



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

# Marketing

real people  
real choices



**TENTH** EDITION

# Marketing

**Real People, Real Choices**

**Tenth Edition**

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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, Allyson, and Gaby*

**—E.S.**

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# Preface

## MARKETING: REAL PEOPLE, REAL CHOICES

Why did we write this book? We'll answer this question with a simple, yet profound, statement: *Companies don't make decisions. People do.*

This is our mantra. Too often students read about what a company did or didn't do. We've worked with a lot of marketers and their great brands over the years, but we've never "met" a company. Have you? It's not faceless companies, but rather real flesh-and-blood *people*—people like your students—who agonized over important marketing decisions.

These managers (hopefully) applied the marketing lessons they learned both while in school and in the trenches to make the best choices they could. Our focus on "Real People, Real Choices" adds people (yes, *real* ones) to the equation that many marketing textbooks neglect. The Real People, Real Choices focus is reinforced throughout the book and in MyLab Marketing by:

- The end-of-chapter cases that require students to evaluate real companies' decisions and make their own recommendations
- The fabulous Mini Sims students can access in MyLab Marketing
- The decision-making opportunities in the Marketing Metrics activities in MyLab Marketing
- The decision-making opportunities in many of the end-of-chapter questions and activities

To improve student results, we recommend pairing the text content with **MyLab Marketing**, which is the teaching and learning platform that empowers you to reach every student. By combining trusted author content with digital tools and a flexible platform, MyLab personalizes the learning experience and will help your students learn and retain key course concepts while developing skills that future employers are seeking in their candidates. To meet the special challenges of online courses as well as increasing learning in face-to-face courses, MyLab provides a host of excellent assignments including Marketing Metrics, Mini Simulations, written assignments, and chapter-by-chapter quizzes.

From **Mini Sims** to **Marketing Metrics** to graded **Writing Assignments**, MyLab Marketing helps you teach your course *your way*. Learn more at [www.pearson.com/mylab/marketing](http://www.pearson.com/mylab/marketing).

## Solving Teaching and Learning Challenges

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

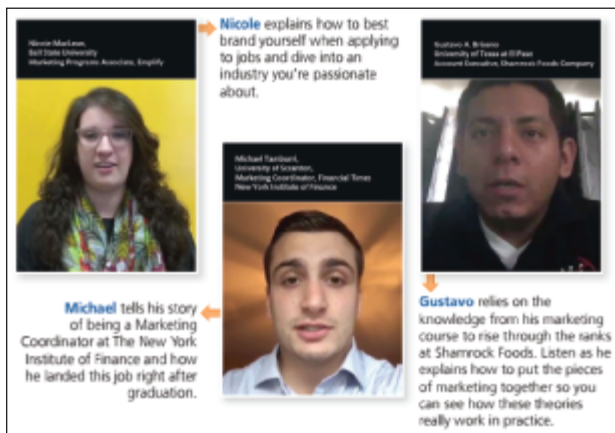
**Real People** vignettes feature a variety of real decision makers, from CEOs to brand managers, who confront decisions in their jobs that relate to each chapter. These vignettes help students to understand how marketing plays out in real companies including Comcast, Vovéo Marketing Group, Teradata,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

The Real People vignettes continue in MyLab Marketing as **Here’s My Choice** assignments. Here’s My Choice presents three possible solutions to the Here’s My Problem discussion in the print edition, and these exercises require students to use their critical thinking skills to determine the best solution to each problem. Here’s My Choice first lets students learn about an executive’s decision-making process and their ultimate choice, and then invites students to answer questions about the decision-making process in an interactive learning environment.

**Rising Stars in Marketing**, in MyLab Marketing, presents video clips contributed by recent successful graduates of marketing degree programs around the country. Each person shares advice about the “dos and don’ts” of job seeking and job offers with current student readers, allowing your students to explore career wisdom from those who have followed the same path they hope to take. Each video is followed with a short assessment to hold students accountable for their learning.

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

**A great read**—that’s how students describe our book. As we’ve always done, throughout this 10th edition we deliver content in a conversational, jargon-free, and not overly academic style that students actually enjoy reading (we know, because they tell us). One reason we can do this is because all three authors have extensive experience working in marketing in industry in addition to their academic training and experience, and to this day, all three continue to work with organizations as marketing consultants! That’s the secret sauce of what keeps Real People, Real Choices so real!



## 4.4 Brand You: Career and Internship Information and Research

### OBJECTIVE

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

(pp.137–139)

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

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

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

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

## Developing Employability Skills

So, how do we prepare tomorrow’s marketer? For one, we know that he or she will need to be “a numbers person.” In the old days, a lot of students majored in marketing because they “weren’t good at math,” hence avoiding majors like accounting, finance, or economics. That’s so 20th century! Increasingly, the marketing field is data driven, and sophisticated analytics are revolutionizing the options organizations have at their fingertips to create, communicate, deliver, and measure value. We’re proud to say that with each edition we have continued to lead the field in offering instructors and students cutting-edge coverage of marketing analytics and metrics. In this edition, we’ve continued

to expand that coverage significantly to show how marketers use the exciting new tools they have available to understand and harness Big Data as they strive to identify and meet customer needs.

To reinforce this focus throughout the book:

- Each chapter includes an updated **Metrics Moment** box that describes some important ways to measure important marketing concepts relevant to that chapter, including an Apply the Metrics exercise that asks the student to actually work with some of these measures.
- **Apply Marketing Metrics** exercises at the end of each chapter provide additional opportunities for students to practice measures that marketers use to help them make good decisions.
- Way back in the 8th edition when quite a few practicing marketers hadn't even heard of Big Data, we were proud to be the first principles of marketing textbook to devote **an entire chapter (Chapter 5)** to the emerging and vital topic of Big Data and marketing analytics. In this 10th edition, we've greatly expanded that chapter's coverage to include numerous new key terms, many more application examples to connect concepts to practice, and several new tables and figures to further illustrate this fascinating aspect of the emerging world of the "new marketer."
- **Marketing Metrics** assignments in **MyLab Marketing** are autograded, algorithmic assignments that let students practice their marketing metrics and analytics skills, improving their understanding of the quantitative aspects of marketing.

For students to succeed in a rapidly changing job market, they should be aware of their career options and how to go about developing a variety of skills. With MyLab Marketing and *Marketing: Real People, Real Choices*, students can practice their decision-making skills with the Mini Simulations. **Mini Sims** put students in professional roles and give them the opportunity to apply course concepts and develop decision-making skills through real-world business challenges.

One critical area to enhance employability in marketing today is a keen understanding of the role of digital and social media marketing approaches to marketing communication. In today's agency and company environments, often it is digital and social marketing that takes precedent over more "traditional" promotional tools, like television and print advertising. Marketing students need to gain a body of knowledge about these newer approaches from their very first marketing course, and this 10th edition features a major reorganization of its promotion/marketing communication chapters in order to add greater emphasis to the world of digital/social approaches. Chapter 13 features updated discussion of the many types of digital media essential to marketing communications today and coverage of some ethical issues presented by digital advertising. Chapter 14 includes discussion of the wide range of social media opportunities that marketers use in their communication programs, as well as discussion of the Internet of Things followed by coverage of the traditional forms of marketing communication: sales promotion (moved from Chapter 13), direct marketing, personal selling, and public relations.

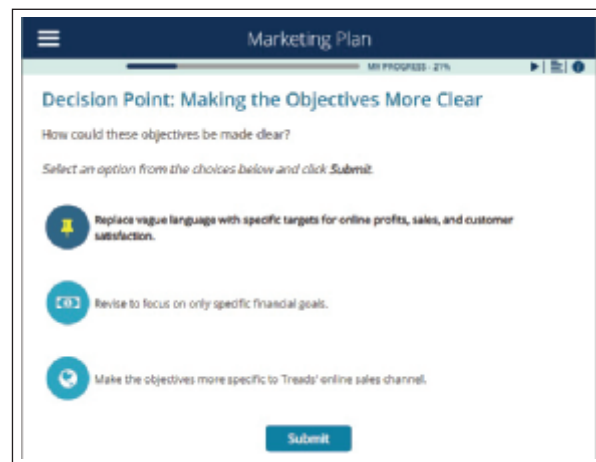
### Metrics Moment

This section highlights the concepts of value and the value proposition that firms and their offerings bring to customers. But how do marketers actually measure value? Increasingly, they develop a **marketing scorecard** that reports (often in the form of numerical values) how the company or brand is actually doing in achieving various goals. We can think of a scorecard as a marketing department's report card. Scorecards tend to be short and to the point, and they often include charts and graphs to summarize information in an easy-to-read format. They might report "grades" on factors such as actual cost per sale, a comparison of webhits (the number of people who visit an e-commerce site) versus web conversions (the number who actually buy something at the site), a measure of customers' satisfaction with a company's repair facilities, or perhaps even a percentage of consumers who respond to mail asking them to make a donation to a charity the

firm sponsors. You can see an example of a simple scorecard in Table 1.4. Throughout this book, we'll give you the opportunity to "get your hands dirty" as you calculate various kinds of scores, or **metrics**.

#### Apply the Metrics

1. Using Table 1.4 as a template, develop a scorecard for student satisfaction with your marketing class. You will need to develop your own relevant items for satisfaction measurement.
2. Then, have the students in your class complete the scorecard now and again in the middle of the semester.
3. Summarize, interpret, and present the results.



## New to this Edition

So far you've read about a wide variety of new and enhanced features of this 10th edition. Just in case we haven't impressed you enough already, here's a summary list of those and more that make our book stand out as the most up-to-date, cutting-edge product in the Marketing Principles market!

- Seven of the decision-focused Real People vignettes that open each chapter are new to this edition. These new vignettes feature marketers from Comcast, Teradata, Franklin Foods, Capsule, Auto Europe, Vovéo Marketing Group, and Brandmovers.
- Nine new or extensively updated Marketing in Action cases are included at the end of chapters. These new cases feature the problems and opportunities faced by companies such as Spotify, Lego, and McDonald's.
- Over 60 new key terms appear throughout the chapters.
- MyLab Marketing for *Marketing: Real People, Real Choices* includes:
  - New Team Mini Simulations that allow students to work through real-world business challenges with their classmates, and encourage students to practice working in teams to hone the collaboration and decision-making skills they'll need in the workforce.
  - New Personal Inventory Assessments that promote self-reflection and awareness of one's self, build on the new Brand You discussions in this edition, and help students develop their own brand.
  - Nine new Rising Stars in Marketing video assignments.
  - Updated Here's My Choice assignments that align with the new chapter-opening Real People vignettes in this edition.
  - Updated warm-up assignments and chapter quizzes, and more.

For more information on changes in each chapter of this Tenth Edition, see the chart below.

### Chapter-by-Chapter Updates

<b>Chapter 1</b> Welcome to the World of Marketing: Create and Deliver Value	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Suzanne McFadden from Comcast</li> <li>• Updated "What's New in the Evolution of Marketing?"</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 2</b> Global, Ethical, and Sustainable Marketing	<ul style="list-style-type: none"> <li>• Recent additions to tables listing American legislation relevant to marketers and U.S. regulatory agencies</li> <li>• Discussion of driverless vehicles</li> <li>• New Marketing in Action Case: Real Choices at Walmart</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 3</b> Strategic Market Planning	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Mary Bea Damico from Vovéo Marketing Group</li> <li>• Expanded treatment of the important role of the mission statement in driving business success</li> <li>• Expanded treatment of the importance of market penetration strategies as a key to firm success, using McDonald's as an example</li> <li>• Focus on Cuba as a potential for executing market development strategies</li> <li>• New "Agile Marketing and the Planning Process" section, making this the first marketing principles book to address agile marketing and associated concepts</li> </ul>

<b>Chapter 4</b> Market Research	<ul style="list-style-type: none"> <li>• Extensive new conversation about why knowledge drives great marketing decisions, using the 2016 presidential election as an example of database marketing</li> <li>• Introduction to and discussion of the emerging concept of evidence-based decision making and how this sensibility provides guidance for gaining customer insights and making marketing decisions</li> <li>• New coverage of the importance of marketing dashboards and marketing’s reliance on salespeople and sales managers to monitor and utilize the dashboards in their customer interactive role</li> <li>• New Marketing in Action Case: Real Choices at Lego</li> </ul>
<b>Chapter 5</b> Marketing Analytics: Welcome to the Era of Big Data!	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Jennifer Jackson from Teradata</li> <li>• New section: “Reality Check for Marketers: Ethical Considerations in Using Big Data”</li> <li>• New Marketing in Action Case: Real Choices at Spotify.</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 6</b> Understand Consumer and Business Markets	<ul style="list-style-type: none"> <li>• New section: “The ‘Hive Mind’: Consumer Decision Making in the Digital Age”</li> <li>• New Marketing in Action Case: Real Choices at Starbucks</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 7</b> Segmentation, Target Marketing, and Positioning	<ul style="list-style-type: none"> <li>• In “Segmentation” –                     <ul style="list-style-type: none"> <li>• Strengthened argument for psychographic segmentation as advantageous over demographics</li> <li>• More strongly linked the concept of customer loyalty (and stickiness) to behavioral segmentation and added substantial additional support content</li> </ul> </li> <li>• In “Positioning” –                     <ul style="list-style-type: none"> <li>• Clarified and better exemplified the concept of “retro brands”</li> <li>• Added the concept of “neglected segments”</li> </ul> </li> <li>• New Marketing in Action Case: Real Choices at McDonald’s</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 8</b> Product I: Innovation and New Product Development	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Rocco Cardinale from Franklin Foods</li> <li>• Added extensive coverage of “design thinking” and related concepts</li> <li>• Added new emphasis on “disruptive innovation” and “first-mover advantage”</li> <li>• New discussion on 3D printing and the technical development element of new product development</li> </ul>
<b>Chapter 9</b> Product II: Product Strategy, Branding, and Product Management	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Aaron Keller from Capsule</li> <li>• Coverage of “brand personality” and “brand anthropomorphism” moved from Chapter 7 to Chapter 9 for better alignment</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 10</b> Price: What Is the Value Proposition Worth?	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Imad Khalidi from Auto Europe</li> <li>• New coverage of cryptocurrency</li> <li>• New Marketing in Action Case: Real Choices at United Airlines</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 11</b> Deliver the Goods: Determine the Distribution Strategy	<ul style="list-style-type: none"> <li>• New section: “Emerging Trends in Logistics and Supply Chain”</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 12</b> Deliver the Customer Experience: Goods and Services via Bricks and Clicks	<ul style="list-style-type: none"> <li>• New sections: “The Evolution Continues: What’s ‘In Store’ for the Future?” and “Ethical Problems in Retailing”</li> </ul>



<b>Chapter 13</b> Promotion I: Advertising	<ul style="list-style-type: none"> <li>• Added discussion of many types of digital media and new coverage of some ethical issues presented by digital advertising</li> <li>• New Marketing in Action Case: Real Choices at Boy Scouts of America</li> <li>• New Rising Stars in Marketing assignment in MyLab Marketing</li> </ul>
<b>Chapter 14</b> Promotion II: Social Media Marketing and Other Communication Tools	<ul style="list-style-type: none"> <li>• New Real People opening vignette featuring Andy Mitchell from Brandmovers</li> <li>• New section: “Future Trends in Professional Selling”</li> <li>• New Marketing in Action Case: Real Choices at Oracle</li> </ul>

## Instructor Teaching Resources

This program comes with the following teaching resources:

Supplements Available to Instructors at <a href="http://www.pearson-highered.com">www.pearson-highered.com</a>	Features of the Supplement
<b>Instructor’s Manual</b> authored by Susan Leshnowar from Midland College	<ul style="list-style-type: none"> <li>• Chapter-by-chapter summaries</li> <li>• Examples and activities not in the main book</li> <li>• Teaching outlines</li> <li>• Teaching tips</li> <li>• Solutions to all questions and problems in the book</li> </ul>
<b>Test Bank</b>	<p>4,000 multiple-choice, true/false, short-answer, and graphing questions with these annotations:</p> <ul style="list-style-type: none"> <li>• Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)</li> <li>• Type (multiple-choice, true/false, short-answer, essay)</li> <li>• Topic (the term or concept the question supports)</li> <li>• Learning outcome</li> <li>• AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)</li> <li>• Page number in the text</li> </ul>
<b>Computerized TestGen</b>	<p>TestGen allows instructors to:</p> <ul style="list-style-type: none"> <li>• Customize, save, and generate classroom tests</li> <li>• Edit, add, or delete questions from the Test Item Files</li> <li>• Analyze test results</li> <li>• Organize a database of tests and student results.</li> </ul>
<b>PowerPoints</b> authored by Helen Davis from Jefferson Community College	<p>Slides include all the graphs, tables, and equations in the textbook. PowerPoints meet accessibility standards for students with disabilities. Features include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Keyboard and Screen Reader access</li> <li>• Alternative text for images</li> <li>• High color contrast between background and foreground colors</li> </ul>

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## EXECUTIVES

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 Chapter 9: Aaron Keller, Capsule  
 Chapter 10: Imad Khalidi, Auto Europe  
 Chapter 11: Michael Ford, BDP International  
 Chapter 12: Stan Clark, Eskimo Joe's  
 Chapter 13: Sara Bamossy, Pitch  
 Chapter 14: Andrew Mitchell, Brandmovers

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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 Pearson's text *Consumer Behavior: Buying, Having, and Being*, which is widely used in universities throughout the world. Professor Solomon frequently appears on television and radio shows, such as *The Today Show*, *Good Morning America*, Channel One, the *Wall Street Journal* Radio Network, and National Public Radio to comment on consumer behavior and marketing issues.



## **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 TCU. He also holds a visiting professorship in the Marketing Group at Aston Business School, Birmingham, United Kingdom. Professor

Marshall earned a BSBA in marketing and an MBA from the University of Tulsa and a Ph.D. in marketing from Oklahoma State University. His research interests include sales management, marketing management decision making, and intraorganizational relationships. He is editor-in-chief of the *European Journal of Marketing* and former editor of the *Journal of Marketing Theory and Practice* and the *Journal of Personal Selling & Sales Management*. He currently serves on the editorial boards of the *Journal of the Academy of Marketing Science*, the *Journal of Business Research*, and *Industrial Marketing Management*. Professor Marshall is a member of the board of directors of the American Marketing Association, past president of the American Marketing Association Academic Council, a distinguished fellow and past president of the Academy of Marketing Science, and a distinguished fellow and past president of the Society for Marketing Advances. In 2018 he received the Lifetime Achievement Award from the American Marketing Association Selling and Sales Management Special Interest Group (SIG). 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., having most recently served as professor of marketing and associate dean of the George Dean Johnson, Jr. College of Business and Economics at the University of South Carolina Upstate, is now Distinguished Professor Emerita, University of South Carolina. She continues to teach, consult, and conduct research. Prior to joining USC Upstate in 2008, she was professor of marketing and the BP Egypt Oil Professor of Management Studies at the American University in Cairo, professor of marketing at Winthrop University in Rock Hill, South Carolina, and on the faculty of the University of South Carolina. She has also been a regular visiting professor at Instituto de Empresa in Madrid, Spain and Landshut College of Applied

Sciences in Landshut, Germany. She earned a B.A. in theater and speech from the University of North Carolina at Greensboro and both an M.A. in journalism and mass communication and a Ph.D. in marketing from the University of South Carolina. Professor Stuart's research has been published in major academic journals, including the *Journal of Consumer Research*, the *Journal*

*of Advertising*, the *Journal of Business Research*, the *Journal of Public Policy and Marketing*, the *Journal of Promotion Management*, and the *International Journal of Pharmaceutical and Healthcare Marketing*. For over 25 years, she has served as a consultant for numerous businesses and not-for-profit organizations in the United States and in Egypt.

# 1 Welcome to the World of Marketing

## Create and Deliver Value

Objective Outline

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

MARKETING: WHAT IS IT? P. 4

**1.2** Explain the evolution of the marketing concept.  
pp. 11–16

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

**1.3** Understand value from the perspectives of customers, producers, and society.  
pp. 16–25

THE VALUE OF MARKETING AND  
THE MARKETING OF VALUE P. 16

**1.4** Explain the basics of market planning.  
pp. 25–26

MARKETING AS A PROCESS P. 25

**1.5** Understand how to increase your chances of getting a great first job and having a successful career by using the marketing process to create a personal brand.  
pp. 26–28

BRAND YOU: A FRAMEWORK FOR  
MANAGING YOUR CAREER P. 26

Check out the Chapter 1 **Study Map** on page 28.



Suzanne McFadden

## Meet Suzanne McFadden

### ▼ A Decision Maker at Comcast

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

Suzanne received a BA in marketing and finance from the University of Delaware. She joined Comcast in 1997 in a field marketing role and gained experience in many aspects of marketing, such as customer acquisition

and competitive and operations marketing, to rise through the ranks to land in her current responsibility for the end-to-end customer communications journey, from onboarding through engagement and the entire customer life cycle of Comcast's cable operations.

Suzanne's Info

**What I do when I'm not working:**  
Love spending time with family and friends—in particular, travel and food experiences. Also squeeze in time for reading, exercise, and TV watching.

**First job out of school:**  
Marketing Coordinator, SportsChannel Philadelphia

**Career high:**  
Being involved in the launch of Comcast High-Speed Internet. At the time, early 1997, companies were questioning if this

"Internet thing" was really going to pay off—absolutely amazing to see the impact.

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

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

**My hero:**

All of the career women who came before me—I am amazed when I look back at the corporate gender stereotypes of history and realize my success is only possible due to the women who

endured inequality to get us where we are today.

**My motto to live by:**

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

**What drives me:**

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

**My management style:**  
Partnership and understanding. I make sure I know what motivates and drives my employees to success and work to give them

what they need from me—leadership, time, attention, or hands off. It is different for all and that is what leaders must understand.

**Don't do this when interviewing with me:**  
Say "I" over and over.



## Here's My **problem...**

### Real People, Real Choices

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

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

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

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

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

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

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

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

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

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

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

#### You Choose

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

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

See what **option** I made chose in **MyLab Marketing**

## MyLab Marketing

If your instructor is using MyLab Marketing, visit [www.pearson.com/mylab/marketing](http://www.pearson.com/mylab/marketing) for videos, simulations, and writing exercises.

## 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. 4–11)

*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 U2 concert in Atlanta or Chicago entices fans from Peoria, Illinois, to travel to those cities just to scream in ecstasy alongside the locals? Then there are the pop-up ads on your Facebook page for something you were searching for at Bloomingdale's last week. And of course, there are those emails 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.

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 text, we'll tell you why—and why you should care.

Indeed, consumers like you (and your humble authors!) are at the center of all marketing activities. By the way, when we refer to *consumers*, we don't just mean individuals. Organizations—whether a company, government, sorority, or charity—are 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 text, marketing includes a great number of activities—from top-level market planning by the chief marketing officer (CMO) of a big company to the creation of a Facebook page by your university. The importance organizations assign to marketing activities varies a lot. Top management in some firms is marketing oriented (especially when the chief executive officer, or CEO, comes from the marketing ranks), whereas in other companies marketing is an afterthought. One study shows that over 25 percent of CEOs have either a marketing or a sales background—that makes this information pretty relevant, so stick with us!<sup>3</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

**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>

- Developing the product
- Pricing the product
- Getting the product to the consumer
- Delivering marketing messages via traditional and online advertising and a host of other activities

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


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

### marketing mix

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

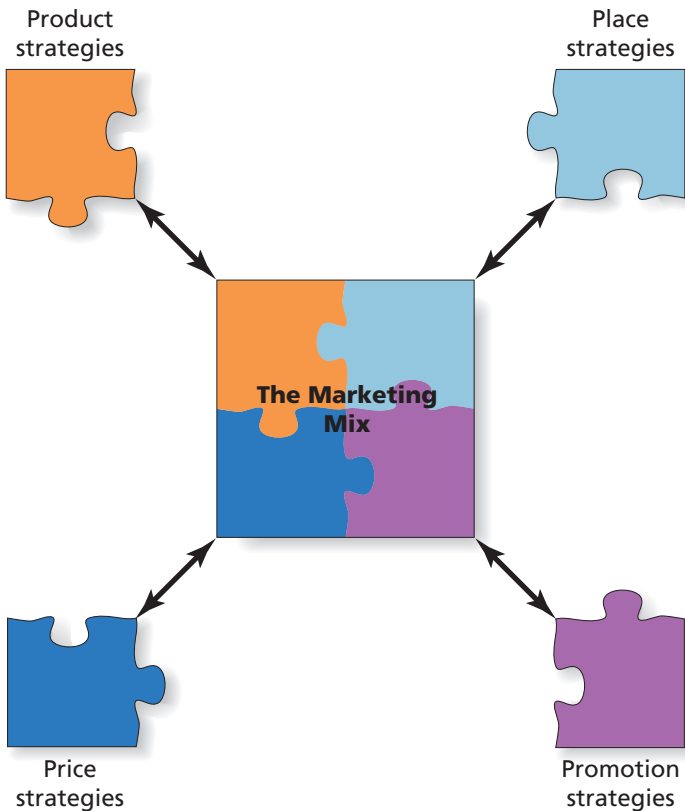
### four Ps

Product, price, promotion, and place.



**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.

each P is interconnected with each of the other three Ps. This shows us that the activities of each of the four Ps must be coordinated with each of the other three Ps.

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

## Product

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

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

## Promotion

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

## Place

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

## Price

**Price**—we all know what price is. It's the amount you have to pay for the pizza, the concert tickets, the tennis racket, and, yes, this book. Price is the assignment of value, or the amount the consumer must exchange to receive the offering. Marketers often turn to price to increase consumers' interest in a product. This happens when they put an item

on sale, but in other cases, marketers actually try to sell a product with a higher price than people are used to if they want to communicate that it's high quality or cutting edge. For example, designer clothes and accessories are priced so high that only a few consumers can afford them. Not many of us can afford a Prada Python/Crocodile Arcade-Stripe Frame Satchel Bag priced at \$9,600 or a pair of Valentino Rockstud Metallic Leather Mid-Heel Pumps at \$1,045. If you can, you probably don't need to take this course!

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

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

To complicate things a bit more, everyone does not always agree on the terms of the exchange. Think, for example, about movie piracy. That's what happens when a new Avengers blockbuster is available on street corners for a few dollars—or free on BitTorrent—before it even opens in theaters.

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

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

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

### Consumer Goods and Services

**Consumer goods** are the tangible products that individual consumers purchase for personal or family use. **Services** are intangible products that we pay for and use but don't own. Service transactions contribute more than 75 percent of the gross domestic product (GDP) in the U.S. and other developed countries.<sup>4</sup> Marketers need to understand

### exchange

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



A robbery is *not* a valid exchange.

### consumer goods

The goods individual consumers purchase for personal or family use.

### services

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



A hotel stay is a complex combination of goods and services.



This British fence company offers to exchange money for the guarantee of privacy.

### business-to-business marketing

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

### industrial goods

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

### e-commerce

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

the special challenges that arise when they market an intangible service rather than a tangible good.<sup>5</sup> Because both goods and services are products, it's more accurate to say "goods and services" rather than "products and services."

## Business-to-Business Goods and Services

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

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

## Not-for-Profit Marketing

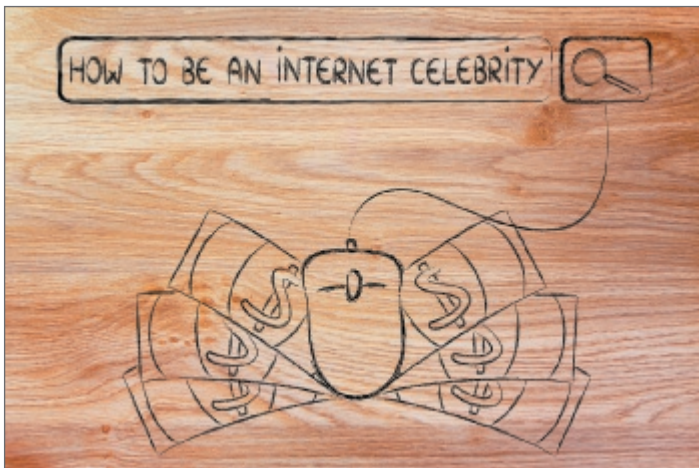
As we noted previously, you don't have to be a businessperson to use marketing principles. Many **not-for-profit organizations, or nongovernmental organizations (NGOs)**, including museums, zoos, and even churches, practice the marketing concept to survive. Local governments adopt marketing techniques to attract new businesses and industries to their counties and cities. Even states are getting into the act: We've known for a long time that I♥NY, but recently Kentucky and Oregon, hired advertising agencies to develop statewide branding campaigns. (The official state motto of Oregon is now "Oregon. We love dreamers.")<sup>6</sup>

## Idea, Place, and People Marketing

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

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

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



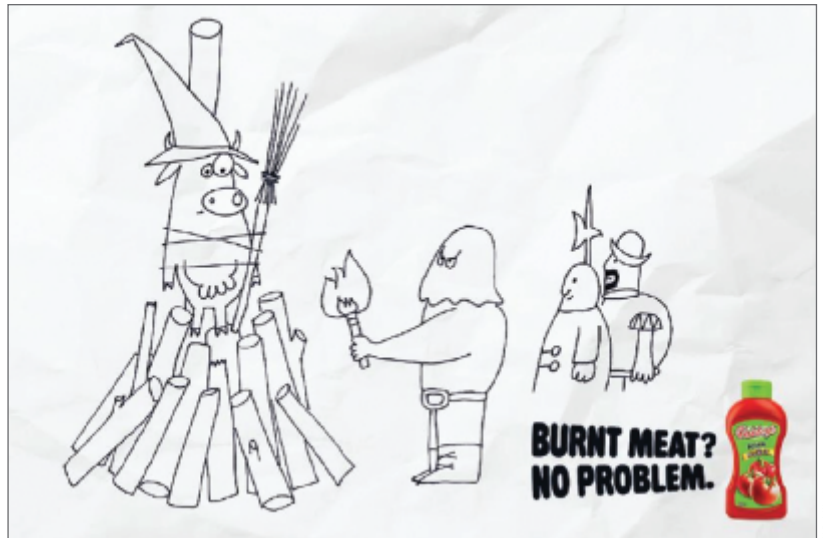
Today, almost anyone can have their "15 minutes of fame" online.

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

“ . . . Value for Customers . . . ”

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

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



This Italian ketchup brand illustrates how the condiment satisfies a simple need.

Table 1.1 | Value for Customers

Term	Definition	In Practice
<b>Need</b>	The recognition of any difference between a consumer’s actual state and some ideal or desired state.	If the difference is big enough, the consumer is motivated to take action to satisfy the need. When you’re hungry, you buy a snack. If you’re not happy with your hair, you get a new hairstyle.
<b>Want</b>	The desire to satisfy needs in specific ways that are culturally and socially influenced.	If two students are hungry, the first student may be a health nut who fantasizes about gulping down a big handful of trail mix, whereas the second person may lust for a greasy cheeseburger and fries. The first student’s want is trail mix, whereas the second student’s want is fast food (and some antacid for dessert).
<b>Benefit</b>	The outcome sought by a customer that motivates buying behavior that satisfies a need or want.	After several years when sales were down, McDonald’s responded to the number-one request of its customers: breakfast all day. The new program attracted lapsed customers back and increased lunch business. <sup>7</sup>
<b>Demand</b>	Customers’ desires for products coupled with the resources needed to obtain them.	Demand for a snappy red BMW convertible includes the people who want the car minus those who can’t afford to buy or lease one.
<b>Market</b>	All the customers and potential customers who share a common need that can be satisfied by a specific product, who have the resources to exchange for it, who are willing to make the exchange, and who have the authority to make the exchange.	The availability of scholarships, government aid, and loans has increased the market for college education as more students can afford an education.
<b>Marketplace</b>	Any location or medium used to conduct an exchange.	Today the exchange may be face-to-face or through a mail-order catalog, a TV shopping network, an eBay auction, or a phone app.

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

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

**marketing concept**

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

**need**

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

**want**

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

**benefit**

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

**demand**

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

**market**

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

**marketplace**

Any location or medium used to conduct an exchange.