



Marketing







Marketing

Third Edition

C. Shane Hunt

Arkansas State University

John E. Mello

Arkansas State University

George D. Deitz

University of Memphis



Mc
Graw
Hill



MARKETING, THIRD EDITION

Published by McGraw-Hill Education, 2 Penn Plaza, New York, NY 10121. Copyright © 2021 by McGraw-Hill Education. All rights reserved. Printed in the United States of America. Previous editions © 2018 and 2015.

No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of McGraw-Hill Education, including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

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

This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 LWI 24 23 22 21 20

ISBN 978-1-260-08887-8 (bound edition)

MHID 1-260-08887-1 (bound edition)

ISBN 978-1-264-02428-5 (loose-leaf edition)

MHID 1-264-02428-2 (loose-leaf edition)

Executive Portfolio Manager: *Meredith Fossel*

Product Developer: *Haley Burmeister*

Executive Marketing Manager: *Nicole Young*

Lead Content Project Manager: *Christine Vaughan*

Senior Content Project Manager: *Keri Johnson*

Senior Buyer: *Laura Fuller*

Lead Designer: *David Hash*

Senior Content Licensing Specialist: *Jacob Sullivan*

Cover Image: ©*Djomas/Shutterstock*

Compositor: *SPi Global*

All credits appearing on page or at the end of the book are considered to be an extension of the copyright page.

Library of Congress Cataloging-in-Publication Data

Names: Hunt, C. Shane, author. | Mello, John E., author. | Deitz, George, author.

Title: Marketing / C. Shane Hunt, Arkansas State University, John E. Mello, Arkansas State University, George D. Deitz, University of Memphis.

Description: Third edition. | New York, NY : McGraw-Hill Education, [2021] | Includes index.

Identifiers: LCCN 2019041941 | ISBN 9781260088878 (hardcover) | ISBN 9781260800456 (ebook)

Subjects: LCSH: Marketing.

Classification: LCC HF5415 .H872 2021 | DDC 658.8—dc23

LC record available at <https://lcn.loc.gov/2019041941>

The Internet addresses listed in the text were accurate at the time of publication. The inclusion of a website does not indicate an endorsement by the authors or McGraw-Hill Education, and McGraw-Hill Education does not guarantee the accuracy of the information presented at these sites.

mheducation.com/highered

BRIEF CONTENTS

Preface ix

Chapter-by-Chapter Changes in the Third Edition xiii

Acknowledgments xvii

PART ONE Marketing in the Twenty-First Century 1

1 Why Marketing Matters to You 2

2 Strategic Planning 28

Appendix 2A *Sample Marketing Plan* 58

3 The Global Environment 70

PART TWO Understanding Your Customer 101

4 Consumer Behavior 102

5 Marketing Research 144

6 Product Development 180

7 Segmentation, Targeting, and Positioning 218

PART THREE Reaching Your Customer 249

8 Promotional Strategies 250

9 Personal Selling 280

10 Supply Chain and Logistics Management 320

11 Pricing 352

12 Retailing 382

13 Digital and Social Media Marketing 424

PART FOUR Responding to Your Customer 461

14 Branding 462

15 Customer Relationship Management 490

16 Social Responsibility and Sustainability 524

Appendix: Sample Marketing Plan 552

Glossary 563

Company Index 575

Name Index 581

Subject Index 587

HELLO, MY NAME IS . . .



C. Shane Hunt

Dr. C. Shane Hunt received his PhD in marketing from Oklahoma State University. Shane has won numerous awards for his teaching, including the 2010 National Inspire Integrity Award from the National Society of Collegiate Scholars, the 2010 Lt. Col. Barney Smith Award as Professor of the Year at Arkansas State University, the 2011 Excellence in Undergraduate Teaching Award, the 2015 Honors Professor of the Year Award, and the 2018 Outstanding Faculty Member for the Advancement of Learning.

Shane's research has appeared in the *Journal of Personal Selling and Sales Management*, the *Journal of Business Logistics*, and other leading marketing journals. He has presented to numerous organizations including the American Marketing Association and the National Conference in Sales Management.

After completing his MBA degree, Shane went to work for a Fortune 500 company in Tulsa, Oklahoma, and spent eight years working as a pricing analyst, product manager, and business development manager overseeing numerous strategic initiatives. In addition to his role as a professor, Shane also serves as a consultant, speaker, and board member for businesses and nonprofit organizations across the country.

Shane is now the R.M. "Bob" Wood Endowed Professor in Sales Leadership and a professor of marketing at Arkansas State University. He lives in Jonesboro, Arkansas, with his wife, Jenifer, and their two children, Andrew and Sarah.



John E. Mello

Dr. John E. Mello received his PhD from the University of Tennessee. John is a well-respected researcher and educator and is the recipient of the 2012 Excellence in Teaching Award and the 2014 Excellence in Research Award from the Arkansas State University College of Business. Prior to completing his PhD, John spent 28 years in the consumer packaged-goods industry in a variety of supply chain management positions. He holds a bachelor's degree from Central Connecticut State University and master's degrees from the University of New Haven and Wilmington College.

John's research has appeared in leading journals, including the *Journal of Business Logistics*, *Transportation Journal*, *Journal of Supply Chain Management*, and the *International Journal of Physical Distribution and Logistics Management*.

John is a professor of supply chain management at Arkansas State University. He lives in Jonesboro, Arkansas, with his wife, Sandra; they have two adult daughters, Abby and Katie.

George D. Deitz

Dr. George D. Deitz completed his PhD in marketing at the University of Alabama. He is currently the George Johnson Professor in Marketing at the University of Memphis. George has enjoyed the opportunity to teach a wide variety of face-to-face and online courses at the undergraduate, MBA, and doctoral levels.

In 2013, George helped found the Consumer Neuroscience Research Laboratory (C-NRL) at Memphis, with the mission of advancing the use of physiological and neurological measurement systems to the study of marketing research questions. His research has been published in *Journal of Service Research*, *Journal of Business Venturing*, *Journal of Public Policy and Marketing*, the *Journal of Advertising Research*, *Journal of Business Logistics*, and other leading marketing journals. He has presented at a number of different conferences, including the American Marketing Association and the Academy of Marketing Science.

After obtaining his master's degree at West Virginia University, George began his professional career working in college athletic administration at the United States Military Academy at West Point, New York. Following that, he spent nearly a decade working in a variety of sales and sales management roles with several start-up ventures in the software industry.

George currently lives in Germantown, Tennessee, with his wife, Kristine. They have three children, Luke, Mark, and Koren.





DEDICATION

To my wife, Jenifer, whose love, support, and friendship have made my life better in every possible way. I am forever thankful for the life we have built together.

Shane

To my parents, Edmund B. Mello and Arlene A. Arms, who were teachers both inside and outside the classroom. Their examples were an inspiration to me for embarking on my career as a college professor, which is the best job in the world.

John

To my dad and mom, Jaye and Nikki, whose love, fun-loving sense of adventure, and unwavering support continue to inspire and guide me on my own journey. Thank you for being such wonderful parents and grandparents.

George

PREFACE

Hello, and welcome to Hunt, Mello, and Deitz's *Marketing* 3e. Students, particularly non-marketing majors, want to know, "*Why does this course matter to me?*" We designed our product to emphasize the universal importance of marketing . . . *because everyone is a marketer.*

We designed this product with an emphasis on student engagement and relevance, a focus embodied in these four key benefits:

- A **career focus**, to help students understand how marketing will support whatever career path they choose and how to develop their own *personal brand*.
- **Integration of key topics** that are part of the daily fabric of marketing—globalization, social media, ethics, and marketing analytics.
- Seamlessly integrated **results-driven technology**.
- The **right content** for a semester-long course.

Career Focus

The goal of higher education for most students, whatever their major, is to develop knowledge that can be put to use in productive careers. We've included features that focus on careers:

- *Executive Perspective interviews* illustrate the need for successful leaders in any organization to be effective marketers. These interviews represent a wide range of undergraduate majors, including finance, engineering, operations, and accounting.
- *Today's Professional interviews* highlight young marketing professionals who describe how developing their personal brand has helped advance their careers.
- *Career Tips* offer chapter-related ideas that can help students develop their own *personal brand*—a theme carried throughout.
- In the *Marketing Plan Exercise* threaded throughout, students apply the elements of a marketing plan in the context of *marketing themselves*. This project brings a marketing plan to life in a way that personally engages students.
- New *Marketing Insights* Podcast Series featuring content from the authors and executives profiles throughout the textbook.

Integration of Key Topics

Students won't find "Ethics Tuesdays," "Global Thursdays," or "Social Media Fridays" in their careers. Therefore, we chose to integrate the key topics of *ethics*, *globalization*, *social media*, and *marketing analytics* into chapter discussions where relevant. Integration of these four key topics efficiently delivers a fully rounded, three-dimensional view of each chapter topic, to help ensure that students are gaining sufficient knowledge and skills in these essential aspects of marketing.

Results-Driven Technology

This product is "digital-first," built from the ground up to integrate digital content seamlessly. We wrote the narrative and the digital content simultaneously, dovetailing print and digital delivery in McGraw-Hill's *results-driven technology* platform. The first edition leads the market with digital activations delivered via our adaptive eBook, *Smartbook*. In the third edition, we've added new exercises, videos, and video cases,

further enhancing the digital integration. The close linkage of chapter content and *Connect* assignments allows students to practice how to use classroom content to inform marketing decisions.

The Right Content

We designed our chapters to include the most valuable content for a Principles of Marketing course. Chapters are direct, concise, and approachable in length. We don't overburden students (or instructors) with content that is more appropriate in advanced marketing courses. The chapters allow a bit of classroom "breathing time" for the discussions and activities that bring marketing alive for you and your students.

In the third edition, we've changed the order of several chapters, moving "Personal Selling" and "Branding" to earlier in the textbook. McGraw-Hill Create enables you to arrange chapters in any sequence and any number to best fit the goals and organization of your course.

In addition, we've used market feedback to revise the existing chapters, as outlined in the section Chapter-by-Chapter Changes in the Third Edition. Content changes in the third edition add increased depth or breadth—more rigor where requested or fresh coverage of emerging areas of importance to marketing theory and practice. As a learning sciences company, McGraw-Hill Education uses data from both students and instructors to inform revisions to both print and digital content.

"Because Everyone Is a Marketer . . ."

Our goal is to build the best-possible principles of marketing product—one that captures the importance of marketing in a way that is relevant and adaptable to today's business students. Understanding and utilizing marketing to improve for-profit businesses, nonprofit organizations, and students' career prospects are critical educational activities. These activities are relevant to *any student*, regardless of his or her area of focus. We have worked to produce an integrated print and digital experience that will inspire students to explore and apply the marketing experiences they need in order to leave your course prepared for future coursework and for careers.

It is our sincere hope that *Marketing* 3e will engage your students and demonstrate the universal importance of marketing . . . *because everyone is a marketer!*

C. Shane Hunt

Arkansas State University

John E. Mello

Arkansas State University

George D. Deitz

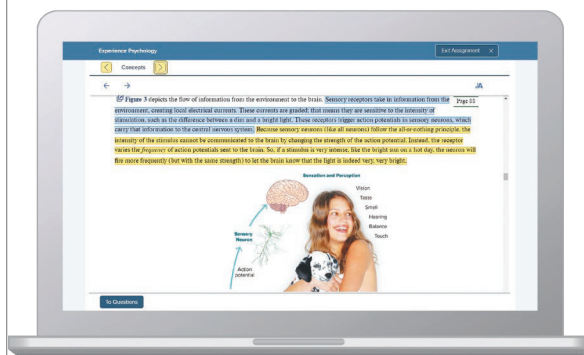
University of Memphis



FOR INSTRUCTORS

You're in the driver's seat.

Want to build your own course? No problem. Prefer to use our turnkey, prebuilt course? Easy. Want to make changes throughout the semester? Sure. And you'll save time with Connect's auto-grading too.



Laptop: McGraw-Hill; Woman/dog: George Doyle/Getty Images

65%

Less Time
Grading

They'll thank you for it.

Adaptive study resources like SmartBook® 2.0 help your students be better prepared in less time. You can transform your class time from dull definitions to dynamic debates. Find out more about the powerful personalized learning experience available in SmartBook 2.0 at www.mheducation.com/highered/connect/smartbook

Make it simple, make it affordable.



Connect makes it easy with seamless integration using any of the major Learning Management Systems—Blackboard®, Canvas, and D2L, among others—to let you organize your course in one convenient location. Give your students access to digital materials at a discount with our inclusive access program. Ask your McGraw-Hill representative for more information.

Padlock: Jobalou/Getty Images

Solutions for your challenges.



A product isn't a solution. Real solutions are affordable, reliable, and come with training and ongoing support when you need it and how you want it. Our Customer Experience Group can also help you troubleshoot tech problems—although Connect's 99% uptime means you might not need to call them. See for yourself at **status.mheducation.com**

Checkmark: Jobalou/Getty Images

SUPPORT ^{AT}
every step

FOR STUDENTS

Effective, efficient studying.

Connect helps you be more productive with your study time and get better grades using tools like SmartBook 2.0, which highlights key concepts and creates a personalized study plan. Connect sets you up for success, so you walk into class with confidence and walk out with better grades.

Study anytime, anywhere.

Download the free ReadAnywhere app and access your online eBook or SmartBook 2.0 assignments when it's convenient, even if you're offline. And since the app automatically syncs with your eBook and SmartBook 2.0 assignments in Connect, all of your work is available every time you open it. Find out more at www.mheducation.com/readanywhere

"I really liked this app—it made it easy to study when you don't have your textbook in front of you."

- Jordan Cunningham,
Eastern Washington University



Calendar: owattaphotos/Getty Images

No surprises.

The Connect Calendar and Reports tools keep you on track with the work you need to get done and your assignment scores. Life gets busy; Connect tools help you keep learning through it all.

Learning for everyone.

McGraw-Hill works directly with Accessibility Services Departments and faculty to meet the learning needs of all students. Please contact your Accessibility Services office and ask them to email accessibility@mheducation.com, or visit www.mheducation.com/about/accessibility for more information.

Top: Jenner Images/Getty Images, Left: Hero Images/Getty Images, Right: Hero Images/Getty Images



CHAPTER-BY-CHAPTER CHANGES IN THE THIRD EDITION

The third edition's revisions are driven by feedback from instructors and students.

Overall

- The “Personal Selling” chapter is now Chapter 9, immediately following Chapter 8, “Promotional Strategies.”
- New Marketing Insights Podcast Links in every chapter featuring the textbook authors and several of the executives profiled.
- New examples highlighting the role of marketing in a rapidly changing world.
- Four NEW video cases featuring dynamic organizations: National Park Service, Hershey, State Farm, and Dell.

Chapter 1: Why Marketing Matters to You

- New examples and discussion on the impact of social media on modern marketing.
- Replaced Figure 1.1, showing percentage of U.S. adults who use each social networking site and percentage of U.S. adults who get news from each social networking site.
- Updated product examples, including Kay Jewelers’ marketing efforts supporting St. Jude Children’s Research Hospital.
- Updated global business/trade statistics.
- New Executive Perspective profile.
- New Today’s Professional profile.

Chapter 2: Strategic Planning

- New Executive Perspective profile.
- New ethical challenge focused on legalized sports gambling.
- Expanded/updated McDonald’s example in internal and external considerations of the SWOT analysis.
- Updated data throughout the chapter including new presentation of auto manufacturers’ market share (Figure 2.6).
- New examples, including Disney’s diversification strategy.
- New Today’s Professional profile.

Chapter 3: The Global Environment

- Updated Figure 3.2 showing changes in average U.S. household income over time.
- New discussion on the marketing impact of Brexit.
- Updated Figure 3.5 showing U.S. unemployment rate by education level.
- New discussion on marketing to Gen Zers.
- New Today’s Professional profile.
- New examples, including Amazon’s lobbying efforts and pharmaceutical lobbying.

Chapter 4: Consumer Behavior

- New discussion of how marketers are using Instagram, Pinterest, and other social media platforms to empower consumer information search.
- Revised section on individual influences on consumer decision making, including introduction of the O-C-E-A-N personality model.
- New examples throughout the chapter, including Ford's use of social media influencers in building awareness for its new subcompact Fiesta line and Toyota's "Start Your Impossible" campaign that highlighted real-life mobility stories of Olympic and Paralympic athletes.
- New Today's Professional profile.

Chapter 5: Marketing Research

- Bulleted Improved international marketing research section, including new content on challenges that are specific to international marketing research.
- Updated section on automated facial coding in Neuromarketing section.
- New discussion on the Marketing Research Association's (MRA) updated *Code of Marketing Research Standards*.

Chapter 6: Product Development

- Brand-new section on "design thinking" to the idea generation stage of NPD.
- New discussion on "crowdsourcing" in the idea screening stage of NPD.
- New examples and discussion of services, differentiating them from products, and why this is important to the subject of NPD.
- New Today's Professional profile.

Chapter 7: Segmentation, Targeting, and Positioning

- Updated Table 7.1, 10 largest U.S. metropolitan areas.
- New Executive Perspective profile.
- Expanded discussion of target market analytics.
- New examples, including how Elmer's Glue is marketing to the growing number of consumers who enjoy making slime.

Chapter 8: Promotional Strategies

- New Executive Perspective profile.
- Expanded coverage of changes in advertising.
- Updated Figure 8.2 showing the percentage share of global advertising expenditure by medium.
- New Today's Professional profile.
- New examples throughout, including the impact of Instagram on organizations' promotional strategies.

Chapter 9: Personal Selling

- Updated content on sales technology and social selling, including a new feature on the use of artificial intelligence (AI) in sales.
- Introduced Sales and Marketing Executives International (SMEI) code of ethical sales conduct.
- Formerly Chapter 12.

- Added a new section on sales force strategy, design, and evaluation.
- New Today's Professional profile.

Chapter 10: Supply Chain and Logistics Management

- New discussion of the role of information technology in enabling supply chain processes.
- New examples and expanded content on the concept of “omnichannels” in the discussion of channels of distribution options for companies.
- Increased emphasis on the learning objectives of this chapter being tied into meeting customer needs.
- New Today's Professional profile.
- Formerly Chapter 9.

Chapter 11: Pricing

- New Today's Professional profile.
- New discussion of *shrinkflation*, which is the process of items shrinking in size or quantity while their prices remain the same or increase.
- Expanded discussion on the marketing impact of recent tariffs.
- New examples, including a discussion of Coke's introduction and pricing of 8.5-ounce bottles.
- Formerly Chapter 10.

Chapter 12: Retailing

- New and improved section on twenty-first-century retailing, with new content and examples of retail technology, including retail applications of technology such as artificial intelligence (AI), voice-activated search, geofencing, and VR/AR.
- Expanded section introducing students to career opportunities in retail management.
- A more streamlined discussion of physical-store retailer types with key examples.
- Extensive new discussion of Amazon's strategy in the online retail section.
- Formerly Chapter 11.

Chapter 13: Digital and Social Media Marketing

- Digital and social media marketing practices are fast-paced and constantly changing. We've updated content and examples throughout the chapter.
- New and improved social media marketing section, with special features on how managers at LEGO and Blenders Eyewear are utilizing social media marketing as a key element to their marketing strategies.
- A brand-new section on ethical issues and best practices for digital/social media marketing.
- New Executive Perspective profile.

Chapter 14: Branding

- Was Chapter 15 in second edition.
- New Executive Perspective profile featuring a brand manager.
- Expanded discussion of the role of social media in branding.

- Added discussion on UTM Parameters and Hootsuite Impact as social media monitoring tools.
- Updated Table 14.2, the top-10 most valuable global brands, and Table 14.3, the most valuable nonprofit brands.
- New Today's Professional profile.

Chapter 15: Customer Relationship Management

- Brand-new section on the GAP Model and its use in addressing customer needs.
- New discussion on the concept of Net Promoter Score as a method of gauging how effectively a company is in providing customer satisfaction.
- New Today's Professional profile.

Chapter 16: Social Responsibility and Sustainability

- New discussion on ethical and marketing challenges surrounding the Volkswagen emissions scandal.
- New Today's Professional profile.
- Expanded discussion of sustainable tourism.
- New examples, including Royal Caribbean Cruise Lines, which requires that all the operators of its shore excursions be certified to meet sustainability targets.

ACKNOWLEDGMENTS

We are deeply indebted to the many marketing scholars and instructors, business leaders and professionals, and colleagues and friends who have contributed their time, ideas, and insights to the development of this product. We appreciate your help and your shared passion for maximizing the educational experience of our students and future leaders.

Special Thanks to Our Reviewers

Reviewers who provided feedback that was essential to the development of the third edition and previous editions include:

Praveen Aggarwal,
University of Minnesota, Duluth

Raj Agnihotri,
University of Texas at Arlington

Bob Ahuja,
Xavier University

Mary Albrecht,
Maryville University

Keanon Alderson,
California Baptist University

Elizabeth C. Alexander,
Marshall University

Charlotte Allen,
Stephen F. Austin State University

Daniel Allen,
Utah State University

Elsa Anaya,
Alamo Colleges, Palo Alto College

Cynthia Anderson,
Youngstown State University

Christopher Anicich,
California State University, Fullerton

Maria Aria,
Camden County College

Timothy W. Aurand,
Northern Illinois University

Joe K. Ballenger,
Stephen F. Austin State University

Soumava Bandyopadhyay,
Lamar University

Christine Barnes,
Lakeland Community College

Jennifer Barr,
Richard Stockton College of New Jersey

Arne Baruca,
Sacred Heart University

George Bass,
Kennesaw State University

Charles Beem,
Bucks County Community College

Robert Belenger,
Bristol Community College

Frank Benna,
Raritan Valley Community College

George H. Bernard,
Seminole State College of Florida

Stephen Berry,
Anne Arundel Community College

Tom Bilyeu,
Southwestern Illinois College

Nicholas Bosco,
Suffolk County Community College

David Bourff,
Boise State University

Michael Brady,
Florida State University

Cheryl O'Meara Brown,
University of West Georgia

Kendrick Brunson,
Liberty University

Gary Brunswick,
Northern Michigan University

Kent Byus,
Texas A&M University, Corpus Christi

Kimberly Cade,
Houston Community College, Central

Kerri M. Camp,
University of Texas at Tyler

Amy Caponetti,
Pellissippi State Community College

Carla Cardellio,
Schoolcraft College

Deborah Carter,
Coahoma Community College

Eric Carter,
California State University, Bakersfield

Debi Cartwright,
Truman State University

Gerald Cavallo,
Fairfield University

Anindya Chatterjee,
Slippery Rock University

Ruth Chavez,
Metropolitan State University of Denver

Piotr Chelminski,
Providence College

Haozhe Chen,
East Carolina University

Lisa Cherivtch,
Oakton Community College

Jerome Christia,
Coastal Carolina University

Christina Chung,
Ramapo College of New Jersey

Janet Ciccarelli,
Herkimer County Community College

Dorene Ciletti,
Duquesne University

Paul Clark,
Coastal Carolina University

Reid Claxton,
East Carolina University

Steven Clinton,
Robert Morris University

Kyle Coble,
Lindenwood University

Gloria Cockerell,
Collin College

Kesha Coker,
Eastern Illinois University

Margy Conchar,
East Carolina University

Francisco Conejo,
University of Colorado, Denver

Mary Conran,
Temple University

Barbara T. Conte,
Florida Atlantic University

Laurel Cook,
West Virginia University

Richard Cooper,
Lindenwood University

Tracy Cosenza,
University of Memphis

Ian Cross,
Bentley University

Anna Crowe,
University of San Diego

Brent J. Cunningham,
Jacksonville State University

Mayukh Dass,
Texas Tech University

De'Amo De'Armond,
West Texas A&M University

Larry Degaris,
University of Indianapolis

Beth Deinert,
Southeast Community College

George Deitz,
University of Memphis

Duleep Delpchitre,
University of Louisiana, Lafayette

John Depies,
University of Wisconsin, Oshkosh

Chandan DeSarkar,
SUNY, University of Albany

Paul Dion,
Susquehanna University

Kim Donahue,
*Indiana University Kelley School of
Business, Indianapolis*

Beibei Dong,
Lehigh University

Mary Anne Doty,
Texas A&M Commerce

Kathy Dougherty,
Maryville University

Howard Dover,
Salisbury University

Lawrence Duke,
Drexel University

Gregory Dumont,
University of Akron

Stu Dunlop,
*Missouri Southern State
University*

Jill Dybus,
Oakton Community College

Judy Eberhart,
Lindenwood University

Diane Edmondson,
Middle Tennessee State University

Karen A. Evans,
Herkimer College

David J. Faulds,
University of Louisville

Ronald Feinberg,
Suffolk Community College

Janice M. Feldbauer,
Schoolcraft College

Kathleen Ferris-Costa,
Bridgewater State University

Troy Festervand,
Middle Tennessee State University

Monica Fine,
Coastal Carolina University

David Fleming,
Eastern Illinois University

Richard Flight,
Eastern Illinois University

Paul Fombebe,
Northeastern University

Angel Fonseca,
Jackson College

Kendra Fowler,
Youngstown State University

Michael Fowler,
Brookdale Community College

Alexa Fox,
Ohio University

Thomas F. Frizzell, Sr.,
Massasoit Community College

Venessa Funches,
Auburn University, Montgomery

Pat Galitz,
Southeast Community College

Carol Gaumer,
Frostburg State University

Stephanie Gillison,
University of Tennessee at Chattanooga

John T. Gironda,
Nova Southeastern University

Karl Giulian,
Atlantic Cape Community College

Connie Golden,
Lakeland Community College

Edward Gonsalves,
Boston College

Kimberly Grantham,
University of Georgia

Arlene Green,
Indian River State College

Mike Grier,
Central Piedmont Community College

Melodi Guilbault,
New Jersey Institute of Technology

Audrey Guskey,
Duquesne University

Jamey R. Halleck,
Marshall University

Richard Hanna,
Northeastern University

John T. Hansen,
University of Alabama at Birmingham

Acknowledgments

xix

Ivan Franklin Harber Jr.,
Indian River State College

Robert Harrison,
Western Michigan University

Kelli Hatin,
Adirondack Community College

Adrienne Hinds,
Northern Virginia Community College

Nasim Hosein,
Northwood University

Tarique Hossain,
*California State Polytechnic University,
Pomona*

Robert Hucks,
Bob Jones University

Gail Hudson,
Arkansas State University

Janet Huetteman,
Fairfield University

Steven Huff,
Utah Valley University

Doug Hughes,
Michigan State University

Jing Hu,
*California State Polytechnic University,
Pomona*

Wade Hyde,
El Centro College

James Jarrard,
University of Wisconsin, Platteville

Sean Jasso,
University of California, Riverside

Keith Jones,
Saint Leo University

Michael Jones,
Southeastern Louisiana University

Sungwoo Jung,
Columbus State University

Tommy Karam,
Louisiana State University

Vishal Kashyap,
Xavier University

Bruce Keillor,
Youngstown State University

Sylvia Keyes,
Bridgewater State University

Tina Kiesler,
California State University, Northridge

Nancy Kimble,
Carroll Community College

Taewan Kim,
Lehigh University

Rose Klimovich,
Manhattan College

George B. Krueger,
University of Wisconsin, Platteville

Mike Krush,
North Dakota State University

Ann Kuzma,
Minnesota State University, Mankato

Jane Lang,
East Carolina University

Nikki Lee-Wingate,
Fairfield University

Marilyn Liebrez-Himes,
George Washington University

Fuan Li,
William Paterson University

Noah Lim,
University of Wisconsin, Madison

Guy Lochiatto,
MassBay Community College

Subhash Lonial,
University of Louisville

Pat Lupino,
Nassau Community College

A. Maamoun,
University of Minnesota, Duluth

Lisa Machado,
Southeast Community College, Lincoln

Deanna Mader,
Marshall University

Cesar Maloles,
California State University, East Bay

Gayle Marco,
Robert Morris University

Peter Maresco,
Sacred Heart University

Melissa M. Martirano,
New Jersey City University

Anil Mathur,
Hofstra University

William Matthews,
William Paterson University

Brian Mazur,
Schoolcraft College

Enda McGovern,
Sacred Heart University

Rajiv Mehta,
New Jersey Institute of Technology

Havva Meric,
East Carolina University

William Merkle,
Bob Jones University

Deborah Merrigan,
Rockland Community College

Bob Meyer,
Parkland College

Marty Meyers,
University of Wisconsin, Stevens Point

Mark Mitchell,
Coastal Carolina University

Iris Mohr,
St. John's University

Risto Moisis,
Cal State Long Beach

Detra Montoya,
University of Washington

Melissa Moore,
Mississippi State University

Paula T. Morris,
Salisbury University

Jay Mulki,
*D'Amore McKim School of Business,
Northeastern University*

Jun Myers,
*California State Polytechnic University,
Pomona*

Thomas Myers,
Virginia Commonwealth University

Gergana Nenkov,
Boston College

Hudson Nwakanma,
Florida A&M University

Louis Nzegwu,
University of Wisconsin, Platteville

Matt O'Hern,
University of Oregon

Carlton O'Neal,
University of San Diego

Joanne Orabone,
Community College of Rhode Island

Judy Orfao,
Middlesex Community College

Karen Overton,
Houston Community College, Southwest

Thomas J. Passero,
Owens Community College

Kirsten Passyn,
Salisbury University

Debra Perosio,
Cornell University

Edward Petkus,
Ramapo College of New Jersey

Maria Petrescu,
Nova Southeastern University

Julie Pharr,
Tennessee Tech University

Carly Pierson,
Missouri State University

Warren Purdy,
University of Southern Maine

Sekar Raju,
Iowa State University

Bruce Ramsey,
Franklin University

Sampath Kumar Ranganathan,
University of Wisconsin, Green Bay

Mohammed Rawwas,
University of Northern Iowa

Mohammed Y. A. Rawwas,
University of Northern Iowa

Timothy Reisenwitz,
Valdosta State University

Eddie Rhee,
Stonehill College

William E. Rice,
California State University, Fresno

Brent Richard,
North Central Michigan College

Michael A. Richarme,
University of Texas at Arlington

Ralph J. Rich,
Marian University

David Robinson,
University of California, Berkeley

Jessica Rogers,
Texas A&M University, Commerce

Joseph Roman,
New Jersey Institute of Technology

Ann Root,
Florida Atlantic University

Emily Rosenzweig,
Tulane University

Christopher Ross,
Trident Technical College

Doug Ross,
Franklin University

Carol Rowey,
Community College of Rhode Island

Donald Roy,
Middle Tennessee State University

Catherine Ruggieri,
St. John's University

David Rylander,
Texas Woman's College

Ritesh Saini,
University of Texas at Arlington

Alan Sandomir,
University of Utah

Kumar Sarangee,
Santa Clara University

Fritz Scherz,
Morrisville State College

Roberta Schultz,
Western Michigan University

Eric Schulz,
Utah State University

Eric Schulz,
Utah State University

Joe Schwartz,
Georgia College and State University

Ronald Scott,
Trident Technical College

Sandipan Sen,
Southeast Missouri State University

Ravi Shanmugam,
Santa Clara University

J. Richard Shannon,
Western Kentucky University

Lisa Siegal,
Texas A&M University, San Antonio

Rob Simon,
University of Nebraska, Lincoln

Shweta Singh,
Kean University

Ian Skurkik,
University of Utah

Ian Skurnik,
Eccles School of Business, University of Utah

Rudy Soliz,
Houston Community College

Karen L. Stewart,
Stockton University

Pete Stone,
Spartanburg Community College

Randy Stuart,
Kennesaw State University

Ramendra Thakur,
University of Louisiana, Lafayette

Kin Thompson,
Northeastern State University

Willie Frank Thompson,
Troy University

Scott Thorne,
Southeast Missouri State University

Patricia Todd,
Western Kentucky University

Deborah Toomey,
Northwest Missouri State University

Dennis Tootelian,
California State University, Sacramento

Hope K. Torkornoo,
Kennesaw State University

Philip Trocchia,
University of South Florida, St. Petersburg

Lisa Troy,
Texas A&M University

Patricia Turnbull,
California State University, Fresno

Ed Valenski,
Long Island University

Laura Lott Valenti,
Nicholls State University

Sal Veas,
Santa Monica College

Ann Veeck,
Western Michigan University

Franck Vigneron,
California State University, Northridge

Jorge Villa,
Park University

Mary Kay Wachter,
Pittsburg State University

Del Wakley,
Milwaukee Area Technical College

Mary Walker,
Xavier University

Michael Walsh,
West Virginia University

Wakiuru Wamwara,
Wright State University

Ursula Wefers,
Plymouth State University

Diane Whitney,
University of Maryland, College Park

Debbora Whitson,
*California State Polytechnic University,
Pomona*

Natalie Winter,
California Baptist University

Jefrey Woodall,
York College of Pennsylvania

Van Wood,
Virginia Commonwealth University

Barbara Ross Wooldridge,
University of Texas at Tyler

Poh-Lin Yeoh,
Bentley University

Mark Yi-Cheon Yim,
Canisius College

James E. Zemanek Jr.,
East Carolina University

This product would not have been possible without the effort and expertise of many people. First and foremost, we would like to recognize and thank the entire editorial and marketing teams at McGraw-Hill Education who have made this product possible. We are very thankful to Meredith Fossel, who surrounded us with the best team in all of higher education publishing. We are thankful for our development editors, Gabriela Velasco and Haley Burmeister, for keeping us on track and focused on all of the integrated aspects of the product. We are thankful for Nicole Young, a truly amazing marketing manager, whose vision was instrumental in communicating the message of our product.

In addition, we are thankful for Kelly Delso, Christine Vaughan, Kelly Luchtman, Jacob Sullivan, Keri Johnson, and all of the talented people McGraw-Hill assembled whose guidance and feedback made the product much better. It has been our pleasure and privilege to work with these incredibly talented and skilled professionals who have shaped the final product that you are about to read.

We are thankful for Cortney Kieffer, who was Shane's and John's McGraw-Hill field representative at Arkansas State University. Cortney was our first exposure to McGraw-Hill, and her professionalism, dedication to our students, and friendship made us want to be part of the McGraw-Hill family.

We thank Mohammed Rawwas, University of Northern Iowa, for his work in helping develop our new marketing analytics exercises in *Connect*. We also want to thank our colleagues at Arkansas State University and the University of Memphis. It is an honor every day to get to work with brilliant people who genuinely and passionately care about the education of our students. In particular, our work on this edition was greatly enhanced by feedback from Melodie Philhours, Sarath Nonis, Gail Hudson, Travis Simkins, Emin Babakus, Dan Sherrell, Mike Peasley, Jennifer Tatara, and Subhash Jha. Their support and friendship is priceless, and we feel very thankful to be part of these truly world-class institutions.

We want to thank our families for their love, support, and patience while we developed this edition. We want to thank the great faculty members at Oklahoma State University, the University of Tennessee, and the University of Alabama for the training and knowledge they gave us during our doctoral programs. We want to thank our many great colleagues in the private sector, at companies including Williams, Citynet, Playtex, and Unilever, who provided us with experiences that sharpened our

focus on the practical applications of marketing and preparing our students for today's competitive job market.

Finally, we want to thank our students. Being a marketing professor is the best job in the world because of the students we get to teach, help, and learn from. The great students at Arkansas State University, the University of Memphis, and throughout the country and the world drove our decision to create this product. Marketing is an extremely important topic for their careers and their lives, and we hope we have developed a product to help them succeed and achieve their dreams.

Shane Hunt, John Mello, and George Deitz

DETAILED CONTENTS

PART ONE Marketing in the Twenty-First Century 1

1 WHY MARKETING MATTERS TO YOU 2

Executive Perspective 3

The Value of Marketing 4

Creating Value 4

Communicating Value 5

Delivering Value 5

History of Marketing 6

Production Orientation 6

Sales Orientation 7

Marketing Concept 7

The Future of Marketing 7

Needs Versus Wants 8

Distinguishing Needs from Wants 9

The Ethical Implications of Needs versus Wants 9

The Marketing Mix: The Four Ps 10

Product 11

Price 11

Place 11

Promotion 12

Application Exercise 1-1: Social Media in Action 13

Trends Affecting Marketing 13

Global Marketing 14

Marketing Analytics 15

Ethics in Marketing 16

Application Exercise 1-2 20

Marketing for Nonprofit Organizations 20

Today's Professional 21

Marketing Yourself 22

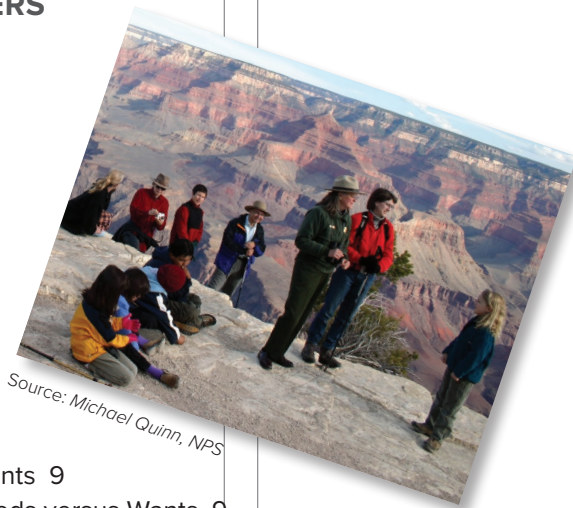
Application Exercise 1-3 22

Summary 23 | *Key Terms* 24 | *Marketing Plan Exercise* 24 |

Discussion Questions 24 | *Social Media Application* 24 | *Marketing Analytics*

Exercise 25 | *Ethical Challenge* 25 | *Video Case* 25 | *Career Tips* 26 |

Chapter Notes 27



2 STRATEGIC PLANNING 28***Executive Perspective 29*****The Importance of Strategic Planning 30****Mission Statement 31****The Marketing Plan 32**

Executive Summary 33

Situation Analysis 33

Marketing Strategy 34

Financials 34

Controls 34

Tools and Techniques for the Situation Analysis 35

Market Summary 35

SWOT Analysis 36

Application Exercise 2-1 38

Competition Analysis 39

Basic Tools and Techniques of Marketing Strategy 39

Segmentation, Target Markets, and Positioning 40

Strategic Direction 41

Application Exercise 2-2 42

Marketing Mix 42

Application Exercise 2-3: Social Media in Action 44

Marketing Strategy in a Global Context 45

Exporting 45

Licensing 45

Franchising 46

Joint Venture 47

Direct Ownership 47

Application Exercise 2-4 48

Marketing Analytics 48

Return on Marketing Investment 48

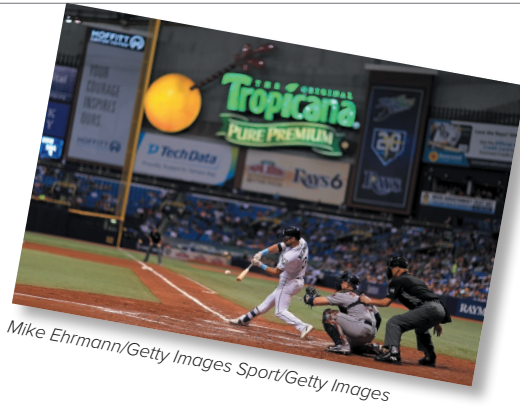
Revenue Analysis 49

Market Share Analysis 49

Profitability Analysis 50

Today's Professional 51

*Summary 52 | Key Terms 53 | Marketing Plan Exercise 54 |
Discussion Questions 54 | Social Media Application 55 | Marketing Analytics
Exercise 55 | Ethical Challenge 55 | Video Case 55 | Career Tips 56 |
Chapter Notes 56*

**Appendix 2A Sample Marketing Plan:
Cuisine Masters Restaurant Supply 58**

Mike Ehrmann/Getty Images Sport/Getty Images

3 THE GLOBAL ENVIRONMENT 70

Executive Perspective 71

Competitive Environment 72

Direct Competition 72

Indirect Competition 72

External Marketing Environment 73

Economic Factors 73

Demographic Factors 78

Application Exercise 3-1: Social Media in Action 79

Sociocultural Factors 82

Political Factors 82

Legal Factors 83

Technological Factors 84

Application Exercise 3-2 85

International Marketing Environment 85

Currency Fluctuation 86

Income Distribution 86

Using Metrics to Analyze International Markets 87

Major Trade Agreements and Organizations 87

Application Exercise 3-3 90

Technology 90

Cultural Fit 90

Today's Professional 91

Interactive Assignment 3-4 92

Nonprofit Marketing Environment 92

Economic Factors 92

Political Factors 93

Legal Factors 94

Technology Factors 94

Summary 94 | *Key Terms* 95 | *Marketing Plan Exercise* 96 | *Discussion Questions* 96 | *Social Media Application* 96 | *Marketing Analytics Exercise* 97 | *Ethical Challenge* 97 | *Video Case* 97 | *Career Tips* 97 | *Chapter Notes* 98



Don Hammond/Design Pics

PART TWO Understanding Your Customer 101

4 CONSUMER BEHAVIOR 102

Executive Perspective 103

Understanding Consumer Behavior 104

Traditional Perspectives on Consumer Decision Making 104

Inside Buyers' Brains 105

Consumer Decision-Making Processes 106

Problem Recognition 106

Information Search 107



Jeff Gilbert/Alamy Stock Photo

Application Exercise 4-1: Social Media in Action 109

Evaluating Alternatives 110

Outlet Selection and Purchase 111

Post-Purchase Evaluation 113

Application Exercise 4-2 114

Cultural and Social Influences on Consumer Behavior 114

Culture 114

Social Factors 115

Individual Influences on Consumer Behavior 119

Personality 119

Lifestyle 120

Values 120

Psychological Influences on Consumer Behavior 121

Perception 121

Motivation 122

Attitudes 125

Learning 126

Application Exercise 4-3 127

Situational Influences on Consumer Behavior 127

Time 127

Involvement 128

Business-to-Business Marketing 130

Professional Purchasing 130

Derived Demand 131

Fewer Buyers, Larger Purchases 131

Types of Business Customers 132

Producers 132

Reseller Markets 132

Government Markets 133

Institutional Markets 134

Business Buying Behavior 134

B2B Buying Situations 134

Today's Professional 136

Buying Centers 137

*Summary 137 | Key Terms 139 | Marketing Plan Exercise 139 |
Discussion Questions 140 | Social Media Application 140 | Marketing Analytics
Exercise 140 | Ethical Challenge 140 | Video Case 141 | Career Tips 141 |
Chapter Notes 142*

5 MARKETING RESEARCH 144**Executive Perspective 145****Transforming Market Information
into Consumer Insights 146**

What Is Marketing Research? 146

Challenges to Conducting Effective
Marketing Research 147

Marketing Research and You 147

Managing Market Information 147

The Rise of Big Data 148



Marmaduke St. John/Alamy Stock Photo

Marketing Information Systems 148

The Marketing Research Process 152

Step 1: Define the Problem 152

Step 2: Develop a Research Plan 152

Step 3: Collect Data 155

Step 4: Analyze the Data 161

Step 5: Present Results and Take Action 163

Application Exercise 5-1 164

Global Marketing Research 164

Challenges Unique to International Marketing Research 164

Twenty-First-Century Marketing Research Trends 166

Using Social Media for Research 166

Application Exercise 5-2: Social Media in Action 167

Mobile Marketing Research 167

Neuromarketing 168

Application Exercise 5-3 171

Marketing Research Ethics 172

Privacy in a Digital Age 172

Standards for Ethical Marketing Research 172

Today's Professional 174

Summary 175 | Key Terms 176 | Marketing Plan Exercise 176 |

Discussion Questions 177 | Social Media Application 177 | Marketing Analytics

Exercise 177 | Ethical Challenge 178 | Video Case 178 | Career Tips 178 |

Chapter Notes 179

6 PRODUCT DEVELOPMENT 180

Executive Perspective 181

What Is a New Product? 182

New-to-the-Market Products 183

New-Category Entries 185

Product-Line Extensions 185

Revamped Products 186

Application Exercise 6-1 186

The Stages of New-Product Development 187

Stage 1: New-Product Strategy Development 187

Stage 2: Idea Generation 188

Stage 3: Idea Screening 190

Stage 4: Business Analysis 191

Stage 5: Product Development 192

Stage 6: Test Marketing 193

Stage 7: Product Launch 194

Application Exercise 6-2: Social Media in Action 196

Risks in New-Product Development 196

Categorizing Risks in New-Product Development 198

Reducing Risks in New-Product Development 199

Ethical and Sustainability Issues in New-Product Development 199



Richard Newstead/Flickr/Getty Images

Ethical Issues 199

Sustainability Issues 200

Product Adoption 201

Types of Adopters 201

Product Characteristics 203

The Product Life Cycle 204

Stages of the Product Life Cycle 204

Today's Professional 206

Application Exercise 6-3 208

Estimating the Length of a Product's Life 208

Projecting the Shape of the PLC Curve 210

Strategic Implications for the Marketing Mix 211

Summary 212 | Key Terms 213 | Marketing Plan Exercise 213 |

Discussion Questions 214 | Social Media Application 214 | Marketing Analytics

Exercise 214 | Ethical Challenge 214 | Video Case 215 | Career Tips 215 |

Chapter Notes 215

7 SEGMENTATION, TARGETING, AND POSITIONING 218

Executive Perspective 219

Market Segmentation 220

The Importance of Market Segmentation 220

Criteria for Effective Market Segmentation 221

Segmentation Bases 222

Demographic

Segmentation 222

Geographic Segmentation 225

Psychographic

Segmentation 227

Application Exercise 7-1 229

Behavioral Segmentation 229

Business-to-Business Segmentation Bases 230

The Role of Social Media in Market Segmentation 230

Application Exercise 7-2: Social Media in Action 231

International Market Segmentation 232

International Segmentation Bases 232

International Market Segments and the Marketing Mix 233

Selecting Target Markets 234

Factors in Selecting Target Markets 234

Target Marketing Analytics 235

Target Marketing Strategies 235

Undifferentiated Targeting 235

Differentiated Targeting 236

Niche Marketing 236

Ethical Issues in Target Marketing 237

Today's Professional 238

Market Positioning 239

Steps in Market Positioning 239



Jason Lindsey/Alamy Stock Photo

Application Exercise 7-3 241

Positioning Statement 241

Repositioning 242

*Summary 243 | Key Terms 244 | Marketing Plan Exercise 245 |
Discussion Questions 245 | Social Media Application 245 | Marketing Analytics
Exercise 245 | Ethical Challenge 246 | Video Case 246 | Career Tips 246 |
Chapter Notes 247*

PART THREE Reaching Your Customer 249

8 PROMOTIONAL STRATEGIES 250

Executive Perspective 251

Promotion Mix 252

Elements of the Promotion Mix 252

Integrated Marketing

Communications 253

Finding the Optimal Promotion
Mix 254

Advertising 254

Television Advertising 255

Internet Advertising 258

Application Exercise 8-1: Social
Media in Action 259

Print Advertising 259

Radio Advertising 261

Outdoor Advertising 262

Nontraditional Advertising 262

Application Exercise 8-2 264

Sales Promotion 264

Coupons 264

Rebates 265

Samples 265

Contests and Sweepstakes 265

Premiums 266

Loyalty Programs 266

Trade Sales Promotions 266

Personal Selling 267

Public Relations 268

Public Relations Tools 268

The Impact of Social Media on Public Relations 269

Crisis Management 270

The Changing Face of Public Relations 270

Promotional Metrics 271

Measuring Advertising Effectiveness 271

Measuring Social Media Effectiveness 272

Promotion-Mix Budgeting Strategies 272

Affordable Method 273

Percentage-of-Sales Method 273

Objective-and-Task Method 273

Application Exercise 8-3 273



Erik Isakson/Blend Images

9 PERSONAL SELLING 280

Executive Perspective 281

Value Creation and Communication through Personal Selling 282

The Strategic Role of the Sales Force 282

Factors That Influence Use of Personal Selling 284

Personal Selling in the Digital Era 285

Career Opportunities in Sales 286

Types of Sales Positions 287

New-Business Salespeople 287

Order-Takers 288

Consultative Sellers 289

Missionary Salespeople 289

Key-Account Sellers 289

Sales Management and Support 289

Application Exercise 9-1 290

The Personal Selling Process 290

Prospecting and Qualifying 290

Pre-approach 291

Approach 291

The Presentation 293

Handling Objections 294

Gaining Commitment 295

Follow-Up 296

Applying the Personal Selling Process to Your Future Job Search 297

Application Exercise 9-2 297

Foundations of Sales Success 297

Positive Self-Concept 297

Market-Related Knowledge 298

Selling-Related Knowledge 298

Sales Technology and Social Selling 301

Sales Technology and Analytics 301

Social Selling 303

Application Exercise 9-3: Social Media in Action 304

Sales Force Strategy, Design, and Evaluation 306

Sales Force Structure 307

Sales Force Leadership 309

Ethical Issues in Personal Selling and Sales Management 312

Standards of Sales Professional Conduct 312

Today's Professional 313

Summary 275 | Key Terms 276 | Marketing Plan Exercise 276 | Discussion Questions 276 | Social Media Application 277 | Marketing Analytics Exercise 277 | Ethical Challenge 277 | Video Case 278 | Career Tips 278 | Chapter Notes 278



Blend Images/ERproductions Ltd/Getty Images

*Summary 314 | Key Terms 315 | Marketing Plan Exercise 315 |
Discussion Questions 316 | Social Media Application 316 | Marketing Analytics
Exercise 316 | Ethical Challenge 317 | Video Case 317 | Career Tips 317 |
Chapter Notes 318*

10 SUPPLY CHAIN AND LOGISTICS MANAGEMENT 320

Executive Perspective 321

Supply Chains 322

Supply Chain Flows through
Marketing Channels 322

Supply Chain Management 324

What Is Supply Chain
Management? 324

Supply Chain Integration 325

Supply Chain Strategy 326

Push Strategy 326

Pull Strategy 327

Hybrid (Push-Pull) Strategy 327

Selecting the Appropriate Strategy 328

Application Exercise 10-1 329

What Is Logistics? 330

The Impact of Logistics 330

Aligning Logistics with Supply Chain Strategies 331

Logistics Functions 332

Managing Inventories 332

Purchasing 333

Materials Management, Warehousing, and Distribution 335

Today's Professional 341

Application Exercise 10-2: Social Media in Action 342

Supply Chains and Sustainability 342

Supply Chain Design and Sustainability 343

Application Exercise 10-3 346

*Summary 346 | Key Terms 347 | Marketing Plan Exercise 348 |
Discussion Questions 348 | Social Media Application 349 | Marketing Analytics
Exercise 349 | Ethical Challenge 349 | Video Case 350 | Career Tips 350 |
Chapter Notes 350*

11 PRICING 352

Executive Perspective 353

The Importance of Pricing 354

The Price-Setting Process 355

Step 1: Define the Pricing
Objectives 355

Step 2: Evaluate Demand 356

Step 3: Determine the Costs 358

Step 4: Analyze the Competitive Price
Environment 360

Step 5: Choose a Price 361

Step 6: Monitor and Evaluate the
Effectiveness of the Price 363

Application Exercise 11-1 364



Pricing Tactics 364

- Markup Pricing 365
- Odd/Even Pricing 366
- Prestige Pricing 366
- Loss-Leader Pricing 367
- Seasonal Discounts 367
- Price Bundling 367

Application Exercise 11-2 368

Technology and Pricing 368

- Mobile Applications 368
- Dynamic Pricing 369
- Name-Your-Own-Price 369

Global Pricing 370

- Gray Market 370
- Tariffs 370

Today's Professional 371

- Dumping 372

Legal and Ethical Issues in Pricing 372

- Price Discrimination 372

Application Exercise 11-3: Social Media in Action 373

- Price Fixing 373
- Predatory Pricing 374
- Deceptive Pricing 374
- U.S. Laws Affecting Pricing 374

Application Exercise 11-4 376

Summary 376 | Key Terms 377 | Marketing Plan Exercise 377 | Discussion Questions 378 | Social Media Application 378 | Marketing Analytics Exercise 378 | Ethical Challenge 379 | Video Case 379 | Career Tips 379 | Chapter Notes 380

12 RETAILING 382**Executive Perspective 383****What Is Retailing? Why Is It Important? 384**

- Global Retailing, E-commerce, and the Ever-Changing Face of Retailing 385
- Careers in Retailing 387

How Marketers Classify Retailers 387

- Level of Service 388
- Ownership and Organization 389
- Breadth and Depth of Merchandise Assortment 390
- Merchandise Pricing 391

Application Exercise 12-1 391

Types of Retail Stores 391

- Discount Stores 391
- Supermarkets and Grocery Stores 393
- Warehouse Clubs 393



Werner Dieterich/Photographer's Choice/Getty Images

Convenience Stores 394
 Drugstores 394
 Department Stores 396
 Specialty Stores 397
 Off-Price and Extreme-Value Retailers 398
 Services Retailers 399

Application Exercise 12-2 400

Online Retailing and Other Nonstore Retail Formats 400

Online Retailing 400
 Catalog Marketing and Video Commerce 402
 Automated Vending 403
 Direct Selling 404

Application Exercise 12-3: Social Media in Action 405

Retail Marketing Strategy 405

Retailer Operational Efficiency 406
 Store Location and Site Selection 406
 Store Image and Retailer Positioning 408

Today's Professional 410

Twenty-First-Century Retailing 411

Omnichannel Retailing 411
 Big Data and Retail Analytics 412
 Competing on Customer Experience 413
 Retail Technology 415

*Summary 418 | Key Terms 419 | Marketing Plan Exercise 420 |
 Discussion Questions 420 | Social Media Application 420 | Marketing Analytics
 Exercise 421 | Ethical Challenge 421 | Video Case 421 | Career Tips 422 |
 Chapter Notes 422*

13 DIGITAL AND SOCIAL MEDIA MARKETING 424

Executive Perspective 425

The Digital Marketing Revolution 426

Societal Implications of an Always-
 Connected Consumer 426
 “Never Leave Home without
 it”: The Impact of Mobile
 Technology on Social Media
 Use 427

Impact of the Digital Revolution
 on Marketing Practice 429

Application Exercise 13-1 432

Search Marketing: Increasing Online Brand Visibility 432

Search Engine Optimization (SEO) and Search Engine Marketing (SEM) 434
 How Does Online Search Work? 435

Application Exercise 13-2 437

Social Media Marketing 437

Engaging Consumers through Social Media Marketing 438

Application Exercise 13-3: Social Media in Action 441



Warchi/Stock/Getty Images Plus/Getty Images

Content Marketing and Location-Based Services 441

Content Marketing Techniques and Sources 442

Location-Based Marketing: Bringing Relevance to Digital Content 445

Social Customer Care and Social Media Marketing Metrics 447

Social Listening and Customer Care 447

Social Media Marketing Metrics 448

Today's Professional 451**Ethical Issues In Digital and Social Media Marketing 452**

Online Privacy and Information Security 452

Unethical Targeting of Digital Customers 453

Ethical Best Practices in Social Media Marketing 454

*Summary 455 | Key Terms 456 | Marketing Plan Exercise 456 |**Discussion Questions 457 | Social Media Application 457 | Marketing Analytics**Exercise 457 | Ethical Challenge 458 | Video Case 458 | Career Tips 458 |**Chapter Notes 459***PART FOUR Responding to Your Customer 461****14 BRANDING 462****Executive Perspective 463****Branding 464**Developing Your Personal
Brand 464Components of a Successful
Brand 465

Application Exercise 14-1 467

Brand Equity 467

Benefits of Brand Equity 467

Measuring Brand Equity 468

Brand Strategies 470

Brand Extension 470

Brand Revitalization 471

Co-Branding 471

Private-Label Brands 472

Packaging 473

Promoting Brand Image 473

Reinforcing Brand Image 474

Application Exercise 14-2 474

The Role of Social Media in Branding 474

Customer Engagement through Social Media 475

Social Media Branding Goals 477

Monitoring a Social Brand 478

Application Exercise 14-3: Social Media in Action 478

Global Branding 480

The Global Strength of U.S. Brands 480

Adapting Brands to the Global Market 481

Today's Professional 482

fotokostic/123RF

Application Exercise 14-4 483

Branding for Nonprofit Organizations 483

Nonprofit Brand Equity 484

Measuring Nonprofit Brand Equity 484

*Summary 485 | Key Terms 486 | Marketing Plan Exercise 486 |
Discussion Questions 486 | Social Media Application 487 | Marketing Analytics
Exercise 487 | Ethical Challenge 487 | Video Case 487 | Career Tips 488 |
Chapter Notes 488*

15 CUSTOMER RELATIONSHIP MANAGEMENT 490

Executive Perspective 491

What Is Customer Service? 492

Defining Customer Service 492

Establishing Customer Service

Policies 494

The Role of Social Media in Customer
Service 497

Application Exercise 15-1: Social Media in
Action 498

Tracking Performance through
Customer Service Metrics 499

Application Exercise 15-2 501

Gaining and Keeping Loyal Customers 501

The Bases of Customer Satisfaction 502

The GAP Model 502

Limitations on Customer Satisfaction 503

Improving Customer Relationships 504

Relationship Marketing 505

Empowering Service Employees 507

Service Recovery 507

Customer Relationship Management 508

Objectives of Customer Relationship Management 509

The CRM Process 510

Application Exercise 15-3 513

Leveraging Customer Information 513

Security and Ethical Issues in Customer Relationship Management 514

Determining the Effectiveness of Customer Relationship Management 515

Today's Professional 517

*Summary 518 | Key Terms 519 | Marketing Plan Exercise 519 |
Discussion Questions 520 | Social Media Application 520 | Marketing Analytics
Exercise 521 | Ethical Challenge 521 | Video Case 521 | Career Tips 521 |
Chapter Notes 522*



Seth Perlman/AP Images

16 SOCIAL RESPONSIBILITY AND SUSTAINABILITY 524***Executive Perspective 525*****Corporate Social Responsibility 526**

Economic Dimension 526

Legal Dimension 527

Ethical Dimension 528

Philanthropic Dimension 528

Application Exercise 16-1 528

Developing a Successful

Corporate Social

Responsibility Program 528

Analytics for Auditing

a Corporate Social

Responsibility Program 530

Volunteerism 531

Sustainable Marketing 532

Sustainability Vision 533

Consumerism 534

Application Exercise 16-2 536

Environmental Marketing 536

Environmental Marketing Strategies 537

Application Exercise 16-3 539

Benefits of Environmental Marketing 540

Environmental Regulation 540

Global Environmentalism and Sustainability 540

Global Challenges and Opportunities 541

Today's Professional 542

Rationalizing Global Sustainability 543

The Impact of Social Media on Corporate Social Responsibility 543

Social Media–Based Corporate Social Responsibility Initiatives 543

Social Media and Global Sustainability 544

Application Exercise 16-4: Social Media in Action 545

*Summary 545 | Key Terms 546 | Marketing Plan Exercise 547 |**Discussion Questions 547 | Social Media Application 547 | Marketing Analytics**Exercise 548 | Ethical Challenge 548 | Video Case 548 | Career Tips 548 |**Chapter Notes 549****Appendix: Sample Marketing Plan 552******Glossary 563******Company Index 575******Name Index 581******Subject Index 587***

10000/Photolibrary/Getty Images

Part ONE

Marketing in the Twenty-First Century



Source: Michael Quinn, NPS

Chapter 1

Why Marketing Matters to You



Mike Ehrmann/Getty Images Sport/Getty Images

Chapter 2

Strategic Planning



Don Hammond/Design Pics

Chapter 3

The Global Environment

Chapter 1

Why Marketing Matters to You



Source: Michael Quinn, NPS

At the beginning of each chapter, you'll see a list of learning objectives that identify the key topics you need to master. You can also use the list as an outline for taking notes as you read through the chapter.

Learning Objectives

After reading this chapter, you should be able to

- LO 1-1** Describe a marketer's role in creating, communicating, and delivering value.
- LO 1-2** Differentiate among the various eras in the history of marketing.
- LO 1-3** Distinguish between consumer needs and consumer wants.
- LO 1-4** Explain the four elements in the marketing mix.
- LO 1-5** Discuss the importance of globalization in the field of marketing.
- LO 1-6** Explain the role of analytics in marketing.
- LO 1-7** Demonstrate the relationship between ethical business practices and marketplace success.
- LO 1-8** Analyze the functions of marketing beyond the for-profit firm.

Each chapter opens with an executive's perspective on his or her organization. The executives come from backgrounds outside of marketing, and their perspectives illustrate the need for successful leaders in any organization to be effective marketers.

Executive Perspective ... because everyone is a marketer

April Slayton majored in journalism where she learned a lot about identifying and speaking to different audiences. She worked for the American Veterinary Medical Association and the USDA before going to work for the National Park Service. Public service is April's passion and she knew in high school that she wanted to work in government and to demonstrate how government can be a positive part of people's lives. Working for the National Park Service allows April to do that every day.

At the National Park Service, Slayton serves as the National Park Service's top strategic communications executive and is responsible for planning, directing, and executing national campaigns to convey information about NPS programs, research, and activities.

? What has been the most important thing in making you successful at your job?

Understanding the overlapping audiences at play with every message I create is the single most critical building block for almost everything I do. Whether I'm creating a strategic communications plan, responding to a crisis, or just trying to get buy-in for an idea or project, I'm always looking for unique approaches that will appeal to the people I need to influence or engage around a given issue.

? What advice would you give soon-to-be graduates?

Take advantage of every learning opportunity that comes your way. Even if it won't connect you to your dream job, be open to possibilities that present themselves. You are likely learn things that will help you along the way and position you to discover new opportunities that could take your career in exciting and unexpected directions.

Early in my career, I raised my hand to help staff the office during the holiday season. It happened that a communications crisis developed, and because I was on call, I got the opportunity to sit with senior leadership during the process of developing policy and public communications around a complex issue that every media outlet across the country was covering. I worked with media outlets that

April Slayton Communications Director National Park Service



Photo provided by April Slayton

usually spoke only to our head of communications, and I experienced crisis communications happening in real time. When you're in the right place at the right time, especially if you have the right attitude, amazing opportunities present themselves.

? How is marketing relevant to your role at the National Park Service?

The National Park Service is one of the few government organizations responsible for helping people have fun as part of its primary mission. When you enter Yellowstone National Park, the iconic Roosevelt Arch reminds visitors that parks were created "For the Benefit and Enjoyment of the People." As we connect Americans to their national parks through our communications efforts, this concept of parks for the people guides everything that my team does.

The linchpin of the National Park Service's marketing approach and messaging honors the deep traditions of the National Park Service, while pursuing a modern communications approach that invites younger generations to make their own connections to national parks.

? What do you consider your personal brand to be?

Positive when possible, humorous when appropriate, and team oriented always.

One of my colleagues pointed out the other day that while they appreciate my skills, particularly in moments of crisis, they want me at the table when there are tough issues to tackle because of the positive energy and outside-the-box thinking that I bring to situations. That is a reputation I've worked hard to build and maintain throughout my career.

LO 1-1

Describe a marketer's role in creating, communicating, and delivering value.

marketing

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.

customer value

The perceived benefits, both monetary and nonmonetary, that a customer receives from a product compared with the cost of obtaining it.

THE VALUE OF MARKETING

Welcome to marketing. Wherever your life and career take you after this course, you can be assured that knowing how to implement marketing principles will be an important part of your professional success.

In fact, if you've ever had a job in retail sales or customer service, there is a good chance you have already used marketing principles. **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. Marketers manage customer relationships in ways that benefit the organization and its employees, its customers, its investors, and society as a whole. This is a fairly lengthy definition, and it is important to understand three main components—creating, communicating, and delivering value—before we proceed.

Creating Value

Organizations today are constantly looking for new ways to create value for customers. This is true whether we are talking about a consumer product such as the Apple Watch, social networking applications like Instagram, or educational software like the McGraw-Hill *Connect* package that accompanies this text. **Customer value** refers to the perceived benefits, both monetary and nonmonetary, that customers receive from a product, compared with the cost associated with obtaining the product. Examples of perceived benefits might be making customers safer (ADT home security), saving them money (GEICO), or making their lives easier (Samsung Galaxy smartphone). If the benefit of the product or service equals or exceeds its cost, the organization has *created value*.

The key ingredient for creating value is providing consumers with benefits that meet their needs and wants. Merely creating a new product does not guarantee success. Over



Apple can charge higher prices than its competitors without fear of losing sales because of the value customers place on Apple products. *Canadapanda/Shutterstock*

80 percent of all new products fail, a percentage that remains consistent in both good and bad economic conditions.¹ To create value, a new good, service, or idea must satisfy a perceived marketplace demand. Understanding marketplace demands before competitors do is one of the secrets of great marketing.

In later chapters, we will explore specific strategies that support the effort of value creation. These strategies include analysis of the market environment, effective marketing research, and an understanding of customer behavior. Once a company has created a valuable product, it must communicate that value to potential customers.

Communicating Value

Business history is littered with failed companies that had a valuable offering but failed to get that message out to potential customers. For example, there may be a restaurant in the city where you live that serves great food; however, if the restaurant doesn't market itself well, you may never even know it exists. A firm must communicate not only what its product is but what value that product brings to potential customers. A new Subway restaurant near your college campus, for example, might use online advertisements to communicate its convenient location, healthy alternatives, and monthly student specials.

Communicating value also will be critical for you on a personal level as you begin looking for a job after you graduate. Imagine a human resource manager looking at a stack of 400 resumes, all from applicants with a college degree similar to yours. If your resume looks like every other resume in the stack, odds are your value will not be communicated. Countless job applicants who do not understand this fundamental point wonder why they do not get the interviews and opportunities that others, who are better at marketing themselves, do get.

This book will help you learn to communicate your professional value. It includes various features, like the Career Tips section at the end of each chapter, that will help you learn to market yourself. In this chapter, the Career Tips feature focuses on moving your resume out of the stack and getting you into an interview. Once you've landed a job, delivering on the value you communicated will be key, not only to keeping your job but also to moving up in your organization. In the same way, to be successful, firms must deliver on the value of the goods, services, and ideas they offer.

Delivering Value

Isn't it remarkable to think that you can buy Diet Coke at a grocery store in Chicago, a mall in San Francisco, a restaurant in Miami, a gas station in rural Arkansas, and practically everywhere in between? Millions of people throughout the world buy and enjoy Diet Coke. That phenomenon is made possible by Coca-Cola's ability to deliver its product to countless places. Coca-Cola's *supply chain* is critical in delivering value.

A firm's **supply chain** is a set of multiple companies directly linked by one or more of the upstream and downstream flows of products, services, finances, and information



Many of the most successful firms in the world, including Coca-Cola, Walmart, and UPS, excel at managing their supply chains efficiently and have made delivering value a competitive advantage in their industries. *Justin Sullivan/Getty Images News/Getty Images*

supply chain

The linked set of companies that perform or support the delivery of a company's products to customers. More formally, "a set of three or more companies directly linked by one or more of the upstream and downstream flows of products, services, finances, and information from a source to a customer" (from J. T. Mentzer, *Supply Chain Management*, p. 14).

logistics

That part of supply chain management that plans, implements, and controls the flow of goods, services, and information between the point of origin and the final customer.

LO 1-2

Differentiate among the various eras in the history of marketing.

production orientation

A marketing strategy in which the firm focused on efficient processes and production to create quality products and reduce unit costs.

from a source to a customer.² Members of the supply chain can include manufacturers, wholesalers, retailers, transportation companies, and other groups, depending on the specific industry. The part of supply chain management that plans, implements, and controls the flow of goods, services, and information between the point of origin and the final customer is called **logistics**. We will examine the challenges and strategies associated with logistics and supply chain management in a later chapter.

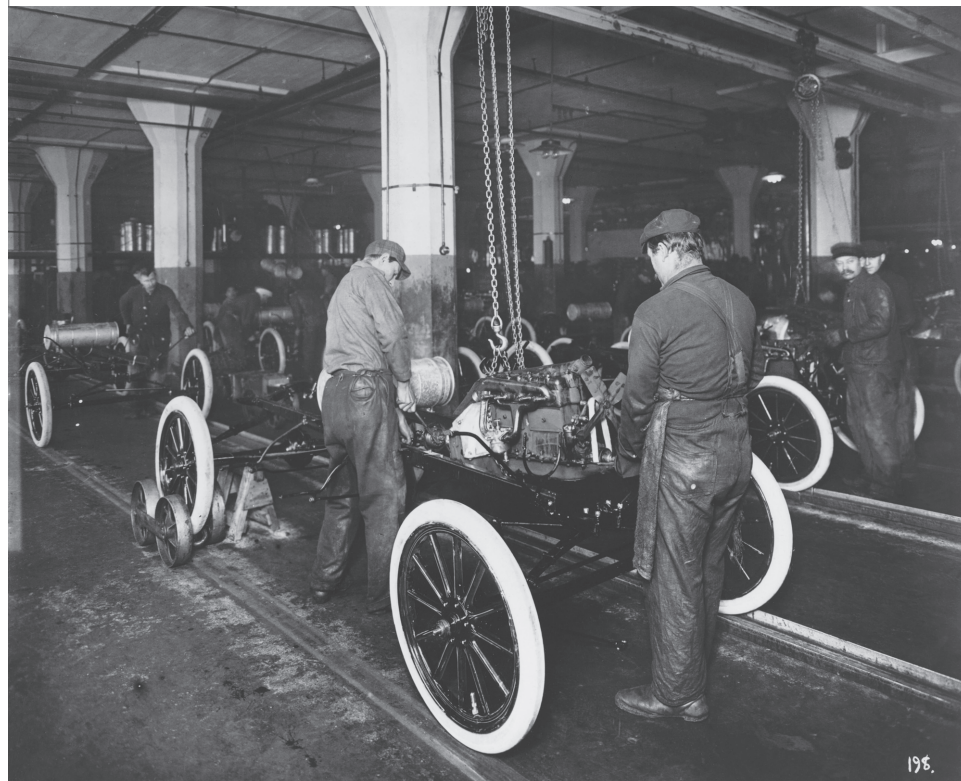
HISTORY OF MARKETING

Before we consider modern marketing, let's pause briefly to see how marketing has evolved to its current state.

Production Orientation

Prior to the 1920s, most firms in the United States and the rest of the developed world had a **production orientation**: They focused on efficient processes and production in order to create quality products and reduce unit costs. Firms with a production orientation believed that quality products would simply sell themselves. The production orientation is summarized in the old saying, "Build a better mousetrap, and the world will beat a path to your door."

In the mid-1920s, the growth in production outpaced consumer demand. To sell what they were able to produce, companies needed new strategies. In an effort to increase demand, firms sought to develop effective sales forces that could find customers for their growing production capacity.



Henry Ford's production line innovation and success manufacturing the Model A automobile represents the production-orientation era, during which firms believed that quality products would sell themselves. *Omikron/Photo Researchers/Getty Images*

Sales Orientation

As the size and impact of sales forces grew, many firms shifted to a **sales orientation**: They used personal selling and advertising to persuade consumers to buy new products and more of existing products. This strategy was especially important during the Great Depression: Consumers had little money, so firms competed intensely for customers' dollars. Firms such as Ford could no longer sell all of their products, even though mass production had reduced manufacturing costs. Ford increasingly had to rely on personal selling and advertising to get consumers to buy its products instead of the products of competitors such as General Motors. The sales-orientation era continued until the end of World War II.

Marketing Concept

After two decades of economic depression and world war, the U.S. entered an era of expansion beginning in the early 1950s. Demand for goods and services increased significantly. Products that had been in limited supply during the war flooded the market, forcing firms to develop new strategies to compete. As a result, a strategy focused on the consumer began to emerge. That strategy, the **marketing concept**, is the idea that a firm's long-term success must include a companywide effort to satisfy customer needs.

The marketing concept is characterized by a *customer orientation*, which stresses the idea that everyone in a firm should assess, then satisfy, a consumer's needs. Walmart's focus on customer satisfaction is an example of the marketing concept in action: Employees in every department are expected to meet customer needs: the cashier checking out customers, the logistics department holding down costs, and a customer service representative handling product returns. The customer orientation has helped Walmart succeed in a competitive environment, even though very few of the products it sells are unique to its stores. Rather than offering unique products, Walmart has focused on satisfying consumers' desire for lower prices, friendly service, and convenience.

The marketing concept continues to evolve. Technology now enables marketers to tailor offerings in a way that has never before been possible. Dell provides a historical example: It became a market leader in the 1990s by allowing individual consumers to customize computers to purchase exactly what they wanted. Customers now have come to like and look for options to customize.

Organizations today also focus on establishing relationships with customers. **Relationship marketing**, a strategy that focuses on attracting, maintaining, and enhancing customer relationships,³ is of primary importance for today's most successful firms. Amazon, the largest e-retailer in the United States, uses technology and large amounts of data to develop a relationship with its customers. It provides personalized product recommendations and multiple delivery options to meet the individual needs of customers. This type of custom outreach helps marketers sell products. More importantly, it also helps the firm develop relationships with the customers who are most likely to buy its products.

The Future of Marketing

More exciting than the history of marketing is thinking about how marketing will develop in the years ahead. As technology and other changes affect the business world, firms will need to explore new models that address what customers want and how they prefer to receive information. For example, consider how these data might affect the way firms reach customers:

- By 2018, the number of Americans who pay for television service through cable or satellite had declined by over 5 million since 2012.⁴
- At the same time, the number of Americans using the Internet or online streaming services such as Netflix and Hulu reached an all-time high.

sales orientation

A marketing strategy in which personal selling and advertising are used to persuade consumers to buy new products and more of existing products.

marketing concept

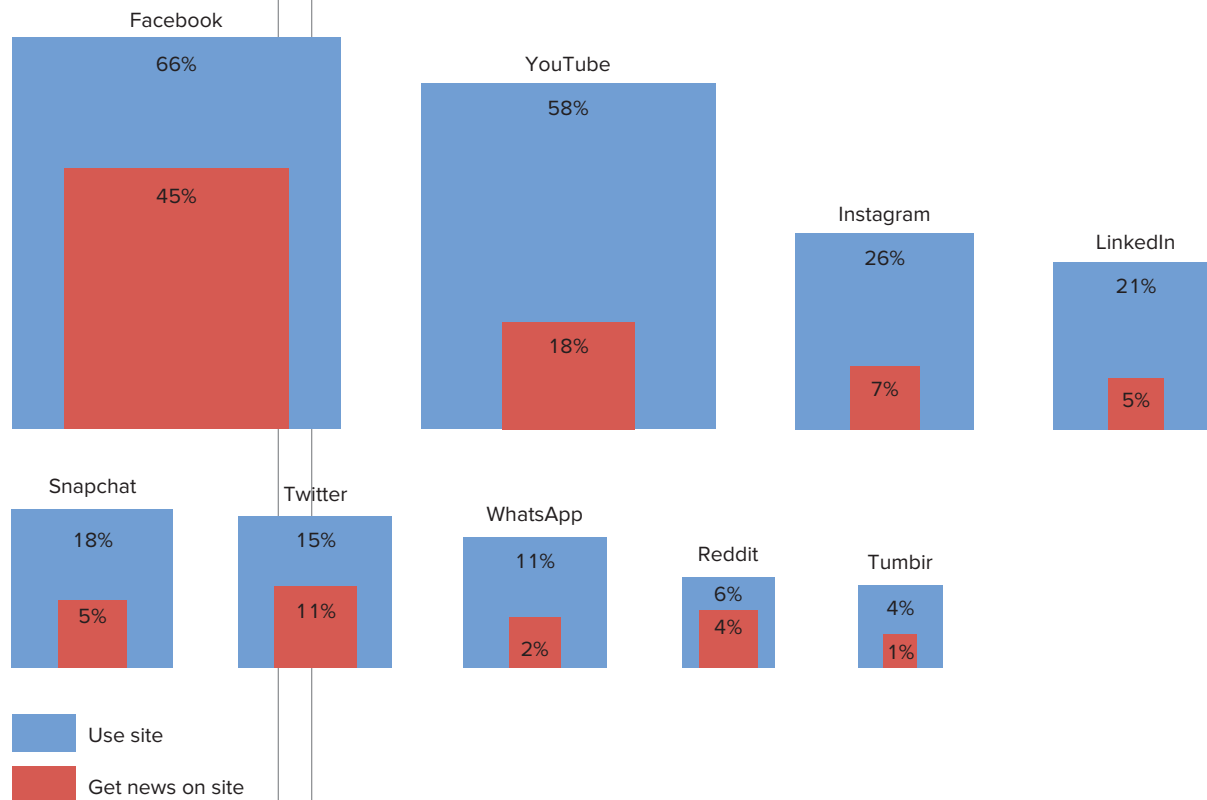
The idea that a firm's long-term success must include a companywide effort to satisfy customer needs and wants.

relationship marketing

A marketing strategy that focuses on attracting, maintaining, and enhancing customer relationships.

FIGURE 1.1 Social Media as a Pathway to News: Facebook Leads the Way

Percentage of U.S. adults who use each social networking site and percentage of U.S. adults who get news from each social networking site



Source: Pew Research Center, "News Use across Social Media Platforms 2017," September 7, 2017, <http://www.journalism.org/2017/09/07/news-use-across-social-media-platforms-2017/>.

- Newspaper circulation has decreased significantly over the past decade.
- The amount of news consumers get through social media platforms is at an all-time high. Products like Facebook, Instagram and Twitter are changing how firms interact with customers.

Figure 1.1 details the number of adults who now get daily news from social media sites. In the coming years, marketers will no longer automatically think of television, newspaper, or magazine advertising as the first choice for reaching customers.

Regardless of how marketing evolves in the years ahead, remember that the basic goal of marketing—to create, communicate, and deliver value—doesn't change. To achieve this goal, marketers must use all the tools and strategies at their disposal to satisfy the needs and wants of customers.

exchange

An activity that occurs when a buyer and seller trade things of value so that each is better off as a result.

LO 1-3

Distinguish between consumer needs and consumer wants.

NEEDS VERSUS WANTS

Marketers create value for customers when they develop products that allow consumers to satisfy their needs and wants through exchange relationships. **Exchange** happens when a buyer and seller trade things of value, so that each is better off as a result.

For example, Microsoft initiates its part of the exchange by *creating* a product like the Xbox game console. It then *communicates* the value and enjoyment of owning an Xbox through television ads and online content. Finally, it *delivers* the Xbox consoles to retailers like Best Buy and Amazon, from whom consumers can purchase them. Consumers complete their side of the exchange by providing the money necessary to purchase the Xbox. In addition to the financial exchange that has taken place, consumers have also likely exchanged information, such as their e-mail address or phone number.

Perhaps the most basic concept in marketing is the difference between consumer needs and wants. **Needs** are states of felt deprivation. Consumers feel deprivation when they lack something useful or desirable like food, clothing, shelter, transportation, or safety. Notice that marketers do not *create* needs; needs are a basic part of our human makeup. Regardless of whether you ever view an ad, talk to a salesperson, or receive an e-mail from an online retailer, you still need food, water, shelter, and transportation.

Marketing's role is to match your need with a want. **Wants** are the form that human needs take as they are shaped by personality, culture, and buying situation. Marketers seek to turn your need for food into a want or desire for, say, an In-n-Out hamburger or a salad from Panera. Likewise, consumers need shelter. Marketers work to turn that need into a want, perhaps for an apartment on a bus route near campus or a condo where someone else takes care of the yard.

Wants are influenced by numerous things, including a consumer's family, job, and background. For example, a college student might want a shirt from a specific store or shoes that reflect his personality and make him feel good about how he looks. The wants of that student may well differ from those of the person who sits next to him in class, if they have different backgrounds and interests.

Satisfying needs and wants can prove challenging for firms that do not fully appreciate the difference between the two. Distinguishing between needs and wants affects the way firms market their products to customers.

Distinguishing Needs from Wants

The distinction between needs and wants is not always black and white. For example, people need transportation to go to work, or to attend school, or to pick up their children. Consumers can meet their *need* for transportation in many ways—by driving a car, riding a bike, or taking a bus or some other form of mass transit. A luxury-car marketer bets on the fact that you *want* to fulfill your need for transportation to work by sitting on heated seats while listening to satellite radio.

The better a firm understands the difference between customers' needs and wants, the more effectively it can target its message to convince customers to buy its good or service. The marketer seeks to convince customers that the firm's offering will meet their needs and wants better than any competing good or service.

The Ethical Implications of Needs versus Wants

To avoid potential problems for the firm, and sometimes for society as a whole, evaluating customer needs and wants must be done through an ethical framework.

For example: The global economic recession that began in December 2007 was, in part, the result of a housing crisis in which the United States experienced the largest increase in home foreclosures and drop in home prices

needs

States of felt deprivation. Consumers feel that deprivation when they lack something useful or desirable like food, clothing, shelter, transportation, or safety.

wants

The form that human needs take as they are shaped by personality, culture, and buying situation.



Most people need transportation of one kind or another; it's marketing's job to satisfy that need in a way that also meets the customer's wants, perhaps for a luxury car. Don Mason/Getty Images

in over half a century.⁵ The housing crisis was triggered by marketers who took consumers' basic *need* for a house and encouraged their *want* to buy a house that was more than they could afford. At the time, the exchange appeared to be a win-win proposition: Consumers got the house of their dreams, and the firms that sold, financed, and securitized the real estate made hefty profits for years.

Ultimately, however, this strategy led to billions of dollars in financial losses and millions of lost jobs. Marketers were using several of the sound marketing approaches we will discuss throughout this book. However, the problem stemmed from the fact that many were doing so in an unethical manner, such as ignoring the level of income needed to support the cost of the house. Later in this chapter, you will read about an ethical decision-making framework that you can use as you develop your marketing knowledge.

First, though, we'll discuss the four basic elements that make up the *marketing mix*, a concept that provides a foundation for much of modern marketing.

LO 1-4

Explain the four elements in the marketing mix.

marketing mix

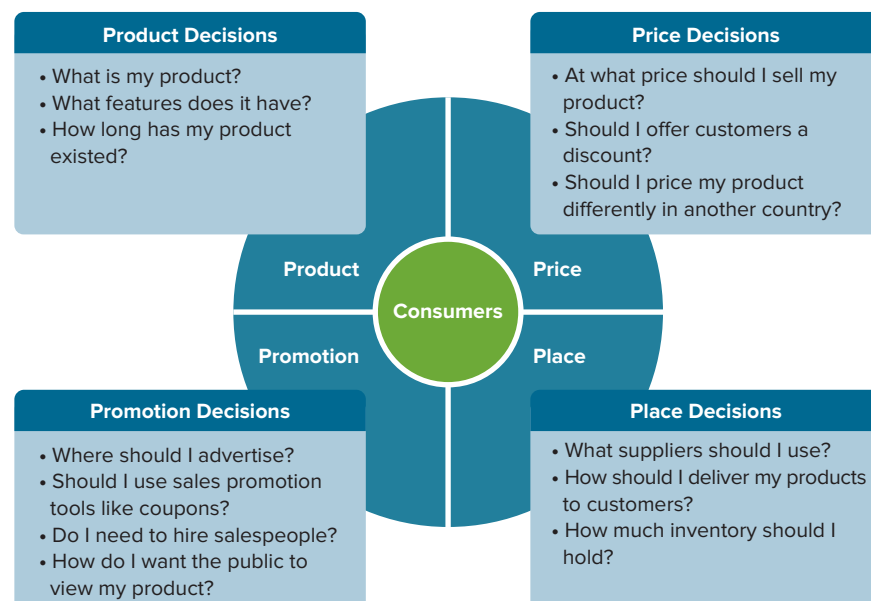
A combination of activities that represent everything a firm can do to influence demand for its good, service, or idea; often referred to as the four Ps of marketing (product, price, place, and promotion).

THE MARKETING MIX: THE FOUR PS

One thing most business graduates remember from their first marketing class is the “four Ps”—product, price, place (distribution), and promotion—more formally known as the *marketing mix*. The **marketing mix** represents everything that a firm can do to influence demand for its good, service, or idea. The four Ps of the marketing mix provide marketers with the tools to increase customer awareness, sales, and profitability.

Successful marketing managers can make strategic decisions focusing on a specific element of the marketing mix, such as discounting prices or changing the product's packaging, to gain advantages over competitors and achieve long-term success. Figure 1.2 highlights some of the strategic decisions that can affect each of the marketing-mix elements. To develop such strategies, you must first understand each element in more detail.

FIGURE 1.2 The Marketing Mix and Decisions That Affect It



Product

The discussion of marketing mix typically begins with the product. Without the product, a firm has few, if any, decisions to make about price, place, or promotion. **Product** is a specific combination of goods, services, or ideas that a firm offers to consumers.

Consider a good like the Chevrolet Camaro. The Camaro product consists of an engine, tires, seats, transmission, and other parts. Beyond this, a new Camaro also comes with a warranty and service guarantee. Those features, while not physical attributes like an engine, make up part of the car's basic product offering. In addition, the design of the car, the Chevy name, and features like satellite radio or the navigation system are all part of the product offering. Finally, consumers buy cars not just for the benefit of getting from place to place (the *need* for transportation) but also for what cars represent, for example, status, freedom, and youth (the *want*). All of these tangible and intangible characteristics are components of the Camaro product.

In addition to goods such as automobiles, products can also take the form of services or ideas. Examples of services are those provided by an attorney or electrician or piano teacher. Ideas might be those offered by a management consultant or an architect. We will discuss product types in greater detail in Chapter 6 on product development.

Price

Price is the amount of something—money, time, or effort—that a buyer exchanges with a seller to obtain a product. Setting a price is one of the most important strategic decisions a firm faces, because it relates to the value consumers place on the product.

How many firms can you think of that are affected by the price they charge for their products? Your list could include nearly every firm you know! Pricing's power is a result of the signal it can send about product quality. If we put three jars of peanut butter in front of you with no labels except price tags of \$1, \$5, and \$10, which jar would you say is of the highest quality? Without tasting the product, you might say the \$10 jar, simply because of the higher price.

In addition, pricing is typically the easiest marketing-mix element to change. That fact makes price a powerful tool for firms looking to quickly adjust their market share or revenue. *Revenue* is the amount earned from selling products to customers. It is a function of the price of a product multiplied by the number of units sold.

If the firm sets the price too high, it will sell fewer units, thus reducing revenue. If the firm sets the price too low, it may sell more units, but it could see a reduction in overall revenue if the money earned from the additional units sold isn't enough to offset the lower price. Suppose you sell someone an NFL football game ticket for \$50, but find out later that the buyer would gladly have paid \$100. Yes, you sold the ticket, but you also lost \$50 of potential revenue.

We will discuss pricing and how pricing strategy is changing in Chapter 11 on pricing.

Place

Place is one of the most remarkable parts of marketing. Consider this: You can travel to some of the most remote towns in the world and find McDonald's products close by. This is possible because McDonald's focuses heavily on the place element of its marketing mix.

product

The specific combination of goods, services, or ideas that a firm offers to consumers.

price

The amount of something—money, time, or effort—that a buyer exchanges with a seller to obtain a product.



Technology like smartphone barcode scanners makes pricing a complicated and influential component of the marketing mix because consumers can quickly compare prices from firm to firm and from store to store. javitrapero.com/Shutterstock

place

As one of the “four Ps,” includes the activities the firm undertakes to make its product available to potential customers. Also known as *distribution*.

promotion

All the activities that communicate the value of a product and persuade customers to buy it.

Icons throughout the chapter highlight social media–related content.

As you read, keep an eye out for tie-back features in which the executive profiled at the start of the chapter comments on how the chapter concepts relate to his or her professional experience.



Photo provided by April Slayton

Executive Perspective... because everyone is a marketer

April Slayton
Communications Director
National Park Service

What is one of the most important marketing efforts at the National Park Service?

As an organization of more than 22,000 passionate employees and millions of visitors experiencing 400-plus park sites across the country, sometimes the most important marketing efforts I lead involve our own employees, volunteers, and partners. Engaging NPS staff and rangers across the country to create inspiring and exciting content that encourages new audiences to visit national parks isn't always easy, because time and resources are spread thin. My office tries to encourage park staff to participate in national messaging and efforts by connecting these opportunities back to the work they do every day, to inform and serve their visitors.

Place includes the activities a firm undertakes to make its product available to potential consumers.

Companies must be able to distribute products to customers where they can buy and consume them without difficulty. Even if you have the right product at the right price, if customers cannot easily purchase the product, they will likely find a substitute. For example, let's say that a consumer in Oklahoma City loves Minute Maid Orange Juice, but due to distribution problems, the closest place she can buy it is Dallas, Texas, some 200 miles away. Chances are the consumer in Oklahoma City will begin drinking Tropicana or some other orange juice that's available closer to home. Minute Maid will have lost business because it couldn't deliver its product to its customer.

Place decisions relate to locations, transportation, logistics, and supply chain management. It's a broad and interesting topic, which we address in more detail in Chapter 10 on supply chain and logistics management.

Promotion

The promotion element of the marketing mix is what most people think of when asked what marketing is. **Promotion** is all the activities that communicate the value of a product and persuade customers to buy it. Promotion includes advertising, sales promotion, personal selling, and public relations. You've been on the receiving end of a promotional activity if you've ever:

- Seen television commercials for car insurance, restaurants, resorts, or thousands of other products (*advertising*).
- Used a coupon to purchase some product (*sales promotion*).
- Talked with a salesperson (*personal selling*).
- Attended an event sponsored by a company (*public relations*).

As is the case with every element of the marketing mix, successful promotion involves the firm's ability to integrate these activities in a way that maximizes the value of each. You have probably heard the saying “the whole is greater than the sum of its parts,” perhaps said about a successful sports team. It means that the players might be good by themselves but are great when they work together as a team. The same can be said of a firm's successful promotional strategy: When well done, the whole strategy is better than the sum of its parts. It effectively integrates advertising, sales promotion, personal selling, and public relations to communicate a product's value to potential customers.

Recently, promotional activities have been undergoing a transformation. Today, firms of all sizes and from all industries can communicate quickly and directly with their customers using a variety of online and digital tools, such as smartphone apps and social media. The term **social media** refers to Internet-based applications that enable users to create their own content and share it with others who access the sites.

Firms that use social media for promotion try to create content that attracts attention and encourages readers to share the content with their social networks. In this way, a corporate message spreads from user to user. A company that uses social media hopes its message

resonates with consumers because it appears to come from a trusted, third-party source, as opposed to the company itself.

Use of social media has become easily accessible to anyone with Internet access. Because the communication is driven by word of mouth, promotion through social media results in free, rather than paid, messages. As a result, social media serve as a relatively inexpensive platform for smaller firms and nonprofit organizations to implement promotional strategies.⁶

Marketers expect the use of social media to continue to explode in coming years. Those who understand and can use them in effective and creative ways will benefit. Because of the growing importance of social media in marketing, throughout this book we highlight coverage of topics related to social media, in various ways:

- Use of a marginal icon (see the large S icon above) to indicate a social media topic integrated in the running text.
- Application Exercises related to social media, like the one below.
- Social Media Application exercise at the end of each chapter.
- A separate, stand-alone chapter on social media.

connect Application Exercise 1-1



Social Media in Action

The role of social media in marketing entered a new phase in the last decade when Domino's Pizza began allowing customers to order using Twitter. Domino's became the first major restaurant chain to use Twitter as an ongoing way for customers to place an order. The company used social media to allow customers to order a pizza by simply tweeting the pizza emoji to @Dominos.

The move was part of Domino's marketing strategy for attracting young, busy consumers who are active on social media. Domino's marketers received a variety of free media following the announcement. As a result, the company developed a unique competitive advantage for its pizza products using social media.

The Social Media in Action Connect exercise in Chapter 1 asks you to choose how best to use social media to successfully market a fast-food product. By understanding the power of social media marketing, you will be able to apply using social media strategies to create buzz for your organization in the years ahead.

Source: See Bruce Horovitz, "Domino's to Roll out Tweet-a-Pizza," *USA Today*, May 14, 2015, <http://www.usatoday.com/story/money/2015/05/12/dominos-pizza-tweet-a-pizza-twitter-tweet-to-order-fast-food-restaurants/27175005/>.

social media

Internet-based applications that enable users to create their own content and share it with others who access these sites.

Social Media in Action features discuss how companies use social media to market their products. The Application Exercise that accompanies this feature, which is available in McGraw-Hill Connect, asks you to make decisions about the best use of social media in specific marketing scenarios.

TRENDS AFFECTING MARKETING

The social media trend will increasingly influence how marketers promote their products to customers, but it isn't the only trend affecting modern marketing. Firms today must take a broader focus than they have in the past. While marketers want to expand their reach to international consumers, they face new challenges resulting from the global competition. Meanwhile, more and more consumers seek out firms that emphasize social responsibility and ethical practices.

LO 1-5

Discuss the importance of globalization in the field of marketing.



Globalization affects almost every aspect of marketing. Icons within each chapter highlight discussions of the concepts in a global context.

In the sections that follow, we'll discuss three additional trends affecting marketing: globalization, marketing analytics, and ethics. In each chapter, you will see how these trends affect core marketing principles.

Global Marketing

Modern marketers must not only create, communicate, and deliver value but also do so in a truly global marketplace. Global forces affect everything we do in marketing, from pricing to product development to supply chain management. For example, the devaluation of the Chinese currency in 2015 or the tariffs imposed by the United States in 2018 on Chinese goods had an impact on the price of products across the globe.⁷ Much of the growth in U.S. firms, ranging from Walmart to General Motors, comes from their expansion into international markets.

Events of the past two decades have clearly illustrated how connected the global economy is. When the United States entered a significant recession starting in December 2007, manufacturing at Chinese plants of products targeted to American consumers declined significantly, increasing unemployment and slowing growth in China.⁸ Also, as the European Union dealt with a continent-wide banking crisis, U.S. firms saw their stock prices drop as investors feared possible exposure to the problems in Europe. More than at any time in history, businesses today are affected by developments across the globe. Consider these facts:

- 10.7 million jobs in the United States are supported by exports.⁹
- In 2017, total U.S. exports were worth more than \$2.32 trillion.¹⁰
- The United States is the world's leading exporter of products ranging from medical instruments to refined petroleum and the leading importer of cars, computers, and smartphones.¹¹
- Exports account for over 12 percent of the total U.S. economy.¹²

The Interconnected World The idea of *globalization*, the increasingly interconnected nature of the world economy, evokes different reactions from different people. International trade agreements, such as the North American Free Trade Agreement (NAFTA), relaxed trade restrictions between the United States, Canada, and Mexico. These agreements are viewed both positively and negatively, depending on an individual's circumstances.

For U.S. farmers who have been able to ship and sell their produce to Canada and Mexico, NAFTA has expanded their business and increased profits. Canada and Mexico have accounted for 37 percent of the total growth of U.S. agricultural exports since 1993.¹³ The share of total U.S. agricultural exports destined for Canada or Mexico grew from 22 percent at the time NAFTA was passed in 1993 to over 30 percent less than 15 years later.

However, in the view of employees from some manufacturing firms, NAFTA has made it easier for companies to move jobs to lower-wage areas on the continent, endangering local job prospects and threatening the existence of entire communities.

In 2018, the three countries reached agreement on the U.S.–Mexico–Canada Agreement, or USMCA, which is a successor to NAFTA and makes several small changes to the original agreement in areas ranging from cars to dairy to dispute resolutions.¹⁴

The importance of globalization grows with each passing year. Marketers must develop a global vision by proactively recognizing and responding to international marketing opportunities.

Marketing on a Global Scale Less than 5 percent of the world's population lives in the United States. That fact leads marketers to seek ways to promote and sell their products to the billions of potential consumers living outside the United

States. **Global marketing** is a marketing strategy that consciously addresses customers, markets, and competition throughout the world.¹⁵

Coca-Cola is one of the most globally active companies. It sells over 3,500 different beverages in over 200 countries worldwide.¹⁶ Over 40 percent of the firm's sales come from international markets.¹⁷ Coca-Cola's marketers have developed products to meet the unique tastes of international customers. The firm actively promotes its **brand**—the name, term, symbol, design, or any combination of these that identifies and differentiates a firm's products—through advertising and social media. It also makes pricing decisions based on economic and competitive factors in each region of the world in which it does business. Coca-Cola is at the cutting edge of delivering its products to places where global customers can buy them, whether that means moving bottling operations to Turkey or coordinating deliveries to remote places in Africa.

Throughout this book, we will embed in text discussions many examples of firms doing global marketing. In addition, many chapters include a separate section on global marketing as it relates to the chapter topic. Both types of global coverage are identified by a globe icon in the margin.

Firms that want to market on a global scale must pay particular attention to whether the benefits exceed the costs. Marketing analytics is therefore emerging as another trend that will increasingly affect the practice of marketing in the coming years.



Coca-Cola has demonstrated a commitment to using each of the four Ps—product, price, place, and promotion—to drive global success. *Dave Moyer*

Marketing Analytics

Marketing analytics is the practice of measuring, managing, and analyzing market performance. Broadly, it is the processes and technologies that enable marketers to evaluate the success of marketing initiatives by measuring performance using business metrics.¹⁸ Marketing analytics are an essential tool for helping organizations make better decisions. Marketing analytics can be used for issues ranging from justifying how advertising dollars get spent to what to do with large amounts of consumer data that are now available.

global marketing

A marketing strategy that consciously addresses customers, markets, and competition throughout the world.

brand

The name, term, symbol, design, or any combination of these that identifies and differentiates a firm's products.

marketing analytics

The practice of measuring, managing, and analyzing market performance.

Companies are using business metrics and big data to help make marketing decisions. The "MA" icons in chapters identify text discussions relating to marketing analytics.



LO 1-6

Explain the role of analytics in marketing.

LO 1-7
Demonstrate the relationship between ethical business practices and marketplace success.

ethics

The moral standards expected by a society.

Marketers can use analytics whether they are selling products, services, or ideas. During the 2016 presidential campaign, for example, candidates in both major political parties sought a marketing advantage using analytics. Analytics suggested that political strategists should seek out bargains when placing advertisements to promote their candidates, such as skipping *Sunday Night Football* and instead buying airtime during *Law & Order* reruns, which cost a quarter as much but still deliver large numbers of likely voters.¹⁹ Whether in politics or business, marketers who do not use analytics are likely wasting resources: They either are not reaching people or are reaching people who will not be receptive to the message.

Business executives are facing rising pressure to be more data-driven, with marketing receiving particular scrutiny.²⁰ The percentage of marketing budgets allocated for marketing analytics is expected to almost double in the next three years. Because of the growing use of marketing analytics, we will present the most popular marketing analytics tools throughout the book, with opportunities for you to apply them in homework activities.

Ethics in Marketing

Like social media, globalization, and marketing analytics, ethical decision making should be a key component of a successful marketing approach. **Ethics** are moral standards expected by a society. Marketers should clearly understand the norms and values expected of them and act in a way that puts their company, their profession, and themselves in a positive, ethical light.

The American Marketing Association has published a thorough Code of Ethics, which marketers should read and adhere to. We encourage you to read the AMA Code of Ethics in Figure 1.3 and use it as a guide as you develop your marketing knowledge throughout this text.

The Impact of Ethics on Business The consequences of not adhering to an ethical code can be serious. In 2016, Wells Fargo employees secretly created millions of unauthorized bank and credit card accounts without their customers knowing it. The bank was hit with a \$185 million fine and thousands of Wells Fargo employees lost their jobs.²¹ Ignoring ethical considerations has destroyed some of the largest companies in the world over the past 20 years:

- Enron (No. 18 on the Fortune 500 list of the world's largest corporations in 2000).
- Telecommunications giant WorldCom.
- Arthur Andersen (the largest accounting firm in the United States in 2000).
- AIG (the largest insurance company in the world in 2008).²²

Each of you, as a college graduate, will face a more challenging job market, partly because of unethical behavior by firms. For example, Arthur Andersen was a leading recruiter of college graduates throughout the 1990s, until a series of unethical decisions by a limited number of employees led to its demise. Now out of business, Arthur Andersen, WorldCom, Enron, Bear Stearns, and a host of other large firms that fell victim to ethical lapses and closed their doors have no jobs to offer college graduates. As you can see, unethical marketing practices harm customers, employees, and society as a whole.

Making ethical decisions not only makes good business sense, it can also generate profits, even during a recession. Figure 1.4 illustrates the relationship between ethical business practices and marketplace success. The WME Index measures the stock returns of all publicly traded World's Most Ethical Company honorees. Figure 1.4 compares the WME Index to the U.S. Large-Cap Index which offers a comprehensive view of equity returns in the United States. As you can see, firms that were identified as ethical outperformed the mix of companies included in the U.S. Large-Cap Index through different political, regulatory, and economic circumstances.

FIGURE 1.3 American Marketing Association Code of Ethics**PREAMBLE**

The American Marketing Association commits itself to promoting the highest standard of professional ethical norms and values for its members (practitioners, academics and students). Norms are established standards of conduct that are expected and maintained by society and/or professional organizations. Values represent the collective conception of what communities find desirable, important and morally proper. Values also serve as the criteria for evaluating our own personal actions and the actions of others. As marketers, we recognize that we not only serve our organizations but also act as stewards of society in creating, facilitating and executing the transactions that are part of the greater economy. In this role, marketers are expected to embrace the highest professional ethical norms and the ethical values implied by our responsibility toward multiple stakeholders (e.g., customers, employees, investors, peers, channel members, regulators and the host community).

ETHICAL NORMS

As Marketers, we must:

1. **Do no harm.** This means consciously avoiding harmful actions or omissions by embodying high ethical standards and adhering to all applicable laws and regulations in the choices we make.
2. **Foster trust in the marketing system.** This means striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution.
3. **Embrace ethical values.** This means building relationships and enhancing consumer confidence in the integrity of marketing by affirming these core values: honesty, responsibility, fairness, respect, transparency and citizenship.

ETHICAL VALUES

Honesty—to be forthright in dealings with customers and stakeholders. To this end, we will:

- Strive to be truthful in all situations and at all times.
- Offer products of value that do what we claim in our communications.
- Stand behind our products if they fail to deliver their claimed benefits.
- Honor our explicit and implicit commitments and promises.

Responsibility—to accept the consequences of our marketing decisions and strategies. To this end, we will:

- Strive to serve the needs of customers.
- Avoid using coercion with all stakeholders.
- Acknowledge the social obligations to stakeholders that come with increased marketing and economic power.
- Recognize our special commitments to vulnerable market segments such as children, seniors, the economically impoverished, market illiterates and others who may be substantially disadvantaged.
- Consider environmental stewardship in our decision-making.

Fairness—to balance justly the needs of the buyer with the interests of the seller. To this end, we will:

- Represent products in a clear way in selling, advertising and other forms of communication; this includes the avoidance of false, misleading and deceptive promotion.
- Reject manipulations and sales tactics that harm customer trust.
- Refuse to engage in price fixing, predatory pricing, price gouging or “bait-and-switch” tactics.
- Avoid knowing participation in conflicts of interest.
- Seek to protect the private information of customers, employees and partners.

Respect—to acknowledge the basic human dignity of all stakeholders. To this end, we will:

- Value individual differences and avoid stereotyping customers or depicting demographic groups (e.g., gender, race, sexual orientation) in a negative or dehumanizing way.
- Listen to the needs of customers and make all reasonable efforts to monitor and improve their satisfaction on an ongoing basis.
- Make every effort to understand and respectfully treat buyers, suppliers, intermediaries and distributors from all cultures.
- Acknowledge the contributions of others, such as consultants, employees and coworkers, to marketing endeavors.
- Treat everyone, including our competitors, as we would wish to be treated.

Transparency—to create a spirit of openness in marketing operations. To this end, we will:

- Strive to communicate clearly with all constituencies.
- Accept constructive criticism from customers and other stakeholders.
- Explain and take appropriate action regarding significant product or service risks, component substitutions or other foreseeable eventualities that could affect customers or their perception of the purchase decision.
- Disclose list prices and terms of financing as well as available price deals and adjustments.

Citizenship—to fulfill the economic, legal, philanthropic and societal responsibilities that serve stakeholders. To this end, we will:

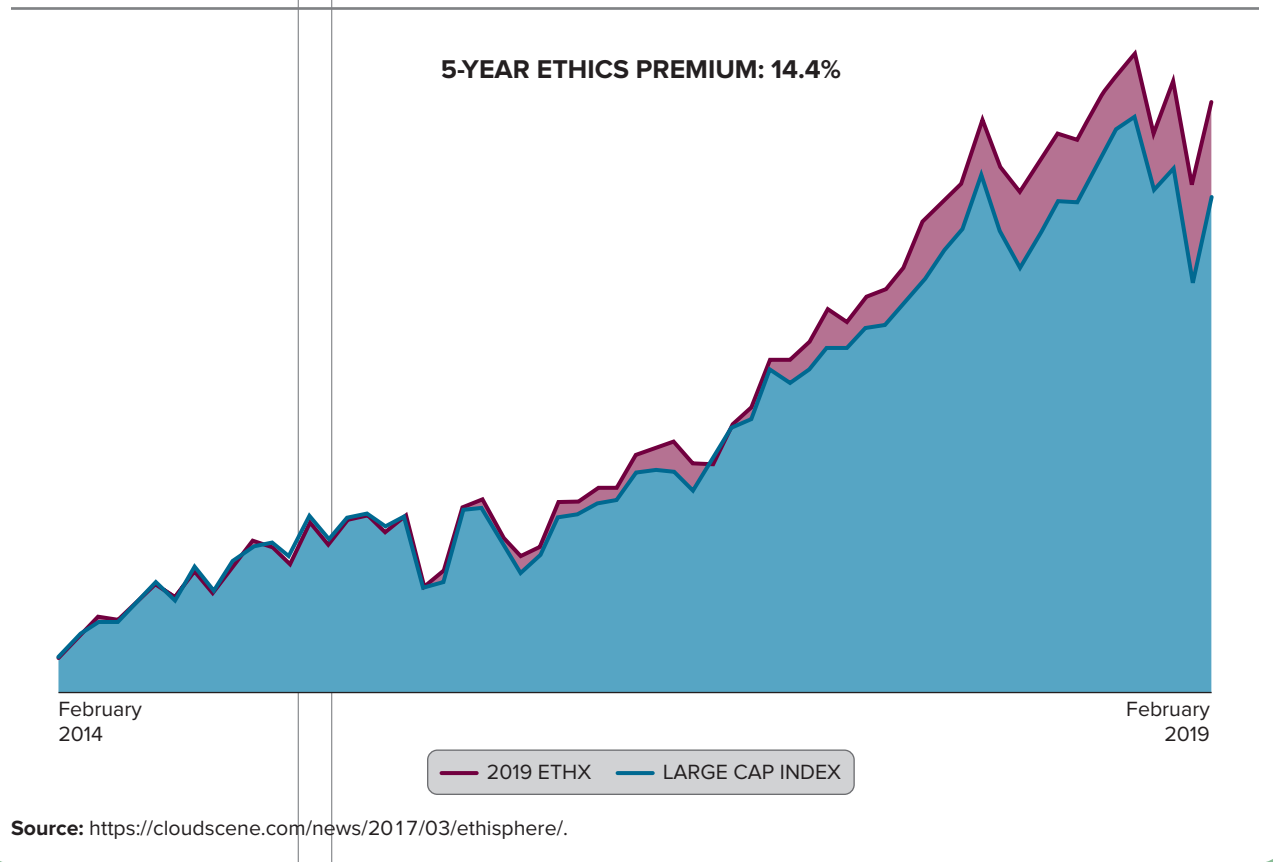
- Strive to protect the ecological environment in the execution of marketing campaigns.
- Give back to the community through volunteerism and charitable donations.
- Contribute to the overall betterment of marketing and its reputation.
- Urge supply chain members to ensure that trade is fair for all participants, including producers in developing countries.

IMPLEMENTATION

We expect AMA members to be courageous and proactive in leading and/or aiding their organizations in the fulfillment of the explicit and implicit promises made to those stakeholders. We recognize that every industry sector and marketing sub-discipline (e.g., marketing research, e-commerce, Internet selling, direct marketing, and advertising) has its own specific ethical issues that require policies and commentary. An array of such codes can be accessed through links on the AMA Web site. Consistent with the principle of subsidiarity (solving issues at the level where the expertise resides), we encourage all such groups to develop and/or refine their industry and discipline-specific codes of ethics to supplement these guiding ethical norms and values.

Source: American Marketing Association, “Statement of Ethics,” n.d., <http://www.marketingpower.com/aboutama/pages/statement%20of%20ethics.aspx>.

FIGURE 1.4 Performance Comparison of the 2017 World's Most Ethical Companies and the U.S. Large-Cap Index



Ethical Decision-Making Framework Despite the positive impact ethical decision making can have on a firm, the ethical choice is not always clear. Figure 1.5 illustrates an ethical decision-making framework that you can use in your future career and in almost any marketing challenge you will encounter, in this class and beyond.²³ You can apply this systematic framework to the ethical problems discussed throughout this course.

- 1. Determine the facts in an unbiased manner.** First, determine the factual elements of a specific problem without letting any potential bias influence the decision. We are all products of our environment, and each of us brings our background, history, and experiences to any ethical problem. These fundamental factors can influence how we review and interpret the facts at hand, especially if we don't make a conscious effort to determine the relevant information in an unbiased way.
- 2. Identify the ethical issue at hand.** It's possible to avoid ethical problems if you can clearly identify the ethical issue. The rest of the ethical decision-making framework will be valuable only if you clearly understand the issue itself.
- 3. Identify the stakeholders affected by the decision.** Remember, stakeholders can be both external and internal. They include the firm's employees, both current and retired; customers; suppliers; shareholders; and the community in which the firm operates. Identify and consider each group as part of the ethical decision-making framework.

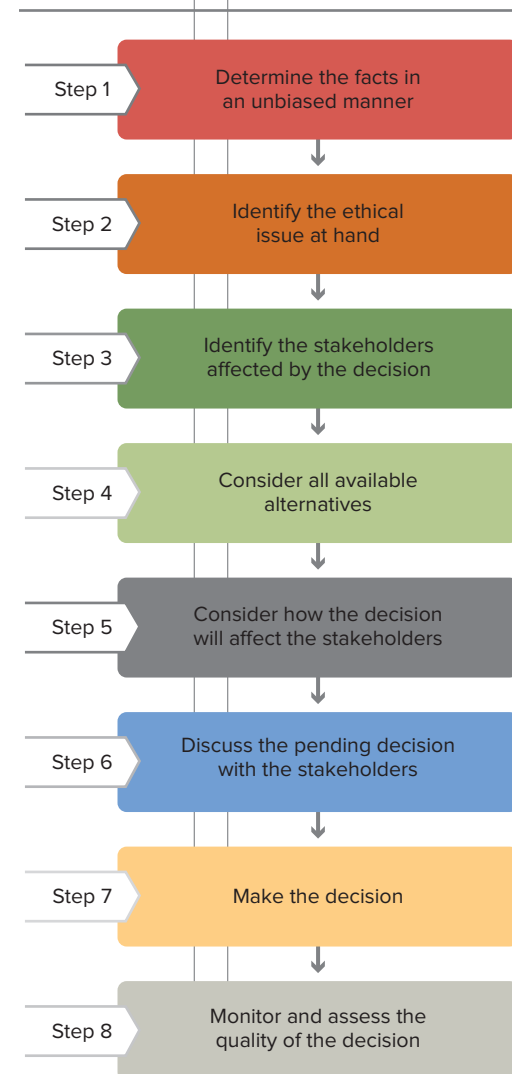
4. **Consider all available alternatives.** After identifying the relevant stakeholders, all parties should brainstorm alternatives. Different groups often view issues through different perspectives. Group brainstorming can lead to creative and useful solutions.
5. **Consider how the decision will affect the stakeholders.** Managers sometimes refer to this step as “seeing through a problem to the other side.” This means considering ahead of time how the decision will affect all stakeholders. For example, mortgage companies that engaged in subprime lending in the years leading up to 2008 should have considered how lax lending standards might affect stakeholders over the long term, rather than waiting until foreclosures and unemployment increased during the recession.
6. **Discuss the pending decision with the stakeholders.** Seek feedback from stakeholders about potential decisions. It is often impossible to fully appreciate all of the dynamics of an ethical decision without getting input from those who will be affected. Many business problems can be avoided if a thoughtful discussion occurs when the decision is still pending.
7. **Make the decision.** Once the issue has been discussed with the relevant parties, make a final decision based on the stated criteria. Making decisions that affect others can be a stressful and challenging task, but using this decision-making framework can ensure thoroughness in arriving at the decision.
8. **Monitor and assess the quality of the decision.** The economy, regulatory environment, and consumer opinions are always changing and developing. A generation or two ago, smoking cigarettes on planes and in office buildings was considered perfectly ethical. Today, because we have more information about the dangers of secondhand smoke, laws prevent people from smoking in many public places. Firms will face many ethical challenges in the years ahead—online privacy regulations, environmental concerns, sustainability, and childhood obesity, to name a few. It will be incumbent upon all business professionals, including marketers, to monitor and assess whether the decisions they’ve made still represent the right and ethical choice for the firm, their consumers, and society as a whole.

Marketers may confront decisions that will boost short-term sales at the expense of the long-term reputation of the company. For example, employees may have to choose between the short-term benefit of a sales commission and the potential long-term relationship with the customer if they don’t adhere to ethical standards. The list that follows contains some common ethical questions that marketers may face within each element of the marketing mix during their careers. As you read each item, think about how you might respond, using the ethical decision-making framework as a guide.

Product

- What default privacy settings should be built into a website?
- What safety risks, especially for children and older people, might a product pose?
- Should environmentally friendly packaging be used even if it costs more?

FIGURE 1.5 Ethical Decision-Making Framework



Source: Laura P. Hartman and Joseph Desjardins, *Business Ethics: Decision-Making for Personal Integrity and Social Responsibility* (New York: McGraw-Hill, 2010), pp. 47–57.