

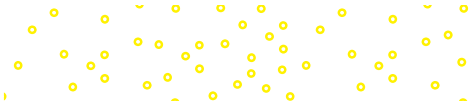
EIGHTH EDITION

marketing

grewal·levy



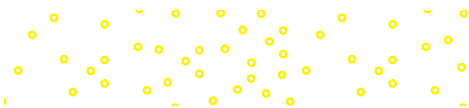
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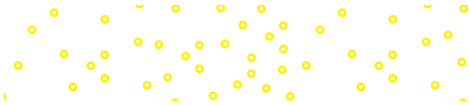


mar·ket·ing

Marketing is the activity, set of institutions, and processes
for creating, *capturing*, communicating, delivering, and
exchanging offerings that have value for customers, clients,
partners, and society at large.

*The definition of marketing, established by the American Marketing Association,
October 2007. Word in italics was added by authors.*





Marketing

Eighth Edition

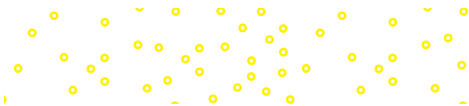
Dhruv Grewal, PhD

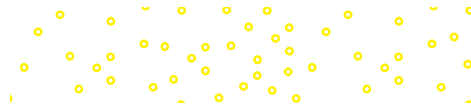
Babson College

Michael Levy, PhD

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MARKETING

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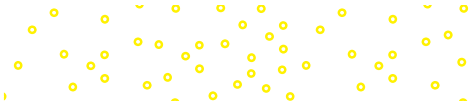
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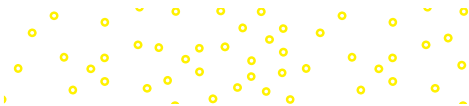


To our families for their never-ending support.
To my wife, Diana, my daughter, Lauren, my son-in-law, Chet, and my son, Alex.

—**Dhruv Grewal**

To my new grandson, Ari Gabe Englander, with lots of love.

—**Michael Levy**



about the authors



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Dhruv Grewal

Dhruv Grewal (PhD, Virginia Tech) is the Toyota Chair in Commerce and Electronic Business and a Professor of Marketing at Babson College. His research and teaching interests focus on direct marketing and e-commerce, marketing research, the broad areas of value-based marketing strategies, services and retailing,

and pricing. He is listed in *The World's Most Influential Scientific Minds*, Thomson Reuters, 2014 (only 8 from the marketing field and 95 from economics and business are listed). He is a GSBE Extramural Fellow, Maastricht University and has been an Honorary Distinguished Visiting Professor of Retailing and Marketing, Tecnologico de Monterrey, a Global Chair in Marketing at the University of Bath, an Honorary Distinguished Visiting Professor of Retailing and Marketing, Center for Retailing, Stockholm School of Economics, and a Visiting Scholar at Dartmouth. He has also served as a faculty member at the University of Miami, where he also was a department chair.

Professor Grewal was ranked first in the marketing field in terms of publications in the top six marketing journals during the 1991–1998 period and again for the 2000–2007 period and ranked third in terms of publications in the *Journal of Marketing* and the *Journal of Marketing Research* during the 2010–2019 period. He was also ranked first in terms of publications and third in citations for pricing research for the time period 1980–2010 in 20 marketing and business publications. He has published over 170 journal articles in *Journal of Marketing*, *Journal of Consumer Research*, *Journal of Marketing Research*, *Journal of Retailing*, *Journal of Consumer Psychology*, *Journal of Applied Psychology*, and *Journal of the Academy of Marketing Science* as well as many other journals. He has over 60,000 citations based on Google Scholar. He currently serves on numerous editorial review boards, such as *Journal of Marketing* (area editor), *Journal of the Academy of Marketing Science* (area editor), *Journal of Marketing Research* (associate editor), *Journal of Interactive Marketing*, *Journal of Business Research*, and *Journal of Public Policy & Marketing*; and the advisory board for *Journal of Retailing*. He has also served on the boards of *Journal of Consumer Psychology*, *Academy of Marketing Science Review*, and *Journal of World Business*. He also received Best Reviewer Awards (*Journal of Retailing* 2008, *Journal of Marketing* 2014), Outstanding Area Editor (*Journal of Marketing* 2017, *Journal of the Academy of Marketing Science* 2016), and a Distinguished Service Award (*Journal of Retailing* 2009).

Professor Grewal was awarded the 2017 Robert B. Clarke Outstanding Educator Award (Marketing Edge, formerly DMEF); 2013 university-wide Distinguished Graduate Alumnus from his alma mater Virginia Tech; the 2012 Lifetime Achievement Award

in Pricing (American Marketing Association Retailing & Pricing SIG); the 2010 Lifetime Achievement Award in Retailing (American Marketing Association Retailing SIG); the 2005 Lifetime Achievement in Behavioral Pricing Award (Fordham University, November 2005); and the Academy of Marketing Science Cutco/Vector Distinguished Educator Award in May 2010. He is a Distinguished Fellow of the Academy of Marketing Science. He has served as VP Research and Conferences, American Marketing Association Academic Council (1999–2001) and as VP Development for the Academy of Marketing Science (2000–2002). He was coeditor of *Journal of Retailing* (2001–2007). He has won a number of awards for his research: 2019 Louis W. Stern Award (American Marketing Association Interorganizational Sig); 2019 William R. Davidson Journal of Retailing Best Paper Award (for paper published in 2017); 2018 JSR Best Paper Award (for paper published in 2017); 2018 William R. Davidson *Journal of Retailing* Best Paper Award (for paper published in 2016); 2017 *Journal of Interactive Marketing* Best Paper Award (for paper published in 2016); 2016 *Journal of Marketing* Sheth Award; 2016 William R. Davidson *Journal of Retailing* Best Paper Award (for paper published in 2014); 2015 Louis W. Stern Award (American Marketing Association Interorganizational SIG); Babson College Faculty Scholarship Award (2015); William R. Davidson *Journal of Retailing* Best Paper Award 2012 (for paper published in 2010); 2011 Best Paper Award (La Londe Conference for Marketing Communications and Consumer Behavior); 2011 Louis W. Stern Award (American Marketing Association Interorganizational SIG); William R. Davidson *Journal of Retailing* Honorable Mention Award 2011 (for paper published in 2009); Babson College Faculty Scholarship Award (2010); William R. Davidson *Journal of Retailing* Best Paper Award 2010 (for paper published in 2008); William R. Davidson *Journal of Retailing* Honorable Mention Award 2010 (for paper published in 2008); 2017 Best Paper Award, Connecting for Good Track, Winter AMA Conference; Stanley C. Hollander Best Retailing Paper, Academy of Marketing Science Conference 2002, 2008, and 2016; M. Wayne DeLozier Best Conference Paper, Academy of Marketing Science 2002 and 2008; Best Paper, CB Track, Winter AMA 2009; Best Paper, Technology & e-Business Track, AMA Summer 2007; Best Paper Award, Pricing Track, Best Services Paper Award (2002), from the American Marketing Association Services SIG presented at the Service Frontier Conference, October 2003; Winter American Marketing Association Conference 2001; Best Paper Award, Technology Track, Summer American Marketing Association Educators' Conference 2000; and University of Miami School of Business Research Excellence Award for 1991, 1995, 1996, and 1998. He has also been a finalist for the 2018 *Journal of Marketing Research* Paul Green Award; 2018 *Journal of Marketing* the Marketing Science Institute/H. Paul Root Award; 2014 *Journal of Marketing* Harold H. Maynard Award; 2012 Paul D. Converse Award; and 2005 Best Services Paper Award from the Services SIG.

Professor Grewal has coedited a number of special issues including *Journal of Public Policy & Marketing*; “Pricing & Public Policy” (Spring 1999); *Journal of the Academy of Marketing Science*, “Serving Customers and Consumers Effectively in the 21st Century: Emerging Issues and Solutions” (Winter 2000); *Journal of Retailing*; “Creating and Delivering Value through Supply-Chain Management” (2000); *Journal of Retailing*; “Branding and Customer Loyalty” (2004); *Journal of Retailing*; “Service Excellence” (2007); *Journal of Retailing*; “Customer Experience Management” (2009); *Journal of Retailing*; “Pricing in a Global Arena” (2012); *Journal of Retailing*; “Future of Retailing,” (2017); and *Journal of the Academy of Marketing Science*, “The Future of Technology in Marketing” (2020).

He cochaired the 1993 Academy of Marketing Science Conference; the 1998 Winter American Marketing Association Conference “Reflections & Future Directions for Marketing”; the Marketing Science Institute Conference (December 1998) “Serving Customers and Consumers Effectively in the 21st Century: Emerging Issues and Solutions”; the 2001 AMA doctoral consortium; the American Marketing Association 2006 Summer Educator’s Conference; the 2008 Customer Experience Management Conference; the 2010 Pricing Conference; the 2011 DMEF research summit; the 2012 AMA/ACRA First Triennial Retailing Conference; the 2013 Pricing & Retailing Conferences; the 2014 Shopper Marketing conference at SSE; and the 2015 AMA/ACRA Second Triennial Retailing Conference.

Professor Grewal has also coauthored *Marketing* (publisher McGraw-Hill, 1e 2008; 2e 2010—Awarded Revision of the Year, McGraw-Hill Corporate Achievement Award with Connect-Marketing in the category of Content and Analytical Excellence; 3e 2012; 4e 2014; 5e 2016; 6e 2018, 7e 2020); *M Series: Marketing* (publisher McGraw-Hill, 1e 2009, 2e 2011, 3e 2013, 4e 2015, 5e 2017, 6e 2019, 7e 2021); *Retailing Management* (publisher McGraw-Hill, 9e 2014, 10e 2018—is the leading textbook in the field); and *Marketing Research* (publisher Houghton Mifflin Co., 1e 2004, 2e 2007). He was ranked #86 for Books in Business and Investing by Amazon in 2013.

Professor Grewal has won many awards for his teaching: 2005 Sherwin-Williams Distinguished Teaching Award, Society for Marketing Advances; 2003 American Marketing Association, Award for Innovative Excellence in Marketing Education; 1999 Academy of Marketing Science Great Teachers in Marketing Award; Executive MBA Teaching Excellence Award (1998); School of Business Teaching Excellence Awards (1993, 1999); and Virginia Tech Certificate of Recognition for Outstanding Teaching (1989).

He has taught executive seminars/courses and/or worked on research projects with numerous firms such as Dell, Exxon-Mobil, IRI, RadioShack, Telcordia, Khimetrics Profit-Logic, McKinsey, Ericsson, Motorola, Nextel, FP&L, Lucent, Sabre, Goodyear Tire & Rubber Company, Sherwin-Williams, and Asahi. He has delivered seminars in the United States, Europe, Latin America, and Asia and has served as an expert witness or worked as a consultant on numerous legal cases. Professor Grewal has also served on the Board of Directors of Babson Global and on the Board of Trustees of Marketing Edge.



Zackary Jormon

Michael Levy

Michael Levy, PhD (Ohio State University), is the Charles Clarke Reynolds Professor of Marketing Emeritus at Babson College and CEO of RetailProf LLC. He received his PhD in business administration from The Ohio State University and his undergraduate and MS degrees in business administration from the University of Colorado at

Boulder. He taught at Southern Methodist University before joining the faculty as professor and chair of the marketing department at the University of Miami.

Professor Levy received the inaugural ACRA Academic Lifetime Achievement Award presented at the 2015 AMA/ACRA (American Marketing Association/American Collegiate Retailing Association) Triennial Conference and was recognized for 25 years of dedicated service to the editorial review board of the *Journal of Retailing* in 2011. He won the McGraw-Hill Corporate Achievement Award for Grewal–Levy *Marketing 2e* with Connect in the category of excellence in content and analytics (2010); Revision of the Year for *Marketing 2e* (Grewal–Levy) from McGraw-Hill/Irwin (2010); the 2009 Lifetime Achievement Award, American Marketing Association, Retailing Special Interest Group (SIG); the Babson Faculty Scholarship Award (2009); and the Distinguished Service Award, *Journal of Retailing* (2009) (at winter AMA).

He was rated as one of the best researchers in marketing in a survey published in *Marketing Educator* (Summer 1997). He has developed a strong stream of research in retailing, business logistics, financial retailing strategy, pricing, and sales management. He has published over 50 articles in leading marketing and logistics journals, including the *Journal of Retailing*, *Journal of Marketing*, *Journal of the Academy of Marketing Science*, and *Journal of Marketing Research*. He has served on the editorial review boards of the *Journal of Retailing*, *Journal of the Academy of Marketing Science*, *International Journal of Physical Distribution and Materials Management*, *International Journal of Business Logistics*, *ECR Journal*, and *European Business Review* and has been on the editorial advisory boards of *European Retail Research* and *the European Business Review*. He is coauthor of *Retailing Management*, 10e (2019), the best-selling college-level retailing text in the world. Professor Levy was coeditor of the *Journal of Retailing* from 2001 to 2007. He cochaired the 1993 Academy of Marketing Science conference and the 2006 summer AMA conference.

Professor Levy has worked in retailing and related disciplines throughout his professional life. Prior to his academic career, he worked for several retailers and a housewares distributor in Colorado. He has performed research projects with many retailers and retail technology firms, including Accenture, Federated Department Stores, Khimetrics (SAP), Mervyn’s, Neiman Marcus, ProfitLogic (Oracle), Zale Corporation, and numerous law firms.



New to the Eighth Edition

Some exciting new additions to the Eighth Edition!

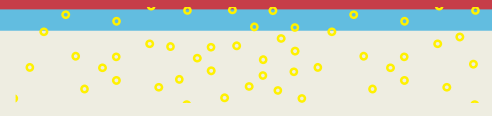
The eighth edition of *Marketing* sees significant changes. As always, every example, fact, and key term has been checked, updated, and/or replaced. What follows are major changes in the text, chapter by chapter.

Chapter 1: Overview of Marketing starts with a discussion of the rising popularity of reusable water bottles and how brands such as Hydroflask are marketing their products, with an eye toward how these brands have evolved and how the marketing of them adds value. Examples using these reusable water bottles are placed throughout the chapter. There is a new Adding Value box on the launch of a lipstick by Hermès, a famous maker of luxury bags. Also new is a Marketing Analytics box describing how Hertz is using biometrics to facilitate its car rental service, a new Social & Mobile Marketing box about how individual people are marketing themselves on TikTok, and a new Ethical & Societal Dilemma box highlighting concerns with Starbucks's single-use plastic cups. We conclude the chapter with a case study discussing the marketing strategies used in the reusable water bottle industry.

Chapter 2: Developing Marketing Strategies and a Marketing Plan includes several revisions, including updates to the PepsiCo opener and the PepsiCo examples mentioned throughout the chapter. There are two new Adding Value boxes highlighting how Apple has leveraged opportunities in the external environment with Apple iPhone SE and how Old Spice is repositioning itself to appeal to a wider audience. A Social & Mobile Marketing box highlights how Wayfair is leveraging high-tech tools to connect with consumers. A new Ethical & Societal Dilemma box examines how Pepsi's marketing strategy is responding to the changing water consumption habits discussed in Chapter 1. A new Marketing Analytics box details how eye-tracking technology can help brands optimize their mobile marketing strategies. We have also updated the coffee wars case at the end of the chapter.

Chapter 3: Digital Marketing: Online, Social, and Mobile has seen a line-by-line revision to reflect the rapid changes in digital marketing. We have added a new section on influencer marketing that examines the central factors used in picking an influencer partner. This section introduces the 4R framework for influencer marketing: relevance, reach, responses, and return. The chapter starts by highlighting how Hilton Hotels successfully uses social listening to inform its social media campaigns. There is a new Marketing Analytics box discussing how some algorithms used by Facebook to place ads have produced unintended consequences. Finally, a new Adding Value box details Facebook's introduction of the Portal, a Facebook-branded device to support video chat.

Chapter 4: Conscious Marketing, Corporate Social Responsibility, and Ethics begins with a discussion of how companies in the clothing resale business, such as thredUP, highlight the sustainability of buying secondhand clothing in their marketing. There is a new Adding Value box about Aerie's marketing campaign featuring real women, including those with disabilities or living with challenging medical conditions. A new Social & Mobile Marketing box describes how Facebook collects and uses people's personal information and how many people are not aware of how much data Facebook has gathered from them. A new Ethical & Societal Dilemma box describes how Google is grappling with the privacy and safety of its young users on YouTube and YouTube Kids. A new Marketing Analytics box



analyzes China's proposed Social Credit System to track citizens' behaviors, habits, connections, and comments.

Chapter 5: Analyzing the Marketing Environment opens with an account of how iRobot anticipates consumer preferences in order to develop products that will satisfy customers' demands. A new Adding Value box highlights CVS's efforts to showcase realistic beauty in its stores and advertisements. A new Ethical & Societal Dilemma box describes the emerging market for sustainable swimwear as consumers become more conscious of water pollution. There is also a new Marketing Analytics box about how Coca-Cola uses its high-tech vending machines to allow consumers to mix their own custom beverages.

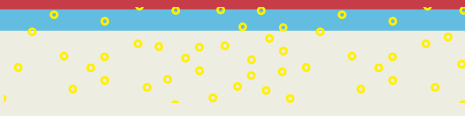
Chapter 6: Consumer Behavior has a new opener about Sunbasket, a meal delivery kit, and how it designs its products to appeal to different aspects of consumer behavior. A new Marketing Analytics box explains how Amazon uses customer data and consumer behavior concepts to promote individualized ads. There are two new Ethical & Societal Dilemma boxes: One box discusses how fashion lines have created clothing and accessories that appeal to people's political persuasions. The other box considers the ethics of free games that offer in-game purchases.

Chapter 7: Business-to-Business Marketing starts with a discussion of Mastercard Track, its new B2B payment system. A new Ethical & Societal Dilemma box discusses the many outsourcing firms that provide workers to companies around the world. A new Social & Mobile Marketing box examines the advertising needs of direct-to-consumer companies. There is also a new Adding Value box that describes how Wistia has developed a video hosting platform that fits the needs of businesses who wish to promote their content in a business-friendly environment. Finally, a new case details how Alibaba is expanding its successful B2B platform.

Chapter 8: Global Marketing has a new opener highlighting how Airbnb views global marketing from a local lens to make travelers feel at home wherever they are. There are four new Adding Value boxes: One describes the targeted products that McDonald's offers in different markets around the world. The second considers the increase of luxury sales in airports across the globe. The third is about how companies use International Women's Day as inspiration for their marketing campaigns. Finally, the fourth Adding Value box details Domino's digital and physical expansion. The chapter also includes two new Ethical & Societal Dilemma boxes, one about pollution associated with the increased use of disposable sanitary products in India and one about the backlash Dolce & Gabbana faced after releasing potentially offensive ads in China. The chapter concludes with a case study on how KFC has grown its brand internationally to become "the world's most popular chicken restaurant chain."

Chapter 9: Segmentation, Targeting, and Positioning opens with how restaurants have positioned their new plant-based meat offerings to appeal to a wide range of customers. A new Ethical & Societal Dilemma box considers the fate of African American-owned businesses that target African American customers once they are sold to large conglomerates. There is a new Social & Mobile Marketing box about the lifestyle magazine published by Outdoor Voices in order to reach customers to whom its branding appeals. A new Marketing Analytics box describes how data collected by an app-linked thermometer could be used by brands to geographically target ads for products like cold medicine and disinfectant wipes. A new Adding Value box examines how Patagonia, in order to protect its brand's image and strengthen its appeal to its target market, refuses to personalize merchandise sold to certain companies. Another new Adding Value box highlights how JCPenney is reorganizing stores to promote exclusive fashion brands for older consumers and eliminate or scale back purchases of Millennial-centric brands. Finally, a new case dissects the marketing segments P&G considers when marketing its extensive product lines.

Chapter 10: Marketing Research and Analytics has undergone major revisions and has a new title reflecting the additions. The chapter includes an extensive new section on big data that includes a discussion of the 5 Vs of big data (volume, variety, velocity, veracity, and value).



The second new section on marketing analytics includes a discussion of the different tools that can be used in the execution of marketing research. The chapter opens with a discussion of how Netflix uses data collected from customers to provide personalized recommendations and develop its own content. There is a new Marketing Analytics box that discusses Amazon's Prime Day promotion that essentially allows customers to trade access to their personal information for a discount. There is a new Adding Value about how Booking.com leveraged marketing research data to determine that its customers are interested in unique accommodations across the United States. Finally, the chapter ends with an updated case describing how the YMCA has used data gleaned from extensive market research to expand its offerings and attract more members.

Chapter 11: Product, Branding, and Packaging Decisions begins with a new opener on Dunkin' Donuts' branding transition to Dunkin'. There are two new Adding Value boxes: The first highlights Weight Watchers' rebrand, and the second considers the expensive—yet whimsical—luxury watches produced by the JS Watch Company. There is also a new Social & Mobile Marketing box about how jingles can confer authenticity on a brand. A new case on Chobani's recent rebranding campaign concludes the chapter.

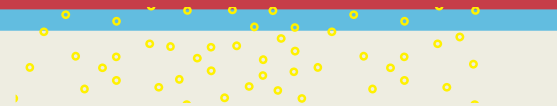
Chapter 12: Developing New Products begins with the story of the development of Panera's new grain bowls and other healthy (or healthy-seeming) options. There are three new Adding Value boxes: One describes how Bose introduced its sunglass speakers at the Coachella Music Festival. The second examines how streaming services are entering into the podcast market. The third considers how companies are developing ways to enhance the capabilities of wearables, from determining the customer's heart rhythm to analyzing their sweat. A new Social & Mobile Marketing box discusses the head-to-head battle between Fortnite and Call of Duty. Finally, a new case details how Dyson develops its innovative vacuums and vacuum-adjacent products.

Chapter 13: Services: The Intangible Product includes an opening vignette that describes how Apple uses its Apple Pay service to enhance the experience of using Apple products. A new Ethical & Societal Dilemma box ponders the ethics of a service that provides customers with an assessment of potential babysitters based on a proprietary analysis of their social media posts. A new Adding Value box outlines how the mattress brand Casper created a new service it calls The Dreamery to expose potential consumers to its products. There is a new Marketing Analytics box highlighting how Aldi addresses customers' needs by maintaining low prices while expanding convenience with its home delivery and curbside pickup services. A new Social & Mobile Marketing box explores how doctors seek novel ways to shrink the delivery gap, by turning to telemedicine. A new case at the end of the chapter describes how GrubHub has worked to expand and refine its food delivery service.

Chapter 14: Pricing Concepts for Capturing Value starts with a new opener that describes the pricing strategies of *The New York Times* in the age of declining print newspaper sales. A new Adding Value box discusses Nissan's fleet sales strategy. Another new Adding Value box examines the pricing strategy of Air France. A new case highlights the success of T-Mobile's "Un-Carrier" marketing campaign.

Chapter 15: Strategic Pricing Methods and Tactics begins with a breakdown of how Disney's pricing methods help optimize both profits and park attendance. There are two new Ethical & Societal Dilemma boxes: one about Target's dynamic in-app pricing based on location and one about how prescription drug ads are beginning to include price in them. The case study at the end of the chapter about the pricing strategies of various pizza chain restaurants has undergone extensive revisions.

Chapter 16: Supply Chain and Channel Management opens with a new vignette highlighting Nestlé's supply chain. There are three new Adding Value boxes: The first discusses how Fanatics adopted a rapid production model to get sports apparel to customers quickly, while the second examines supply chain disruptions in the global economy and macroenvironment from the COVID-19 pandemic. The third explores where robots are succeeding and failing in warehouses. A new Ethical & Societal Dilemma box describes



the methods Amazon uses to monitor its delivery employees. A new case study discusses the burgeoning market of grocery delivery services.

Chapter 17: Retailing and Omnichannel Marketing begins with a discussion of the group purchasing organization recently formed by Walgreens and Kroger. A new Adding Value box describes how grocery stores are enhancing their stores by including features such as event spaces and added services. A new Ethical & Societal Dilemma box considers the ethics of tracking customers' movements through their phones. Another new Ethical & Societal Dilemma box discusses the rise in automated stores including Amazon Go, Bingo Box, and Hema. A new Social & Mobile Marketing box explores the rising prominence of mobile and contactless grocery channels.

Chapter 18: Integrated Marketing Communications opens with a description of how BMW designed an integrated marketing campaign based around the concept of a road trip. A new Social & Mobile Marketing box highlights how Snapchat is allowing firms to purchase targeted advertisements. There are three new Adding Value boxes: One discusses how Aflac uses a country music campaign to increase awareness of its services. The second highlights how podcasts are becoming more interactive through in-home voice assistants. The third describes DoorDash's marketing campaign.

Chapter 19: Advertising, Public Relations, and Sales Promotions begins with a new opener on Smucker's new advertising strategy. A new Adding Value box features Arby's record-breaking advertisement. There are three new Ethical & Societal Dilemma boxes: one that discusses the controversy surrounding South Dakota's Meth Awareness ad campaign; the second one examines how some old advertising campaigns would shock today's viewers, like the one that attempts to get mothers to give chewing gum to their toddlers; and the third one considers whether the claims Chevy makes in its commercials are false or just puffery. The chapter concludes with a new case highlighting the remarkably lucrative partnership between Lexus and Marvel's *Black Panther*.

Chapter 20: Personal Selling and Sales Management includes several new features and updates. The section on the personal selling process has been revised and enhanced to include the technology available to support the personal selling process at each step. The chapter opens with a new vignette about how State Farm uses technology to support its personal selling strategies. A new Adding Value box highlights the lessons that can be learned from the television show *Shark Tank*. Another new Adding Value box highlights LinkedIn's campaign to become a tool that sellers can use to market themselves and their businesses. A new Social & Mobile Marketing box discusses how WhatsApp is altering sales practices in India. There is also a new Ethical & Societal Dilemma box that considers the ethics of multilevel marketing sales.

a letter from the authors

We are pleased to welcome you to the eighth edition of *Marketing!* Since the first edition, we have been committed to emphasizing a basic yet essential theme: **Marketing adds value**. This theme comes through not only in our instructional features but also in our covers. With each edition's cover, we have featured a product that, because of marketing, has become more valuable in the eyes of consumers than it might have otherwise become. Last edition we featured energy bars; in previous editions we featured chocolate, coffee, water, and jeans. For this eighth edition, we feature fashionable yet environmentally friendly water bottles. These are all familiar products that started out as commodities but became high-value branded products because of marketing.

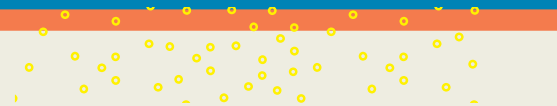
This is an exciting time to study marketing! Marketing continues to change and evolve, featuring new innovative products and services as well as employing new methods and channels by which we understand and reach customers. *Marketing, 8e* reflects this evolution with substantive revisions, new sections, and new models throughout. Here are *just a few* of our favorite updates: In Chapter 3, Digital Marketing: Online, Social and Mobile, we have added a new section titled "Influencer Marketing" that tackles the factors used in picking an influencer partner. Chapter 10, now titled "Marketing Research and Analytics," contains a new section on big data that is organized around 5 Vs (volume, variety, velocity, veracity, and value). The other new section examines the tools that are used in marketing analytics. Chapter 20, "Personal Selling and Sales Management," has a significantly revised section, "The Personal Selling Process," that includes the technology that supports the selling process at each step. In addition, **90 percent** of the chapter openers are new, **70 percent** of the informational boxes are new, **50 percent** of the end-of-chapter cases are new, and the rest of the cases have been updated.

How We Show That Marketing Adds Value

As with previous editions of *Marketing*, we continue to emphasize how marketing has evolved into its present-day, integral business function of creating value. We also focus on how firms maintain value and rely on value for establishing lasting relationships with their customers.

To keep students engaged with this theme, we offer the following features:

- **Adding Value**—illustrate how companies add value not only in providing products and services but also in making contributions to society.

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- **Ethical & Societal Dilemmas**—emphasize the role of marketing in society.
 - **Marketing Analytics**—feature companies that rely on sophisticated data analytics to define and refine their approaches to their customers and their markets.
 - **Marketing Digitally**—illustrate how marketers successfully use digital media in their marketing campaigns and efforts.
 - **Social & Mobile Marketing**—discuss how social media are used in marketing products.

How We Teach the Basics of Marketing

We understand that for students to appreciate discussions of how marketing adds value, they must first develop a basic understanding of key marketing principles and core concepts. In this effort, we believe students learn best when they see how a subject relates to them. Throughout this edition and all those prior, we provide numerous examples of how students engage in marketing activities every day of their lives—either as consumers or sellers of a product or service. In addition to providing the traditional study and reinforcement tools of most principles of marketing products, we also offer ways to help students think critically about and apply core concepts:

Chapter-Opening Vignettes focus on some of the marketplace challenges faced by such well-known companies as Hydro Flask, Hilton, Roomba, Kroger, PepsiCo, and others.

Marketing Applications encourage students to apply what they have learned to marketing scenarios that are relevant to their lives.

End-of-Chapter Cases help students develop analytical, critical-thinking, and technology skills.

Progress Checks throughout each chapter give students the opportunity to stop and consider whether their understanding of key concepts is progressing as it should.

Auto-Graded Exercises in Connect (such as video cases, case analyses, and click and drags) challenge students to apply marketing concepts to real-life marketing scenarios, which fosters their critical-thinking skills in lecture and beyond.



Why We Believe in the Value of Marketing

Beyond teaching a principles of marketing course and developing a product to be taught, we also want to impress upon our students why **marketing in and of itself is valuable**. Marketing creates enduring and mutually valuable relationships between companies and their consumers. Marketing identifies what customers value at the local level in order to make it possible for firms to expand at the global level. Without marketing, it would be difficult for any of us to learn about new products and services. In fact, an understanding of marketing can help students find jobs after they finish school. If we can inspire this understanding of the value of marketing in our students, then we will have succeeded in demonstrating how **marketing adds value . . .** to their education, their careers, and their lives.

Dhruv Grewal,
Babson College

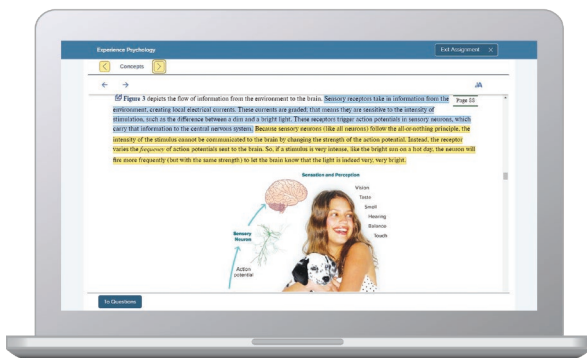
Michael Levy,
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- Jordan Cunningham,
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Asset Alignment with Bloom's Taxonomy

Principles of Marketing

We Take Students Higher

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

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

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

SmartBook 2.0

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

Click & Drags

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

iSeeit! Video Cases

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

Video Cases & Case Analyses

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

Marketing Analytics Toolkits

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

Marketing Plan Prep Exercises

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

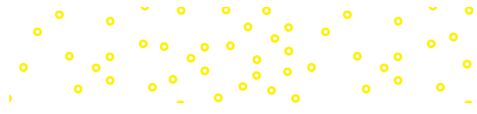
Application-Based Activities

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

Writing Assignment Plus

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

acknowledgments

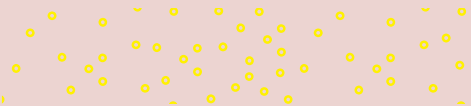


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Timothy W. Aurand
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Robert W. Battle
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Harvey Bauman
Lees McRae College

Oleta Beard
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Sandy Becker
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Hannah Bell-Lombardo
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Ellen Benowitz
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Gary Benton
Western Kentucky University

Joseph Ben-Ur
University of Houston at Victoria

Patricia Bernson
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Harriette Bettis-Outland
University of West Florida

Parimal Bhagat
Indiana University of Pennsylvania

Amit Bhatnagar
University of Wisconsin, Milwaukee

Jan Bingen
Little Priest Tribal College

John Bishop
University of South Alabama–Mobile

Nancy Bloom
Nassau Community College

Claire Bolfing
James Madison University

Karen Bowman
University of California

Tom Boyd
California State University–Fullerton

Nancy Boykin
Tarleton State University

Cathy Brennan
Northland Community and Technical College

Martin Bressler
Houston Baptist University

Claudia Bridges
California State University

Glen H. Brodowsky
California State University, San Marcos

Greg Broekemier
University of Nebraska Kearney

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Alan J. Bush
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John Buzza
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Linda Calderone
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Nathaniel Calloway
University of Maryland, University College

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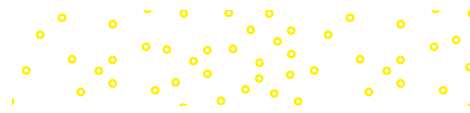
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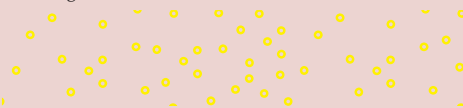
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Washington University, St. Louis

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Holyoke Community College

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North Carolina A&T University

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Imran Khan
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Todd Korol
Monroe Community College

Dennis Lee Kovach
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Dmitri Kuksov
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Jeff Kulick
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Michelle Kunz
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Ann T. Kuzma
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John Kuzma
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Ivor Mitchell
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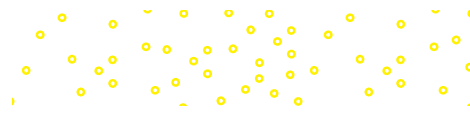
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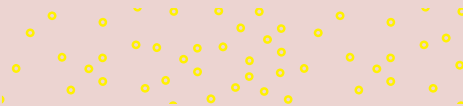
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Madison Area Technical College



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at Pomona*
- Renee Pfeifer-Luckett
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- Juanita Roxas
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- Robert R. Tangsrud, Jr.
University of North Dakota
- Robert Scott Taylor
Moberly Area Community College
- Steve Taylor
Illinois State University
- Sue Taylor
Southwestern Illinois College
- Sharon Thach
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at Kingston*
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University of the Pacific

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Wright State University—Dayton

Bryan Watkins
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Ron Weir
East Tennessee State University

Ludmilla Wells
Florida Gulf Coast University

Thomas Whipple
Cleveland State University

Tom Whitman
Mary Washington College

Kathleen Williamson
University of Houston—Clear Lake

Elizabeth Jane Wilson
Suffolk University

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Kim Wong
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University of South Carolina

Brent Wren
University of Alabama—Huntsville

Alex Wu
California State University—Long Beach

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Illinois State University

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Bristol Community College

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Southwestern Illinois College

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York College of Pennsylvania

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University of West Georgia

Gary Brunswick
Northern Michigan University

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David DiRusso
Millersville University

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Bucks County Community College

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Middle Tennessee State University

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Fairleigh Dickinson University

David J. Faulds
University of Louisville

Amy Feest
Tunxis Community College

Kathleen Ferris-Costa
Bridgewater State University

Troy A. Festervand
Middle Tennessee State University

Paul Fombelle
Northeastern University

John Fraedrich
Southern Illinois University—Carbondale

Theresa E. Frame
Horry Georgetown Technical College

Sheila Fry
Champlain College

Jerome Gafford
University of North Alabama

Meredith Frank Gander
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Tao (Tony) Gao
Northeastern University

Lance Gentry
Colorado State University—Pueblo

Nabarun Ghose
The University of Findlay

Katie Gilstrap
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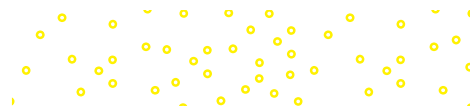
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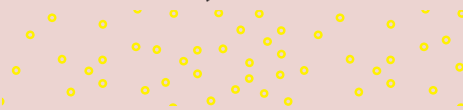
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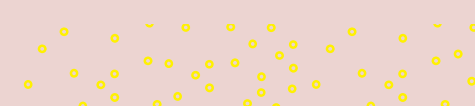
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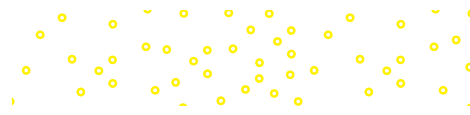
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Barbara Black <i>University of Miami</i>	Todd Korol <i>Monroe Community College</i>	John Striebich <i>Monroe Community College</i>
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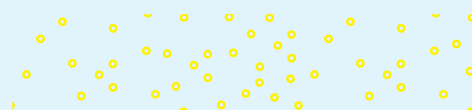
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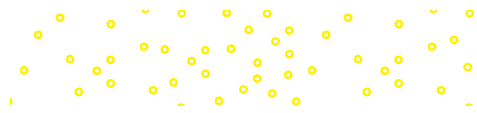


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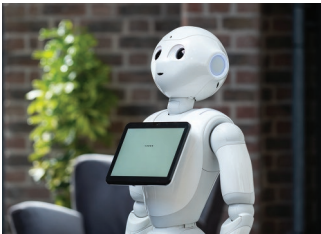
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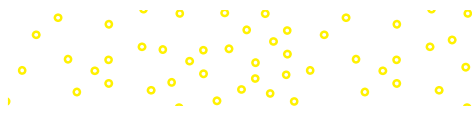
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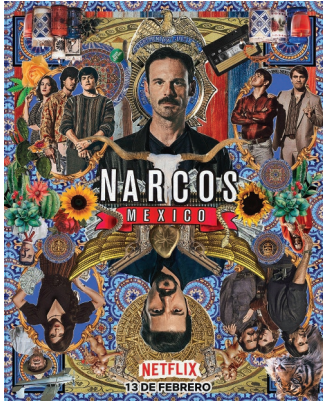


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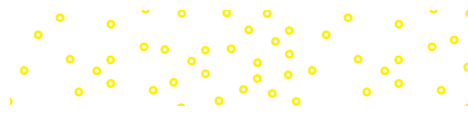
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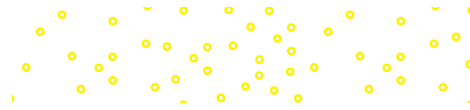
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SECTION 1

Assessing the Marketplace

Understanding the Marketplace

Targeting the Marketplace

Value Creation

Value Capture

Value Delivery: Designing the Channel and Supply Chain

Value Communication

ASSESSING THE MARKETPLACE

CHAPTER 1

Overview of Marketing

CHAPTER 2

Developing Marketing Strategies and a Marketing Plan

CHAPTER 3

Digital Marketing: Online, Social, and Mobile

CHAPTER 4

Conscious Marketing, Corporate Social Responsibility, and Ethics

CHAPTER 5

Analyzing the Marketing Environment

Section One: Assessing the Marketplace contains five chapters. Following an introduction to marketing in Chapter 1, Chapter 2 focuses on how a firm develops its marketing strategy and a marketing plan. A central theme of that chapter is how firms can effectively create, capture, deliver, and communicate value to their customers. Chapter 3 is devoted to understanding how to develop social and mobile marketing strategies. In Chapter 4, conscious marketing is introduced, and corporate social responsibility is woven into the overarching conscious marketing framework. Then the role of the stakeholders in conscious marketing, both internal and external to the firm, is examined. An ethical decision framework is developed and presented. Finally, Chapter 5 focuses on how marketers can systematically uncover and evaluate opportunities.

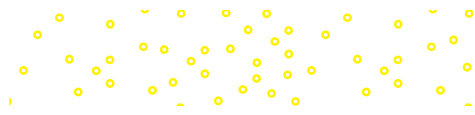


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LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- L01-1** Define the role of marketing.
- L01-2** Detail the evolution of marketing over time.
- L01-3** Describe how marketers create value for a product or service.



CHAPTER 1

OVERVIEW OF MARKETING



You're a modern consumer, a member of the global society, an educated student aware of how to stay healthy, and a youthful representative of a hip generation that is deeply invested in the future of the planet, right? So when you head off to class, you make sure you have your laptop and notes, but you also stick your personalized, reusable water bottle in your backpack to help you stay hydrated throughout the day.

But 50 years ago, college students did not have a separate pocket for a water bottle in their bags. They simply didn't carry one. The shift, from people in the past rarely even carrying water to modern consumers rarely being without their own bottles, is largely a result of marketing efforts.¹ For example, health-related campaigns have encouraged consumers to drink more water. The environmentally driven effort to get people to stop using single-use plastic bottles for their water has been a long and continuing process, but more responsible uses are clearly spreading throughout society.

As a result of these broad social marketing efforts, new markets have emerged, such as the one for reusable water bottles. That is, once consumers realized that they could and should start bringing water with them everywhere they went, in bottles they could rinse out and keep using for years, companies had to start supplying them with these products to meet their needs. Bulky, bright-red Thermos options seemed childlike and awkward, so

companies such as Nalgene took the bottles that it had been supplying mostly to professional sports teams and created a thinner, more consumer-friendly version.² They featured a range of bright colors, such that consumers could select their preferred appearance, along with volume markers so health-conscious water drinkers could keep track and ensure they were getting their recommended daily minimum amount.

But Nalgene was made from plastics that contained BPA, a chemical that leached into the water that people consumed. Health concerns, including controversial allegations of BPA's harmful effects for reproductive abilities,³ prompted the company to remove BPA from its production process, but it also led consumers to seek out alternatives.

Notably, advances in technology and new innovations meant that they could turn to metal containers for their water. In particular, the Hydro Flask brand sought to appeal to them with a novel approach; as its former CEO Scott Allan noted for the company, "It's not like coming up with a brand new idea, but seeing a need and improving on it."⁴ Therefore, the company leveraged the existing vacuum-sealing tactics that Thermos had used in the past to keep soups hot in kids' lunchboxes and figured out how it could apply them to keeping water cold in campers' and adventurers' trail packs.⁵

The initial target was outdoor enthusiasts, who particularly needed enough water to remain safe on their treks and adventures but who also wanted it cold and