



# MARKETING

## Sixteenth Edition

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**Mc  
Graw  
Hill**



**MARKETING: SIXTEENTH EDITION**

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## WELCOME FROM THE AUTHORS!

The National Association of Colleges and Employers recently reported that college student hiring has rebounded from reductions experienced during the pandemic. The reopening of businesses, vaccine distribution, and new types of jobs are all contributing to a strong recovery. Many of the new jobs are in marketing, including digital interface manager, Internet sales representative, and customer communication specialist. In addition, pre-pandemic marketing jobs such as brand ambassador, content strategist, event coordinator, marketing analytics manager, and social media manager are also growing. The most recent CMO Survey reported that 72 percent of companies saw increasing importance in the role of marketing. The growth of marketing reflects the exciting changes occurring in the marketplace and the integral role marketing professionals will play in businesses, nonprofit organizations, government agencies, and all parts of our economic and social environment. We are excited to have the opportunity to participate in your journey as a student of marketing, and we hope that this textbook will help you discover your personal goals related to a career of compassion and purpose in marketing or any of the fields it will influence!

Many of the changes in the marketplace are the result of the pandemic, of course. Delivery services, curbside pickup, and touchless payment are just a few of the obvious pandemic-generated changes marketers have adopted. The integration of many new technologies, consumer interests, and social trends was already under way, but it accelerated during the pandemic. For example, artificial intelligence, consumer demands for environmentally friendly products, and the growing interest in diversity, equity, and inclusion are all becoming integral elements of the practice of marketing. To help you see the links these trends have with marketing actions we have included many current, interesting, and relevant examples, such as Elon Musk's Mission to Mars and Neuralink businesses, Bombas's efforts to help solve a social problem with its business model, Chipotle's "food with integrity" approach to business, IBM's "Let's Put Smart To Work" strategy, the Minnesota Lynx efforts to build a team brand and be a vehicle for social change, and Toyota's hydrogen fuel-cell vehicle, the Mirai. In addition, we have brought into the discussion many of the most popular marketing tools available to practitioners, including net promoter scores, customer lifetime value, and blue ocean strategy analysis.

The dynamic nature of the marketing discipline necessitates equally dynamic learning resources, so we have focused on ensuring that our textbook provides the most insightful and comprehensive coverage of the marketplace today. We have included many features that reflect the dramatic changes in student learning styles, from traditional observational styles to contemporary collaborative styles. Our approach to presenting the complexities of marketing and facilitating the changes in learning is based on three important dimensions:

- **Engagement.** As professors we have benefited from interactions with many exceptional students, managers, and instructors. Their insights have contributed to our approach to teaching and, subsequently, to our efforts as textbook authors. One of the essential elements of our approach is a commitment to active learning through engaging, integrated, and timely materials. In-class activities, an interactive blog, marketing plan exercises, and in-text links to online ads and web pages are just a few examples of our engagement model.
- **Leadership.** Our approach is also based on a commitment to taking a leadership role in the development and presentation of new ideas, principles, theories, and practices in marketing. This is more important now than ever before, as the pace of change in our discipline accelerates and influences almost every aspect of traditional marketing. We are certain that exposure to leading-edge material related to topics such as social media, data analytics, and marketing metrics can help students become leaders in their jobs and careers.
- **Innovation.** New educational technologies and innovative teaching tools have magnified the engagement and leadership aspects of our approach. Connect, LearnSmart, and SmartBook provide a digital and interactive platform that embraces the "anytime and anywhere" style of today's students. In addition, we have provided new videos and increased the visual impact of the text and PowerPoint materials to facilitate multimedia approaches to learning.

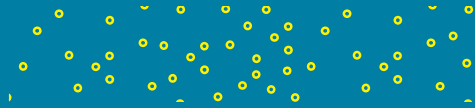
Through the previous 15 U.S. editions—and 20 international editions in 12 languages—we have been gratified by the enthusiastic feedback we have received from students and instructors. We are very excited to have this opportunity to share our passion for this exciting discipline with you today. Welcome to the 16th edition of *Marketing*!

Roger A. Kerin  
Steven W. Hartley

# PREFACE

*Marketing* utilizes a unique, innovative, and effective pedagogical approach developed by the authors through the integration of their combined classroom, college, and university experiences. The elements of this approach have been the foundation for each edition of *Marketing* as they have evolved and adapted to changes in student learning styles, the growth of the marketing discipline, and the development of new instructional technologies, and they serve as the core of the 16th edition of the text and its supplements. The distinctive features of our approach are illustrated below:





The goal of the 16th edition of *Marketing* is to create an exceptional learning experience for today's students and instructors of marketing. The development of the new edition of *Marketing* was based on a rigorous process of assessment, and the outcome of the process is a text and package of learning tools that are based on *engagement*, *leadership*, and *innovation* in marketing education.

# ENGAGEMENT

The author team has benefited from extraordinary experiences as instructors, researchers, and consultants, as well as the feedback of users of previous editions of *Marketing*—now more than 1 million students! The authors believe that success in marketing education in the future will require the highest levels of engagement. They ensure engagement by facilitating interaction between students and four learning partners—the instructor, other students, businesses, and the publisher. Some examples of the high-engagement elements of *Marketing*:

**In-Class Activities and Digital In-Class Activities.** The in-class activities, located in the *Instructor's Manual*, are designed to engage students in discussions with the instructor and among themselves. They involve surveys, online resources, out-of-class assignments, and personal observations. Each activity illustrates a concept from the textbook and can be done individually or as a team. Examples include: Designing a Candy Bar, Marketing Yourself, Pepsi vs. Coke Taste Test, and What Makes a Memorable TV Commercial? In addition, digital in-class activities have been added to selected chapters. These activities, located in the Instructor Resources, focus on the use of web resources and the marketing data they can provide students.

**Interactive Web Page ([www.kerinmarketing.com](http://www.kerinmarketing.com)).** Students can access recent articles about marketing and post comments for other students.

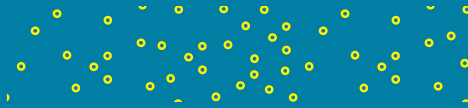
**Building Your Marketing Plan.** The Building Your Marketing Plan guides at the end of each chapter are based on the format of the marketing plan presented in Appendix A. On the basis of self-study or as part of a course assignment, students can use the activities to organize interactions with businesses to build a marketing plan. Students and employers often suggest that a well-written plan in a student's portfolio is an asset in today's competitive job market.

# LEADERSHIP

The popularity of *Marketing* in the United States and around the globe is the result, in part, of the leadership role of the authors in developing and presenting new marketing content and pedagogies. For example, *Marketing* was the first text to meaningfully integrate ethics, interactive and social media marketing, and marketing metrics and dashboards. It was also the first text to develop custom-made videos to help illustrate marketing principles and practices and bring them to life for students as they read the text. The authors have also been leaders in developing new learning tools, such as a three-step learning process that includes learning objectives, learning reviews, and learning objectives reviews and new testing materials that are based on Bloom's learning taxonomy. Other elements that illustrate how *Marketing* is a leader in the discipline include:

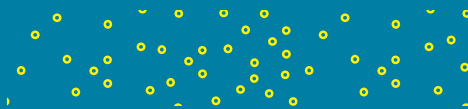
**Chapter 20: Using Social Media and Mobile Marketing to Connect with Consumers.** *Marketing* features a dedicated and up-to-date chapter on social media and mobile marketing. This new environment is rapidly changing and constantly growing. The authors cover the building blocks of social media and mobile marketing and provide thorough, relevant content and examples. The authors describe major social media platforms like Facebook, Instagram, Twitter, YouTube, Pinterest, and LinkedIn. They explain how managers and companies can use those platforms for marketing purposes, including influencer marketing, and highlight user privacy issues with each platform. Chapter 20 also includes a new section titled Social Media Marketing Programs and Customer Engagement that describes criteria for selecting social media platforms and social media content, how social media can produce sales, and methods of measuring a company's success with social media and mobile marketing. This chapter is an example of one of many ways *Marketing* is on the cutting edge of marketing practice.

**Applying Marketing Metrics.** The Applying Marketing Metrics feature in the text delivers two important measurement elements in business and marketing management today—performance metrics and the dashboards to visualize them. The text includes 15 examples of proven marketing performance metrics, including their purpose, calculation, application, interpretation, and display in marketing dashboards. Some of the metrics included are net promoter scores (NPS), customer lifetime value (CLV), New Product Vitality Index, category development index (CDI), brand development index (BDI), load factor (a capacity management metric), price premium, sales per square foot, same-store sales growth, promotion-to-sales ratio, cost per thousand (CPM) impressions, and customer engagement with social media. The text's Applying Marketing Metrics feature is designed to encourage readers to learn, practice, display, and apply marketing metrics in a meaningful manner for decision-making purposes.



**Color-Coded Graphs and Tables.** The use of color in the graphs and tables enhances their readability and adds a visual level of learning to the textbook for readers. These color highlights increase student comprehension by linking the text discussion to colored elements in the graphs and tables.

**New Video Cases.** Each chapter ends with a case that is supported by a video to illustrate the issues in the chapter. New cases such as Bombas, Mary Kay China, Minnesota Lynx, Poshmark, Chipotle, and Ford Mach-E, and recent cases such as Fallon Worldwide, Body Glove, and Cascade Maverik provide current and relevant examples that are familiar to students.





# INNOVATION

In today's fast-paced and demanding educational environment, innovation is essential to effective learning. To maintain *Marketing's* leadership position in the marketplace, the author team consistently creates innovative pedagogical tools that match contemporary students' learning styles and interests. The authors keep their fingers on the pulse of technology to bring real innovation to their text and package. Innovations such as in-text links, hyperlinked PowerPoint slides, and an online blog augment the McGraw Hill Education online innovations such as Connect, LearnSmart, and SmartBook.

**In-Text Links.** You can see Internet links in magazine ads; on television programming; as part of catalogs, in-store displays, and product packaging; and throughout *Marketing!* These links bring the text to life with ads and videos about products and companies that are discussed in the text. These videos also keep the text even more current. While each link in the text has a caption, the links are updated to reflect new campaigns and market changes. In addition, the links allow readers to stream the video cases at the end of each chapter. You can simply click on the links in the digital book or use your smartphone or computer to follow the links.

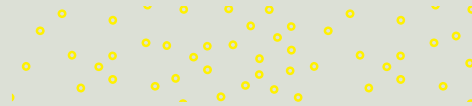
**Online Blog.** Visit [www.kerlinmarketing.com](http://www.kerlinmarketing.com) to participate in *Marketing's* online blog discussion.

**Connect and SmartBook 2.0 Integration.** These McGraw Hill Education products provide a comprehensive package of online resources to enable students to learn faster, study more efficiently, and increase knowledge retention. The products represent the gold standard in online, interactive, and adaptive learning tools and have received accolades from industry experts for their Library and Study Center elements, filtering and reporting functions, and immediate student feedback capabilities. In addition, the authors have developed book-specific interactive assignments, including (a) auto-graded applications based on the marketing plan exercises, and (b) activities based on the Applying Marketing Metrics boxes and marketing metrics presented in the text.

**Innovative Test Bank.** Containing more than 5,000 multiple-choice and essay questions, the *Marketing* Test Bank reflects more than two decades of innovations. The Test Bank also includes "visual test questions" in each chapter to reward students who make an effort to understand key graphs, tables, and images in the chapter.



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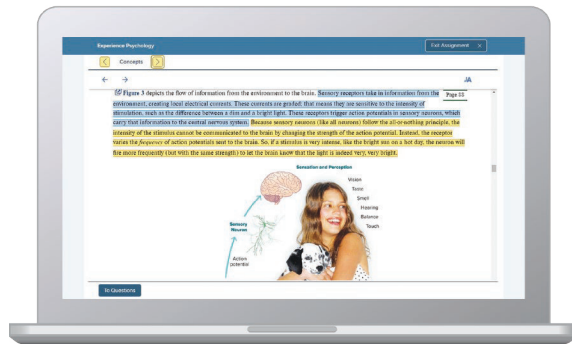


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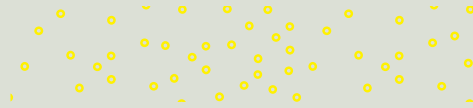
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*"I really liked this app—it made it easy to study when you don't have your textbook in front of you."*

- Jordan Cunningham,  
Eastern Washington University



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Because learning changes everything.®

# Asset Alignment with Bloom's Taxonomy

## Principles of Marketing

### We Take Students Higher

As a learning science company, we create content that supports higher order thinking skills. Within McGraw Hill Connect®, we tag content accordingly so you can filter your search, assign it, and receive reporting on it. These content asset types can be associated with one or more levels of Bloom's.

The chart below shows a few of the key assignable marketing assets with Connect aligned with Bloom's Taxonomy. Take your students higher by assigning a variety of applications, moving them from simple memorization to concept application.

	SmartBook® 2.0	Click & Drags	iSeeit! Video Cases	Video Cases/Case Analyses	Marketing Analytics	Marketing Plan Prep Exercises	Application-Based Activities	Writing Assignment Plus
Higher Order Thinking Skills	CREATE							✓
	EVALUATE						✓	✓
	ANALYZE			✓	✓	✓	✓	✓
	APPLY	✓	✓	✓	✓	✓	✓	✓
	UNDERSTAND	✓	✓	✓	✓	✓	✓	✓
Lower Order Thinking Skills	REMEMBER	✓	✓	✓	✓	✓	✓	✓

## SmartBook 2.0

SmartBook 2.0 personalizes learning to individual student needs, continually adapting to pinpoint knowledge gaps and focus learning on concepts requiring additional study.

## Click & Drags

These activities help make the connection between theory and application through matching, ranking, or grouping activities.

## iSeeit! Video Cases

Short, contemporary videos provide engaging, animated introductions to key course concepts. Available at the topic level. Perfect for launching lectures and assigning pre- or postlecture.

## Video Cases & Case Analyses

Video cases and case analyses, featuring real companies, are assignable with corresponding comprehension questions that help students analyze and apply key marketing concepts.

## Marketing Analytics

These auto-graded, marketing analytics activities challenge students to make decisions using metrics commonly seen across marketing professions. The goal of these activities is to give students practice analyzing and using marketing data to make decisions.

## Marketing Plan Prep Exercises

These exercises use guided activities and examples to help students understand and differentiate the various elements of a marketing plan.

## Application-Based Activities

Highly interactive, application-based activities immerse students in real-world business environments. Placed in the role of a marketing manager or business professional, students are challenged to make data-informed decisions and apply multiple concepts while seeing the impact of their decisions immediately.

## Writing Assignment Plus

Writing Assignment Plus delivers a learning experience that helps students improve their written communication skills and conceptual understanding. Faculty can assign, monitor, grade, and provide feedback on writing projects efficiently. Built-in grammar and writing review helps students improve writing quality while an originality check helps students correct potential plagiarism before submission. End result? Improved workplace writing and critical thinking skills.

# NEW AND REVISED CONTENT

This edition has been updated with a variety of new features, examples, and discussions that address key topics such as social responsibility in marketing, pandemic and post-pandemic marketing and customer experience implications, purpose-driven marketing and the customer value proposition, and technology.

For example, six new, timely, interesting and relevant end-of-chapter cases and videos that address topics such as social missions, marketing in China, social change, new marketplace technology, integrity-based business models, and sustainability have been added. In addition, *Marketing* 16e has expanded its coverage of social responsibility and sustainability topics such as as privacy, social entrepreneurship, diversity, equity, inclusion, and environmental impact. Many marketplace changes related to the pandemic such as curbside pickup, touchless payment, and delivery have been integrated, and many examples of the growing trend toward purpose-driven brands such as Bombas and Chipotle have been added. And, this edition has expanded the discussion of the many applications and implications of new and emerging technologies.

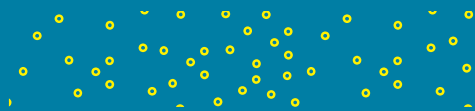
**Chapter 1: New Bombas Chapter Opener and Video Case, New Robotics Example, and New Material on Facebook's Privacy Concerns.** Chapter 1 now begins with a discussion of Bombas and its founders David Heath and Randy Goldberg. The company's social mission to give away millions of socks to homeless shelters and its buy-one-give-one model are presented. Discussion of Elon Musk's new businesses such as the Hyperloop, OpenAI, Neuralink, and The Boring Company in the Marketing and Your Career section has been updated. Technological breakthroughs such as personal robots are discussed as possible influences on environmental forces. New discussion of Facebook's efforts to address privacy concerns has been added. The chapter ends with a new video case about Bombas and its successful marketing program.

**Chapter 2: Updated Chapter Opening Example, Addition of a New Example of Social Entrepreneurship, an Updated Application of Business Portfolio**

**Analysis, and New Extended Coverage of Consumer Value Propositions.** The Chapter 2 opening example has been updated to discuss the growing interest in social, economic, and environmental changes that will make the world a better place. The social entrepreneur venture Recidiviz has been added to the *Forbes* 30 Under 30: Social Entrepreneurs discussion in the Making Responsible Decisions box. The discussion of business definitions and business models now describes how Uber has added Uber Health to its portfolio of offerings. The concept of key performance indicators (KPIs) has been added to the Goals or Objectives discussion. The application of the Boston Consulting Group business portfolio model to Apple's product line has been updated to include changes related to the Apple Card, the iPhone, and the iPad/iPad mini tablet devices. New discussion of the value of customer experiences has been added, including a new figure (Figure 2-8) showing the value placed on different types of consumer experiences.

**Chapter 3: Update of Facebook's Response to the Changing Marketing Environment, Update of New Trends in Marketing, and Updated Discussion of Gender-Neutral Marketing Actions.** The chapter opening example is updated to reflect the dramatic environmental changes Facebook is facing. The discussion of new trends, such as the increasing focus on meaning and purpose in business, the shift to subscription-based business models, the decline in the use of cookies, the digital transformation of many businesses, and the changing regulatory environment in industries such as ride sharing, cannabis, and health care has been expanded. Discussion of *Ad Age's* Multicultural Agency of the Year, Nimbus, and its advertising campaign for Papa John's Pizza has been added. A discussion of new trends in technology, such as 3D printing, cryptocurrency, and autonomous vehicles, has also been added. The Competitive Forces discussion now reflects the merger of T-Mobile and Sprint to create a three-carrier oligopoly in the wireless telephone industry.





**Chapter 4: Updated Chapter Opening Example, Expanded Descriptions of Consumer Ethics, Sustainable Marketing, and Sustainable Consumption, and New Discussion on Diversity, Equity, and Inclusion.** The chapter opening example has been updated to include social media campaigns such as the “Drink Wiser” campaign. The issue of robocalls is added to the discussion in the Ethics of Exchange section. In addition, the chapter ends with a completely new discussion of diversity, equity, and inclusion initiatives as part of companies’ sustainable development programs.

**Chapter 5: Updated Chapter Opening Example about New-Car-Buying Decisions, an Expanded Discussion of Impulse Buying Online, and an Update of the Section on Asian American Buying Patterns.** The chapter opening example has been updated to reflect the pivotal role of women in the conversion from internal combustion engines to all-electric powered cars. The discussion of situation effects on the purchase process has been expanded to highlight impulse buying online and during natural disasters such as the COVID-19 pandemic. In addition the Asian American Buying Patterns section has been updated to reflect this group’s growing economic influence.

**Chapter 6: Updated Discussion of Organizational Buying Objectives to Include Diversity and Inclusion Considerations, and a New Example of Supercomputer Purchase in the Buyer–Seller Relationships and Supply Partnerships section.** The description of organizational buying objectives has been updated to include Target’s commitment to spend more than \$2 billion with Black-owned advertising agencies and vendors. In addition, the U.S. Department of Energy’s purchase of an AMD supercomputer has been added to the Buyer–Seller Relationships discussion.

**Chapter 7: Inclusion of a New Video Case Featuring the Recent Brand Building Program by Mary Kay, Inc., in China, and a New Section Covering the Regional Comprehensive Economic Partnership.** The discussion on the economic integration among countries has been expanded to include a section on the

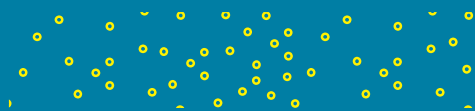
Regional Comprehensive Economic Partnership (RCEP) consisting of 15 Asian and Pacific countries. The chapter now ends with a new video case on Mary Kay’s launch of Pink Young in China. The case covers Mary Kay’s global market-entry strategy and its product and promotion programs.

**Chapter 8: Updated Chapter Opening Example, an Update of Nielsen Television Program Rankings, and an Updated Example of Forecasting Sales for a New Running Shoe.** The chapter opening example has been updated to reflect the use of marketing research in Hollywood and its potential influence on movies such as *Black Widow*, *Harley Quinn: Birds of Prey*, and *Toy Story*. The discussion of national TV ratings data collected by Nielsen, as an example of a mechanical method of data collection, has been updated. In addition, the discussion of direct forecasting has been updated to include the New Balance Fuel Cell Rebel as an example.

**Chapter 9: Update of Zappos’s Use of Segmentation, New Examples, and New Simmons National Consumer Survey Data.** The chapter opening example has been updated to describe how Zappos uses behavioral segmentation, and to show examples of its new single shoe and mixed-size offerings. The Patronage of Fast-Food Restaurants section offers updated Simmons National Consumer Survey data.

**Chapter 10: New Discussion of Data Analytics and an Expanded Discussion of Open versus Closed Innovation in the New-Product Development Process.** The Stage 4: Business Analysis section has new discussion about big data, analytics, and artificial intelligence technologies. The new-product development process is expanded by comparing the open versus closed innovation process at PepsiCo and Apple, respectively.

**Chapter 11: The Latest Brand Extension for Gatorade, an Expanded Example of the Product Life Cycle for Fashion Products, New Brand Equity Discussion, New Material on Brand Purpose in Brand**



**Equity Development, and New Packaging Examples.** The Chapter 11 discussion of Gatorade in the chapter opener now includes material on Gatorade's new Gx Sweat Patch and App. An expanded discussion of the product life cycle for a fashion product now includes the rebirth of Crocs as an example. Coca-Cola's introduction of Coca-Cola Energy is presented as a failed example in the brand extension discussion. The latest thinking on brand purpose in brand equity development is introduced and illustrated by Nike and Patagonia examples.

**Chapter 12: New Video Case Featuring the Minnesota Lynx, New Discussion of Airbnb's Response to the Pandemic, New Loyalty Program Discussion, New Services Examples, and New Advertisements.** Discussion of Airbnb's response to the pandemic through an emphasis on close family-friendly destinations, services such as Online Experiences, and its "Made Possible by Hosts" advertising campaign have been added to the chapter opener. Discussion of loyalty program member expectations and new service example, Amazon Fresh, have been added. The Services in the Future section now includes a discussion of the Samsung Smart Trainer, which uses motion-detecting AI to improve workouts. In addition, new advertisements from Delta Air Lines, Merrill Lynch, the United Way, the American Red Cross, the United States Postal Service, Reputation Defender, Accenture, Amazon Fresh, and Samsung Smart Trainer have been added. The chapter ends with a new video case about the WNBA's Minnesota Lynx and its use of marketing to build a team brand and to facilitate being a vehicle for social change.

**Chapter 13: Updated Chapter Opening Example, Update of the Bugatti Chiron Pricing Example, Expanded Discussion of Survival as a Pricing Objective, New Discussion of the Impact of the Pandemic on the Frozen Pizza Demand Curve, and New Discussion of the Profit Impact of Price Changes.** The chapter opening example has been updated to include VIZIO's introduction of its first OLED TV. The example of the calculation of a final price for a Bugatti Chiron, with a Mini-Cooper trade-in, has been updated. The discussion of survival as a pricing objective has

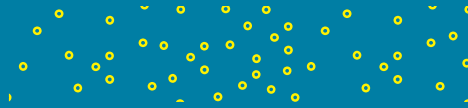
been expanded to include the influence of the pandemic. The impact of the coronavirus pandemic on frozen pizza demand has been added to the discussion of a shift in the demand curve. In addition, a new discussion highlighting how price changes affect profitability adds rigor to the understanding of the effect of raising and reducing prices and price elasticity of demand.

**Chapter 14: Updated Description of Demand-Oriented Pricing for Microsoft's Xbox Series X Video Game Console versus Sony's PlayStation 5 and Amazon.** The rationale behind the demand-oriented pricing strategies used by Microsoft's Xbox Series X and Sony's PlayStation 5 in the game console market has been updated to reflect changes in the competitive environment. The odd-even pricing description is expanded to include a discussion of the left-digit bias common in price perceptions.

**Chapter 15: Updated Chapter Opening Example, Expanded Section on Direct to Consumer Marketing, and New Example in Buyer Requirements Section.** The chapter opening example has been updated to include Eddie Bauer's expanded multichannel strategy by selling through Kohl's department stores. The popularity of direct to consumer marketing now includes examples of PepsiCo and Heinz selling through Snacks.com and Heinz to Home, respectively. The discussion of the influence of buyer requirements in channel selection has been expanded to include the incentives General Motors is offering dealerships to add charging stations for electric vehicles.

**Chapter 16: Updated Chapter Opening Example about Malls Reinventing Themselves, Update of the Top Franchises, New Discussion about Safety and Convenience in the Current Trends in Retailing Section.** Chapter 16 opens with a description of the changes malls have undertaken in response to new shopping behaviors that resulted from the COVID-19 pandemic. A discussion of the growing importance of speed, convenience, touchless technology, and safety as retailers responded to the coronavirus pandemic has been added.





**Chapter 17: New Video Case Featuring Poshmark, Updated Discussion of the Balance between the Traditional Marketplace and the Digital Marketplace, Update of Product Classes Purchased Online following the Growth of E-commerce, and Changes in the Use of Third-Party Cookies.** The Marketing Challenges in Two Environments discussion has been expanded to describe the growth of physical showrooms and their use by digital natives. The product categories purchased online have been updated to include the seven categories that account for 90 percent of online purchases brought about by the pandemic. The Why Consumers Shop and Buy Online section has been expanded to describe the elimination of third-party cookies from popular browsers. Chapter 17 ends with a new video case on Poshmark, an online platform that offers a “completely new way to shop.”

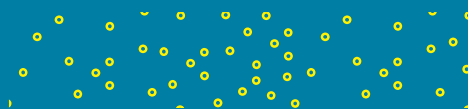
**Chapter 18: New Video Case Featuring Chipotle Mexican Grill, Updated Chapter Opening Example Featuring the Taco Bell “Taco Moon” Campaign, New Advertisements, New Discussion of the Media Agency of the Year, and Addition of Opt-In Approaches to Direct Marketing Discussion.** The chapter opening example has been completely updated to reflect Taco Bell’s recent IMC activities. The company’s “Taco Moon” campaign promotions in Guatemala, India, the UK, Australia, and Puerto Rico are all discussed. New advertisements include examples from The North Face, Oculus, Pepsi/Doritos, and T-Mobile. The IMC program used to promote the movie *No Time To Die* has been added to the Scheduling the Promotion section. The work of *Ad Age*’s Media Agency of the Year, Initiative, is discussed. The chapter ends with a new video case titled Chipotle Mexican Grill: Where IMC Helps Deliver Food “For Real” that describes Chipotle’s “food with integrity” business model and its many IMC activities.

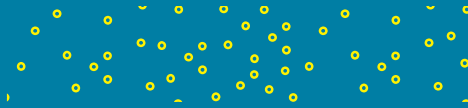
**Chapter 19: New Chapter Opening Example about Advertising without Cookies and to Smart Audiences, Inclusion of Message Creativity in Content Creation, New Advertisements, New Discussion of the Advertising Agency of the Year, and Updated Examples of Sales Promotions.** Google’s decision to stop using

cookies to track web browsing is discussed in the chapter opening example. Examples of new approaches to ensure that consumers see relevant advertising are presented. New advertising examples from Lexus, Microsoft, Floras & Bouquets, IBM, KPMG, Milk Life, the U.S. Army, Under Armour, Rocket Mortgage, the World Health Organization, bebe, Liberty Mutual, and Chase and new sales promotion examples from the Food Network, Ben & Jerry’s, and Starbucks have been added. The Message Content and Creativity section now includes a discussion of advertising creativity dimensions such as originality and appropriateness. The chapter also includes new discussion of *Ad Age*’s Agency of the Year—Droga5. In addition, new sales promotion examples such as Food Network’s Blended Burger Contest, and Tabasco, Sony, and Barnum’s product placements in *Captain Marvel* are discussed.

**Chapter 20: Updated Chapter Opening Example about Connected Cars, New Section on the Growth of Influencer Marketing, and New Sections on the Emergence of Social Shopping and Social Media Privacy.** The chapter opening example has been updated to reflect the growth of connected cars which can serve as transportation, entertainment centers, workplaces, and often as dining spaces! In addition, a new section titled Social Media and Influencer Marketing addresses the role and growth of social media influencers. Another section titled Social Media and Social Shopping introduces social proof as a concept that explains how customers are influenced by their peers’ purchases and recommendations online. The section A Look at Six Prominent Social Media has been expanded to include Instagram and Pinterest, privacy issues in social media, and scheduling social media posts for improved customer engagement.

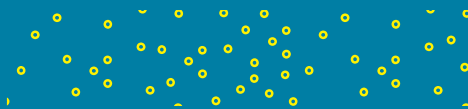
**Chapter 21: New Discussion of Sales Enablement, and Updated Marketing Automation Discussion Now Includes Artificial Intelligence.** A new section titled Sales Enablement discusses the process of providing a sales organization with the information, content, and tools that help salespeople sell more effectively. In addition, the Marketing Automation section discusses the growth of artificial intelligence applications.





**Chapter 22: New Video Case Featuring the Ford Motor Company, Update of Chapter Opening Example Discusses the General Mills “Accelerate” Strategy, New Example of Differentiation Focus Strategy, and Updated Example of Starbucks in the Marketing Evaluation Section.** The chapter opening example has been updated to include the General Mills “Accelerate” strategy, and examples of several of its new products such as Epic performance bars and ready-to-eat Soft Baked Cookies. In addition, Bombas has been added as an example of a

company using a differentiation focus strategy. The discussion of actual results exceeding goals includes Starbucks’s marketing actions to introduce new flavors such as Mocha Cookie Crumble, open its largest Reserve Roastery store in Malaysia, test reusable cups, and build 20,000 additional stores by 2030. The chapter features a new case titled Ford Motor Company: Applying the Strategic Marketing Process to Build a Better World, which describes the strategic marketing process at Ford and its application to the introduction of the Mustang Mach-E.



# INSTRUCTOR RESOURCES



## Test Builder in Connect

Available within Connect, Test Builder is a Cloud-based tool that enables instructors to format tests that can be printed or administered within an LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download.

Test Builder allows you to:

- Access all Test Bank content from a particular title.
- Easily pinpoint the most relevant content through robust filtering options.
- Manipulate the order of questions or scramble questions and/or answers.
- Pin questions to a specific location within a test.
- Determine your preferred treatment of algorithmic questions.
- Choose the layout and spacing.
- Add instructions and configure default settings.

Test Builder provides a secure interface for better protection of content and allows for just-in-time updates to flow directly into assessments.

### Tegrity: Lectures 24/7

Tegrity in Connect is a tool that makes class time available 24/7 by automatically capturing every lecture. With a simple one-click start-and-stop process, you capture all computer screens and corresponding audio in a format that is easy to search, frame by frame. Students can replay any part of any class with easy-to-use, browser-based viewing on a PC, Mac, iPod, or other mobile device.

Educators know that the more students can see, hear, and experience class resources, the better they learn. In fact, studies prove it. Tegrity's unique search feature helps students efficiently find what they need, when they need it, across an entire semester of class recordings. Help turn your students' study time into learning moments immediately supported by your lecture. With Tegrity, you also increase intent listening and class participation by easing students' concerns about note-taking. Using Tegrity in Connect will make it more likely you will see students' faces, not the tops of their heads.



### Practice

MARKETING

### Practice Marketing

Practice Marketing is a 3D, online, single or multiplayer game that helps students apply the four Ps by taking on the role of marketing manager for a backpack company. By playing the game individually and/or in teams, students come to understand how their decisions and elements of the marketing mix affect one another. Practice Marketing is easy to use, fully mobile, and provides an interactive alternative to marketing plan projects. Log in to [mhpractice.com](http://mhpractice.com) with your Connect credentials to access a demo, or contact your local McGraw Hill representative for more details.



### Practice

MARKETING

### Application-Based Activities/Marketing Mini Sims

**Application-Based Activities (ABAs)** are highly interactive activities that immerse students in real-world business environments. Placed in the role of a marketing manager or business professional, students are challenged to apply multiple concepts and make data-informed decisions.

**Role-Playing ABAs** compel students to think critically to solve real-world problems and apply the skills needed in the Principles of Marketing course. These often involve multiple decision-making paths which allow students to see the impact of their decisions immediately. Each ABA focuses on one topic and is intended to take approximately 15–20 minutes to complete.

**Marketing Mini Sims** put students in the role of a marketing decision maker for a backpack manufacturing company. Each Marketing Mini Sim focuses on one aspect of the marketing mix where they are supported by their marketing colleagues who offer them background information on core concepts, provide relevant information and offer periodic checks for understanding as well as provide feedback. Each Marketing Mini Sim takes approximately 30 minutes to complete and can be assigned on its own OR as building-block experiences leading up to the assignment of our full Practice Marketing simulation.

# Acknowledgments

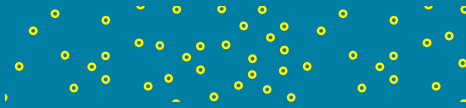
To ensure continuous improvement of our textbook and supplements we have utilized an extensive review and development process for each of our past editions. Building on that history, the *Marketing*, 16th edition, development process included several phases of evaluation and a variety of stakeholder audiences (e.g., students, instructors, etc.).

Reviewers who were vital in the changes that were made to the 16th and previous editions of *Marketing* and its supplements include:

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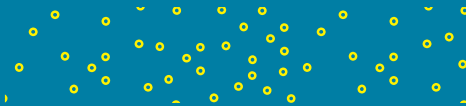
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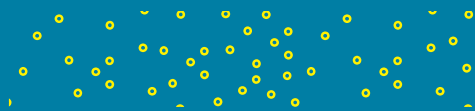


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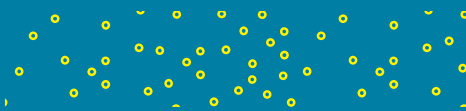




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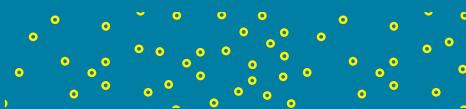
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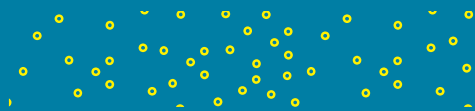
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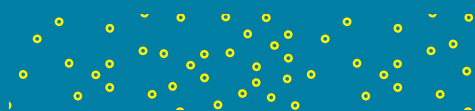
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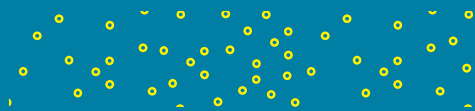
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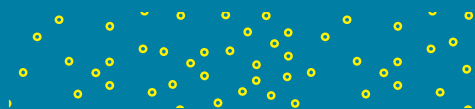
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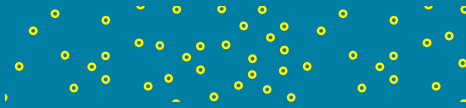
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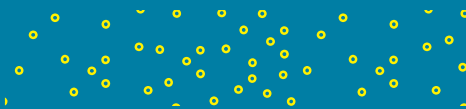


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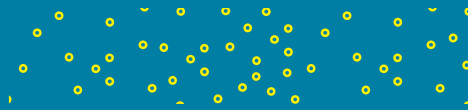


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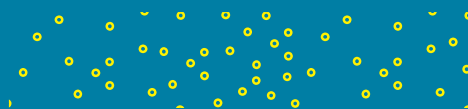
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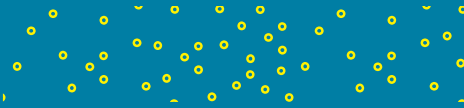
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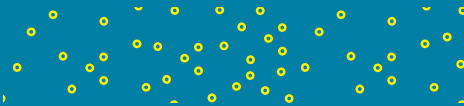
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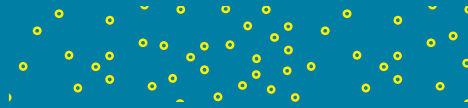
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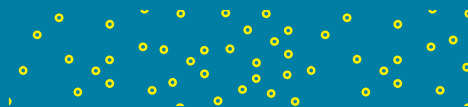
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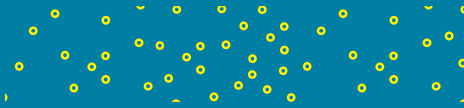
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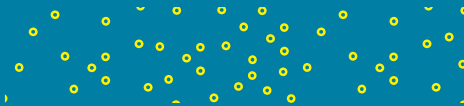
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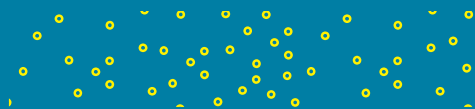
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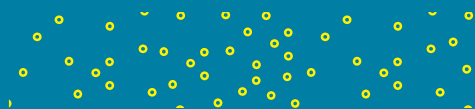
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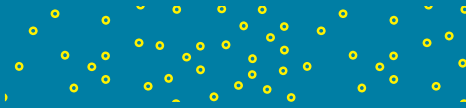
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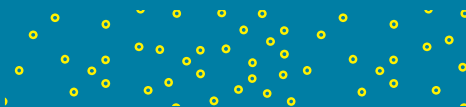
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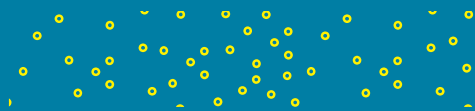
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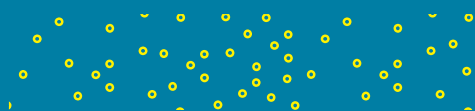
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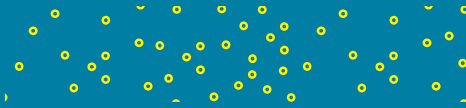
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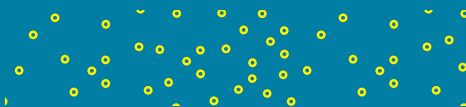
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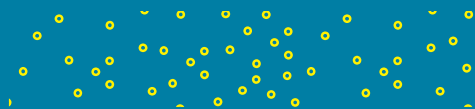
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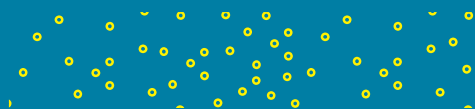
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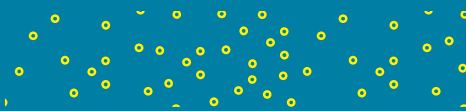


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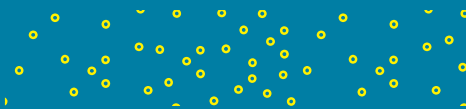


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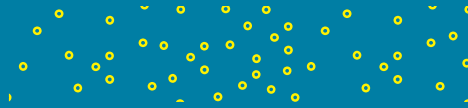


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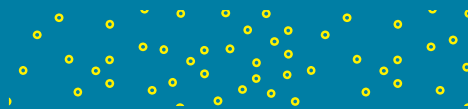
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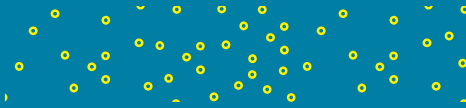
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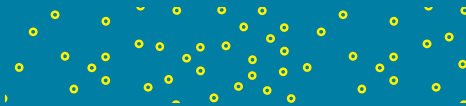
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# MARKETING

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- D-19: Google, Inc.: The Right Ads at the Right Time
- D-20: AOI Marketing: Using Facebook to Launch Bitter Girls®
- D-21: Selling College Textbooks
- D-22: Naked® Juice: Strategy for Growth

## Case D-1: Chobani®: Making Greek Yogurt a Household Name

“Everybody should be able to enjoy a pure, simple cup of yogurt. And that’s what Chobani is,” says Hamdi Ulukaya, founder and chief executive officer of Chobani, LLC, in summarizing his vision for the company. As the winner of an Ernst & Young World Entrepreneur of the Year award, his words and success story carry great credibility.

### THE IDEA

Hamdi Ulukaya came to the United States in 1994 to learn English and study business. He started a feta cheese company, Euphrates, when his visiting father complained about the quality of American feta cheese. In 2005, Kraft Foods closed its New Berlin, New York, yogurt plant. While tidying up his office, Ulukaya stumbled upon a postcard about the sale of the shuttered Kraft plant and threw it out. After sleeping on the decision, he fished it out of the wastebasket, visited the plant, and purchased it with the help of a U.S. Small Business Administration loan.

Ulukaya had no real experience in the yogurt business. He grew up milking sheep at his family’s dairy in eastern Turkey and eating the thick, tangy yogurt of his homeland. Describing the regular yogurt he found on shelves in America, he has one comment: “Terrible!” In his view, it is too thin, too sweet, and too fake. So he decided to produce what is known as “Greek yogurt”—an authentic strained version that produces a thick texture, with high protein content and little or no fat. With the help of four former Kraft employees and yogurt master Mustafa Dogan, Ulukaya worked 18 months to perfect the recipe for Chobani Greek Yogurt.

The very first cup for sale of Ulukaya’s Greek yogurt appeared on the shelves of a small grocer on Long Island, New York. The new-product launch focused on the classic “4Ps” elements of marketing mix actions: product, price, place, and promotion.

### PRODUCT STRATEGY

From the start Ulukaya’s Greek yogurt carried the brand name “Chobani.” There was no room for error, and the product strategy for the Chobani brand focused on the separate elements of (1) the product itself and (2) its packaging.

The Chobani product strategy stresses its authentic straining process that removes excess liquid whey. This results in a thicker, creamier yogurt that yields 13 to 18 grams of protein per single-serve cup, depending on the flavor. Chobani is free of ingredients like milk protein concentrate

and animal-based thickeners, which some manufacturers add to make “Greek-style” yogurts.

Chobani uses three pounds of milk to make one pound of Chobani Greek Yogurt. Some other features that make Chobani Greek Yogurt “*nothing but good*,” to quote one of its advertising taglines:

- Higher in protein than regular yogurt.
- Made with real fruit and only natural ingredients.
- Preservative-free.
- No artificial flavors or artificial sweeteners.
- Contains five live and active cultures, including three probiotics.

Then, and still today, Ulukaya obsessed about Chobani’s packaging of the original cups. While designing the cup, Ulukaya concluded that *not any cup* would do. He insisted on a European-style cup with a circular opening *exactly* 95 millimeters across. This made for a shorter, wider cup that was more visible on retailer’s shelves. Also, instead of painted-on labels, Ulukaya chose shrink-on plastic sleeves that adhere to the cup and offer eye-popping colors.

“With our packaging people would say, ‘You’re making it all look different and why are you doing that?’” says Kyle O’Brien, executive vice president of sales. “If people pay attention to our cups—bright colors and all—we know we have won them, because what’s inside the cup is different from anything else on the shelf.”

### PRICE STRATEGY

To keep control of their product, Ulukaya and O’Brien approached retailers directly rather than going through distributors. Prices were set high enough to recover Chobani’s costs and give reasonable margins to retailers but not so high that future rivals could undercut its price. Today, prices remain at about \$1.29 for a single-serve cup.

### PLACE STRATEGY

The decision of Ulukaya and O’Brien to get Chobani Greek Yogurt into the conventional yogurt aisle of traditional supermarkets—not on specialty shelves or in health food stores—proved to be sheer genius. Today Chobani sees its Greek yogurt widely distributed in both conventional and mass supermarkets, club stores, and natural food stores. On the horizon: growing distribution in convenience and drugstores, as well as schools. Chobani is also focused on educating food service directors at schools

across the United States about Greek yogurt's health benefits for schoolkids.

The Chobani growth staggers imagination. From the company's first order of 200 cases, its sales have grown to over 2 million cases per week. To increase capacity and bring new products to market faster, Chobani opened a nearly one million square foot plant in Idaho. Built in just 326 days, it is the largest yogurt manufacturing facility in the world.

Along the way Chobani faced a strange glitch: Demand for Chobani's Greek yogurt far surpassed supply, leading to unhappy retailers with no Chobani cups to sell. Kyle O'Brien launched Operation Bear Hug. "Instead of hiding behind letters to retailers, we decided to get on a plane and to communicate with them within 24 hours about the problem and what we proposed to do about it," says O'Brien. "So we found it critical to be very transparent and open with our communication at times like that."

## PROMOTION STRATEGY

In its early years Chobani had no money for traditional advertising, so it relied on word-of-mouth recommendation from enthusiastic customers. The brand harnessed consumer passion on social media channels early on and found that people loved the taste of Chobani once they tried it. So Chobani kicked off its CHOMobile tour: mobile vehicle Chobani yogurt sampling events across the country, encouraging consumers to taste Greek yogurt for the first time. As Chobani grew, it began to launch new promotional activities tied to (1) traditional advertising, (2) social media, and (3) direct communication with customers.

In 2011, Chobani launched its first national advertising campaign, "Real Love Stories." The only problem: apparently it was *too* successful! The resulting additional consumer demand for Chobani Greek Yogurt exceeded its production capacity, leaving retailers unhappy because of complaining consumers. What did Chobani do then? It stopped the advertising campaign and sent in another Operation Bear Hug team to communicate with retailers. Since then it has run other successful national advertising campaigns, including sponsorship of the U.S. Olympic Teams.

"Social media has been important to Chobani, which has embraced a high-touch model that emphasizes positive communication with its customers," says Sujean Lee, head of corporate affairs. Today, Chobani's Customer Loyalty Team receives about 7,000 inbound customer e-mails and phone calls a month and is able to make return phone calls to most of them. Consumers also often get a handwritten note. Chobani launched its "Go Real Chobani" campaign to highlight that it is a *real* company making *real* products and engaging consumers through *real* conversations.

In addition to Facebook ([www.Facebook.com/Chobani](http://www.Facebook.com/Chobani)), the company interacts with its consumers through Twitter, Pinterest, Instagram, Foursquare, and other social media platforms. Chobani Kitchen ([www.chobanikitchen.com](http://www.chobanikitchen.com)) is an online resource with recipes, videos, and tips on how to use its Greek yogurt in favorite recipes.

## AGGRESSIVE INNOVATION AND POSITIVE SOCIAL CHANGE

Dannon, Yoplait, and PepsiCo were shocked by the success of Chobani Greek Yogurt. Each now offers its own competing Greek yogurt. With giant competitors like these, what can Chobani do? Innovate and develop creative, new Greek yogurt products!

"Today we offer our Chobani Greek Yogurt in single-serve and multi-serve sizes, while expanding our authentic strained Greek yogurt to new occasions and forms," says Joshua Dean, vice president of brand advertising. Its recent new-product offerings include:

- Chobani Simply 100™—a 5.3-ounce cup of yogurt made with only natural ingredients and 100 calories for the calorie-conscious segment. Sample flavor: Tropical Citrus.
- Chobani Kids Pouches—made with 25 percent less sugar than other kids' yogurt products, in pouches with twist-off lids that are resealable. Sample flavor: Vanilla Chocolate Dust.
- Chobani Flip™—a 5.3-ounce, two-compartment package that lets consumers bend or "flip" mix-ins like granola or hazelnuts into the Chobani Greek Yogurt compartment. Sample flavor: Almond Coco Loco, a coconut low-fat yogurt paired with dark chocolate and sliced toasted almonds.
- Drink Chobani™—a smooth, drinkable yogurt with 14 grams of protein in eight flavors.

Chobani gives 10 percent of all profits to its Shepherd's Gift Foundation to support people and organizations working for positive, long-lasting change. The name comes from the "spirit of a shepherd," an expression in Turkey used to describe people who give without expecting anything in return. To date the foundation has supported over 50 projects—from local ones to international famine relief efforts.

## WHERE TO NOW?

International operations and a unique test-market boutique in New York City give a peek at Chobani's future.

International markets provide a growth opportunity. Other countries have far greater annual per capita

consumption of yogurt than the United States. For example, some Europeans eat five or six times as much on average. So while entrenched competitors exist in many foreign countries, the markets are often huge, too.

How do you test ideas for new Greek yogurt flavors? In Chobani's case, it opened what it calls a "first-of-its-kind Mediterranean yogurt bar"—called Chobani SoHo—in a trendy New York City neighborhood. Here, customers can try new yogurt creations—from Strawberry + Granola to Toasted Coconut + Pineapple. The Chobani marketing team obtains consumer feedback at Chobani SoHo, leading to potential new flavors or products in the future.

Hmmm! Ready to schedule a visit to New York City and Chobani SoHo? And then sample a creation made with Pistachio + Chocolate (plain Chobani topped with pistachios, dark chocolate, honey, oranges, and fresh mint leaves), and perhaps influence what Chobani customers will be buying in the future?

## Questions

1. From the information given about Chobani, (a) whom did Hamdi Ulukaya identify as the target for his first cups of Greek yogurt and (b) what was his initial "4Ps" marketing strategy?
2. (a) What marketing actions would you expect the companies selling Yoplait, Dannon, and PepsiCo yogurts to take in response to Chobani's appearance and (b) how might Chobani respond?
3. What are (a) the advantages and (b) the disadvantages of Chobani's Customer Loyalty Team that handles communication with customers—from phone calls and e-mails to Facebook and Twitter messages?
4. As Chobani seeks to build its brand, it opened a unique retail store in New York City: Chobani SoHo. Why did Chobani do this?
5. (a) What criteria might Chobani use when it seeks markets in new countries and (b) what three or four countries meet these criteria?

*Sources: Chobani, LLC: This case was written by William Rudelius, based on personal interviews with Chobani executives Joshua Dean, Sujean Lee, and Kyle O'Brien. Other sources include "The Chobani Story," MEDIA@CHOBANI.COM, 2013; Megan Durisin, "Chobani CEO: Our Success Has Nothing to Do with Yogurt," Business Retail Insider, May 3, 2013, p. 1; and Sarah E. Needleman, "Old Factory, Snap Decision Spawn Greek Yogurt Craze," The Wall Street Journal, June 21, 2012, pp. B1, B2.*



## Case D-2: Daktronics, Inc.: Global Displays in 68 Billion Colors

“We were looking for a way to provide jobs and keep our graduates at home,” said Dr. Aelred (Al) J. Kurtenbach, board chairman of Daktronics, Inc. So Kurtenbach, an engineering professor at South Dakota State University (SDSU), and fellow professor Duane Sander decided to start a business. “We started a biomedical engineering company, mainly because we’d both done research in this area,” continued Kurtenbach.

But even college professors make bad decisions occasionally!

### THE DAKTRONICS LAUNCH: DOWNSIDE, UPSIDE

“It was a dismal failure,” explains Kurtenbach, “because the electronic thermometer and automated blood-pressure gauge we’d developed worked fine but simply cost too much to produce and sell.” Also, he and Sander were concerned that by the time they went through the lengthy process to receive U.S. Food and Drug Administration approval, Daktronics would run out of money.

Enter: A miracle—in the form of the South Dakota State wrestling coach who needed a portable scoreboard near the wrestling mat to tell fans the time and score without blocking their view of action on the mat. At the time, wrestling teams had to use basketball displays that couldn’t show the right wrestling information and were too high and far from the mat.

In response, Daktronics designed the Matside®, a pyramid-shaped scoreboard that sits on the floor and is still in use at wrestling matches around the United States today. The Matside also established Daktronics’ reputation as a company that could get problems solved, and quickly.

From that low-key launch, Daktronics has emerged as the world-class designer of scoreboards and electronic displays used in the United States and around the globe. The reason for Daktronics’ success? “Innovation,” says Kurtenbach. *Fortune Small Business* describes the company as a “geek-rich workplace,” with more than 230 degreed engineers out of its 900 full-time employees in its plant in Brookings, South Dakota—population 18,504.

To start Daktronics, Kurtenbach and Sander sold shares to family and friends at \$5 per share, raising a bit less than \$100,000. That limited initial funding also pushed Kurtenbach and Sander into finding products that customers would buy to generate revenue for Daktronics. The company still must stay alert because it faces global competitors such as Barco from Belgium and Mitsubishi from Japan.

### TODAY’S MARKET SEGMENTS

Daktronics divides its markets into three segments: sports (70 percent of Daktronics’ sales), business (20 percent), and government (10 percent). The company reaches these markets today through 35 U.S. regional sales and service offices and a recently opened office in Frankfurt, Germany, to reach European and Middle Eastern customers.

In the sports segment, if you watched the Kentucky Derby at Churchill Downs or the Olympics on television, you probably saw a sample of Daktronics electronic scoring and display systems. The same goes for 26 of the Major League Baseball parks, 26 of the National Football League stadiums, 19 of the National Basketball Association facilities, and 19 of the National Hockey League arenas, where Daktronics has created some or all of the displays. This also is true of displays at hundreds of colleges, universities, and high schools, where the prices can vary from millions of dollars to a few thousand.

A surprise to many: These displays can often pay for themselves in a year or two through the advertising shown on the units. Brad Mayne, president of the American Airlines Center in Dallas, where the NBA Mavericks and NHL Stars play, says that Daktronics’ scoreboard paid for itself in advertising by the second season.

Daktronics’ largest scoreboard? It’s a 36-by-149-foot giant at the Cleveland Indians’ stadium. The nine full-color displays installed throughout Jacobs Field provide live videos and replays, lineups, scores, pitch information, and so on.

In the business segment, probably the biggest and best known are Daktronics’ electronic displays in New York City. It recently installed a 65-foot-high display in Times Square that shows video, animation, graphics, stock quotes, and news headlines in striking shades of color.

While that may be the best-known business display, hundreds of Daktronics programmable displays dot the United States in shopping malls and outside of stores and churches. These displays show everything from current times and temperatures to financial information, gas prices, and motel room rates. James (Jim) B. Morgan, president and chief executive officer of Daktronics, now puts greater emphasis on the business accounts to make the company less dependent on the sports segment.

Less well known are Daktronics displays for the government segment. Suppose that on the way to class today, a freeway sign told you that a crash in the right lane ahead means you should move to a left lane and slow down. It was probably a Daktronics-built sign, something like that for the Cumberland Gap Tunnel that connects Virginia, Kentucky, and Tennessee. Besides highway signs, the government



segment includes airport and train station displays announcing arrival and departure times.

To see what Daktronics sports, business, and government displays have been installed in your state, go to [www.daktronics.com](http://www.daktronics.com).

## TECHNOLOGY

Exploiting the latest technology is critical to Daktronics' success. At the level of signage just needed to display words and numbers, a key company innovation is the Glow Cube<sup>®</sup> pixel, about the size of a Rubik's Cube. Black on one side and reflective yellow on the other, hundreds of these rotate to black or yellow to spell words or create shapes on scoreboards or highway signs. Glow Cube pixels are the building blocks you also see on traditional signs ranging from those on professional golf tour events to portable soccer scoreboards.

For the giant programmable video displays, the basic building blocks are thousands of LEDs (light emitting diodes). LED color breakthrough in the 1990s led to today's displays capable of showing 68 billion hues of color—largely replacing tiny incandescent lamps in these displays and using only about 10 percent of the electrical power needed for those lamps. Sophisticated computer programs and video and replay systems make these screens come to life at an athletic event. Because of the low power usage and high reliability, the LED pixel has replaced the Glow Cube pixel in most applications.

## COMMUNICATIONS AND MANAGEMENT

With the engineering, manufacturing, and marketing departments housed in the same Daktronics building, many questions can be addressed with simple, direct water-cooler conversations. Kurtenbach sees this open communication as a huge competitive advantage for Daktronics.

Dr. Kurtenbach's transition from academics to business was surprisingly easy. To learn how businesses work and succeed, he checked out histories of large U.S. companies from

the library. He uses what he calls his “waterboy” approach in managing—meaning that every manager is like a waterboy for the team, necessary but not the star. Kurtenbach developed this leadership style growing up as one of 13 children in a farm family that often involved his doing the essential tasks none of his brothers or sisters wanted to do.

## STUDENT JOBS AND ECONOMIC DEVELOPMENT

How did Kurtenbach's original goal of starting a local business to help keep South Dakota State University graduates in the state turn out? Kurtenbach and Daktronics probably get a grade of A+. Not only does the company employ more than 900 full-time people in its Brookings facility, but it also provides more than 450 *paid* internships each year for students—mostly from SDSU. To help Daktronics continue to enhance its cutting-edge technology, SDSU has also responded by enhancing its graphic- and computer-design offerings.

And that \$5 per share investment by family and friends in the disastrous Daktronics “biomedical device launch” in 1968? With stock splits, each share is worth about \$2,700 today.

### Questions

1. What are the reasons or appeals that might cause potential customers in the following markets to buy a Daktronics scoreboard, electronics display, or large-screen video display? (a) A Major League Baseball team, (b) a high school for its football field, (c) a local hardware store, and (d) a state highway department.
2. (a) Do a SWOT analysis for Daktronics. (b) For one entry in each of the four cells in your SWOT table (strengths, weaknesses, opportunities, and threats) suggest an action Daktronics might take to increase revenues.
3. Using Figure 2–5 in Chapter 2 as a guide, identify an action Daktronics might take to increase sales in each of the four cells: (a) current markets, current products; (b) current markets, new products; (c) new markets, current products; (d) new markets, new products.

*Sources: Daktronics, Inc.: This case was prepared by William Rudelius based on conversations with Dr. Al Kurtenbach, internal sources, and these other sources: Bill Syken, “Bright Lights, Little City,” Sports Illustrated, May 11, 2004; Dick Youngblood, “Signs of Success,” Star Tribune, April 6, 2003, pp. D1, D2; Marilyn Alva, “Shifting Technology Helps It Score Big Wins,” Investor's Business Daily, January 12, 2004; and Michael Hiestand, “S.D. Company Lights Up Sports World,” USA Today, May 4, 2004, pp. C1, C2.*