



Ninth Edition

Marketing

Real People, Real Choices

Michael R. **Solomon** | Greg W. **Marshall** | Elnora W. **Stuart**



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Real People, Real Choices

Ninth Edition

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-The Nigga Anish Fly Woopin in the Bity

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Marketing

Real People, Real Choices

Ninth Edition

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

Greg W. **MARSHALL**
ROLLINS COLLEGE

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

Vice President, Business Publishing: Donna Battista
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*To Gail, Amanda, Zachary, Alex, Orly, Rose, Evey,
and Arya—my favorite market segment*

—M.S.

To Patti and Justin

—G.M.

To Sonny, Patrick, Gabriela, Allyson, and Marge

—E.S.

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► Preface

WHAT'S **NEW** IN THE NINTH EDITION?

What's new in the ninth edition is what's new in marketing. To put it simply, we feel a newcomer to marketing today needs to grapple with three core issues: Value, analytics and metrics, and ethical and sustainable marketing.

Here's just a sample of what we changed in this edition:

- Today's marketer needs to be "a numbers person." Increasingly, the field is data driven, and sophisticated analytics are revolutionizing the options organizations have at their fingertips to create, deliver, and measure value. We're proud to say that with each edition we continue to lead the field of marketing principles books in coverage of analytics and metrics, and in this edition we've continued to expand that coverage significantly to show how marketers use the exciting new tools they have available to understand and harness "Big Data" as they strive to identify and meet customer needs. To reinforce this focus throughout the book, each chapter provides a *Metrics Moment* box that describes some important ways to measure key marketing concepts and each chapter also includes an *Apply Marketing Metrics* exercise at the end.
- In the eighth edition, we were proud to be the first marketing principles textbook to devote an entire chapter (Chapter 5) to the emerging and vital topic of Big Data and marketing analytics. Now in the ninth edition we've greatly expanded that chapter's coverage to include numerous new key terms, many more application examples to connect concepts to practice, and several new tables and figures to further illustrate this fascinating chapter material.
- The ninth edition shines an even larger spotlight on the importance of ethical and sustainable marketing. The topic is so important to today's students that our coverage of ethical issues begins right up front in Chapter 2. As soon as the student basically understands what marketing *is*, he or she begins to learn how it *should be*. And each chapter provides a boxed feature called Ripped from the Headlines: Ethical/Sustainable Decisions in the Real World. Here we describe a questionable marketing practice and then ask students for their opinion on the subject. All 14 of these boxes are new for the ninth edition, including attention to such firms as Coca-Cola, Chipotle, Volkswagen, Kimberly Clark, and Allstar (the "Snuggie").
- Each chapter continues to feature a Marketing in Action mini-case at the end, and 13 of these are brand new for the ninth edition. Among the exciting firms with interesting problems and opportunities featured in these cases are GetFeedback, Airbus, Sprig, Facebook, Disney, Target, and Alibaba.
- The decision-focused Real People vignettes that frame each chapter are one of the signature features of our book. We continue this tradition in the ninth edition with seven new vignettes (50 percent of the total). These new vignettes include executives from Twitter, Campbell Soup, Weight Watchers, Levi Strauss, Quaker, BDP International, and Pitch (the advertising agency for Burger King).
- We emphasize active learning and decision making because we know that is what employers seek in today's graduates. We further sharpen our focus on employability in the ninth edition with the debut of a new supplemental feature, found in MyMarketingLab, called "Rising Stars in Marketing." Here we present video clips contributed by

recent successful graduates of marketing programs around the country. Each person shares advice about job-seeking and offers “do’s and don’ts” to current readers. These clips are indexed by job type, so students have the option of exploring career wisdom from those who have followed the same path they hope to take.

- Last but certainly not least, as always we pride ourselves on the currency of our content. Today’s student deserves to know what is going on in the marketing world *today*—and also tomorrow to the extent we can predict it. Here is a sampling of new Key Terms we introduce in the ninth edition:

Chapter 1

accountability
return on marketing
 investment (ROMI)
mobile marketing
user-generated content
corporate citizenship
screen addicts
growth hackers
haul videos
competitive advantage
consumer addiction
Web 1.0
Web 3.0
Web 4.0
screen addicts
Cloud
positioning

Chapter 2

Arab Spring
Greenhouse Effect
global warming
World Bank
International Monetary Fund (IMF)
foreign exchange rate (forex rate)
balance of payments
BRICS countries
drones
unmanned aerial vehicles (UAVs)

Chapter 3

market planning
activity metrics
outcome metrics
leading indicators

Chapter 4

market research online
 community (MROC)
mechanical observation
eye tracking technology

internal validity

external validity

Chapter 5

mar-tech
marketing automation
channel partner model
emotion analysis
digital marketing channels
A/B test
landing page
churn rate
margin on sales

Chapter 6

evoked set
consideration set
determinant attributes
compensatory decision rules
multitasking
rich media
sadvertising
conscientious consumerism

Chapter 7

generational marketing
digital natives
buying power
organizational demographics
positioning statement
brand anthropomorphism

Chapter 8

technical success
commercial success
beta test
bleeding edge technology

Chapter 9

brand dilution
sustainable packaging
copycat packaging

Chapter 10

vertical integration
shopping for control
keystoning
high/low pricing
promo pricing
price segmentation
peak load pricing
surge pricing
bottom of the pyramid pricing
decoy pricing
prestige or premium pricing

Chapter 11

direct channel
product diversion
diverter
grey market
level loading
subscription boxes

Chapter 12

experiential merchandising
destination retailer
omnichannel marketing
organized retail crime (ORC)
beacon marketing
digital wallets
fair trade goods
bifurcated retailing
services

Chapter 13

comparative advertising
brand storytelling
slice of life advertising
lifestyle advertising
ad fraud
ad blocking
mobile hijacking
search engines
search marketing
search engine marketing (SEM)
sponsored search ads
text message advertising
monetize
in-app advertising
QR code advertising

Chapter 14

partner relationship
management (PRM)
telecommute
virtual office
key account
cross-functional team
multilevel selling
direct selling
video news release (VNR)
sock puppeting
paid influencer programs

Features of the Ninth Edition of *Real People, Real Choices*

Meet Real Marketers

Many of the Real People, Real Choices vignettes are new to this edition, featuring a variety of decision makers, from CEOs to brand managers. Here is just a sample of the marketers we feature:

- Michael Baumwoll, Twitter
- Keith Sutter, Johnson & Johnson
- Dondeena Bradley, Weight Watchers
- Becky Frankiewicz, Quaker Foods
- Neal Goldman, Under Armour
- Jennifer Sey, Levi Strauss
- Stephanie Nashawaty, Oracle
- Stan Clark, Eskimo Joe's

Ethics and Sustainability in Marketing

Because the role of ethics and sustainability in business and in marketing is so important, we focus on these topics not just in a single chapter but in *every chapter* of the book. These *Ripped from the Headlines* boxes feature real-life examples of ethical and sustainable decisions marketers are faced with on a day-to-day basis.

Easy-to-Follow Marketing Plan Template

Marketing: Real People, Real Choices, ninth edition, includes a handy supplement at the end of Chapter 3 that is a template of a marketing plan you can use as a road map as you make your way through the book. The template provides a framework that is keyed to the major topics in the book, which will enable you to organize marketing concepts by chapter and create a solid marketing plan of your own.

Marketing Plan Appendix

Appendix A, Marketing Plan: The S&S Smoothie Company, provides a basic marketing plan for this interesting, if fictitious, firm. The extended example gives students the foundation they need to craft a complete marketing plan for a class project. In addition, the plan includes helpful “how to” guidelines that answer many of the questions that students ask while developing their own plans.

Career Appendix

Appendix B, Your Future in a Marketing Career, provides guidance for students on how to plan for a successful and rewarding career in the field. Success is framed as developing a unique brand for yourself that meets the needs of the job market. Career guidance recommendations follow the steps in a marketing plan with suggestions at each step for critical thinking and specific actions.

End-of-Chapter Study Map

Each chapter has an integrative study map for students that includes an Objective Summary, Key Terms, and student assessment opportunities of several types: Concepts: Test Your Knowledge; Activities: Apply What You’ve Learned; Apply Marketing Metrics (more on this one follows); Choices: What Do You Think?, and Miniproject: Learn by Doing. By completing these assessments, students and instructors achieve maximum assurance of learning.

Measuring the Value of Marketing through Marketing Metrics

Just how do marketers add value to a company, and how can they quantify that value? More and more, businesses demand accountability, and marketers respond as they develop a variety of “scorecards” that show how specific marketing activities directly affect their company’s return on investment (ROI). And on the job, the decisions that marketers make increasingly are informed by a mix of data-based facts coupled with good old marketing instinct. Each chapter provides a *Metrics Moment* box that describes some important ways to measure key marketing concepts, including a short *Apply the Metric* exercise that asks the student to actually work with some of these measures. And every end-of-chapter includes an *Apply Marketing Metrics* exercise that provides additional opportunities for students to practice measures that marketers use to help them make good decisions. Pricing exercises included at the end of the Marketing Math Supplement following Chapter 10 provide the opportunity for students to work real-life pricing problems.

New and Updated End-of-Chapter Cases in This Edition

Each chapter concludes with an exciting Marketing in Action mini-case about a real firm facing real marketing challenges. Questions at the end let you make the call to get the company on the right track.

Instructor Resources

At the Pearson's Higher Ed catalog, <https://www.pearsonhighered.com/sign-in.html>, instructors can easily register to gain access to a variety of instructor resources available with the book in downloadable format. If assistance is needed, Pearson's dedicated technical support team is ready to help with the media supplements that accompany the book. Visit <https://support.pearson.com/getsupport> for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with the ninth edition:

- Instructor's Resource Manual
- Test Bank
- TestGen® Computerized Test Bank
- PowerPoint Presentation

This title is available as an eBook and can be purchased at most eBook retailers.

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About the Authors



Michael R. Solomon, Elnora W. Stuart, Greg W. Marshall



Michael R. Solomon

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



Greg W. Marshall

GREG W. MARSHALL, Ph.D., is the Charles Harwood Professor of Marketing and Strategy in the Crummer Graduate School of Business at Rollins College in Winter Park, Florida. For three years, he also served as vice president for strategic marketing for Rollins. Before joining Rollins, he was on the faculty of Oklahoma State University, the University of South Florida, and Texas Christian University. He also holds a visiting professorship in the Marketing Group at Aston Business School, Birmingham, United Kingdom. Professor Marshall earned a BSBA in marketing and an MBA from the University of Tulsa and a Ph.D. in marketing from Oklahoma State

University. His research interests include sales management, marketing management decision making, and intraorganizational relationships. He is editor-in-chief of the *Journal of Marketing Theory and Practice* and former editor of the *Journal of Personal Selling & Sales Management* and currently serves on the editorial boards of the *Journal of the Academy of Marketing Science*, the *Journal of Business Research*, and *Industrial Marketing Management*. Professor Marshall is a member of the board of directors of the American Marketing Association, past president of the American Marketing Association Academic Division, a distinguished fellow and past president of the Academy of Marketing Science, and a distinguished fellow and past president of the Society for Marketing Advances. His industry experience before entering academe includes product management, field sales management, and retail management positions with firms such as Warner-Lambert, the Mennen Company, and Target Corporation.



Elnora W. Stuart

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

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REVIEWERS/FOCUS GROUP PARTICIPANTS

Pia A. Albinsson, Appalachian State University
Norma Anderson, Ivy Tech Community College
Eileen Archibald, Phoenix College
Michele Arpin, Chattanooga State Community College
Kelly Atkins, East Tennessee State University
Jacqueline Babb, Oakton Community College
Dana Bailey, East Tennessee State University
Koren Borges, University of North Florida
Susan Callender, Hudson Valley Community College
Ricky Caraballo, Miami Dade College
Jerome Christia, Coastal Carolina University
Christy Cole, Gulf Coast State College
Debbie Coleman, Miami University
Amy Danley, Wilmington University
Abid Din, Ivy Tech Community College
Jeff Fanter, Ivy Tech Community College
Monica Fine, Coastal Carolina University
Thomas F. Frizzell, Sr., Massasoit Community College
Gerald Yong Gao, University of Missouri–St. Louis
Roland Gau, University of Texas–El Paso
Tulay Girard, Penn State Altoona
Charles S. Gulas, Wright State University
Bonnie Guy, Appalachian State University
Mary Haines, Ohio University
Jennifer S. Hampton, Ivy Tech Community College
Eric Harvey, Ball State University
Karen Hawkins, Miami Dade College
Carol Heeter, Ivy Tech Community College
Donald Hoffer, Miami University
Eva Hyatt, Appalachian State University
Fernando R. Jimenez, University of Texas–El Paso
Sungwoo Jung, Columbus State University
Alex Kim, Long Island University–Post

Helen Koons, Miami University
Trina Lynch-Jackson, Ivy Tech Community College
Mark Mitchell, Coastal Carolina University
Lakshmi Nagarajan-Iyer, Middlesex County College
Denisse Olivas, University of Texas–El Paso
Timucin Ozcan, Southern Illinois University–Edwardsville
Courtney Pham, Missouri State University
Lisa Pucurs, University of North Carolina–Wilmington
Mohammed Rawwas, University of Northern Iowa
Julie Rigrish, Ivy Tech Community College
Kathryn Schifferle, California State University–Chico
Sarah M. Shepler, Ivy Tech Community College
Brent Smith, Saint Joseph’s University
Randy Stuart, Kennesaw State University
Ronda Taylor, Ivy Tech Community College
Russell G. Wahlers, Ball State University
Jefrey R. Woodall, York College of Pennsylvania
Doula Zaharopoulos, Phoenix College

EXECUTIVES

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Executives Featured in Real People, Real Choices Vignettes

Chapter 1: Michael Baumwoll, Twitter
Chapter 2: Keith Sutter, Johnson & Johnson
Chapter 3: Stephanie Nashawaty, Oracle
Chapter 4: Cindy Bean, Campbell Soup Company
Chapter 5: Lisa Arthur, Teradata Corporation
Chapter 6: Dondeena Bradley, Weight Watchers

Chapter 7: Jennifer Sey, Levi Strauss
 Chapter 8: Neal Goldman, Under Armour
 Chapter 9: Becky Frankiewicz, Quaker Foods
 Chapter 10: Betsy Fleming, Converse College
 Chapter 11: Michael Ford, BDP International
 Chapter 12: Stan Clark, Eskimo Joe's
 Chapter 13: Sara Bamossy, Pitch
 Chapter 14: Rohan Deuskar, Stylitics, Inc.

REVIEWERS OF PREVIOUS EDITIONS

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Camille Abbruscato, Stony Brook University
 Roy Adler, Pepperdine University
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 Gerald Athaide, Loyola College
 Nathan Austin, Morgan State University
 Xenia Balabkins, Middlesex County College
 Fred Beasley, Northern Kentucky University
 Gary Benson, Southeast Community College
 Jas Bhangal, Chabot College
 Gregory Spencer Black, Metropolitan State College of Denver
 Greta Blake, York College of Pennsylvania
 Silvia Borges, Miami Dade CC–Wolfson Campus
 Norm Borin, California State Polytechnic University
 Deborah Boyce, State University of New York Institute of Technology, Utica, New York
 Tom Boyd, California State University–Fullerton
 Henry C. Boyd III, University of Maryland–College Park
 Rich Brown, Harding University
 Val Calvert, San Antonio College
 Charles R. Canedy, University of Hartford
 Richard Celsi, California State University–Long Beach
 Swee-Lim Chia, LaSalle University
 Ruth Clotey, Barry University
 Paul Cohen, Florida Atlantic University
 Brian Connett, California State University–Northridge
 Robert M. Cosenza, University of Mississippi
 C. Brad Cox, Midlands Technical College
 Brent Cunningham, Jacksonville State University
 Mayukh Dass, Texas Tech University
 Mark Davis, Harding University
 Mark DeFanti, Providence College
 George D. Deitz, University of Memphis
 Patricia Doney, Florida Atlantic University
 Michael Dotson, Appalachian State University
 Laura Dwyer, Rochester Institute of Technology
 Rita Dynan, LaSalle University
 Jill S. Dybus, Oakton Community College
 Joyce Fairchild, Northern Virginia Community College
 Elizabeth Ferrell, Southwestern Oklahoma State University
 Angel M. Fonseca, MSCTE, Jackson College
 Jie G. Fowler, Valdosta State University
 Joanne Frazier, Montgomery College
 Jon Freiden, Florida State University
 Marlene Frisbee, AB-Tech College
 Patricia Galitz, Southeast Community College
 Debbie Gaspard, Southeast Community College

Mike Gates, South Hills School of Business and Technology
 Kenneth C. Gehrt, San Jose State University
 Michael Goldberg, Berkeley College
 Karen Welte Gore, Ivy Tech Community College
 Kimberly Goudy, Central Ohio Technical College
 Kimberly D. Grantham, University of Georgia
 Arlene Green, Indian River State College
 David Hansen, Texas Southern University
 John Hardjimarou, University of Texas–El Paso
 Jeffrey S. Harper, Texas Tech University
 Dana L. E. Harrison, East Tennessee State University
 Manoj Hastak, American University
 Kelli S. Hatin, SUNY Adirondack
 John Heinemann, Keller Graduate School of Management
 Dorothy Hetmer-Hinds, Trinity Valley Community College
 Tarique Hossain, California State Polytechnic University, Pomona
 Mark B. Houston, Texas Christian University
 Gary Hunter, Case Western Reserve University
 Annette Jajko, Triton College
 Jacqueline J. Kacen, University of Houston
 Jack E. Kant, San Juan College
 Janice M. Karlen, LaGuardia Community College / City University of New York
 Laura Lynn Kerner, Athens State University
 Cheryl Keymer, North Arkansas College
 Gail Kirby, Santa Clara University
 David Knuff, Oregon State University–Cascades
 Kathleen Krentler, San Diego State University
 Nancy P. LaGuardia, Capital Community College
 Sandra J. Lakin, Hesser College
 Linda N. LaMarca, Tarleton State University
 Debra A. Laverie, Texas Tech University
 Freddy Lee, California State University–Sacramento
 David Lehman, Kansas State University
 Ron Lennon, Barry University
 Marilyn Liebrez-Himes, George Washington University
 Anne Weidemanis Magi, University of South Florida
 Cesar Maloles, California State University–East Bay
 Norton Marks, California State University–San Bernardino
 Doug Martin, Forsyth Technical Community College
 Kelly Duggan Martin, Washington State University
 Carolyn Massiah, University of Central Florida
 Jane McKay-Nesbitt, Bryant University
 Juan (Gloria) Meng, Minnesota State University, Mankato
 Mohan K. Menon, University of South Alabama
 Laura M. Milner, University of Alaska
 Timothy R. Mittan, Southeast Community College
 Jakki Mohr, University of Montana
 Rex T. Moody, Angelo State University
 Linda Morable, Richland College
 Michael Munro, Florida International University
 Jeff B. Murray, University of Arkansas
 Lynn M. Murray, Pittsburg State University
 Jun Myers, California State Polytechnic University–Pomona
 Mark A. Neckes, Johnson & Wales University
 Linda Newell, Saddleback College
 Eric Newman, California State University–San Bernardino
 Hieu P. Nguyen, California State University–Long Beach
 David A. Norton, University of Connecticut
 Elaine M. Notarantonio, Bryant University

- David Oliver, Edison College
 Beng Ong, California State University–Fresno
 A. J. Otjen, Montana State University–Billings
 Jason Keith Phillips, West Chester University
 Lucille Pointer, University of Houston–Downtown
 Abe Qastin, Lakeland College
 Kevin Raiford, College of Southern Nevada
 Rosemary P. Ramsey, Wright State University
 John E. Robbins, Winthrop University
 Matthew Roberts, California Polytechnic State
 University–San Luis Obispo
 Bruce Robertson, San Francisco State University
 Leroy Robinson, University of Houston–Clear Lake
 Carlos M. Rodriguez, Delaware State University
 L. Renee J. Rogers, Forsyth Technical College
 Ann Renee Root, Florida Atlantic University
 Barbara Rosenthal, Miami Dade Community
 College–Kendall Campus
 Behrooz Saghafi, Chicago State University
 Ritesh Saini, George Mason University
 Charles Jay Schafer, Johnson & Wales University
 Mary Schramm, Quinnipiac University
 Joseph A. Schubert, Delaware Technical Community College,
 Wilmington Campus
 Marcianne Schusler, Prairie State College
 Susan Silverstone, National University
 Lisa R. Simon, California Polytechnic State University
 Samuel A. Spralls III, Central Michigan University
 Melissa St. James, California State University–
 Dominguez Hills
- Frank Svestka, Loyola University of Chicago
 James Swartz, California State Polytechnic University–Pomona
 Kim Taylor, Florida International University–Park Campus
 Steven Taylor, Illinois State University
 Susan L. Taylor, Belmont University
 Nancy J. Thannert, Robert Morris University Illinois
 John Thanopoulos, University of Piraeus, Greece
 Jane Boyd Thomas, Winthrop University
 Scott Thorne, Southeast Missouri State University
 Mary Jean Thornton, Capital Community College
 Judee A. Timm, Monterey Peninsula College
 Sue Umashankar, University of Arizona
 Sal Veas, Santa Monica College
 Mary K. Wachter, Pittsburg State University
 Beth Ghiloni Wage, University of Hartford
 D. Roger Waller, San Joaquin Delta College
 James R. Walton, Arkansas Tech University
 Leatha Ware, Waubonsee Community College
 Steve Wedwick, Heartland Community College
 Casey Wilhelm, North Idaho University
 Kathleen Williamson, University of Houston–Clear Lake
 Mary Wolfinbarger, California State University–Long Beach
 Kim Wong, Albuquerque TVI Community College
 Steve Wong, Rock Valley College
 Richard Wozniak, Northern Illinois University
 Brent M. Wren, University of Alabama in Huntsville
 Merv Yeagle, University of Maryland at College Park
 Mark Young, Winona State University
 Srdan Zdravkovic, Bryant University
 Marybeth Zipperer, Montgomery College

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Marketing

Real People, Real Choices

Ninth Edition

Welcome to the World of Marketing

Create and Deliver Value

1.1 Explain what marketing is, the marketing mix, what can be marketed, and the value of marketing. pp. 4–11

MARKETING: WHAT IS IT? p. 4

1.2 Explain the evolution of the marketing concept. pp. 11–15

WHEN DID MARKETING BEGIN? THE EVOLUTION OF A CONCEPT p. 11

1.3 Understand value from the perspectives of customers, producers, and society. pp. 16–23

THE VALUE OF MARKETING AND THE MARKETING OF VALUE p. 16

1.4 Explain the basics of market planning. p. 24

MARKETING AS A PROCESS p. 24

Check out the Chapter 1 **Study Map** on page 25.



Courtesy of Michael Baumwoll

Meet Michael Baumwoll

▼ A Decision Maker at Twitter

I am currently an Account Manager at Twitter. After I graduated from Lafayette College in 2009, my career focused on digital media and advertising with brief stints in entrepreneurship. For the first five years of my professional life, I worked for an advertising technology company with the goal of revolutionizing the digital media landscape. Similar to exchanges like Nasdaq and eBay, this company built a platform that allowed websites (publishers) to auction off their advertising space to the highest advertising bidder. I joined this young, growth startup and quickly learned the robust, technical, and (highly) relationship-driven industry of digital advertising. Working in a fun, supportive, Google-esque culture, I was able to grow personally and ultimately manage relationships with major advertising agencies and their digital media-buying arms, called “trading desks.” I was also lucky enough to manage a small group of coworkers and help them develop their understanding of the advertising landscape, technical skills and—most importantly, to me—themselves, professionally.

Simultaneously, I co-founded an iPhone application called BarSocial with the goal of creating a social media platform for nightlife. On the app, users connected with their friends and other bar-hoppers to determine the best places to go out. It was, essentially, Twitter for bars. BarSocial was live in the App Store for more than a year and was briefly featured on Wired.com. I quickly learned the facets of maintaining and building a technology business. Building BarSocial was one of the most exhilarating and challenging experiences I’ve ever had; I’d highly recommend building something of your own if the opportunity presents itself.

With a passion for social media, I now have the pleasure of working at one of the world’s most recognized technology companies, Twitter. Twitter is a social media platform that democratizes the world by providing a forum for users to share their experiences and views. Similar to my previous professional experience, Twitter has successfully built a culture designed to help their employees thrive professionally. My role at Twitter is to manage and develop relationships with advertisers and their creative and media agencies. To simplify, I am a Twitter consultant helping to demystify the ever-growing world of Twitter and showcase the power of its advertising solutions to my clients.

What I do when I’m not working:

Watching movies, spending time with my family, and breaking it down on the dance floor.

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

I avoided speaking up in meetings where I could have contributed value.

Business book I’m reading now:

Contagious: Why Things Catch On by Jonah Berger

My motto to live by:

Always focus on developing relationships—new and old. They will be the driving force in your professional and personal growth.

What drives me:

The opportunity to impact the world in my own personal way.

Don’t do this when interviewing with me:

Be inauthentic

My pet peeve:

Talking during movies



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

Real People, Real Choices

Twitter is a public microphone that gives those with a handheld device or access to the Internet the ability to step up and speak. It gives each of us the opportunity to share our experiences and thoughts 24 hours a day, 7 days a week. As a result, Twitter has become a democratized platform for human expression and thought.

Just like the product externally, Twitter's management team creates an environment that encourages team members to speak up and share ideas. Employees are constantly reminded of their value and given channels to be creative and productive. It's an internal cultural choice that was made in the early days of Twitter to reflect the founders' beliefs in transparency and cooperation.

Internally at Twitter, there are multiple ways to share ideas and feedback. There are e-mail chains, discussion boards, water cooler conversations, feedback forms, and many other methods that allow you to express yourself. Although there are a number of options, it's (a) difficult to navigate and select the right method to share your idea and (b) hard to determine who the ideal person is with whom to share it.

As a member of the sales team, my focus is to understand the needs and concerns of my clients and relay that information to the Twitter team. In addition, and just as important, as an involved member of the Twitter community, it's my responsibility to contribute to building an even stronger product and experience for users. The question then becomes: how do we harness the innovation within Twitter's walls and leverage it to solve challenges the team faces with employees, consumers, and marketers? And subsequently, how can we track it?

Michael considered his **Options** 1·2·3

1 Make a case for the management team to hold weekly meetings to discuss ideas and innovations within Twitter. This change would provide a dedicated time for team members to share their opinions, views, and ideas in an hour-long weekly meeting. Employees feel they are part of the process when they help to make decisions for the company. And different teams could interact with one another to come up with productive ideas because of this cross-pollination that only comes from

Option

face-to-face encounters. However, some employees are hesitant to voice their concerns and suggestions in such a public forum. Also getting a bunch of busy people to give up an hour of their time each week might not go over well with some people.

2 Build an internal online tool to allow employees to share, build, and measure ideas (i.e., a Twitter within Twitter). Like Twitter, the forum would allow any team member to carefully think and craft ideas he or she could then share with coworkers or with entire teams. Employees could vote on ideas to showcase demand for an idea or product. And we could measure the success of the platform by tracking posts, votes, comments, etc. On the other hand, some employees might be reluctant to post ideas to the group if everyone votes on the ones they like and don't like. It's also not clear that there would be enough demand for merit the time and other resources to build this app that could be devoted to building business for Twitter instead.

3 Share ideas on Twitter to galvanize support and subsequently share findings with the Twitter team. This approach would include the external Twitter community to help shape Twitter's product vision. We could get real-time feedback from potential customers about the ideas we're considering and engage them as partners rather than just as customers. On the other hand, we wouldn't be able to share some sensitive issues with non-Twitter employees. And we couldn't always be confident about the perspectives we get—not everyone necessarily has the experience and perspective to weigh in on how to run a complex business like ours.

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

You Choose

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

Option 1 **Option 2** **Option 3**

See what **option** Michael chose in **MyMarketingLab™**

MyMarketingLab™

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