philadelphia Phillies • Major overhaul of this chapter to provide students the most up-to-date treatment of marketing analytics among all Marketing Principles books • This rapidly changing area in marketing required the addition of 26 brand new key terms, which run a gamut of core concepts in analytics • Numerous attractively designed new figures and tables throughout the chapter add enjoyment and clarity to student learning about marketing analytics • Heavily updated treatment of CRM to bring this critical learning topic for students up to state-of-the-field level, including setting SMART goals and establishing key performance indicators (KPIs) and meaningful metrics to assess results • Extended new example of marketing automation, including focus on the sales funnel and lead nurturing • Heavy attention to three key categories of metrics that are central to marketers: marketing metrics, sales metrics, and service metrics |

| | |
|--|---|
| | <ul style="list-style-type: none"> • A new supplemental section after the main chapter that walks students through calculations of several of these important metrics • New and enhanced discussion of numerous contemporary data-related issues for marketers, such as cyber security, hackers, data breach, edge computing, augmented intelligence, deep learning, deepfake, and blockchain • New key terms added to this chapter: <ul style="list-style-type: none"> - lead - lead nurturing - SMART goals - user adoption metrics - customer perception metrics - business performance metrics - key performance indicators (KPIs) - edge computing - augmented intelligence - deep learning - deepfake - customer acquisition cost (CAC) - sales cycle - share of wallet - net promoter score (NPS) - return on experience (ROX) |
| Chapter 6 Understand Consumer and Business Markets | <ul style="list-style-type: none"> • New discussion of changing consumer values and the resulting trends, including the sharing economy, healthier living, diversity and multiculturalism, and consumers' demand for authenticity • Discussion of what the new normal following the COVID-19 pandemic will likely look like for consumers • New Marketing in Action Case: Real Choices at Anheuser-Busch InBev • New key terms added to this chapter: <ul style="list-style-type: none"> - HoloLens - flawsome - social graph - data-driven disruptive marketing - in-homing |
| Chapter 7 Segmentation, Target Marketing, and Positioning | <ul style="list-style-type: none"> • Attention to the impact of the COVID-19 crisis on segmentation, target marketing, and positioning—particularly in terms of future widespread market fragmentation • Enhanced treatment of a growing issue of oversegmentation by firms • Increased attention to Gen Z—the current up-and-coming group of consumers • Strong and positive treatment of the push toward greater social justice and its relationship to how marketers do segmentation, target marketing, and positioning • New and highly relevant content on gender identity and related issues, including a discussion of gender-bending products • Discussion of the potential impact of the COVID-19 crisis on demographic segmentation in the context of future spending power • The artificial intelligence (AI) discussion from Chapter 5 is continued here, bridging to the concept of “segments of one”—tracking the activity and preferences of a single potential customer and tailoring marketing responses to that unique person • Addition of a discussion about personas, including examples of the concept in action • A helpful new illustration of the concept of perceptual maps, using the U.S. steakhouse market as the example in the graphic • New Marketing in Action Case: Real Choices at ThirdLove • New key terms added to this chapter: <ul style="list-style-type: none"> - oversegmentation - gender identity - androgyny - gender-bending products - Me Too movement - segment of one - personas |

| | |
|---|--|
| Chapter 8 Product I: Innovation and New Product Development | <ul style="list-style-type: none"> • New Real People opening vignette featuring Sheryl Adkins-Green at Mary Kay • Discussion of the phenomenon during the early days of the COVID-19 crisis of certain products in the fast-moving-consumer-goods (FMCG) category experiencing substantial increases in consumer demand • Treatment of geofencing marketing, including an example of how it can be effectively used • Greatly increased coverage of design thinking, including its inherent process steps, an approach that continues to migrate into the way marketers develop products • Inclusion of a great new Tropicana example of how the brand tackled the tough “awareness stage” of new product adoption by consumers • New key term added to this chapter: geofencing marketing |
| Chapter 9 Product II: Product Strategy, Branding, and Product Management | <ul style="list-style-type: none"> • More emphasis on product objectives, especially their role in supporting broader marketing objectives and the firm’s overall mission • New clarifying discussion of the differences between product managers and brand managers • Coverage of Anheuser-Busch (A-B) InBev’s approach to increasing its product mix by acquiring new beverage products often by acquiring smaller craft breweries • A great new explanation of the importance of balance between individual branding approaches and parlaying the family brand, centered on Coca-Cola’s experiences • Enhanced discussion and examples of cobranding and lifestyle brands • A new section sparked by the significant movement toward social justice that began in 2020, highlighting marketing’s role in this effort, and particularly exemplifying several legacy brands that committed to rebranding away from prior words and images to ensure they are not hurtful to others • New Marketing in Action Case: Real Choices at Helen of Troy • New key terms added to this chapter: <ul style="list-style-type: none"> - product objectives - lifestyle brands - rebranding |
| Chapter 10 Price: What Is the Value Proposition Worth? | <ul style="list-style-type: none"> • New section on innovations in payment systems—digital and virtual currencies and updates on cryptocurrencies • Discussion of airlines and other firms changing pricing strategies in response to COVID-19’s effects on business • Discussion of consumer responses to the economic effects of COVID-19, including growth in re-commerce, especially with luxury products • Discussion of a possible future cashless society • Stories of price gouging during the pandemic • New key terms added to this chapter: <ul style="list-style-type: none"> - subscription pricing - digital wallet - mobile wallet - buy-now-pay-later (BNPL) - save-now-buy-later (SNBL) - collaborative savings and consumption - peer-to-peer (P2P), or social lending - rent-to-own - cashless society |
| Chapter 11 Deliver the Goods: Determine the Distribution Strategy | <ul style="list-style-type: none"> • Additional attention to the option of an “indirect channel” of distribution in which firms sell their products through third parties • More emphasis on the malady of copyright infringement in the context of online distribution piracy |

| | |
|---|---|
| | <ul style="list-style-type: none"> • Coverage of Nike's Triple Double Strategy (2X), the cornerstone of which is the Nike Consumer Experience (NCX), which includes the firm's own direct-to-consumer network, as well as a vastly streamlined slate of wholesale distribution partners • Clear connections pointed out between new-age distribution channel approaches and opportunities for people in the "gig economy" • Updated discussion of the use of drones in distribution, along with example firms on the forefront of this trend • New Marketing in Action Case: Real Choices at Rent the Runway • New key term added to this chapter: indirect channel |
| Chapter 12 Deliver the Customer Experience | <ul style="list-style-type: none"> • New Real People opening vignette featuring Paula Hopkins at PepsiCo • Discussion and examples of the changing customer experience, including customer journey mapping • Additional coverage of how the COVID-19 pandemic has affected both online and offline retailers • Discussion of changes in technology that have improved distribution • New examples of experiential retailing • New section on concept stores • New Marketing in Action Case: Real Choices at Lululemon Athletica • New key terms added to this chapter: <ul style="list-style-type: none"> - direct-to-consumer (D2C) retail - Amazon effect - concept stores - flash retailing, or pop-up stores and pop-up retailing - recommerce - upcycling - dollar and variety stores - extended reality (XR) - order fulfillment automation |
| Chapter 13 Promotion I: Planning and Advertising | <ul style="list-style-type: none"> • New section on how technology is providing opportunities for personalized advertising messages • A discussion of how multichannel strategies can be super successful, using <i>Game of Thrones</i> first season and final season as examples • New discussion on the effects on advertising caused by the COVID-19 pandemic • New discussion of the importance of content marketing • New content on programmatic advertising used for buying digital advertising • New Marketing in Action Case: Real Choices at Nestlé • New key terms added to this chapter: <ul style="list-style-type: none"> - ethical bribe - interactive agency, or digital agency - in-house agency - programmatic advertising, or programmatic ad buying - drip pricing - upfront TV ad pricing |
| Chapter 14 Promotion II: Social Media Platforms and Other Promotion Elements | <ul style="list-style-type: none"> • Expanded discussion of social media marketing • Expanded discussion of the most important social media platforms for marketers, including Instagram, YouTube, TikTok, Snapchat, and Twitch • New discussion of viral marketing with DJ D-Nice's #ClubQuarantine example • New discussion of social selling, social commerce, media multitasking (or second screening), cord-cutting, memes, storytelling, and short-form storytelling • New coverage of PR activity of corporate activism, or social marketing, and the use of event-management software such as Eventbrite |

| | |
|--|---|
| | <ul style="list-style-type: none">• New Marketing in Action Case: Real Choices at Brud• New key terms added to this chapter:<ul style="list-style-type: none">- groundswell- media multitasking, or second screening- cord-cutting- cosplay- Instagram- sponsored posts- YouTube- TikTok- Snapchat- Twitch- social commerce- storytelling- short-form storytelling- Zoom-bombing- social selling- corporate activism, or social marketing- memes |
|--|---|

Instructor Teaching Resources

Please go to www.pearson.com for more information on instructor resources.

Acknowledgements

Thanks for the tremendous support we receive from our Pearson team, including (in alphabetical order) Claudia Fernandes, Julie Jigour, Kristin Ruscetta, and of course our intrepid editor, Lynn Huddon. George Allen at Asbury University, one of the very best case writers in the business, skillfully developed a wide range of new and revised Marketing Decision Cases for the 11th edition and for this we are very grateful. We’re also thrilled to introduce two new contributors to this edition: Janée Burkhalter of Saint Joseph’s University and Brad Carlson of Saint Louis University. Kudos also go to Chrissy Schreiber and Christian Panier, MBA student GAs at the Crummer Graduate School of Business at Rollins College, who artfully brought their perspectives into the updates for this 11th edition by supplying many new examples and critiquing and suggesting topics and changes from the student point of view—a highly valued perspective to us as authors. Great job all!

REVIEWERS

The guidance and recommendations of the following instructors through their reviews of the 10th edition helped us make better choices in revising the content and features of this new 11th edition of *Marketing: Real People, Real Choices*. We are grateful for their reviews and truly believe that their feedback was indispensable:

- William Branson, Phoenix College
- W. Peter Cornish, Temple University
- Oliver Cruz-Milan, Texas A&M University-Corpus Christi
- Randy Hacker, Baylor University
- David Kaiser, Temple University
- Nick Levandusky, University of Delaware
- Lynda P. Walker, Eastern Michigan University
- Andrew Thoeni, University of North Florida

EXECUTIVES

In addition to our reviewers, we want to extend our gratitude to the busy executives who gave generously of their time for the Real People, Real Choices opening vignettes throughout the chapters:

- Chapter 1: Suzanne McFadden, Comcast
- Chapter 2: Tom Szaky, TerraCycle
- Chapter 3: Bob Roncska, AdventHealth
- Chapter 4: Cindy Bean, Campbell Soup Company
- Chapter 5: Josh Barbieri, Philadelphia Phillies
- Chapter 6: Dondeena Bradley, WW International
- Chapter 7: Jen Sey, Levi Strauss
- Chapter 8: Sheryl Adkins-Green, Mary Kay
- Chapter 9: Aaron Keller, Capsule
- Chapter 10: Imad Khalidi, Auto Europe
- Chapter 11: Michael Ford, BDP International
- Chapter 12: Paula Hopkins, PepsiCo
- Chapter 13: Sara Bamossy, Pitch
- Chapter 14: Andrew Mitchell, Brandmovers

About the Authors



Michael R. Solomon, Ph.D., joined the Haub School of Business at Saint Joseph's University in Philadelphia as Professor of Marketing in 2006. From 2007 to 2013, he also held an appointment as Professor of Consumer Behaviour at the University of Manchester in the United Kingdom. From 1995 to 2006, he was the Human Sciences Professor of Consumer Behavior at Auburn University. Before joining Auburn in 1995, he was chairman of the Department of Marketing in the School of Business at Rutgers University, New Brunswick, New Jersey. Professor Solomon's primary research interests include consumer behavior and lifestyle issues; branding strategy; the symbolic aspects of products; the psychology of fashion, decoration, and image; services marketing; and the development of visually oriented online research methodologies. He currently sits on the editorial boards of the *Journal of Consumer Behaviour*, the *Journal for the Advancement of Marketing Education*, the *Journal of Marketing Theory and Practice*, and *Critical Studies in Fashion and Beauty*. In addition to other books, he is also the author of Pearson's text *Consumer Behavior: Buying, Having, and Being*, which is widely used in universities throughout the world. Professor Solomon frequently appears on television and radio shows, such as *The Today Show*, *Good Morning America*, Channel One, the *Wall Street Journal* Radio Network, and National Public Radio to comment on consumer behavior and marketing issues. He also is a regular contributor at Forbes.com.



Greg W. Marshall, Ph.D., is the Charles Harwood Professor of Marketing and Strategy in the Crummer Graduate School of Business at Rollins College in Winter Park, Florida. For three years, he also served as vice president for strategic marketing for Rollins. Before joining Rollins, he was on the faculty of Oklahoma State University, the University of South Florida, and TCU. He also holds a visiting professorship in the Marketing Group at Aston Business School, Birmingham, United Kingdom. Professor Marshall earned a BSBA in marketing and an MBA from the University of Tulsa and a Ph.D. in marketing from Oklahoma State University. His research interests include sales management, marketing management decision making, and intraorganizational relationships. He is editor-in-chief of the *European Journal of Marketing* and former editor of the *Journal of*

Marketing Theory and Practice and the *Journal of Personal Selling & Sales Management*. He currently serves on the editorial boards of the *Journal of the Academy of Marketing Science*, the *Journal of Business Research*, and *Industrial Marketing Management*. Professor Marshall is past president of the American Marketing Association Academic Council and also a former member of the AMA Board of Directors. He is a distinguished fellow and past president of the Academy of Marketing Science, and a distinguished fellow and past president of the Society for Marketing Advances. In 2018 he received the Lifetime Achievement Award from the American Marketing Association Selling and Sales Management Special Interest Group (SIG) and in 2019 he received the Circle of Honor Award from the Direct Selling Education Foundation. His industry experience before entering academe includes product management, field sales management, and retail management positions with firms such as Warner-Lambert, the Mennen Company, and Target Corporation.



Elnora W. Stuart, Ph.D., having most recently served as Professor of Marketing and Associate Dean of the George Dean Johnson, Jr. College of Business and Economics at the University of South Carolina Upstate, is now Distinguished Professor Emerita, University of South Carolina. She continues to teach, consult, and conduct research. Prior to joining USC Upstate in 2008, she was professor of marketing and the BP Egypt Oil Professor of Management Studies at the American University in Cairo, professor of marketing at Winthrop University in Rock Hill, South Carolina, and on the faculty of the University of South Carolina. She has also been a regular visiting professor at Instituto de Empresa in Madrid, Spain and Landshut College of Applied Sciences in Landshut, Germany. She earned a B.A. in theater and speech from the University of North Carolina at Greensboro and both an M.A. in journalism and mass communication and a Ph.D. in marketing from the University of South Carolina. Professor Stuart's research has been published in major academic journals, including the *Journal of Consumer Research*, the *Journal of Advertising*, the *Journal of Business Research*, the *Journal of Public Policy and Marketing*, the *Journal of Promotion Management*, and the *International Journal of Pharmaceutical and Healthcare Marketing*. For over 25 years, she has served as a consultant for numerous businesses and not-for-profit organizations in the United States and in Egypt.

1 Welcome to the World of Marketing

Create and Deliver Value

Objective Outline

- 1.1** Explain what marketing is, the marketing mix, what can be marketed, and the value of marketing.
- 1.2** Explain the evolution of the marketing concept.
- 1.3** Understand value from the perspectives of customers, producers, and society.
- 1.4** Explain the basics of market planning.
- 1.5** Understand how to increase your chances of getting a great first job and having a successful career by using the marketing process to create a personal brand.

Suzanne McFadden



Meet Suzanne McFadden

▼ A Decision Maker at Comcast

Suzanne McFadden is Senior Vice President, Customer Experience & Communications at Comcast Cable, a part of Comcast NBCUniversal. Headquartered in Philadelphia, Comcast Cable is one of the nation's largest video, high-speed Internet, and phone providers to residential customers under the XFINITY brand, and it also provides these services to businesses. Additionally, it offers wireless, security, and automation services to residential customers under the XFINITY brand.

Suzanne received a BA in marketing and finance from the University of Delaware. She joined Comcast in 1997 in a field marketing role and gained experience in many aspects of marketing, such as customer acquisition and competitive and operations marketing, to rise through the ranks to land in her current responsibility for the end-to-end customer communications journey, from onboarding through engagement and the entire customer life cycle of Comcast's cable operations.

Suzanne's Info

What I do when I'm not working:

Love spending time with family and friends—in particular, travel and food experiences. Also squeeze in time for reading, exercise, and TV watching.

First job out of school:

Marketing Coordinator, SportsChannel Philadelphia

Career high:

Being involved in the launch of Comcast High-Speed Internet. At the time, early 1997, companies were questioning if this "Internet thing" was really going to pay off—absolutely amazing to see the impact.

A job-related mistake I wish I hadn't made:

Never taking a chance early on to move to a different part of the country or the world.

My hero:

All of the career women who came before me—I am amazed when I look back at the corporate gender stereotypes of history and realize my success is only possible due to the women who endured inequality to get us where we are today.

My motto to live by:

Never burn a bridge. People will often circle back into your life in a personal or professional capacity—make sure things always end on a positive note.

What drives me:

In work, it is the competitive nature of the industry. It's fast paced, so you need to stay informed and make quick decisions.

My management style:

Partnership and understanding. I make sure I know what motivates and drives my employees to success and work to give them what they need from me—leadership, time, attention, or hands off. It is different for all and that is what leaders must understand.

Don't do this when interviewing with me:

Say "I" over and over.



Here's my **problem...**

Real **People**, Real **Choices**

Comcast has been working hard to improve its customer service and brand reputation. Over the last few years, they put tools in place to measure customer advocacy and satisfaction and provide a real-time feedback loop for employees to report and solve problems in order to help customers. In addition, they continue to innovate their product lines to meet customers' increasing entertainment, communication, and home needs. As a result, they have seen brand perception and customer satisfaction continue to rise.

But because there is now so much choice, customers do not always order the right package and set of services at the time of sale, and because Comcast offers a full 30-day money back guarantee, customers feel empowered to change up their package as they try out their new services.

Research shows that customers' anxiety goes up after they place an order and it stays up until their services are fully installed and activated. If the customer has signed up for a quad-play (Xfinity TV, Internet, Voice and Home Security), there is much to tell the customer about installation and activation. Thus, one of the team's first priorities was to ensure that the first 90 days of a customer's service experience are perfect.

The team identified one simple solution: Stay in touch with customers during the "onboarding" process and put them at ease that all will go well. They took advantage of new communications technologies to maintain this contact. By using platforms like email and SMS (short message service) that allowed them to text their customers, ratings of satisfaction with their service climbed significantly.

Knowing that the first 30 days are not only a learning time but a key time for a customer to "right size" and make sure they ordered the right tiers of services and products, the team wanted to contact customers to point out additional services they might want to add. At the time, the team was sending service emails and texts that educated customers about the products they had. Now they also considered using email to provide customers with more detail about products they might want.

Because Comcast opts-in customers to marketing messages at point of sale, promotional messages are permitted through email. Comcast had to weigh the decision to balance any messages seen as noncritical or promotional with key service messages—too many messages might cause a customer to tune-out all messages but sending none would not aid the customer in understanding what services might be a better fit for their household.

Suzanne and her team considered their options **1·2·3**

1 Option **Don't email these customers about anything more than the products they have.** Keep up the current practice of service messaging only to show them how to install their cable box, remind them of appointments, tell them when their kit will arrive, and introduce them to the services and features they have. This choice would ensure that customers would not tune out messages due to the noncritical nature of the promotional information. On the other hand, the lack of a promotional email strategy would make it more difficult to help customers "right size" if they realized within the first 90 days they didn't choose the ideal service package for their needs.

2 Option **Add promotional emails to the flow, but keep them distinct from the service emails to ensure that customers don't tune out a service email by thinking it is just a sales message.** Use emails to encourage customers to upgrade their services, but clearly label them as promotional, and include information on convenient ways to upgrade. As with any other sales-related email, the customer would be free to ignore the message based upon its subject line or a quick review of the content. This choice would still allow customers to "right size" their cable package if they weren't satisfied with what they had. But there would always be the danger that customers would start to engage less with email from Comcast and perhaps even opt out of emails from the company entirely. That would remove any chance to connect with the customer down the road.

3 Option **Use emails to highlight ways to upgrade service plans as a part of the service email.** This strategy would be less intrusive than Option #2, because customers would regard these emails as educational rather than as a pitch to buy more features. Still, it would be possible that customers might try to opt out of these additional emails, negatively impacting the perfect first 90 days Comcast was striving to deliver.

Now, put yourself in Suzanne's shoes. Which option would you choose, and why?

You Choose

Which **Option** would you choose, and **why**?

☐ Option 1 ☐ Option 2 ☐ Option 3

1.1

OBJECTIVE

Explain what marketing is, the marketing mix, what can be marketed, and the value of marketing.

Marketing: What Is It?

Marketing. People either love it or hate it. The crazy part of this is that whether they love it or hate it, most folks really do not understand what marketing really is! How about when a Rihanna concert in Atlanta or Chicago entices fans from Peoria, Illinois, to travel to those cities just to scream in ecstasy alongside the locals? Then there are the pop-up ads on your Facebook page for something you were searching for at Poshmark last week. And of course, there are those emails that

consumer

The ultimate user of a good or service.

fill your inbox from Amazon.com, suggesting products that might entice you to let go of some hard-earned cash. Yes, these are all examples of marketing. And that's just scratching the surface.

You already know a lot about marketing; it's been a part of your life from day one. As one of billions of **consumers** around the globe, you are the ultimate user of a good or service. Every time you purchase or use your car, your clothes, your lunch at the cafeteria (whether an old-school burger or a vegan version), a movie, or a haircut, you are part of the marketing process. In this text, we'll tell you why—and why you should care.

Indeed, consumers like you (and your humble authors!) are at the center of all marketing activities. By the way, when we refer to *consumers*, we don't just mean individuals. Organizations—whether a company, government, sorority, or charity—are also consumers.

Here's the key: *Marketing is first and foremost about satisfying consumer needs.* We like to say that the consumer is king (or queen), but it's important not to lose sight of the fact that the seller also has needs—to make a profit, to remain in business, and even to take pride in selling the highest-quality products possible. Products are sold to satisfy both consumers' and marketers' needs; it's a two-way street.

Let's think for a minute about satisfying customer needs. While this is easy enough to understand, it's far more difficult to achieve. Customers face millions of companies offering gazillions of products.

Traditionally, marketing gurus would tell us that all we need to do is to offer consumers a great product at a reasonable price and show them how their lives would be improved if they own it. Voilà! Success and profits!

Today it's a little more difficult. There are literally millions of companies around the globe all vying for the limited demand of consumers. And the customer is exposed to not only traditional marketing activities but also the contacts provided by companies and other consumers who are, like them, online 24/7.

So how does one brand succeed? Today, what matters is the **customer experience (CX or CEX)**. CX is the customer's overall assessment of every interaction the customer has experienced with a business from navigating the company website to talking to customer service to the packaging the product arrives in. Today's customer is only going to buy and be loyal to a brand that has always given them positive experiences. Even one bad experience can send customers scurrying to your competitor. We'll talk more about CX and how marketers map the customer's experience later in Chapter 5 and again in Chapter 12.

When you ask people to define **marketing**, you get many answers. Some people say, "That's all those emails and popups I get on my computer from Amazon and every other online site I know of, trying to get me to buy something from them." Many people say, "Oh, that's simple—TV commercials." Students might answer, "That's a course I have to take before I can get my business degree." Each of these responses has a grain of truth to it, but the official definition of marketing the American Marketing Association adopted in 2013 is as follows:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.²

The basic idea behind this somewhat complicated definition is that marketing is all about delivering value to everyone whom a transaction affects. That's a long-winded explanation. Let's take it apart to understand exactly what marketing is all about.

"Marketing Is the Activity, Set of Institutions, and Processes . . ."

As we will discuss throughout this text, marketing includes a great number of activities—from top-level market planning by the chief marketing officer (CMO) of a big company to the creation of a Facebook page by your university. The importance organizations assign to

customer experience (CX or CEX)

A customer's overall assessment of every interaction the customer has experienced with a business, from navigating the company website to talking to customer service to the packaging the product arrives in.

marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.¹

marketing activities varies a lot. Top management in some firms is marketing oriented (especially when the chief executive officer, or CEO, comes from the marketing ranks), whereas in other companies marketing is an afterthought. One study shows that over 25 percent of CEOs have either a marketing or a sales background—that makes this information pretty relevant, so stick with us!³

In the text, we discuss many of the activities of marketing that include:

- Better understanding of customer needs through marketing research
- Selecting the people or organizations in the market that are your best bets for success
- Developing the product
- Pricing the product
- Getting the product to the consumer
- Delivering marketing messages via traditional and online advertising and a host of other activities

We'll also learn about a variety of institutions that help firms create a better marketing program:

- Advertising and other types of agencies that firms work with to create and deliver a variety of marketing communication activities, including traditional advertising, as well as newer digital communications, sales promotions, and research activities

Of course today, there are a number of different categories of agencies. Some of these are:

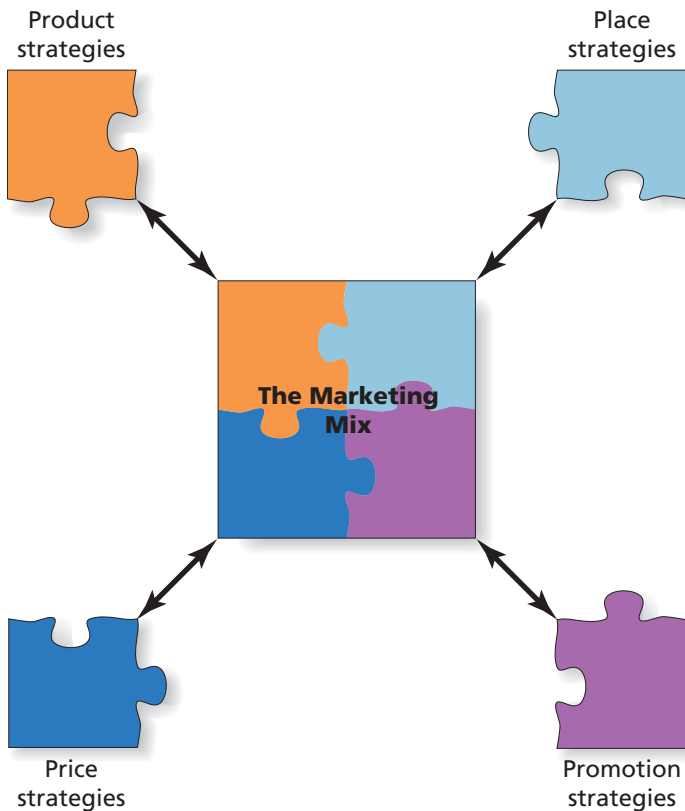
- Startup marketing
- Public relations
- Advertising
- Digital marketing
- Content marketing & SEO
- Social media marketing⁴
- Marketing research firms, such as Nielsen, that provide data vital to the planning and implementation of successful marketing programs
- The traditional media
- The Internet and social media
- Governments that enforce laws and regulations to make sure marketing occurs in a fair and ethical manner
- Logistics firms that get the product to the consumer most efficiently
- Retailers that interact directly with the final customer

We also talk about some of the processes marketers use in combination with these institutions to satisfy customer needs—the end-all for all marketing activities.

Whether it is a giant global producer of consumer products, such as Procter & Gamble, or a smaller organization, such as Lizard's Thicket, a restaurant business in Columbia, SC, a marketer's decisions affect—and are affected by—the firm's other activities. Marketing managers must work with financial and accounting officers to figure out whether products are profitable, to set marketing budgets, and to determine prices. They must work with people in manufacturing to be sure that the new iPhone is produced on time and in the right quantities for those avid iPhone fans who camp out in front of Apple stores to get their hands on the new model. Marketers also must work with research-and-development specialists to create products that meet consumers' needs. And most important, marketers must maintain their expertise on the ever-changing innovations that occur daily in every aspect of marketing.

Figure 1.1 Snapshot | The Marketing Mix

The marketing mix is the marketer's strategic toolbox.



marketing mix

A combination of the product itself, the price of the product, the promotional activities that introduce it, and the places where it is made available that together create a desired response among a set of predefined consumers.

four Ps

Product, price, promotion, and place.

product

A tangible good, service, idea, or some combination of these that satisfies consumer or business customer needs through the exchange process; a bundle of attributes including features, functions, benefits, and uses.

promotion

The coordination of a marketer's communication efforts to influence attitudes or behavior.

“ . . . for Creating, Communicating, Delivering, and Exchanging . . . ”: The Marketing Mix

As we said, marketing is about satisfying needs. To do this, marketers need many tools. The **marketing mix** is the marketer's strategic toolbox. It consists of the tools the organization uses to create a desired response among a set of predefined consumers. These tools include the product itself, the price of the product, the promotional activities (such as advertising and social media marketing) that introduce the product to consumers, and the places where it is available. We commonly refer to the elements of the marketing mix as the **four Ps**: *product*, *price*, *promotion*, and *place*.

Although we talk about the four Ps as separate parts of a firm's marketing strategy, in reality, product, price, promotion, and place decisions are interdependent. Decisions about any single one of the four are affected by and affect every other marketing mix decision. For example, what if Superdry (a rapidly growing Japanese apparel company) decides to introduce a leather biker jacket that is higher end than the ones it makes now? If the company uses more expensive materials to make this item, it has to boost the selling price to cover these higher costs; this also signals to consumers that the garment is more upscale. In addition, Superdry would have to create advertising and other promotional strategies to convey a top-quality image. Furthermore, the firm must include high-end retailers like Bergdorf Goodman and Bloomingdale's in its distribution strategy to

ensure that shoppers who seek out high-end items will come across the jacket. Thus, all the pieces in the puzzle we call the marketing mix work together. As Figure 1.1 shows, each P is interconnected with each of the other three Ps. This shows us that the activities of each of the four Ps must be coordinated with each of the other three Ps.

We'll examine these components of the marketing mix in detail later in this book. For now, let's briefly look at each of the four Ps to gain some more insight into their role in the marketing mix.

Product

What have you spent your money and time to get recently? A pizza on Friday night, a concert on the weekend, a drone that will take photos from high in the air—maybe even a “wonderful” marketing textbook? These are all products. A **product** can be a good, a service, an idea, a place, a person—whatever a person or organization offers for sale in the exchange. Creating new products is vital to the success and even the life of an organization. The product, one aspect of the marketing mix, includes the design and packaging of a good as well as its physical features and any associated services, such as free delivery.

The product is a combination of many different elements, all of which are important to the product's success. Think about your college education—an expensive product, for sure. You are buying more than the boring lecture in that chemistry class (or the awesome lecture in your marketing class). You are also paying for the health center with a weight room, pool, and a rock-climbing wall; for the classroom building; for the football and basketball teams; and maybe for the bragging rights of graduating from a “Big Ten” school.

Promotion

Although we all are familiar with advertising, **promotion**, also referred to as *marketing communication*, includes many different activities marketers undertake to inform

consumers about their products and to encourage potential customers to buy these products. Marketing communication takes the form of personal selling, TV advertising, store coupons, billboards, magazine ads, publicity releases, web pages, social media sites, and a lot more. Today marketers are quickly moving much of their energy and money to devising and implementing digital marketing communications, including mobile marketing, location-based marketing, behavioral digital marketing, and, of course, social media marketing.

Place

Place refers to the availability of the product to the customer at the desired time and location. This P relates to a **channel of distribution**, which is the series of firms or individuals that facilitates the movement of a product from the producer to the final customer. For clothing or electronics, this channel includes local retailers as well as other outlets, such as retail sites on the web that strive to offer the right quantity of products in the right styles at the right time. Place now has expanded past the traditional channel of distribution to consumers renting their homes or cars or RVs to other consumers in the *sharing economy* that we'll talk more about later.

Price

Price—we all know what price is. It's the amount you have to pay for the pizza, the concert tickets, the tennis racket, and, yes, this book. Price is the assignment of value, or the amount the consumer must exchange to receive the offering. Marketers often turn to price to increase consumers' interest in a product. This happens when they put an item on sale, but in other cases, marketers actually try to sell a product with a higher price than people are used to if they want to communicate that it's high quality or cutting edge. For example, designer clothes and accessories are priced so high that only a few consumers can afford them. Not many of us can afford a Prada Python/Crocodile Arcade-Stripe Frame Satchel Bag priced at \$9,600 or a pair of Valentino Rockstud Metallic Leather Mid-Heel Pumps at \$1,045. If you can, you probably don't need to take this course!

At the heart of every marketing act—big or small—is something we refer to as an *exchange relationship*. An **exchange** occurs when a person gives something and gets something else in return. The buyer receives an object, service, or idea that satisfies a need, and the seller receives something he or she feels is of equivalent value. Today, most exchanges occur as monetary transactions in which one party surrenders currency (in the form of cash, check, credit card, or even Bitcoin) in return for a good or a service. But there are also other kinds of exchanges. A politician, for example, can agree to work toward certain goals in exchange for your vote, city officials may offer you a cleaner environment if you recycle, and health officials tell you that you can save lives (perhaps your own) if you wash your hands with soap and hot water for 20 seconds.

For an exchange to occur, at least two people or organizations must be willing to make a trade, and each must have something the other wants. Both parties must agree on the value of the exchange and how it will be carried out. Each party also must be free to accept or reject the other's terms for the exchange. Under these conditions, a knife-wielding robber's offer to "exchange" your money for your life does *not* constitute a valid exchange. In contrast, although someone may complain that a store's prices are "highway robbery," an exchange occurs if he or she still forks over the money to buy something there—even if he or she still grumbles about it weeks later.

To complicate things a bit more, everyone does not always agree on the terms of the exchange. Think, for example, about movie piracy. That's what happens when a new Marvel



Edwin Remsburg/Alamy Stock Photo

A product is actually a "bundle" of benefits. For some universities, that means that in addition to a great education they offer cool amenities like a rock-climbing wall.

place

The availability of the product to the customer at the desired time and location.

channel of distribution

The series of firms or individuals that facilitates the movement of a product from the producer to the final customer.

price

The assignment of value, or the amount the consumer must exchange to receive the offering.

exchange

The process by which some transfer of value occurs between a buyer and a seller.

blockbuster is available on street corners for a few dollars—or free on BitTorrent—before it even opens in theaters.

“ . . . Offerings . . . ”: What Can We Market?

Is there any limit to what marketers can and will market? Marketing applies to more than just the new iPhone and the Microwavable S'Mores Maker your mother bought you before you came to college.

Some of the best marketers come from the ranks of services companies, such as American Express, or not-for-profit organizations, like Greenpeace. Politicians, athletes, and performers use marketing to their advantage (the Kardashians have figured it out). Ideas such as political systems (democracy, totalitarianism), religion (Christianity, Islam), and art (realism, abstract) also compete for acceptance in a “marketplace.” In this text, we'll refer to any good, service, person, place, or idea that we can market as a product, even though what you buy may not take a physical form.

Consumer Goods and Services

Consumer goods are the tangible products that individual consumers purchase for personal or family use. **Services** are intangible products that we pay for and use but don't own. In 2017, service transactions contribute 80 percent of the gross domestic product (GDP) in the U.S. and other developed countries.⁵ Marketers need to understand the special challenges that arise when they market an intangible service rather than a tangible good.⁶ Because both goods and services are products, it's more accurate to say “goods and services” rather than “products and services.”

Business-to-Business Goods and Services

Business-to-business marketing is about the exchange of goods and services from one organization to another. Although we usually think of marketing in terms of the piles of consumer goods that beg for our dollars every day, the reality is that businesses and other organizations buy a lot more stuff than consumers do. They purchase these **industrial goods** for further processing or to use in their own business operations. For example, automakers buy tons of steel to use in the manufacturing process. They also buy powerful computer systems to track manufacturing costs and other information essential to operations and much smaller computers to install in their cars to control those neat functions that keep drivers safe and happy.

Similarly, the growth of **e-commerce** isn't just about things people buy for themselves—books, clothing, cars, and so forth—on the Internet. Just like in the offline world, much of the real online action is in the area of business-to-business marketing.

Not-for-Profit Marketing

As we noted previously, you don't have to be a businessperson to use marketing principles. Many **not-for-profit organizations**, or **nongovernmental organizations (NGOs)**, including museums, zoos, and even churches, practice the marketing concept to survive. Local governments adopt marketing techniques to attract new businesses and industries to their counties and cities. Even states are getting into the act: We've known for a long time that I♥NY, but recently Kentucky and Oregon hired advertising agencies to develop statewide branding campaigns. (The official state motto of Oregon is now “Oregon. We love dreamers.”)⁷

Idea, Place, and People Marketing

Marketing principles also encourage people to endorse ideas or to change their behaviors in positive ways. Many organizations work hard to “sell” everything from the elimination of racism and gender discrimination to shelter-pet adoption to stopping teen bullying. We are all familiar with tourism marketing that promotes wonderful places with slogans such as “Smile! You are in Spain!” or “Live your myth in Greece.”

consumer goods

The goods individual consumers purchase for personal or family use.

services

Intangible products that are exchanged directly between the producer and the customer.

business-to-business marketing

The marketing of goods and services from one organization to another.

industrial goods

Goods that individuals or organizations buy for further processing or for their own use when they do business.

e-commerce

The buying or selling of goods and services electronically, usually over the Internet.

not-for-profit organizations, or nongovernmental organizations (NGOs)

Organizations with charitable, educational, community, and other public service goals that buy goods and services to support their functions and to attract and serve their members.

You may have heard the expression “Stars are made, not born.” There’s a lot of truth to that. Adele may have a killer voice and Chris Davis may have a red-hot baseball bat, but talent alone doesn’t make thousands or even millions of people buy their music or stadium seats. Some of the same principles that go into “creating” a celebrity apply to you. An entertainer—whether Miranda Lambert, Selena Gomez, or Drake—must “package” his or her talents, identify a market that is likely to be interested, and work hard to gain exposure to these potential customers by appearing in the right musical venues.

In the same way, everyday people like you “package” themselves when they create a great social media profile. And this person-marketing perspective is more valid than ever—now that almost everyone can find “15 minutes of fame” on a website or blog or in a YouTube video. We even have a new word—*microcelebrity*—to describe those who are famous not necessarily to millions of people but certainly to hundreds or even thousands who follow their comings and goings on Facebook, Instagram, or Twitter. Whether it’s the guy who sang the “Bed Intruder Song,” Boosy, Gary the Goat, “Alex from Target,” or even Grumpy Cat, the Internet churns out hundreds of temporarily famous people who probably won’t be remembered for long.

The idea of marketing people is especially important to college students like you who are trying to land an internship or a job. In fact, we believe this is so important that we have a section in every chapter of this book called “Brand You.” As we go through the marketing process chapter by chapter, we will discuss how you can use marketing strategies to create your unique brand. We will talk about how Brand You can be useful not only for getting a first job but also for enjoying a successful career.

“ . . . Value for Customers . . . ”

Most successful firms today practice the **marketing concept**—that is, marketers first identify consumer needs and then provide products that satisfy those needs to ensure the firm’s long-term profitability. Practicing the marketing concept is, of course, more complex and requires that marketers understand the most basic elements of successful marketing.

These elements—needs, wants, benefits, demand, a market, and a marketplace—are listed and explained in Table 1.1.

marketing concept

A management orientation that focuses on identifying and satisfying consumer needs to ensure the organization’s long-term profitability.

need

The recognition of any difference between a consumer’s actual state and some ideal or desired state.

want

The desire to satisfy needs in specific ways that are culturally and socially influenced.

benefit

The outcome sought by a customer that motivates buying behavior that satisfies a need or want.

demand

Customers’ desires for products coupled with the resources needed to obtain them.

market

All the customers and potential customers who share a common need that can be satisfied by a specific product, who have the resources to exchange for it, who are willing to make the exchange, and who have the authority to make the exchange.

marketplace

Any location or medium used to conduct an exchange.

Table 1.1 | Value for Customers

| Term | Definition | In Practice |
|--------------------|--|---|
| Need | The recognition of any difference between a consumer’s actual state and some ideal or desired state. | If the difference is big enough, the consumer is motivated to take action to satisfy the need. When you’re hungry, you buy a snack. If you’re not happy with your hair, you get a new hairstyle. |
| Want | The desire to satisfy needs in specific ways that are culturally and socially influenced. | If two students are hungry, the first student may be a health nut who fantasizes about gulping down a big handful of trail mix, whereas the second person may lust for a greasy cheeseburger and fries. The first student’s want is trail mix, whereas the second student’s want is fast food (and some antacid for dessert). |
| Benefit | The outcome sought by a customer that motivates buying behavior that satisfies a need or want. | After several years when sales were down, McDonald’s responded to the number-one request of its customers: breakfast all day. The new program attracted lapsed customers back and increased lunch business. ⁸ |
| Demand | Customers’ desires for products coupled with the resources needed to obtain them. | Demand for a snappy red BMW convertible includes the people who want the car minus those who can’t afford to buy or lease one. |
| Market | All the customers and potential customers who share a common need that can be satisfied by a specific product, who have the resources to exchange for it, who are willing to make the exchange, and who have the authority to make the exchange. | The availability of scholarships, government aid, and loans has increased the market for college education as more students can afford an education. |
| Marketplace | Any location or medium used to conduct an exchange. | Today the exchange may be face-to-face or through a mail-order catalog, a TV shopping network, an eBay auction, or a phone app. |

For example, you may *need* transportation but *want* a new Tesla Model S Performance. The Tesla Model S Performance will not only get you from point A to point B; it will also go from 0 to 60 mph in under 3 seconds. Unfortunately, it's possible that Tesla can't count you in their estimates of *demand* or the size of the *market* for the Model S because, at around \$90,000, you can't afford such an expensive car. In that case, you need to check out a different *marketplace*: a used car lot.

Of course, marketplaces continue to evolve. Increasingly consumers, especially younger ones, would rather rent than purchase the products they use. One of the biggest changes is in the domain of car sales, which are plummeting among newer drivers. Innovative start-ups like Zipcar figured out that many people, especially those who live in urban areas, would rather rent a ride by the hour instead of dealing with the hassles of car loans and hunting for parking spots. Now the big guys are testing the waters. BMW now wholly owns the DriveNow electric vehicle car-sharing program and ReachNow, which operates in North American cities.

A second change in the transportation marketplace is ridesharing. Uber, founded in 2009, has become a global phenomenon based on this concept. Uber drivers use their own cars and work when they want to. Average customers prefer Uber to traditional taxis because typically the ride is cleaner. Even business travelers are choosing Uber over rentals and taxis—one study showed that this type of travel made up two-thirds of business expense receipts for ground transportation in 2017. It's clear the business is thriving—Uber gave four billion rides in 2017 alone!⁹ Lyft, the second largest ride-sharing company, began doing business as Zimride in 2012.

utility

The usefulness or benefit that consumers receive from a product.

Millions of enterprising consumers, in turn, are considering joining the *sharing economy* by renting out their stuff when they aren't using it; they're offering everything from barbecue grills and power tools to Halloween costumes and who knows what else on sites like Zilok in France and Craigslist in the United States. Some analysts refer to this mushrooming trend as *collaborative consumption*.

The sharing economy continues to grow as more and more consumers have the ability and the preference to rent or borrow goods rather than buy their own. The sharing economy is estimated to grow from \$14 billion in 2014 to \$335 billion by 2025.¹⁰ This estimate is based on the rapid growth of Uber and Airbnb as indicators. We'll talk more about the sharing economy in Chapters 10 and 11.

Marketing Creates Utility

In the beginning of this chapter, we discussed the definition of marketing: "marketing is . . . for delivering value for customers." Value for consumers is the ratio of benefits to cost (as perceived by the customer) that motivates purchase. The benefit is some type of utility of goods and services as delivered by the four Ps. Thus, **utility** refers to the usefulness or benefit customers receive through the product itself, its price, its distribution, and the marketing communications about it. Marketing processes create several different kinds of utility to provide value to consumers:

- *Form utility* is the benefit marketing provides by transforming raw materials into finished products, as when a dress manufacturer combines silk, thread, and zippers to create a bridesmaid's gown.
- *Place utility* is the benefit marketing provides by making products available when and where customers want them. The most sophisticated evening gown sewn in New York's garment district is of little use to a bridesmaid in Kansas City if it isn't shipped to her in time.



Bryan Bedder/Stringer/Getty Images

Rent the Runway is a service started by two recent business school grads. It rents high-end dresses from designers, like Diane von Furstenberg, for about one-tenth of the cost of buying the same garment in a store. A woman can rent a dress for four nights; it's shipped directly to her doorstep, much like a Netflix DVD. The customer returns the dress in a prepaid envelope and the rental price includes the cost of dry cleaning. Place utility at work!

- *Time utility* is the benefit marketing provides by storing products until they are needed. Some women rent their wedding gowns instead of buying them and wearing them only once (they hope!).
- *Possession utility* is the benefit marketing provides by allowing the consumer to own (at a reasonable price), use, and enjoy the product. The bridal store provides access to a range of styles and colors that would not be available to a woman outfitting a bridal party on her own.

As we've seen, marketers provide utility in many ways. Now, let's see how customers and others "take delivery" of this added value.

Value for Clients and Partners

Marketing doesn't just meet the needs of customers—it meets the needs of diverse stakeholders. The term **stakeholders** refers to buyers, sellers, or investors in a company; community residents; and even citizens of the nations where goods and services are made or sold—in other words, any person or organization that has a "stake" in the outcome. Thus, marketing is about satisfying everyone involved in the marketing process.

Value for Society at Large

Is it possible to contribute in a positive way to society and the Earth and still make a good profit for stockholders? Target, one of the nation's largest retailers, seems to think so. The company announced in its 2012 corporate responsibility report that two of its top five priorities are environmental sustainability and responsible sourcing.



Some SOLO products are made of environmentally preferable materials—Green marketing in action.

1.2 When Did Marketing Begin? The Evolution of a Concept

OBJECTIVE

Explain the evolution of the marketing concept.

Now that we have an idea of how the marketing process works, let's take a step back and see how this process worked (or didn't work) in "the old days." Although it just sounds like common sense to us, believe it or not, the notion that businesses and other organizations succeed when they satisfy customers' needs actually is a pretty recent idea. Before the 1950s, organizations only needed to make products faster and cheaper to be successful. Let's take a quick look at how the marketing discipline has developed since then. Table 1.2 tells us about a few of the more recent events in this marketing history.

stakeholders

Buyers, sellers, or investors in a company; community residents; and even citizens of the nations where goods and services are made or sold—in other words, any person or organization that has a "stake" in the outcome.

Table 1.2 | Marketing’s “Greatest Hits”

| Year | Marketing Event |
|------|--|
| 1961 | Procter & Gamble launches Pampers. |
| 1964 | Blue Ribbon Sports (now known as Nike) ships its first shoes. |
| 1971 | Cigarette advertising is banned on radio and TV. |
| 1980 | Ted Turner creates CNN. |
| 1981 | MTV begins. |
| 1985 | New Coke is launched; old Coke rebranded as Coca-Cola Classic is brought back 79 days later. |
| 2004 | Online sales in the U.S. top \$100 billion. |
| 2010 | Apple launches the iPad; sells 300,000 of the tablets on the first day and 1 million iPads in 28 days—less than half of the 74 days it took to sell 1 million iPhones. Consumers watch more than 30 billion videos online per month. |
| 2014 | Facebook spends \$2 billion to buy Oculus Rift, a manufacturer of virtual reality headsets, as it signals the next frontier for social networks. |
| 2016 | Microsoft buys LinkedIn for \$26.1 billion. |
| 2017 | Tax reform makes it less advantageous for U.S. firms to move their operations out of the country, which should be good news for consumers who like “Made in the USA.” |
| 2018 | Coke introduces new flavored (Feisty Cherry, Twisted Mango, Ginger Lime, and Zesty Blood Orange) versions of Diet Coke in skinny cans. |
| 2020 | The murder of George Floyd by a policeman in Minneapolis led people around the globe to protest for equality. Many Fortune 500 and smaller companies immediately put new policies in place regarding racial and other discrimination and communicated these significant changes on social media, in email, and on their web pages. Many large and small companies donated money to organizations fighting racial and other discrimination. |

Sources: Patricia Sellers, “To Avoid Trampling, Get Ahead of the Mass,” *Fortune*, 1994, 201–2, except as noted. Keith Regan, “Report: Online Sales Top \$100 Billion,” June 1, 2004, <http://www.ecommercetimes.com/story/34148.html>.

production orientation
A management philosophy that emphasizes the most efficient ways to produce and distribute products.

selling orientation
A managerial view of marketing as a sales function, or a way to move products out of warehouses to reduce inventory.

The Production Era

We think about the history of marketing as moving through four distinct eras, summarized in Table 1.3 and briefly described here. Many people say that Henry Ford’s Model T changed America forever. From the start in 1908, when the “Tin Lizzie,” or “flivver,” as the T was known, sold for \$575, Ford continued to make improvements in production.





Ford’s focus illustrates a **production orientation**, which works best in a seller’s market when demand is greater than supply because it focuses on the most efficient ways to produce and distribute products.

The Sales Era

When product availability exceeds demand in a buyer’s market, businesses may engage in the “hard sell,” in which salespeople aggressively push their wares. This **selling orientation** means that management views marketing as a sales function, or a way to move products out of warehouses so that inventories don’t pile up. The selling orientation gained in popularity a short while after World War II ended and prevailed well into the 1950s. But consumers as a rule don’t like to be pushed, and the hard sell gave marketing a bad image.

Companies that still follow a selling orientation tend to be more successful at making one-time sales rather than at building repeat business. We are most likely to find this focus among companies that sell *unsought goods*—products that people don’t tend to buy without some prodding. For example, most of us aren’t exactly “dying” to shop for cemetery plots, so some encouragement may be necessary to splurge on a final resting place. Even in these categories, however, we still may find that competitors try to stay on top of consumers’ evolving needs. That’s why we see the rise in popularity of *eco burials* that avoid embalming and encourage cremation and also online funerals that stream images of the loved one on the Internet.

Table 1.3 | The Evolution of Marketing

| Icon | Era | Description | Example |
|--|------------------------|---|--|
|  | Production Era | Consumers have to take whatever is available; marketing plays a relatively insignificant role. | Henry Ford's Model T sold for less than \$575 and owned 60 percent of the market. |
|  | Sales Era | When product availability exceeds demand in a buyer's market. Management views marketing as a sales function, or a way to move products out of warehouses so that inventories don't pile up. Businesses engage in the "hard sell," in which salespeople aggressively push their wares. | The selling orientation gained in popularity after World War II when post-war demand had been satisfied and companies needed to sell more. |
|  | Relationship Era | Firms have a customer orientation that satisfies customers' needs and wants. | Organizations research customer needs and develop products to meet the needs of various groups. |
|  | Triple-Bottom-Line Era | Business emphasizes the need to maximize three components: <ol style="list-style-type: none">1. <i>The financial bottom line</i>2. <i>The social bottom line</i>3. <i>The environmental bottom line</i> | Companies try to create financial profits for stakeholders, contribute to the communities in which the company operates, and engage in sustainable business practices that minimize damage to the environment or that even improve it. |

The Relationship Era

Zappos is an online retailer whose company-wide goal is to "WOW" customers. Zappos is one of many firms that have adopted a **customer orientation**.

JetBlue is another firm known for its customer orientation. From its beginning in 2000, JetBlue's goal has been to provide features that delight customers and make flying fun. JetBlue planes offer the most legroom of any economy airline in coach, complimentary high-speed Fly-Fi broadband on every aircraft, free seatback entertainment at every seat, free snacks and soft drinks, hospitality-trained crewmembers offering award-winning service, and affordable fares. During the 20 years of JetBlue's operation, the airline has received 13 J.D. Power annual awards for highest customer satisfaction.¹¹

Following the Sales Era, the world's most successful firms began to adopt a customer orientation that provided marketers with a new and important way to outdo the competition—through satisfying customer needs better than the competition. In this, the Relationship Era, companies increasingly concentrated on improving the quality of their products. By the early 1990s, many in the marketing community followed a **total quality management (TQM)** approach, which is a management philosophy that involves all employees from the assembly line onward in continuous product quality improvement. We'll learn more about TQM in Chapter 9.

customer orientation

A business approach that prioritizes the satisfaction of customers' needs and wants.

total quality management (TQM)

A management philosophy that focuses on satisfying customers through empowering employees to be an active part of continuous quality improvement.

triple-bottom-line orientation

A business orientation that looks at financial profits, the community in which the organization operates, and creating sustainable business practices.

societal marketing concept

A management philosophy that marketers must satisfy customers' needs in ways that also benefit society and deliver profit to the firm.

sustainability

A design and manufacturing focus that meets present needs without compromising the ability of future generations to meet their needs.

green marketing

A marketing strategy that supports environmental stewardship, thus creating a differential benefit in the minds of consumers.

accountability

A process of determining just how much value an organization's marketing activities create and their impact on the bottom line.

return on investment (ROI)

The direct financial impact of a firm's expenditure of a resource, such as time or money.

The Triple-Bottom-Line Era

More recently, organizations began to wake up to the idea that making monetary profit is important but that there's more to think about than just the financial bottom line. Instead, they began to focus on a **triple-bottom-line orientation**.¹² This new way of looking at business emphasizes the need to maximize not just one, but three components:

1. *The financial bottom line:* Financial profits to stakeholders
2. *The social bottom line:* Contributing to the communities in which the company operates
3. *The environmental bottom line:* Creating sustainable business practices that minimize damage to the environment or that even improve it

One result of this new way of long-term thinking is the **societal marketing concept**. It states that marketers must satisfy customers' needs in ways that also benefit society while they still deliver a profit to the firm. A similar important trend now is for companies to think of ways to design and manufacture products with a focus on **sustainability**, which we define as "meeting present needs without compromising the ability of future generations to meet their needs."¹³ This philosophy is often referred to as "doing well by doing good." Many firms, big and small alike, practice sustainability through their efforts that satisfy society's environmental and social needs for a cleaner, safer environment.

Bombas is a good example of a company that was founded on the societal marketing concept. Socks are the number one most requested item by people without homes. Bombas, a socially conscious company that got its start on the hit show *Shark Tank*, was determined to help solve that problem. The company donates one pair of socks for every pair purchased—resulting in over 8.6 million pairs of socks going to people without homes around the country.¹⁴

Sustainability applies to many aspects of doing business, including social and economic practices (e.g., humane working conditions, diplomacy to prevent wars that deplete food supplies, good atmospheric quality, and of course, the protection of lives). One other crucial pillar of sustainability is the environmental impact of the product. **Green marketing** means developing marketing strategies that support environmental stewardship by creating an environmentally founded differential benefit in the minds of consumers. Green marketing is one aspect of a firm's overall commitment to sustainability.

In addition to building long-term relationships and focusing on social responsibility, triple-bottom-line firms place a much greater focus on **accountability**—measuring just how much value an organization's marketing activities create. This means that marketers at these organizations ask hard questions about the true value of their efforts and their impact on the bottom line. These questions all boil down to the simple acronym of **ROI (return on investment)**, or, specifically for marketing, *ROMI (return on marketing investment)*. Marketers now realize that if they want to assess just how much value they create for the firm, they need to know exactly what they are spending and what the concrete results of their actions are. You will learn more about ROMI in Chapter 3.

However, it's not always so easy to assess the value of marketing activities. Many times, managers state their marketing objectives using vague phrases like "increase awareness of our product" or "encourage people to eat healthier snacks." These goals are important, but their lack of specificity makes it pretty much impossible for senior management to determine marketing's true impact. Because management may view these efforts as costs rather than investments, marketing activities often are among the first to be cut out of a firm's budget. To win continued support for what they do (and sometimes to keep their jobs), marketers in triple-bottom-line firms do their best to prove to management that they generate measurable value by aligning marketing activities with the firm's overall business objectives.¹⁵ Often triple-bottom-line firms include an accounting of the firm's social bottom line and environmental bottom line as well as the traditional financial bottom line in the Annual Report for shareholders to see.

MillerCoors believes that a critical part of implementing accountability is that finance people respect marketing people for their knowledge and vice versa. The company has made this possible by developing a closer bond between the two groups. The CFO and CMO have adjacent offices and finance people have been dispersed among their marketing counterparts.¹⁶

What's Next in the Evolution of Marketing?

Although no one can really predict the future, most agree that in the years ahead we will see an acceleration of the most important factors that marketers think about today. These predictions include good content, user-generated content, branded content, Big Data, mobile marketing, the sharing economy, artificial intelligence, and corporate citizenship.¹⁷ Let's briefly dive in and see what these terms mean.

Customers' demand for good content will continue to dominate online marketing. **User-generated content**, or **consumer-generated content**, in which consumers engage in marketing activities such as creating advertisements, will grow and overtake the importance of **branded content**. Branded content has been an important communication strategy for a number of years. It is produced by a brand and may even indicate the brand is the sponsor but still presents itself as something other than an attempt to sell a product. *The Lego Movie* was a great example of branded content. Despite the claims that the movie was not created to sell Legos, the company did have a major say-so in decisions about details of the movie.

Consumers' use of online reviews, blogs, and social media will require more than ever that brands create a positive image for every customer and in any place that the company touches him or her, whether online or offline. All of this means that branding will increasingly become a two-way conversation, allowing consumers to have a greater voice. Because this increases the ability of marketers to track consumer behavior, they will be able to provide a more personalized brand communication experience.

Firms that do well by doing good will become more important than ever. Customers will continue the current trend of rewarding brands that do good and punishing those that do not. **Corporate citizenship**, or **corporate social responsibility**, refers to a firm's responsibility to the community in which it operates and to society in general. In the future, good corporate citizenship will become a major marketing function.

Big Data is the term marketers use to describe the voluminous data that a business gathers daily. The important thing about Big Data is not how much it is or how it's gathered; it's importance is in how it's used by an organization. Organizations can and should analyze big data in order to gain insights for decision making. Big Data can help an organization:

- Understand why there is a product, pricing, or promotion failure
- Deliver coupons or other sales promotions to individual consumers based on their captured data
- Develop a new product that meets customer needs

We'll do a deeper dive into Big Data in Chapter 5.

Mobile marketing, interacting with consumers via mobile phones, tablets, and wearable screens such as smart watches, will be one of the prime factors in marketing's future. Not only will these small screens allow for more personalized relationships with customers, but the growth of mobile screens in developing countries will exponentially increase the number of potential customers.

As we discussed earlier in this chapter, the *sharing economy* is a term used to describe the peer-to-peer renting and sharing of goods.



The Lego brand is a leader in leveraging user-generated content.

user-generated content, or **consumer-generated content**

Marketing content and activities created by consumers and users of a brand such as advertisements, online reviews, blogs, social media, input to new product development, or serving as wholesalers or retailers.

branded content

Marketing communication developed by a brand to provide educational or entertainment value rather than to sell the brand in order to develop a relationship with consumers; may indicate the brand is the sponsor.

corporate citizenship, or **corporate social responsibility**

Refers to a firm's responsibility to the community in which they operate and to society in general.

Artificial intelligence (AI) allows machines to learn from experience and perform human-like tasks. Whether you talk about self-driving cars or creating individual ads, with AI, computers can be trained by processing large amounts of data and finding patterns in the data.

Artificial intelligence (AI) allows marketers, whether online or in a physical store, to provide customers with a satisfactory experience. Many e-commerce marketers expect to increase AI use by 200 percent in the next year as it is fast becoming the only way to reach consumers. AI is no longer complex; rather, it now comes standard with the application marketers buy.

The Internet of Things (IoT) is a network of physical objects that use sensors, software, and connections to exchange and collect data. AI allows machines to learn from experience and perform human-like tasks.

In the future, customers will expect brand organizations to have a *purpose*. A purpose answers the question of why the organization exists and directs all organizational decision making. An organization uses its purpose to create deeper bonds with their customers, to articulate the problems it addresses, to do more for their communities, and to have greater results in the process.¹⁸

The future of marketing undoubtedly involves *more customers*. It's estimated that around 3 billion consumers from emerging markets will have access to the Internet by 2022. It's also estimated that 20 percent of all retail sales in 2022 will come from buyers who currently reside in those emerging markets.

Marketing communication will continue to evolve and expand. Today, marketers face an *infinite media* market as consumers produce media on their own and make their own rules.

Customer experience (CX or CEX) has become central to marketing. As we said earlier, customers don't buy products anymore. They buy experiences and emotions. Emotional branding is what makes a business stand out. The most successful brands offer customers real experiences and emotions. Disneyland and Coca-Cola sell happiness. Adidas and Nike give you courage to follow your dreams. L'Oréal sells beauty. That's why people buy these brands.

Social media has enabled the development of *influencer marketing*. Today, Internet users trust recommendations from a favorite YouTube creator more than they do marketer-generated messages.¹⁹

We're shifting from goods-dominant logic to **service-dominant logic**. When we think of a marketing enterprise, we usually think of a producer of goods. This process has been built on a goods-dominant logic that focuses on building, exchanging, and destroying (through use) value. Raw materials, such as iron ore, that are pretty worthless are processed and eventually become an automobile that is sold to a consumer who drives it until it will be sold for a lot less than its initial value or it finally dies and is junked.

Today, we are moving from selling goods to offering services. We need also to move to the service-dominant logic that looks at the exchange of a service rather than value. In the service-dominant logic, the customer becomes the focus, not the value. Services can be looked at as getting a job done for a customer, and they require an interaction between the customer and the service provider.

The service-dominant logic suggests that customers do not buy goods or services. Rather they buy offerings which provide services and create value. If the job we want done is transporting us or others from one place to another, we might buy a car or we might use Uber or Lyft services. We might even pay a subscription fee that enables us to pick a different (or the same) car to drive each day from a service provider with a wide range of options. The advantage of the service-dominant logic is that by focusing on the job to be done, marketers are open to many more opportunities.²⁰

Co-creation of value occurs when a company and their customer(s) work together to jointly create a product to suit the customer's needs. Co-creation is a win-win option. Companies have an opportunity to better understand customers' product desires and needs, and customers gain a new appreciation for the firm. Co-creation programs and experiments, while still new, have been adopted by major companies, including IKEA, Coke, Anheuser Busch, Starbucks, Unilever, Lego, and BMW.²¹

service-dominant logic

A firm's mindset for understanding the exchange process, acknowledging that all firms are service firms and that a firm has more opportunities with the service-dominant logic.

customer co-creation

The process when a company and their customers work together to create a product.

1.3

The Value of Marketing and the Marketing of Value

OBJECTIVE

Understand value from the perspectives of customers, producers, and society.

We said that marketing is all about delivering value to everyone who is affected by a transaction. That includes the customer, the seller, and society at large.

How do customers decide how much value they will get from a purchase? One way to look at value is to think of it simply as a ratio of benefits to costs—that is, customers “invest” their precious time and money to do business with a firm, and they expect a certain bundle of benefits in return.

Let’s look at value from the different perspectives of the parties that are involved in an exchange: the customers, the sellers, and society.

Value from the Customer’s Perspective

Think about something you would like to buy—say, a new pair of shoes. You have narrowed the choice down to several options. Your purchase decision no doubt will be affected by the ratio of costs versus benefits for each type of shoe. When you buy a pair of shoes, you consider the price (and other costs) along with all the other benefits (utilities) that each competing pair of shoes provides you.

Marketers communicate these benefits to the customer in the form of a **value proposition**, which is a marketplace offering that fairly and accurately sums up the value that the customer will realize if he or she purchases the product. The value proposition includes the whole bundle of benefits the firm promises to deliver, not just the benefits of the product itself. For example, although most people probably won’t get to their destination sooner if they drive a BMW versus a Mercedes-Benz or Audi, many die-hard loyalists swear by their favorite brand.

These archrival brands are largely marketed in terms of their images—meaning the images their respective marketing communication firms have carefully crafted for them with the help of slickly produced commercials, YouTube videos, and millions of dollars. When you buy a shiny new BMW, you do more than choose a car to get you around town; you also make a statement about the type of person you are or wish you were. In addition to providing a luxury ride or superior maintenance services, that statement also is part of the value the product delivers to you. The challenge to the marketer is to create a killer value proposition. A big part of this challenge is to convince customers that this value proposition is superior to others they might choose from competitors.

Value from the Seller’s Perspective

We’ve seen that marketing transactions produce value for buyers, but how do sellers experience value, and how do they decide whether a transaction is valuable? One answer is obvious: They determine whether the exchange is profitable to them. Has it made money for the company’s management, its workers, and its shareholders?

That’s an important factor, but not the only one. Just as we can’t measure the value of an automobile from the consumer’s perspective only in terms of basic transportation, value from the seller’s perspective can take many forms. For example, in addition to making a buck or two, many firms measure value along other dimensions, such as prestige among rivals or pride in doing what they do well. As we said earlier, online shoe retailer Zappos’s top core value is to “deliver WOW

value proposition

A marketplace offering that fairly and accurately sums up the value that will be realized if the good or service is purchased.



A value proposition is about all the benefits a customer receives from a product, not just the product’s physical attributes. In this case Lunchables sells food products, but kids also experience “fun.”



Jeep cultivates its loyal drivers with brandfests that include the Jeep Jamboree, Camp Jeep, and Jeep 101.

brandfests

Events that companies host to thank customers for their loyalty.

competitive advantage

A firm's edge over its competitors that allows it to have higher sales, higher profits, and more customers and enjoy greater success year after year.

distinctive competency

A superior capability of a firm in comparison to its direct competitors.

through service" and JetBlue's is to "delight the customer." Some organizations by definition don't even care about making money, or they may not even be allowed to make money. Not-for-profits like Greenpeace, the Smithsonian Institution, or National Public Radio regard value in terms of their ability to motivate, educate, or delight the public.

In recent years, many firms have transformed the way they do business. They now regard consumers as *partners* in the transaction rather than as passive "victims." That explains why it's becoming more common for companies to host events (sometimes called **brandfests**) to thank customers for their loyalty. For example, Jeep builds strong bonds with its Jeep 4 × 4 owners when it holds several off-road adventure weekends every year. These Jeep Jamborees are where other Jeep owners get to challenge the limits of their 4 × 4s on off-road trails and commune with fellow brand loyalists.²² Another example of a

popular brandfest is the Sam Adams OctoberFest. For those of you who enjoy Oktoberfest in your community, you might be interested to know that Oktoberfest began in Munich, Germany, when the Crown Prince's wedding was celebrated with a 16-day party and märzen beer.²³

Jeep's cultivation of its 4 × 4 enthusiasts and Sam Adams' OktoberFest reflect an important lesson the company understands very well: *It is more expensive to attract new customers than it is to retain current ones.* This notion has transformed the way many companies do business, and we'll repeat it several times in this book. However, there is an important exception to the rule: In recent years, companies have been working harder to calculate the true value of their relationships with customers by asking, "How much is this customer *really* worth to us?" Firms recognize that it can be costly in terms of both money and human effort to do whatever it takes to keep some customers loyal to the company. Often these actions pay off, but there are cases in which keeping a customer is a losing proposition.

The concept described above of calculating the *customer lifetime value (CLV)* is very important in marketing. To calculate CLV, companies first estimate the amount the person will spend year after year and then subtract what it will cost to gain the customer and to retain the relationship for the period of years they expect the customer to continue to buy from them. You will read more about CLV and other important metrics later on in Chapter 5.

Provide Value through Competitive Advantage

Firms of all types seek to gain a **competitive advantage**—an edge over their competitors that allows them to have higher sales, higher profits, more customers—in short, to enjoy greater success year after year. In general, a competitive advantage comes from either a *cost advantage* or a *differential advantage*. A firm has a cost advantage when the firm can produce a good or service at a lower cost than competitors and thus charge customers a lower price. A differential advantage means that the firm produces a product that differs significantly from competitors' products and customers see the product as superior.

How does a firm go about creating a competitive advantage? The first step is to identify what it does really well. A **distinctive competency** is a firm's capability that is superior to that of its competition. For example, Coca-Cola's success in global markets—Coke commands nearly 50 percent of the world's soft-drink business—is related to its distinctive competencies in distribution and marketing communications. Coke's global distribution system got a jump on the competition during World War II, when Coke partnered with the military to make sure every soldier had access to its soft drink. The military actually paid for the transportation of Coca-Cola and helped the company to build bottling plants to keep the troops happy.²⁴ Coke's skillful marketing communications program, a second distinctive competency, has contributed to its global success. Coke doesn't just market a beverage; it sells "happiness."

Table 1.4 | How Firms Achieve a Competitive Advantage with a Distinctive Competency²⁵

| Company | Distinctive Competency | Differential Benefit | Competitive Advantage |
|------------------|---|--|--|
| Coca-Cola | Distribution and marketing communications | Convenience and brand awareness for customers all over the world | Other soft drinks are unable to take loyal customers away from Coke. Coca-Cola has more than 50 percent of the world soft-drink market. |
| Apple | Product quality and design | Easy access to cutting-edge technology | Apple's sales of its Mac computer increased 28.5 percent as the overall market for PCs decreased. |
| JetBlue Airlines | Customer service | A fun flight without any unpleasant surprises | JetBlue has been ranked first in customer satisfaction by JD Powers for 13 years. |
| Amazon.com | Fulfillment and distribution | Availability, convenience, ease of access, its customer-friendly services and policies, and an extremely varied selection of products provided through third-party sellers | Fifty-five percent of consumers search Amazon first. Worldwide, it has 6.4 percent of e-commerce and a 20 percent annual growth rate since its founding. |
| Starbucks | Product quality | Customer satisfaction | Starbucks has just under 33 percent of the market share in its industry. |

The second step to develop a competitive advantage is to turn a distinctive competency into a **differential benefit**—value that competitors don't offer and that customers want. Differential benefits set products apart from competitors' products by providing something unique that customers want, that is the competitive advantage. Differential benefits provide reasons for customers to pay a premium for a firm's products and exhibit a strong brand preference. For many years, loyal Apple computer users benefited from superior graphics capability compared to their PC-using counterparts. Later, when PC manufacturers caught up with this competitive advantage, Apple relied on its inventive product designers to create another differential benefit—futuristic-looking computers in a multitude of colors. This competitive advantage even tempted many loyal PC users to take a bite of the Apple (see Table 1.4). Apple's distinctive competency is product design as seen in the futuristic look of its computers. This distinctive competency has been continued in the design of its phones and other products, making them leaders in the markets of the world.

differential benefit

Properties of products that set them apart from competitors' products by providing unique customer benefits.

Add Value through the Value Chain

Many different players—both within and outside a firm—need to work together to create and deliver value to customers. The **value chain** is a useful way to appreciate all the players that work together to create value. This term refers to a series of activities involved in designing, producing, marketing, delivering, and supporting any product. In addition to marketing activities, the value chain includes business functions such as human resource management and technology development.²⁶

The value chain concept reminds us that every product starts with raw materials, such as iron ore or crude oil, that are of relatively limited value to the end customer. Each link in the chain has the potential to either add or remove value from the product the customer eventually buys. The successful firm is the one that can perform one or more of these activities better than other firms; this is its distinctive competency and thus provides an opportunity to gain a competitive advantage. The main activities of value chain members include the following:

- *Inbound logistics*: Bringing in materials or component parts necessary to make the product
- *Operations*: Converting the materials into another form or the final product
- *Outbound logistics*: Shipping out the final product
- *Marketing*: Promoting and selling the final product
- *Service*: Meeting the customer's needs by providing any additional support required

value chain

A series of activities involved in designing, producing, marketing, delivering, and supporting any product. Each link in the chain has the potential to either add or remove value from the product the customer eventually buys.

Figure 1.2 Snapshot | Apple's Value Chain

Apple's value chain includes inbound logistics, operations, outbound logistics, marketing and sales, and service.

| Inbound Logistics | Operations | Outbound Logistics | Marketing and Sales | Service |
|---|---|--|---|--|
| <ul style="list-style-type: none"> • Planar lithium battery (Sony) • Hard drive (Toshiba) • MP3 decoder and controller chip (PortalPlayer) • Flash memory chip (Sharp Electronics Corp.) • Stereo digital-to-analog converter (Wolfson Microelectronics Ltd.) • Firewire interface controller (Texas Instruments) | <ul style="list-style-type: none"> • Consumer research • New product development team • Engineering and production | <ul style="list-style-type: none"> • Trucking companies • Wholesalers • Retailers | <ul style="list-style-type: none"> • Advertising • Social media and other forms of marketing communication • Sales force | <ul style="list-style-type: none"> • Computer technicians |

Source: Based on information from Erik Sherman, "Inside the Apple iPod Design Triumph," May 27, 2006, <http://www.designchain.com/coverstory.asp?issue=summer02>.

To better understand the value chain, consider a new iPad you buy at your local Apple store. Do you think about all the people and steps involved in designing, producing, and delivering that product to the store? And there are other people who create brand advertising, who conduct consumer research to figure out what people like or dislike about their small tablet, and who make the box it comes in or the packaging that keeps the unit from being damaged in shipment. Without these people, there simply would be no iPad—only a box of raw materials and parts.

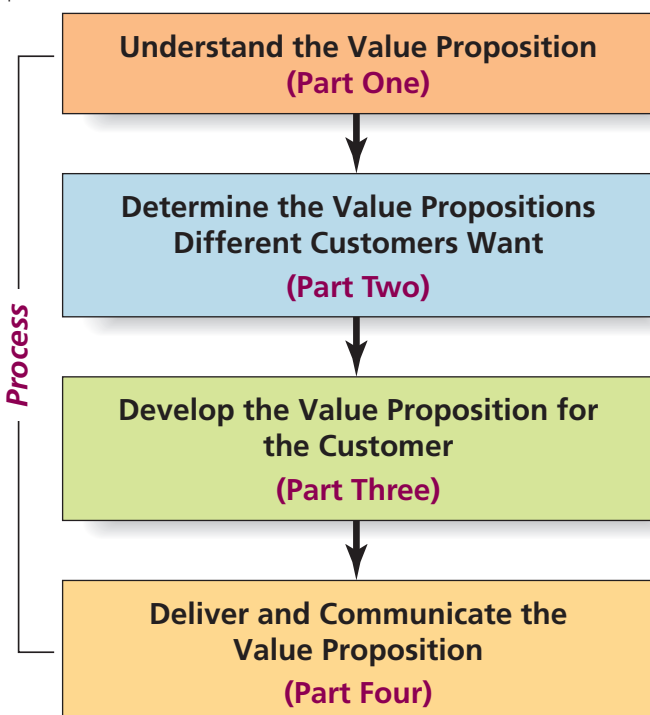
As Figure 1.2 shows, all these activities and companies belong to Apple's value chain. This means that Apple must make a lot of decisions. What electronic components will go into its music players? What accessories will it include in the package? What trucking companies, wholesalers, and retailers will deliver the iPods to stores? What service will it provide to customers after the sale? And what marketing strategies will it use? In some cases, members of a value chain will work together to coordinate their activities to be more efficient and thus create a competitive advantage.

We've organized this book around the series of steps in the marketing process. Each of these steps is essential to ensuring that the appropriate value exchange occurs and that both parties to the transaction are satisfied—making it more likely they'll continue to do business in the future. Figure 1.3 shows these steps. Basically, we're going to learn about what marketers do as a product makes its way through the firm's value chain, from obtaining the raw materials and component parts to producing the product to delivery into the customer's hands.

We'll start in Part 1 with a focus on how companies plan for success with global and ethical marketing strategies. In Part 2, we'll see how research and Big Data help marketers understand and meet the different needs of different customers. Then Part 3 takes a look at how firms decide to "position" the product in the marketplace, including choices about what it should look like,

Figure 1.3 Process | Create and Deliver Value

This book is organized around the sequence of steps necessary to ensure that the appropriate value exchange occurs and that both parties to the transaction are satisfied. Each step corresponds to one of the book's four parts.



how its value should be communicated to customers, and how much to charge for it. As we reach the end of our marketing journey in Part 4, we'll talk about how the product gets delivered and promoted to consumers.

Consumer-Generated Value: From Audience to Community

As we discussed earlier, one of the most exciting changes in the world of marketing is that everyday people actually *generate* value instead of just buying it; consumers are turning into advertising directors, retailers, and new-product-development consultants. They create their own ads (some flattering, some not) for products and post them on sites like YouTube. They buy and sell merchandise ranging from Beatles memorabilia to washing machines (to body parts, but that's another story) on eBay. They share ideas for new styles with fashion designers, design new advertising, and customize their own unique versions of products on websites. Some even proudly announce the latest stuff they've bought in “haul videos” they shoot and post on YouTube (if you don't believe us, just search for “haul videos” and see how many people take the time to do this).

These profound changes mean that marketers must adjust their thinking about customers: They need to stop thinking of buyers as a passive audience and start thinking of them as a community that is motivated to participate in both the production and the consumption of what companies sell. They also are part of the brand communication process as they create their own videos, provide product reviews, and participate in blogs. Some examples of this consumer-generated content include:

- Loews Hotels opted to use photos of actual guests in their marketing instead of hiring actors. They began the process by looking through Instagram photos that their guests had already shared. This inspiration turned into the #TravelForReal campaign where they invited real travelers to capture the essence of each hotel. They collected these photos and used them on their website, social media outlets, and more with the tagline “Nobody tells our story better than you.”²⁷
- Calvin Klein asked its customers to fill in the blank: “I ____ in #MyCalvins.” In no time, nearly 200,000 photos had been posted with the hashtag to Instagram. The brand also earned millions of new followers across Facebook, Instagram, and Twitter. Ultimately, they set up a photo gallery that swelled to 4.5 million interactions in four months.²⁸
- For a decade, Doritos cashed in on its “Crash the Super Bowl” contest, where fans submitted their best 30-second commercials. The winning commercial (as voted on by fans) was aired during the Super Bowl game, and the winner not only received bragging rights but also took home a cool \$1 million.²⁹

Consumer-Generated Value: Social Networking

In the 1990s, the Internet (**Web 1.0**) was typified by static content provided by a site's creator. Businesses and institutions permitted little consumer involvement on websites.³⁰ These commercially and technically based organizations created sites that were crude, simple, and designed to accomplish one specific function. Later, **Web 2.0** offered marketers two-way communication through social networking sites such as Facebook. People wrote blogs and e-commerce expanded.

With the web, consumers create value through *social media*, which are Internet-based platforms that allow users to create their own content and share it with others who access their



Consumers generate value through social media—creating their own content and sharing it with others. Haul videos allow users to share their shopping “hauls” with their followers.

haul videos

Videos consumers post on YouTube that detail the latest stuff they bought.

Web 1.0

The beginning phase of the Internet that offered static content provided by the owner of the site.

Web 2.0

The second generation of the World Wide Web that incorporated social networking and user interactivity via two-way communication.



REUTERS / Alamy Stock Photo

On the Internet, almost anyone can be a celebrity. Liza Koshy began her career on Vine before starting her YouTube channel, which has more than 17 million subscribers. She has had various acting roles, hosted shows, and won many awards, including a Kids' Choice Award.

social networking platforms

Online platforms that allow a user to represent himself or herself via a profile on a website and provide and receive links to other members of the network to share input about common interests.

recommendation engine

Computer system that has access to customers' former shopping behavior in order to make a recommendation for future purposes.

folksonomy

A classification system that relies on users rather than preestablished systems to sort contents.

wisdom of crowds

Under the right circumstances, groups are smarter than the smartest people in them, meaning that large numbers of consumers can predict successful products.

crowdsourcing

A practice where firms outsource marketing activities (such as selecting an ad) to a community of users.

sites. Social media include, among others, social networks, such as Facebook and Twitter, and product review sites, such as TripAdvisor. On **social networking platforms**, a user posts a profile on a website and he or she provides and receives links to other members of the network to share input about common interests. The odds are that you and most of your classmates checked Snapchat before (or during?) class today.

Social media platforms like this are very hot today; more and more advertisers realize that these sites are a great way to reach an audience that tunes in regularly and enthusiastically to catch up with friends, check out photos of what they did at that outrageous party Saturday night (ouch!), proclaim opinions about political or social issues, or share discoveries of new musical artists.³¹ They share several important characteristics:

- They improve as the number of users increases. For example, Amazon's ability to recommend books, movies, concerts, and other items for sale to you, a process that uses AI and **recommendation engines**, is based on what other people with similar interests have bought. The recommendations get better as it tracks more and more people who enter search queries.
- Their currency is eyeballs. Google makes its money by charging advertisers according to the number of people who see their ads after they type in a search term.
- They are version free and in perpetual beta. Unlike static websites or books, content is always a work in progress. Enthusiastic users who serve as volunteer editors constantly update Wikipedia, the online encyclopedia, and "correct" others' errors.
- They categorize entries according to **folksonomy** rather than "taxonomy." In other words, sites rely on users rather than preestablished systems to sort contents. Listeners at Pandora create their own "radio stations" that play songs by artists they choose as well as other similar artists.³²

This last point highlights a key change in the way some new media companies approach their businesses: Think of it as marketing strategy by committee. The **wisdom of crowds** perspective (from a book by that name) argues that under the right circumstances, groups are smarter than the smartest people in them. If this is true, it implies that large numbers of (nonexpert) consumers can predict successful products.³³ Marketers rely on **crowdsourcing** when they outsource marketing activities to a large group of people, often through a social networking community. For example, Lego offers up its Lego CUUSOO crowdsourcing platform to solicit product and concept ideas from fans. The company periodically reviews the ideas that garner 10,000 supporters to see which ones might merit the chance to become a real Lego product, such as the *Voltron – Defender of the Universe* set, and "winners" earn 1 percent of the profits on net sales.³⁴ We'll talk more about crowdsourcing in Chapter 13.

Value from Society's Perspective

Every company's activities influence the world around it in ways both good and bad. Therefore, we must also consider how marketing transactions add or subtract value from society. In many ways, we as consumers are at the mercy of marketers, because we trust them to sell us products that are safe and perform as promised. We also trust them to price and distribute these products fairly. Conflicts often arise in business when the pressure to succeed in the marketplace provokes dishonest business practices; the huge failure of major financial services organizations like AIG and Goldman Sachs is a painful case in point.

Companies usually find that stressing ethics and social responsibility also is good business. The Internet and social media mean that consumers communicate about unsafe or faulty products, bad service, or scams. Some find this out the hard way:

The U.S. Environmental Protection Agency accused Volkswagen AG of using software to make 482,000 Volkswagen diesel-powered cars appear cleaner than they were. After first denying the accusation, Volkswagen later admitted to the charge. VW stock lost a third of its value in one day, and the company eventually paid over \$15 billion to settle lawsuits.

In a similar FTC finding, Lumos Labs, the maker of the Luminosity brain training program, had to pay \$2 million in redress. The company claimed that the Luminosity games helped users perform better in school or work and reduce cognitive deterioration with age without any scientific evidence.³⁵

In 2019, Anheuser-Busch InBev was forced to remove “no corn syrup” from its advertising and packaging of Bud Light.³⁶

The Dark Side of Marketing and Consumer Behavior

For some—hopefully not many and hopefully not *you* after you read this book—marketing is a four-letter word. Whether intentionally or not, some marketers *do* violate their bond of trust with consumers, and unfortunately the “dark side” of marketing often is the subject of harsh criticism.³⁷ In some cases, these violations are illegal, such as when a retailer adopts a “bait-and-switch” selling strategy, luring consumers into the store with promises of inexpensive products with the sole intent of getting them to switch to higher-priced goods.

In other cases, marketing practices have detrimental effects on society even though they are not actually illegal. Some alcohol and tobacco companies advertise in neighborhoods where abuse of these products is known to be a big problem. Others sponsor commercials that depict groups of people in an unfavorable light or sell products that encourage antisocial behavior. An online game based on the Columbine High School massacre drew criticism from some who say it trivializes the actions of the two teen killers. We’ll talk more about marketing ethics in Chapter 2.

Despite the best efforts of researchers, government regulators, and concerned industry people, sometimes consumers’ worst enemies are themselves. We tend to think of ourselves as rational decision makers, calmly doing our best to obtain products and services that will maximize our health and well-being and that of our families and society. In reality, however, our desires, choices, and actions often result in negative consequences to ourselves and the society in which we live. Some of these actions are relatively harmless, but others have more onerous consequences. Some harmful consumer behaviors, such as excessive drinking or cigarette smoking, stem from social pressures, and the cultural value that people place on money encourages activities such as shoplifting or insurance fraud. Exposure to unattainable ideals of beauty and success can create dissatisfaction with the self. Let’s briefly review some dimensions of the “dark side” of consumer behavior:

Addictive consumption: **Consumer addiction** is a physiological or psychological dependency on goods or services. These problems, of course, include alcoholism, drug addiction, and cigarettes, and many companies profit from addictive products or by selling solutions. More recently, as we’ve already seen, many have become concerned about small-screen addiction. Although most people equate addiction with drugs, consumers can use virtually anything to relieve (at least temporarily) some problem or satisfy some need to the point that reliance on it becomes extreme. “Shopaholics” turn to shopping much the way addicted people turn to drugs or alcohol.³⁸ Numerous treatment centers in China, South Korea, and Taiwan (and now a few in the U.S. also) deal with cases of Internet or small-screen

consumer addiction

A physiological or psychological dependency on goods or services, including alcohol, drugs, cigarettes, shopping, and use of the Internet.



Internet overuse or addiction is a growing problem around the world. The South Korean government is concerned about teens who log a huge amount of hours in Internet “bangs” where they play videogames for hours on end.

addiction—some hardcore gamers have become so hooked that they literally forget to eat or drink. There is even a ChapStick Addicts support group with approximately 250 active members.³⁹

Illegal activities: The cost of crimes that consumers commit against businesses has been estimated at more than \$40 billion per year. A survey the McCann-Erickson advertising agency conducted revealed the following tidbits:⁴⁰

- Ninety-one percent of people say they lie regularly. One in three fibs about their weight, one in four fudges their income, and 21 percent lie about their age. Nine percent even lie about their natural hair color.
- Four out of 10 Americans have tried to pad an insurance bill to cover the deductible.
- Nineteen percent say they’ve snuck into a theater to avoid paying admission.
- More than three out of five people say they’ve taken credit for making something from scratch when they have done no such thing. According to Pillsbury’s CEO, this “behavior is so prevalent that we’ve named a category after it—speed scratch.”

Anticonsumption: Some types of destructive consumer behavior are **anticonsumption**, when people deliberately deface or otherwise damage products. This practice ranges from relatively mild acts, like spray-painting graffiti on buildings and subways, to serious incidences of product tampering or even the release of computer viruses that can bring large corporations to their knees.

anticonsumption

The deliberate defacement of products.

1.4 Marketing as a Process

OBJECTIVE

Explain the basics of market planning.

Our definition of marketing also refers to *processes*. This means that marketing is not a one-shot operation. When it’s done right, marketing is a decision process in which marketing managers determine the strategies that will help the firm meet its objectives and then execute those strategies using the tools they have at their disposal. In this section, we’ll look at how marketers make business decisions and plan actions and the tools they use to execute their plans. We’ll build on this brief overview in Chapter 3.

A big part of the marketing process is *market planning*, where we think carefully and strategically about the “big picture” and where our firm and its products fit within it. The first phase of market planning is to analyze the marketing environment. This means understanding the firm’s current strengths and weaknesses by assessing factors that might help or hinder the development and marketing of products. The analysis must also take into account the opportunities and threats the firm will encounter in the marketplace, such as the actions of competitors, cultural and technological changes, and the economy.

Firms (or individuals) that engage in market planning ask questions like these:

- What product benefits will our customers look for in three to five years?
- What capabilities or distinctive competencies does our firm have that set it apart from the competition?
- What additional customer groups might provide important market segments for us in the future?
- How will changes in technology affect our production process, our communication strategy, and our distribution strategy?
- What changes in social and cultural values are occurring now that will impact our market in the next few years?
- How will customers’ awareness of environmental issues affect their attitudes toward our manufacturing facilities?
- What legal and regulatory issues may affect our business in both domestic and global markets?

Answers to these and other questions provide the foundation for developing an organization's *marketing plan*. This is a document that describes the marketing environment, outlines the marketing objectives and strategy, and identifies who will be responsible for carrying out each part of the marketing strategy. Marketing plans will be discussed in full detail in Chapter 3—in fact, in that chapter you will learn about the basic layout and content of a marketing plan. A major marketing decision for most organizations is which products to market to which consumers without simultaneously turning off other consumers. Some firms choose to reach as many customers as possible, so they offer their goods or services to a **mass market** that consists of all possible customers in a market regardless of the differences in their specific needs and wants. Market planning then becomes a matter of developing a basic product and a single strategy to reach everyone.

Although this approach can be cost effective, the firm risks losing potential customers to competitors whose marketing plans instead try to meet the needs of specific groups within the market. A **market segment** is a distinct group of customers within a larger market who are similar to one another in some way and whose needs differ from other customers in the larger market. For example, automakers such as Ford, General Motors, and BMW offer different automobiles for different market segments. Depending on its goals and resources, a firm may choose to focus on one or on many segments. A *target market* is the segment(s) on which an organization focuses its marketing plan and toward which it directs its marketing efforts. Marketers develop *positioning* strategies to create a desired perception of the product in consumers' minds in comparison to competitors' brands. We'll learn more about these ideas in Chapter 7.

As marketers plan their strategies for the future, it is good to remember that marketing is not static but has changed greatly, even in your lifetime. And it will continue to change. To be successful, marketers need to be ready for disruptions, see them as opportunities, and respond accordingly.

Disruptive Marketing

In this chapter, we've provided an introduction and an overview of marketing. We dare not finish this chapter, however, without talking about **disruptive marketing**. Many experts believe that disruptive marketing is the only way to stay in business for the long term.

So what is disruptive marketing? Disruptive marketing requires that marketers must first understand the consumer, identifying what is missing in the marketplace to satisfy the customer and stepping outside the box. Disruptive marketing means turning the existing marketing rules upside down, changing how customers think not only of your company and brand but of the industry as a whole. *Harvard Business Review* defined disruptive marketing as "a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses."⁴¹

Disruptive marketing displaces something that is well established, like filling a need with a totally new product that the existing product was not able to fill. It's about doing something risky and new in marketing your brand. If other brands try to do the same thing, they will be dismissed by the consumer.

Perhaps the best way to understand disruptive marketing is to look at some examples of disruptive marketing, both historical and recent.

Was the first automobile a market disruption? Not really, because early automobiles were very expensive and only a few could afford them. Ford's *Model T*, however, did create a market disruption because it made automobiles affordable for thousands of people. It replaced the horse and buggy, turning an industry on its head.

The Adidas Group recognizes that sustainability is gaining in importance and consumers are willing to pay more for brands which do provide sustainable alternatives to other brands. To this end Adidas introduced the UltraBOOST running shoe made from 11 plastic bottles gathered from the ocean. Reebok, another Adidas Group brand, has developed its

mass market

All possible customers in a market, regardless of the differences in their specific needs and wants.

market segment

A distinct group of customers within a larger market who are similar to one another in some way and whose needs differ from other customers in the larger market.

disruptive marketing

A process whereby marketers, by understanding customer needs and identifying what is missing, step "outside the box" to displace something well established, such as filling a need with a totally new product.

first plant-based sneaker, Forever Floatride GROW, made with castor beans, algae, eucalyptus trees and natural rubber.

Microsoft introduced its new Xbox Adaptive Controller designed to “level the playing field” for all gamers. It is especially designed to meet the needs of gamers with limited mobility.

Stay alert for what disruptive marketing will enter the market next.⁴²

1.5 **Brand You:** A Framework for Managing Your Career

OBJECTIVE

Understand how to increase your chances of getting a great first job and having a successful career by using the marketing process to create a personal brand.

We'd like to introduce you to Taylor. Taylor is an undergraduate business student. Well-meaning people keep asking Taylor what he plans to do when he graduates. Taylor has no idea; it's a bit embarrassing. Taylor is now thinking about his career after graduation and maybe an internship before he graduates. But just thinking isn't getting him there. He knows he needs help.

In his marketing class, he heard about “Brand You” and immediately knew this was exactly what he needs to do. He is happy that he finally has a path that he believes will allow him to have the internship and career he wants.

What is the most important brand you will ever market? It's Brand **YOU**!

If you're one of those people who cringes whenever someone asks, “What do you want to do when you graduate?” . . .

If you're someone who has several ideas about an internship that you might enjoy but aren't sure of any one . . .

Or if you have an idea of what you want to do in your career but have no clue how to get a job in that area . . .

Brand You is for you!

Brand You is a process, using the same tools marketers have used to create Nike and Starbucks and Apple, to create a personal brand. Your brand will help you present yourself to employers as a top candidate when you seek internships and jobs during college.

Developing a great brand doesn't happen overnight. It is a process. In that process, marketers must identify the needs of the target market, create a product that provides value for customers, price it, and deliver compelling messages that convince consumers to try the product. In going through the process, you have the opportunity to discover what makes you unique and what benefits you can offer an employer, your customer.

Starting the *Brand You* Process

The journey of developing your personal brand will help you answer many key questions, such as: Do you know what kind of job you want? Have you thought about the kind of company where you'd enjoy working? Do you know what steps to take to prepare for your field? Have you even thought about your future in terms of a career as opposed to what job you want when you graduate? Reading and working through the marketing strategies for Brand You can lead you to courses that teach the needed skills to increase your value to employers. And, of course, these same marketing strategies will help you succeed whenever you search for work—you'll be able to communicate your value with a clear, dynamic message.

If you think you don't need to create a personal brand because you're not a marketing major, think again. No matter what type of career you want, creating your personal brand will help you manage that career. A personal brand will help you determine who you are and what you want to do. It prepares you to effectively communicate to a prospective

employer why he or she should choose you for the job. A personal brand can help distinguish you from other job candidates, whether you're applying for a job in accounting, operations, human resources, sales, or any other area.

Whether you are graduating during a period of economic prosperity or recession, there are always some companies hiring and some good jobs. And new job titles are created every day. Just imagine the new jobs that will appear during the next decade. If you are likely to enter the job market when the economy is down, it is more important than ever that you begin now working to create and market a great Brand You. Although you can't make any assumptions about job retention, you will still have security—the security that comes from being a career activist, security you create by constantly scanning the horizon for new opportunities to add value.

Applying Marketing Concepts to Brand You

Developing a brand identity is only the first step. Once a brand has been created, it needs to be marketed. Here are three ways marketing concepts apply to your own personal brand:

Marketing is about meeting needs. That means that you have to figure out what kind of employer you want to work for and what skills and knowledge are needed for a position with that employer. Jobs exist because employers need people who accomplish tasks and solve problems.

Marketing is about creating utility. The goal of your personal brand is communicating to prospective employers that your skills and knowledge will be useful to them, that is, will meet their needs. To communicate utility, marketers develop a *value proposition*—a statement that sums up the value the customer will realize if he or she buys the product. Brand You will guide you in developing your own personal value proposition tailored to the wants and needs of the employers you're targeting.

Marketing is about exchange relationships. In marketing a good or service, an exchange relationship exists when the marketer exchanges the good or service for some amount of money. Work is the ultimate exchange relationship—you exchange your skills for learning opportunities and compatible work arrangements as well as financial rewards.

Taylor now understands some of the benefits of a personal brand and is ready to start the process. He hopes that through the process he will find answers to questions such as: What kind of job do I want? What kind of company do I want to work for? And too, Taylor knows that to get the great job he wants, he needs to differentiate himself and set himself apart from all the other recent graduates trying to land the same job.

Objective Summaries and Key Terms

1.1 Objective Summary

Explain what marketing is, the marketing mix, what can be marketed, and the value of marketing.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Therefore, marketing is all about delivering value to stakeholders, that is, to everyone who is affected by a transaction.

Organizations that seek to ensure their long-term profitability by identifying and satisfying customers' needs and wants adopt the marketing concept.

The marketing mix includes product, price, place, and promotion. The product is what satisfies customer needs. The price is the assigned value or amount to be exchanged for the product. The place or channel of distribution gets the product to the customer. Promotion is the organization's efforts to persuade customers to buy the product.

Any good, service, or idea that can be marketed is a product, even though what is being sold may not take a physical

form. Consumer goods are the tangible products that consumers purchase for personal or family use. Services are intangible products that we pay for and use but never own. Business-to-business goods and services are sold to businesses and other organizations for further processing or for use in their business operations. Not-for-profit organizations, ideas, places, and people can also be marketed.

Marketing provides value for customers when they practice the marketing concept and focus on identifying and satisfying customer needs. Marketing provides form, place, time, and possession utility. In addition, marketing provides value through satisfying the needs of diverse stakeholders, society, and the earth.

Key Terms

consumer
customer experience (CX or CEX)
marketing
marketing mix
four Ps
product
promotion
place
channel of distribution
price
exchange
consumer goods
services
business-to-business marketing
industrial goods
e-commerce
not-for-profit organizations, or nongovernmental organizations (NGOs)
marketing concept
need
want
benefit
demand
market
marketplace
utility
stakeholders

1.2 Objective Summary

Explain the evolution of the marketing concept.

Early in the 20th century, firms followed a production orientation in which they focused on the most efficient ways to produce and distribute products. Beginning in the 1930s, some firms adopted a selling orientation that encouraged salespeople to aggressively sell products to customers. In the 1950s, organizations adopted a customer orientation that focused on customer satisfaction. This led to the development of the marketing concept. Today, many firms are moving toward a triple-bottom-line orientation that includes a commitment to quality and value and a concern for both economic and social profit while protecting the environment. The societal marketing concept maintains that marketers must satisfy customers' needs in

ways that also benefit society while still delivering a profit to the firm. Similarly, companies think of ways to design and manufacture products with a focus on *sustainability*, or "doing well by doing good." Experts believe marketing will continue to change with greater use of good content, Big Data, mobile marketing, metrics and accountability, customer interaction, and corporate citizenship.

Key Terms

production orientation
selling orientation
customer orientation
total quality management (TQM)
triple-bottom-line orientation
societal marketing concept
sustainability
green marketing
accountability
return on investment (ROI)
user-generated content, or consumer-generated content
branded content
corporate citizenship, or corporate social responsibility
service-dominant logic
customer co-creation

1.3 Objective Summary

Understand value from the perspectives of customers, producers, and society.

Value is the benefits a customer receives from buying a good or service. Marketing communicates these benefits as the value proposition to the customer. For customers, the value proposition includes the whole bundle of benefits the product promises to deliver, not just the benefits of the product itself. Sellers determine value by assessing whether their transactions are profitable, whether they are providing value to stakeholders by creating a competitive advantage, and whether they are providing value through the value chain. Customers generate value when they turn into advertising directors, retailers, and new-product-development consultants, often through social networking using social media. Society receives value from marketing activities when producers stress ethics and social responsibility. Criticisms of both marketing and consumer activities may be valid in a few instances, but most are unfounded.

Key Terms

value proposition
brandfests
competitive advantage
distinctive competency
differential benefit
value chain
haul videos
Web 1.0

Web 2.0

social networking platforms

recommendation engine

folksonomy

wisdom of crowds

crowdsourcing

consumer addiction

anticonsumption

1.4 Objective Summary

Explain the basics of market planning.

The strategic process of market planning begins with an assessment of factors within the organization and in the external environment that could help or hinder the development and marketing of products. On the basis of this analysis, marketers set objectives and develop strategies. Many firms use a target marketing strategy in which they divide the overall market into segments and then target the most attractive one(s). Then they design the marketing mix to gain a competitive position in the target market.

Key Terms

mass market

market segment

disruptive marketing

1.5 Objective Summary

Understand how to increase your chances of getting a great first job and having a successful career by using the marketing process to create a personal brand.

Brand You is a process to create a personal brand that will help you present yourself to employers when you seek an internship as a student or a job when you graduate. Brand You strategies are not just for marketing majors. No matter what type of career you want, a personal brand can set you apart from other job candidates and will help you manage that career.

Three marketing concepts apply to your personal brand:

- Marketing is about meeting needs.
- Marketing is about creating utility.
- Marketing is about exchange relationships.

Chapter Questions and Activities

Concepts: Test Your Knowledge

- 1-1. Briefly explain what marketing is.
- 1-2. List and describe the four Ps of the marketing mix.
- 1-3. Define the terms *consumer goods*, *services*, and *industrial goods*. What do we mean by *marketing ideas*, *people*, and *places*?
- 1-4. What is *user-generated content*? What is *branded content*?
- 1-5. What is *utility*? List, describe, and give an example of the different types of utility.
- 1-6. Explain the different stages in the evolution of the marketing concept. What is the *triple-bottom-line orientation*?
- 1-7. Explain how marketers practice the societal marketing concept and sustainability.
- 1-8. Explain the concept of a *value proposition*.
- 1-9. Today, marketing is all about the *customer experience* (CX). Explain CX and some ways firms work to ensure a positive CX.
- 1-10. Define the terms *distinctive competency*, *differential benefit*, and *competitive advantage*. What does it mean for a firm to have a competitive advantage? What gives a firm a competitive advantage?
- 1-11. What is involved in marketing planning?

Activities: Apply What You've Learned

- 1-12. *In Class, 10–25 Minutes for Teams* Assume that you are a marketing consultant employed by retail giant

Target, which offers consumers products in a number of brick-and-mortar stores and online. Target wishes to increase its loyal customer base by engaging customers through interaction opportunities on social networks. Develop a list and describe at least 10 specific social network activities that will work together to increase customer engagement.

- 1-13. *In Class, 10–25 Minutes for Teams* Successful firms have a competitive advantage because they are able to identify distinctive competencies and use these to create differential benefits for their customers. Consider your business school or your university. What distinctive competencies does it have? What differential benefits does it provide for students? What is its competitive advantage? What are your ideas as to how your university could improve its competitive position? Write an outline of your ideas.
- 1-14. *In Class, 10–25 Minutes for Teams* As college students, you and your friends sometimes discuss the various courses you are taking. Assume you overhear your roommate say to another friend, "Marketing's not important. It's just dumb advertising." The other friend says, "Marketing doesn't really affect people's lives in any way." As a role-playing exercise, present your arguments against these statements to your class.
- 1-15. *For Further Research (Individual)* Recent reports indicate that consumers, including children and teens, are becoming small-screen addicts. Develop a series of questions to be used in a survey (about 10). Use these to interview at least five of your fellow students about their use of smartphones and tablets. Write up a report on your findings and conclusions.

- 1-16. For Further Research (Groups)** Select a global or national company that you are familiar with. Examine the firm's website and other sources of information about the company to determine its competitive advantages. Who are their biggest competitors? What are each of their competitive advantages? Give three suggestions for how the company can market their products or services to feature their advantages and overcome the advantages of the competition.
- 1-17. For Further Research (Individual)** One of the items that might be included in the Dark Side of Marketing is advertising that has the potential to encourage discrimination, criminal behavior, and unsafe activities, or to be insensitive or insulting to certain individuals or groups. Go online and search for various articles that discuss and show hundreds of examples of these types of advertising. Develop a report and if possible discuss your findings with your class.

Concepts: Apply Marketing Metrics

The chapter discusses the growing importance of sustainability, and it notes that companies and consumers increasingly consider other costs in addition to financial kinds when they decide what to sell or buy. One of these cost categories is damage to the environment. How can marketers make it easier for shoppers to compute these costs? The answer is more apparent in some product categories than in others. For example, American consumers often are able to compare the power consumption and annual costs of appliances by looking at their EnergyStar™ rating. In other situations, we can assess the *carbon footprint* implications of a product or service; this tells us how much CO₂ our purchase will emit into the atmosphere (e.g., if a person flies from New York to London). The average American is responsible for over 16 metric tons of CO₂ per year!⁴³ A carbon footprint comes from the sum of two parts, the direct, or primary, footprint and the indirect, or secondary, footprint:

- The *primary footprint* is a measure of our direct emissions of CO₂ from the burning of fossil fuels, including domestic energy consumption and transportation (e.g., cars and planes).
- The *secondary footprint* is a measure of the indirect CO₂ emissions from the whole life cycle of products we use, from their manufacture to their eventual breakdown.⁴⁴

Although many of us are more aware today that our consumption choices carry unseen costs, there is still a lot of confusion about the best way to communicate the environmental costs of our actions, and in many cases, consumers aren't motivated to take these issues into account unless the costs impact them directly and in the short term.

- 1-18.** As a consumer, what other metrics would you suggest that might reflect benefits of sustainability initiatives that would motivate you to purchase from one provider or the other?
- 1-19.** Would you buy from a demonstrably more expensive provider just because they exhibited a higher level of commitment to sustainability?

Choices: What Do You Think?

- 1-20. Critical Thinking** Journalists, government officials, and consumers have been highly critical of companies for gathering and storing large amounts of data on consumers (i.e., Big Data). Others argue that such practices are essential for firms to provide high-quality, affordable products that satisfy consumers' varied needs. What do you think? Should the government regulate such practices? How can such practices help the consumer? What potential downfalls are there?
- 1-21. Ethics** Despite best efforts to ensure product safety, products that pose a danger to consumers sometimes reach the marketplace. At what point should marketers release information about a product's safety to the public? How should marketers be held accountable if their product harms a consumer?
- 1-22. Critical Thinking** Organizations are now focusing more on the triple-bottom-line orientation, meaning that firms should focus on maximizing the financial, social, and environmental areas of the business. What should companies do when they realize that two or more of these conflict with one another? Do you think any one of them is more important? Why?
- 1-23. Critical Thinking** Many consumers are concerned about their impact on the environment. They demand green products as well as green marketing activities. However, these same consumers often opt not to purchase green products as they are traditionally more expensive than their alternatives. What do you think is driving this decision? How can marketers change their products or the way in which they are marketing them to encourage consumers to increase their purchases of green products? What are some ideas that you have for ways companies can execute green marketing?
- 1-24. Critical Thinking** Many would argue that Amazon's competitive advantages include fast delivery and its vast array of product options. Do you think these advantages are sustainable? Who do you think are Amazon's biggest competitors? How are they working to overcome Amazon's advantages?
- 1-25. Ethics** The American Psychological Association formally recognizes Internet addiction as a psychological disorder. Should it? Why or why not?
- 1-26. Ethics** Crowdsourcing has a lot of upsides—for the company initiating the crowdsourcing. The company gets to generate buzz among its fans as well as generate new product ideas and inventive advertising campaigns for little to no investment. Is there an upside to crowdsourcing for the customer, or are companies exploiting their users?
- 1-27. Critical Thinking** The chapter section on the dark side of marketing discusses alcohol and smoking abuse, deceptive or other advertising that can have negative consequences, illegal activities, claiming credit for something someone else has done, and deliberately defacing or damaging goods. Try to think of five additional consumer activities which could also be included in the topic of the "dark side of marketing." Describe each of your five and suggest activities for governments or marketers that would help decrease the problem.

Miniproject: Learn by Doing

The purpose of this miniproject is to develop an understanding of the practice of marketing and the importance of societal marketing and sustainability to different organizations.

- 1-28.** Working as a team with two or three other students, select an organization in your community. It may be a manufacturer, a service provider, a retailer, a not-for-profit organization—almost any organization will do. Then schedule a visit with someone within the organization who is involved in the marketing activities. Arrange for a short visit during which the person can give your group a tour of the facilities and explain the organization's marketing activities.
- 1-29.** Divide the following list of topics among your team and ask each person to be responsible for developing a set of questions to ask during the interview to learn about the company's program:
- What customer segments the company targets.
 - How it determines customer needs and wants.
 - What products it offers, including features, benefits, and goals for customer satisfaction.

- What its pricing strategies are.
- How it uses interactive content to engage customers.
- How it distributes products and whether it has encountered any problems.
- How it determines whether the needs and wants of customers are being met.
- Explain what marketers mean by the "societal marketing concept" and "sustainability" and ask if these are areas of concern to the organization. If so, how do they address them in their organization's activities? If not, ask if they have any plans to move in this direction in the future and, if so, how.

- 1-30.** Develop a team report of your findings. In each section of the report, share what you learned that is new or surprising to you compared to what you expected.

- 1-31.** Develop a team presentation for your class that summarizes your findings. Conclude your presentation with comments on what your team believes the company was doing that was particularly good and what was not quite so good.

Marketing in Action Case Real Choices at StockX

Are you a *sneakerhead*? If you proudly claim this nickname for collectors of limited-edition athletic shoes, you may be familiar with StockX, the stock market for sneakerheads. The success of this innovative company offers several lessons about *value*, the most fundamental concept in marketing.

Sneakers are big business for retailers. They are also big business for collectors who not only love shoes but also love the dollars others are willing to pay for a pair of sneakers with limited availability. The North American resale market for sneakers and other streetwear has grown to over \$2 billion and is expected to reach more than \$6 billion by 2025. Notable sales include a pair of Nike Air Max for \$40,000 and a 2020 sale of Air Jordans for \$560,000—but, of course, those Jordans were actually worn by the basketball phenom.

Air Jordans were the "gateway collectible" that led to addiction for many avid collectors. Among them was StockX founder Josh Luber, a former IBM analyst who founded Campless, a kind of Kelley Blue Book for sneakers. You can find his Ted Talk online in which he passionately made the case for sneakers as an investment and explained the need for a platform that could facilitate the buying and selling of these "commodities"—a "stock market of things." When Quicken Loans billionaire Dan Gilbert learned about Luber's concept, the two joined together to form StockX in 2016.

StockX uses the concepts of a stock exchange that buys and sells shares of publicly traded companies and applies it to the world of product resale. The price a seller is willing to sell for is an "ask"; the price the buyer is willing to pay is a "bid." When these two match up, a transaction occurs automatically. Collectors can track the value of their own "portfolio" via StockX and can see how their shoes and those they are considering purchasing are tracking in value, including a 52-week trend line—a "ticker" for sneakers. Another critical service is the examination of the product by StockX "authenticators." These sneaker

experts carefully scrutinize packaging, stitching, even the smell of the shoes to make sure they are the genuine article, not a counterfeit. For their services, StockX collects a 3 percent processing fee plus a transaction fee ranging from 8 to 9.5 percent.

Value is realized by every player in the StockX transaction process. Sellers get access to thousands of eager and able customers for their products and a simple and reliable process for handling the transactions. Buyers have access to useful information to help them assess whether a price is fair, plus they have a way to evaluate the change in value of their investments over time. Novice buyers are put on more of a level playing field with veteran buyers and sellers as the market price information in StockX allows them to assess the scarcity of a particular shoe. Perhaps most important to the purchaser is the authentication process, a feature not available with a private transaction between individuals or via competitor eBay. Even the shoe brands win as the prestige of their products increases through publicity about the prices at which they sell on the exchange. StockX is clearly receiving value too. In 2019, the company reached "unicorn" status, the term for privately held companies valued at \$1 billion or more.

StockX is also experimenting with another stock market concept—the initial public offering (IPO). In financial markets, the IPO is used to let the market set a price for shares of a business that is converting from private status to a publicly traded company. StockX is using that idea to allow shoe manufacturers to offer their new styles to the marketplace. In 2019, Adidas offered 333 exclusive pairs of their Campus 80s without a retail price, allowing consumers to set the market price. StockX founder Luber believes these IPOs are the future of e-commerce. He hopes that retailers will treat the StockX platform as a full-fledged distribution channel, allowing users to bid for products through an auction process. Borrowing yet another idea from Wall Street, the company wants to let their customers

do an exchange without even taking possession of the goods, facilitating “day trading.” According to Luber, the idea behind all of this was simple: “The stock market has been the most efficient form of commerce for 200 years. All we did was copy that, and point it from old commodities, like stocks and bonds and oil and gas, to new commodities, like streetwear and watches and handbags.”⁴⁵

Questions for Discussion

- 1-32.** Consider all of the potential stakeholders involved in a StockX transaction, from creation of the shoes to the acquisition by a collector. In what other ways is value created by the StockX service for each of these stakeholders?

- 1-33.** Marketing is also concerned with providing value to society—people not directly involved in the exchange process. In what ways does—or could—StockX provide value to this stakeholder group?
- 1-34.** As you’ll learn in Chapter 10, pricing is an important tool available to marketers to signal value and to persuade prospects to make a purchase. In what ways does StockX help and/or hurt a shoe manufacturer’s ability to use this important tool?
- 1-35.** Consider StockX’s vision for expanding the use of the IPO concept to eliminate the retail price and let consumers decide the market price for a new product. What are the pros and cons of this approach? For what kinds of products would this work and for what kinds of products might it be problematic?

Chapter Notes

1. American Marketing Association, “About AMA,” www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx (accessed May 24, 2018).
2. American Marketing Association, “About AMA,” www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx (accessed May 24, 2018).
3. Hal Concik, “Study Finds One Quarter of CEOs Have a Marketing or Sales Background,” American Marketing Association, February 18, 2017, <https://www.ama.org/publications/eNewsletters/Marketing-News-Weekly/Pages/quarter-ceos-have-marketingsales-background.aspx> (accessed May 29, 2018).
4. Hailey Friedman, “The Best Marketing Agencies in New York: Top NYC Agencies,” Improvado, April 10, 2020, <https://improvado.io/blog/best-marketing-agencies-new-york> (accessed June 13, 2020).
5. CIA World Factbook, updated June 11, 2020, <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html> (accessed June 14, 2020).
6. Lee D. Dahringer, “Marketing Services Internationally: Barriers and Management Strategies,” *Journal of Service Marketing* 5 (1991): 5–17.
7. Stuart Elliott, “Introducing Kentucky, the Brand,” *New York Times*, June 9, 2004, <https://www.nyt.com>.
8. Julie Jargon, “McDonald’s All-Day Breakfast Is Luring in Consumers, Study Finds,” *Wall Street Journal*, December 8, 2015, <http://www.wsj.com/articles/mcdonalds-all-day-breakfast-is-luring-in-customers-study-finds-1449609778?cb=logged0.9060535116359343> (accessed March 3, 2016).
9. Phil LeBeau, “Business Travelers Increasingly Prefer Ride-Hailing Services over Car Rentals, Taxis,” *CNBC*, January 30, 2018, <https://www.cnbc.com/2018/01/29/business-travelers-increasingly-prefer-ride-hailing-services-over-car-rentals-taxis.html>; Johana Bhuiyan, “Uber Powered Four Billion Rides in 2017. It Wants To Do More—and Cheaper—in 2018,” *Recode*, January 5, 2018, <https://www.recode.net/2018/1/5/16854714/uber-four-billion-rides-coo-barney-harford-2018-cut-costs-customer-service> (accessed May 29, 2018).
10. Judith Wallenstein and Urvesh Shelat, “What’s Next for the Sharing Economy?” *Boston Consulting Group*, October 4, 2017, <https://www.bcg.com/publications/2017/strategy-technology-digitalwhats-next-for-sharing-economy.aspx> (accessed May 29, 2018).
11. “JetBlue Celebrates 20th Birthday, 20 Years of Award-Winning Customer Service and Low Fares,” JetBlue.com, February 11, 2020, <http://mediaroom.jetblue.com/investor-relations/press-releases/2020/02-11-2020-145835585>.
12. Paula D. Englis, Basil G. Englis, Michael R. Solomon, and Aard Groen, “Strategic Sustainability and Triple Bottom Line Performance in Textiles: Implications of the Eco-Label for the EU and Beyond,” *Business as an Agent of World Benefit Conference*, United Nations and the Academy of Management, Cleveland, OH, 2006.
13. M. K. Khoo, S. G. Lee, and S. W. Lye, “A Design Methodology for the Strategic Assessment of a Product’s Eco-Efficiency,” *International Journal of Production Research* 39 (2001): 245–74; C. Chen, “Design for the Environment: A Quality-Based Model for Green Product Development,” *Management Science* 47, no. 2 (2001): 250–64; Elizabeth Corcoran, “Thinking Green,” *Scientific American* 267, no. 6 (1992): 44–46; Amitai Etzioni, “The Good Society: Goals beyond Money,” *The Futurist* (2001): 68–69; M. H. Olson, “Charting a Course for Sustainability,” *Environment* 38, no. 4 (1996): 10–23. See also U.S. Environmental Protection Agency, “What Is Sustainability,” <https://www.epa.gov> (accessed April 7, 2014).
14. Bombas, “Giving Back,” <https://bombas.com/pages/givingback> (accessed May 29, 2018).
15. G. A. Wyner, “Scorecards and More: The Value Is in How You Use Them,” *Marketing Research*, Summer, 6–7; C. F. Lunbdy and C. Rasinowich, “The Missing Link: Cause and Effect Linkages Make Marketing Scorecards More Valuable,” *Marketing Research*, Winter 2003, 14–19.
16. Marketing Accountability Standards Board, “Finance and Marketing Bond at MillerCoors,” March 10, 2016, <https://themasb.org/finance-and-marketing-bond-at-millercoors/> (accessed March 27, 2016).
17. Jeff Beer, “25 Predictions for What Marketing Will Look Like in 2020,” *Fastcocreate*, March 4, 2015, <http://www.fastcocreate.com/3043109/sector-forecasting/25-predictions-for-what-marketing-will-looklike-in-2020>; Daniel Newman, “10 Top Trends Driving the Future of Marketing,” *Forbes*, CMO Network, April 14, 2015, <https://www.forbes.com/sites/danielnewman/2015/04/14/10-top-trends-driving-the-future-of-marketing/#81f287c5f97b> (accessed March 25, 2016).
18. Prakriti Singhania, Nairita Gangopadhyay, Anya George Tharakan, Rupesh Bhat, and Preetha Devan, “2020 Global Marketing Trends,” Deloitte Development LLC, 2019, <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consultancy/deloitte-uk-consulting-global-marketing-trends.pdf> (accessed June 7, 2020).
19. Vinod Janapala, “The Future of E-Commerce: Best Predictions for 2020,” *Customer Think*, March 20, 2020, <https://customerthink.com/the-future-of-e-commerce-best-predictions-for-2020/> (accessed June 10, 2020).
20. Adam Tacy, “Embracing Service-Dominant Logic,” *SolvInnov.com*, updated November 23, 2019, <http://solvinnov.com/service-dominant-logic-part-1/> (accessed June 21, 2020).
21. Christine Crandell, “Customer Co-Creation Is The Secret Sauce To Success,” *Forbes*, June 10, 2016, <https://www.forbes.com/sites/>

- christinecrandell/2016/06/10/customer_cocreation_secret_sauce/#6bf72d45b6dc (accessed June 18, 2020).
22. Jeep, "Frequently Asked Questions," <http://jeepjamboreeusa.com/faq> (accessed May 29, 2018).
 23. PR Newswire, "Look No Further, Fall's 'Best Fest' is Back: Samuel Adams Celebrates 30th Anniversary of OctoberFest," August 19, 2019, <https://www.prnewswire.com/news-releases/look-no-further-falls-best-fest-is-back-samuel-adams-celebrates-30th-anniversary-of-octoberfest-300903163.html> (accessed June 10, 2020).
 24. Roberto A. Ferdman, "How Coca-Cola Has Tricked Everyone into Drinking So Much of It," *Washington Post*, October 5, 2015, <https://www.washingtonpost.com/news/wonk/wp/2015/10/05/howcoca-cola-gets-its-way/> (accessed March 20, 2016).
 25. Siddharth Cavale, "Coke Revenue Misses Estimates as Soda Sales Slow," *Reuters*, February 18, 2014, <https://www.reuters.com/article/2014/02/18/us-cocacola-results-idUSBREA1H0WH20140218> (accessed April 7, 2014); Neil Hughes, "Apple's Domestic Mac Sales Surge 28.5% as Overall PC Market Shrinks 7.5%," January 9, 2014, <https://appleinsider.com/articles/14/01/09/apples-domestic-mac-sales-surge-285-as-overall-pc-market-shrinks-75> (accessed April 7, 2014); Annalyn Censky, "Dunkin' Donuts to Double U.S. Locations," *CNN*, January 4, 2012, http://money.cnn.com/2012/01/04/news/companies/dunkin_donuts_locations (accessed April 7, 2014).
 26. Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance* (New York: Free Press, 1985).
 27. Carrie Melissa Jones, "7 Examples of Awesome User-Generated Content Campaigns," *CMX*, May 2, 2017, <https://cmxhub.com/7-examples-of-awesome-user-generated-content-campaigns/> (accessed May 29, 2018).
 28. Carrie Melissa Jones, "7 Examples of Awesome User-Generated Content Campaigns," *CMX*, May 2, 2017, <https://cmxhub.com/7-examples-of-awesome-user-generated-content-campaigns/> (accessed May 29, 2018).
 29. Frito-Lay North America, "PepsiCo's Doritos Brand Reveals the Five Consumer-Created Commercials Competing for \$1 Million Grand Prize," January 2, 2014, <https://www.fritolay.com/news/pepsico-s-doritos-brand-reveals-the-five-consumer-created-commercials-competing-for-1-million-grand-prize> (accessed April 6, 2014).
 30. Kenneth E. Clow and Donald E. Baack, *Integrated Advertising, Promotion, and Marketing Communications*, 7th ed. (Upper Saddle River, NJ: Pearson, 2016).
 31. Some material adapted from a presentation by Matt Leavey, Prentice Hall Business Publishing, July 18, 2007.
 32. This section adapted from Michael R. Solomon, *Consumer Behavior: Buying, Having, and Being*, 8th ed. (Upper Saddle River, NJ: Prentice Hall, 2008).
 33. Jeff Surowiecki, *The Wisdom of Crowds* (New York: Anchor, 2005); Jeff Howe, "The Rise of Crowdsourcing," *Wired*, June 2006, <https://www.wired.com/wired/archive/14.06/crowds.html> (accessed October 3, 2007).
 34. Andrew Yoo, "Lego Ideas: Crowdsourcing the Next Big Hit," March 20, 2017, <https://digital.hbs.edu/platform-digit/submission/lego-ideas-crowdsourcing-the-next-big-hit/>; "Lego Ideas," August 3, 2017, <https://ideas.lego.com/blogs/a4ae09b6-0d4c-4307-9da8-3ee9f3d368d6/post/f20a58da-a8fd-4a2c-a0db-3a094de6fe21> (accessed May 28, 2018).
 35. *AdAge*, "FTC calls B.S. on Luminosity's Deceptive 'Brain Training' Advertising," January 5, 2016, <https://adage.com/article/news/ftc-calls-b-s-lumosity-brain-training-company-pay-2m/302006> (accessed June 17, 2020).
 36. E. J. Schultz, "Judge Orders Bud Light to Remove 'No Corn Syrup' from Packaging Handing MillerCoors a Win," *Advertising Age*, September 4, 2019, <https://adage.com/article/cmo-strategy/judge-orders-bud-light-remove-no-corn-syrup-packaging-handing-millercoors-win/2194731> (accessed June 17, 2020).
 37. Parts of this section are adapted from Michael R. Solomon, *Consumer Behavior: Buying, Having, and Being*, 7th ed. (Upper Saddle River, NJ: Prentice Hall, 2007).
 38. Thomas C. O'Guinn and Ronald J. Faber, "Compulsive Buying: A Phenomenological Explanation," *Journal of Consumer Research* 16 (September 1989): 154.
 39. Associated Press, "Center Tries to Treat Web Addicts," *New York Times*, September 5, 2009, <https://www.nytimes.com/2009/09/06/us/06internet.html> (accessed June 8, 2010).
 40. "Advertisers Face Up to the New Morality: Making the Pitch," July 8, 1997.
 41. Courtnei Casanova, "Disruptive Marketing: What Is It?" Copypress, <https://www.copypress.com/blog/disruptive-marketing-what-is-it/> (accessed June 17, 2020).
 42. Lindsay Stein and Oliver McAteer, "Campaign US Reveals Top 10 Marketing Disruptors of 2019," CampaignUS, December 19, 2019, <https://www.campaignlive.com/article/campaign-us-reveals-top-10-marketing-disruptors-2019/1669355> (accessed June 10, 2020); Steve Harvey, "All Shook Up: Disruptive Marketing Techniques for the Non-Conventional Marketer," *Fabrikbrands.com*, February 22, 2018, <https://fabrikbrands.com/disruptive-marketing-techniques/> (accessed June 23, 2020); Kelly Springs-Kelley, "These Disruptive Marketing Examples Will Inspire You," March 17, 2018, <https://elevate-staffing.com/these-disruptive-marketing-examples-will-inspire-you/> (accessed December 6, 2020).
 43. Justin Gillis and Nadja Popovich, "The U.S. Is the Biggest Carbon Polluter in History. It Just Walked Away from the Paris Climate Deal," *New York Times*, June 1, 2017, <https://www.nytimes.com/interactive/2017/06/01/climate/us-biggest-carbon-polluter-in-history-will-it-walk-away-from-the-paris-climate-deal.html> (accessed May 22, 2018).
 44. <https://www.carbonfootprint.com/> (accessed May 22, 2018).
 45. Based on Khadeeja Safdar, "StockX, Hub for Sneakerheads, Is Latest \$1 Billion Unicorn," *The Wall Street Journal*, June 26, 2019, <https://www.wsj.com/articles/stockx-hub-for-sneakerheads-is-latest-1-billion-unicorn-11561571959>; Juliette Tafreschi, "I Am One of the Top Buyers on StockX," *SportsWear International*, December 12, 2019, <https://www.sportswear-international.com/news/stories/Online-marketplace-I-am-one-of-the-top-buyers-on-StockX-15047>; Luke Denne, "Michael Jordan Sneakers Sell for \$560,000 at Sotheby's Auction," *NBC News*, May 18, 2020, <https://www.nbcnews.com/news/sports/michael-jordan-sneakers-sell-560-000-sotheby-s-auction-11209086>; Sheila Marikar, "The Founder of StockX Turned His Hobby into a Billion-Dollar Business in 3 Years. Then He Turned Over the Reins. Now What?" *Inc.*, December 17, 2019, <https://www.inc.com/magazine/202002/sheila-marikar/stockx-josh-luber-sneaker-resale-marketplace-scott-cutler-detroit-founder-ceo.html>; Dan Hyman, "A Nasdaq for Sneakerheads? StockX Aims to Tame 'Chaos' of Luxury Market," *The New York Times*, July 6, 2018, <https://www.nytimes.com/2018/07/06/business/smallbusiness/stockx-sneakerheads-luxury-goods.html?auth=login-email&login=email>; Josh Luber, "Why Sneakers Are a Great Investment," *Ted Talks*, accessed July 27, 2020, https://www.ted.com/talks/josh_luber_why_sneakers_are_a_great_investment?language=en; Fastco Works, "One-Stop Xmas Shopping at the Coolest 'Store' on the Internet," *Fast Company*, December 5, 2019, <https://www.fastcompany.com/90438587/one-stop-xmas-shopping-at-the-coolest-store-on-the-internet>; Ashwin Rodrigues, "What Is StockX? Everything You Need to Know about the Billion-Dollar Sneaker Empire," *Fortune*, July 21, 2019, <https://fortune.com/2019/07/21/what-is-stock-x-marketplace/>; Keagan Pang, "StockX – Trading Exchange for Sneakers," *hbs.edu*, October 16, 2019, <https://digital.hbs.edu/platform-digit/submission/stockx-trading-exchange-for-sneakers>; Michelle Toh, "This Billion-Dollar Startup Is Turning Sneakers into a 'Stock Market'," *CNN*, September 26, 2019, <https://www.cnn.com/2019/09/25/tech/stockx-detroit-sneaker-startup/index.html>; James Chen, "Unicorn," *Investopedia*, March 31, 2020, <https://www.investopedia.com/terms/u/unicorn.asp>; Fastco Works, "The Innovative 'Stock Exchange' That's Changing the Way We Value – and Buy – Rare Sneakers," *Fast Company*, November 14, 2019, <https://www.fastcompany.com/90429014/the-innovative-stock-exchange-thats-changing-the-way-we-value-and-buy-rare-sneakers>.

2 Global, Ethical, and Sustainable Marketing

Objective Outline

- 2.1** Understand the big picture of international marketing and the decisions firms must make when they consider globalization.
- 2.2** Explain how international organizations such as the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF), economic communities, and individual country regulations facilitate and limit a firm's opportunities for globalization.
- 2.3** Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets.
- 2.4** Explain some of the strategies and tactics that a firm can use to enter global markets.
- 2.5** Understand the importance of ethical marketing practices.
- 2.6** Explain the role of sustainability in marketing planning.
- 2.7** Recognize which industry and which work environment (both domestic and international) are best for you.



Meet Tom Szaky

▼ A Decision Maker at TerraCycle

Tom Szaky is CEO of TerraCycle, a global social business based in Trenton, New Jersey. Born in 1982 to two physicians, Tom and his family fled communist Hungary after the Chernobyl disaster, stopping in Germany and Holland before settling in Canada, where he is a citizen. He went to public school and learned about business and entrepreneurship in capitalist North America.

He became fascinated by garbage. Having come from a country with little to a world where everything was available and overconsumption was the norm, he was astounded by the things people threw in the trash; the first television set he ever saw was one being thrown in the garbage. Growing up around this helped him understand that waste is a modern idea. Then, he came to America to study business, and the rest is history.

Tom's Info

What I do when I'm not working:

Spend time with friends and family. I travel constantly for the business. When I do have time off, I stay at my home along the Delaware River in New Jersey, where I like to work on do-it-yourself projects in my backyard, building fun things like ziplines and treehouses for my sons!

First job out of school:

To be perfectly honest, TerraCycle. I came up with the idea for TerraCycle when I was a 19-year-old freshman at Princeton University and dropped out of the Ivy League to grow the business. Before that, I'd focused on learning everything I could about entrepreneurship, teaching myself how to code at 14 and building a

website. But TerraCycle was my first job, and it's what I've been doing ever since.

What drives me:

Waste is a simple concept—something either is, or it isn't—but the economics surrounding it, and how we can eliminate it, is complex. Solving for this by making "the right thing" the more profitable and rewarding thing to do has been a lifelong

puzzle of mine, and one that business can get behind with the right framing. Business is the most powerful vehicle to change in the world. Being a part of that change and driving it into the future is what drives me.

My management style:

I consider myself more of a coach than a manager. It's important to me that my staff, many of whom are responsible for very

high-profile projects and interacting with clients, are provided the tools to come to their own conclusions. I can be quite hands-off until I'm needed to step in.

Don't do this when interviewing with me:

Ask me questions with answers that are available on the Internet! I am more than happy to provide insights, but it gets a bit

boring to answer questions about things that are found on our website.

My pet peeve:

Not giving 100% or striving to realize potential. Every person is capable of pushing the limits of an idea, a project, or their own personal growth. I myself tend to work a certain way, so I expect this of my colleagues and peers, as well.



Here's my **problem...**

Real People, Real Choices

There is a global epidemic of waste caused by the world's dependence on "single-use" items—consumption of products and packaging designed to be used once or a handful of times and then disposed of. Prior to the 1950s, products were made to be reusable. Today, we make and buy 70 times more stuff, most of it going to landfills or incinerators within 12 months of purchase.

This is a problem that gets worse with every year of population growth. In the past few years, consumers, increasingly concerned with plastic pollution and the waste caused by disposability, are looking to companies to take responsibility and provide solutions.

Tom came up with the idea for TerraCycle in 2001. Originally, the concept (vermicompost, which Tom's friend in Canada proved made fabulous plant fertilizer) was a submission to Princeton University's annual Entrepreneurship Club Business Plan Competition, which caught his attention with a grand prize of \$5,000.

As a college student bottling plant fertilizer (produced by feeding Princeton University's food waste to worms) in trash-picked soda bottles, selling an entire product made of garbage eventually got him thinking: *What if we eliminate the very idea of waste?* Soon Tom dropped out of Princeton to focus on the business full-time.

Today, TerraCycle operates in 21 countries (and counting!), working with some of the world's largest brands, retailers, and manufacturers to collect and recycle products and packaging that currently go to landfill or incineration. TerraCycle is the parent company to Loop, a new circular shopping platform that empowers consumers to shop for favorite brands in durable, reusable packaging. Since he started the company, Tom has written four books and been an executive producer of a reality docuseries about TerraCycle.

TerraCycle helps businesses capture the value of their difficult-to-recycle products and packaging, offers national access to first-of-its-kind recycling solutions, and both educates and empowers their customers in regard to recycling. But Tom's team understands that recycling is not the main solution to waste: it is just a way to treat the symptoms. Disposability is the root cause.

Knowing what we know about the economics of waste and why waste exists, Tom found it imperative to apply this to a new model of production and consumption that offers the virtues of convenience, cost, aesthetics, and function demanded by today's consumer, as well as the waste-free wisdom of durable, refillable, community-based models like "the milkman," versions of which deliver consumables like eggs, milk, butter, and oil in durable containers. Mass production, synthetic materials, and disposability took off in the 1950s and never stopped, phasing out durable, reusable, and sharing economy models almost entirely. Recycling and recovery systems cannot handle the complexity or volume of material generated by the world's consumption, which is

now accustomed to the virtues of single-use. In order to get the world to shop differently, Tom's team needed to create a solution that would satisfy all the stakeholders—producers, retailer, and consumers.

At the World Economic Forum Annual Meeting in Davos, Switzerland, in 2017, TerraCycle unveiled the world's first recyclable shampoo bottle made from beach plastic for the world's #1 shampoo brand, Head & Shoulders. Tom's company teamed up with Head & Shoulders' parent company Procter & Gamble and its partner SUEZ in Europe to source beach plastic that volunteers collected by hand. The beach plastic bottle project was a revolutionary initiative at the time, since expanding to additional brands and markets around the world, and one that would go on to win an award from the United Nations.

Behind the scenes, another potentially world-changing concept had been incubating at TerraCycle. Internally called "Phase 2" to the beach bottle project, the idea was a durable packaging model in which companies create durable versions of their own goods previously housed in single-use packaging. The products would be offered in a combination of glass, stainless steel, aluminum, and engineered plastics designed to last at least 100 uses; when they would finally wear out, TerraCycle would be able to recycle them.

By adapting the circular economy principles of durability and use of renewable resources, recovering, reusing, and repurposing whenever possible, this project had the potential to drive a paradigm shift around producer responsibility, consumerism, and what people are really looking for in their products. But, as with all things first-of-their-kind, it would require significant investment of time and money, and, most importantly, boldness.

Those first conversations with the brand partners and retailers would be about proposing a break from the status quo and linear economy, which for so long had been very effective in meeting consumers' needs, creating jobs, and generating growth. Conversations are often about timing, and when everyone gathered at Davos, it seemed like the perfect opportunity.

Tom considered his options 1·2·3

1 Option

Introduce Loop at the Davos meeting. With so many stakeholders gathered in one place, TerraCycle could gain access to a big and influential audience in order to get buy-in from organizations around the world. When multiple stakeholders endorse an idea at once, this reduces the risk for each of them. Davos is an event where businesses, governments, brands, and luminaries are in one spot and poised to make deals that will change the world economy. TerraCycle was riding the success of its beach bottle project with P&G, so this could be a good time to propose another radical idea.