

GLOBAL  
EDITION



# Marketing

## *Real People, Real Choices*

NINTH EDITION

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



 **Pearson**

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**Ninth Edition**

**Global Edition**

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# Marketing

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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 MyLab Marketing, 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  
 keystone pricing  
 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.pearsonglobaleditions.com>, 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<sup>®</sup> Computerized Test Bank
- PowerPoint Presentation

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

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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.



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# Marketing

**Real People, Real Choices**

**Ninth Edition**

**Global 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. 28–35

MARKETING: WHAT IS IT? p. 28

**1.2** Explain the evolution of the marketing concept. pp. 35–39

WHEN DID MARKETING BEGIN? THE EVOLUTION OF A CONCEPT p. 35

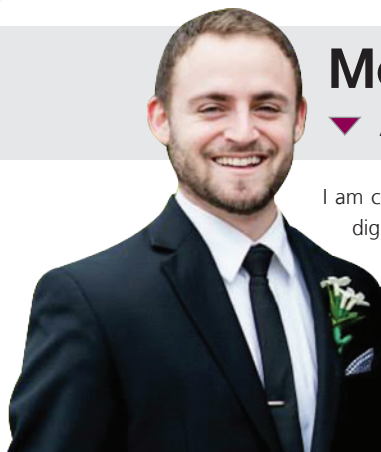
**1.3** Understand value from the perspectives of customers, producers, and society. pp. 40–47

THE VALUE OF MARKETING AND THE MARKETING OF VALUE p. 40

**1.4** Explain the basics of market planning. p. 48

MARKETING AS A PROCESS p. 48

Check out the Chapter 1 **Study Map** on page 49.



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 **MyLab Marketing™**

MyLab Marketing™

★ **Improve Your Grade!**

Over 10 million students improved their results using the Pearson MyLabs. Visit [mymktlab.com](http://mymktlab.com) for simulations, tutorials, and end-of-chapter problems.

## Chapter 1

## 1.1

## Marketing: What Is It?

**OBJECTIVE**

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

(pp. 28–35)

*Marketing.* People either love it or hate it. The crazy part of this is that whether they love it or hate it, most folks really do not understand what marketing really is! How about when a Chris Cornell concert in Australia entices fans from Peoria, Illinois, to travel around the globe just to scream in ecstasy alongside the Aussies. Is that marketing? When Donald Trump and Hillary Clinton spend millions to get your vote—is that marketing? And then, of course, there are those e-mails that fill your inbox from Amazon.com, suggesting products that might entice you to let go of some hard-earned cash. Yes, these are all examples of marketing. And that’s just scratching the surface.

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

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

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

When you ask people to define **marketing**, you get many answers. Some people say, “That’s what happens when a pushy salesman tries to sell me something I don’t want.” Many people say, “Oh, that’s simple—TV commercials.” Students might answer, “That’s a course I have to take before I can get my business degree.” Each of these responses has a grain of truth to it, but the official definition of marketing the American Marketing Association adopted in 2013 is as follows:

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

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

**“Marketing Is the Activity, Institutions, and Processes...”**

As we will discuss throughout this book, marketing includes a great number of activities—from top-level market planning by the chief marketing officer (CMO) of a big company to the creation of a Facebook page by your university. The importance organizations assign to marketing activities varies a lot. Top management in some firms is marketing oriented (especially when the chief executive officer, or CEO, comes from the marketing ranks), whereas in other companies marketing is an afterthought. Ten percent of the *Fortune 100* U.S. CEOs, more than one out of five (21%) of the Financial Times Stock Exchange (FTSE) 100 CEOs in the United Kingdom, and 40 percent of those with consumer and healthcare firms come from a marketing background—so stick with us!<sup>3</sup>

**consumer**

The ultimate user of a good or service.

**marketing**

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

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

- Better understanding of customer needs through marketing research
- Selecting the people or organizations in the market that are your best bets for success
- Developing the product
- Pricing the product
- Getting the product to the consumer

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

- Advertising agencies that firms work with to create and deliver a variety of marketing communication activities including traditional advertising as well as newer digital communications, sales promotion, and research activities
- Marketing research firms such as Nielsen that provide data vital to the planning and implementation of successful marketing programs
- The traditional media
- The Internet and social media
- Governments that enforce laws and regulations to make sure marketing occurs in a fair and ethical manner
- Logistics firms that get the product to the consumer most efficiently
- Retailers that interact directly with the final customer

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

Whether it is a giant global producer of consumer products such as Proctor & Gamble or a smaller organization such as Eskimo Joe's of Stillwater, Oklahoma (we'll talk more about Eskimo Joe's in Chapter 12), a marketer's decisions affect—and are affected by—the firm's other activities. Marketing managers must work with financial and accounting officers to figure out whether products are profitable, to set marketing budgets, and to determine prices. They must work with people in manufacturing to be sure that the new iPhone is produced on time and in the right quantities for those avid iPhone fans that camp out in front of Apple stores to get their hands on the new model. Marketers also must work with research-and-development specialists to create products that meet consumers' needs.

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

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

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

### **marketing mix**

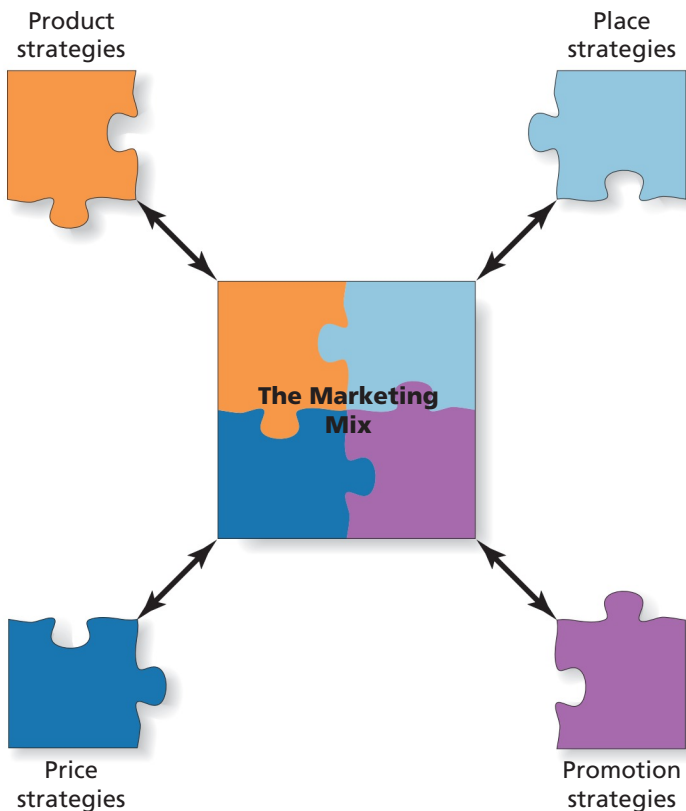
A combination of the product itself, the price of the product, the promotional activities that introduce it, and the place where it is made available, that together create a desired response among a set of predefined consumers.

### **Four Ps**

Product, price, promotion, and place.

Figure 1.1  Snapshot | The Marketing Mix

The marketing mix is the marketer's strategic toolbox.



### product

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

### promotion

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

### place


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

### channel of distribution

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

### price

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

Bergdorf Goodman, and Bloomingdale's in its distribution strategy to ensure that shoppers who seek out high-end items will come across the jacket. Thus, all the pieces in the puzzle we call the marketing mix work together. As  Figure 1.1 shows, each P is interconnected with each of the other three Ps. This shows us that the activities of each of the Four Ps must be coordinated with each of the other three Ps.

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

## Product

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

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

## Promotion

Although we all are familiar with advertising, **promotion**, also referred to as *marketing communication*, includes many different activities marketers undertake to inform consumers about their products and to encourage potential customers to buy these products. Marketing communication takes the form of personal selling, TV advertising, store coupons, billboards, magazine ads, publicity releases, web pages, social media sites, and a lot more. Today marketers are quickly moving much of their energy and money to devising and implementing digital marketing communications including mobile marketing, location-based marketing, behavioral digital marketing, and, of course, social media marketing.

## Place

**Place** refers to the availability of the product to the customer at the desired time and location. This P relates to a **channel of distribution**, which is the series of firms or individuals that facilitates the movement of a product from the producer to the final customer. For clothing or electronics, this channel includes local retailers as well as other outlets, such as retail sites on the web that strive to offer the right quantity of products in the right styles at the right time.

## Price

**Price**—we all know what price is—it's the amount you have to pay for the pizza, the concert tickets, the tennis racket, and, yes, this book. Price is the assignment of value,