Marketing 21st edition Pride Solutions Manual

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Instructor Manual

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Purpose and Perspective of the Chapter

The purpose of this chapter is to give students an overview of strategic marketing and provide a general framework for studying the field of marketing. First, we develop a definition of marketing and explore each element of the definition in detail. Next, we explore the importance of value-driven marketing. We also introduce the marketing concept and consider several issues associated with its implementation. Additionally, we take a look at the management of customer relationships and relationship marketing. Finally, we examine the importance of marketing in a global society.

Chapter Objectives

The following objectives are addressed in this chapter:

1-1 Define marketing.

1-2 Explain the four different variables of the marketing mix.

1-3 Describe how marketing creates value.

1-4 Describe the marketing environment.

1-5 Discuss the marketing concept.

1-6 Identify the importance of building customer relationships.

1-7 Explain why marketing is important to our global economy.

Complete List of Chapter Activities and Assessments

The following table organizes activities and assessments by objective so that you can see how all this content relates to objectives and make decisions about which content you would like to emphasize in your class based on your objectives. For additional guidance, refer to the Teaching Online Guide.

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Chapter Objective	PPT slide	Activity/Assessment	Duration
N/A	3	Icebreaker	< 10 min
1-2	14–15	Group Activity	< 60 min
1-3	21–22	Discussion Activity	< 30 min
1-5	32–33	Discussion Activity	< 30 min
1-6	38–39	Group Activity	< 60 min
1-7	46	Knowledge Check Activity	< 5 min
N/A	N/A	Why Does Marketing Matter to Me? (Chapter 01 An Overview of Strategic Marketing)	< 5 min
1-1	N/A	Learn It 1-1: Defining Marketing	< 5 min
1-2	N/A	Learn It 1-2: Marketing Deals with Products, Distribution, Promotion, and Price	< 5 min
1-3	N/A	Learn It 1-3: Marketing Creates Value	< 5 min
1-4	N/A	Learn It 1-4: Marketing Occurs in a Dynamic Environment	< 5 min
1-5	N/A	Learn It 1-5: Understanding the Marketing Concept	< 5 min
1-6	N/A	Learn It 1-6: Customer Relationship Management	< 5 min
1-7	N/A	Learn It 1-7: The Importance of Marketing in Our Global Economy	< 5 min
1-1–1-7	N/A	Assignment: Chapter 01 An Overview of Strategic Marketing	< 25 min
1-1–1-7	N/A	Case Activity: Chapter 01 An Overview of Strategic Marketing	< 15 min
1-1–1-7	N/A	Practice Quiz: Chapter 01 An Overview of Strategic Marketing	N/A
Chapters 1–2	N/A	You Make the Decision: Part 01 Marketing Strategy and Customer Relationships*	< 20 min

*This activity appears at the end of Part 1.

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KEY TERMS

big data: Massive data files that can be obtained from both structured and unstructured databases.

certified B corporation: A designation given to for-profit companies that have achieved private certifications regarding their social and environmental performance and which also contribute to environmental causes.

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customer lifetime value (CLV): A key measurement that forecasts a customer's lifetime economic contribution based on continued relationship marketing efforts.

customer relationship management (CRM): Using information about customers to create marketing strategies that develop and sustain rewarding customer relationships.

customers: The purchasers of organizations' products and the focal point of all marketing activities.

exchanges: The provision or transfer of goods, services, or ideas in return for something of value.

green marketing: A strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment.

market orientation: An organization-wide commitment to researching and responding to customer needs.

marketing concept: A managerial philosophy that an organization should try to satisfy customers' needs through a coordinated set of activities that also allows the organization to achieve its goals.

marketing environment: The competitive, economic, political/legal/regulatory, technological, and sociocultural forces that surround the customer and affect the marketing mix.

marketing mix: Four marketing variables—product, distribution, promotion, and pricing—that a firm can control to meet the needs of customers within its target market.

marketing: The process of exploring, developing, and delivering value to satisfy the needs of a target market.

product: A good, a service, or an idea.

relationship marketing: Establishing long-term, mutually satisfying buyer-seller relationship.

stakeholders: Constituents who have a "stake," or claim, in some aspect of a company's products, operations, markets, industry, and outcome.

target market: A specific group of customers on whom an organization focuses its marketing efforts.

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value: A customer's subjective assessment of benefits relative to costs in determining the worth of a product.

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What's New in This Chapter

The following elements are improvements in this chapter from the previous edition:

- Updated statistics and examples
- Updated 1-4 and 1-5 learning objectives
- New definition of marketing
- Update of Disruptive Marketing segment (COVID)
- Added big data to Key Concepts
- Added certified B corporation to Key Concepts
- Added Bombas Case

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Chapter Outline

In the outline below, each element includes references (in parentheses) to related content. "CH.##" refers to the chapter objective; "PPT Slide #" refers to the slide number in the PowerPoint deck for this chapter (provided in the PowerPoints section of the Instructor Resource Center). Review learning objectives for Chapter 1. (PPT Slide 2).

Icebreaker Activity: 10 minutes total. (PPT Slide 3)

- This Icebreaker activity helps the instructor and students get to know each other and lays the groundwork for an interactive and collaborative learning experience. Before discussing any content from the chapter, pose the question to students to see how many different answers you get.
    - The term "marketing" means different things to different people. What is the first definition that comes to mind when you hear the term "marketing"?

I. Defining Marketing (1-1, PPT Slides 4–6)
    a. Marketing is exploring, developing, and delivering value to satisfy the needs of a target market.
    b. This definition is consistent with the American Marketing Association definition of marketing, which defines marketing as "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."
        i. The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefit. Both

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customer and marketer expect to gain something of value from the exchange.

c. The marketing mix variables are often viewed as controllable because they can be modified. However, competitive forces, economic conditions, political forces, laws and regulations, technology, and sociocultural forces shape the decision-making environment for controllable variables.
d. Marketing focuses on customers:
    i. As the purchasers of the products that organizations develop, promote, distribute, and price, customers are the focal point of all marketing activities. (**Figure 1.1** shows that customers are the focal point of all marketing activities.)
    ii. The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefit. Both customer and marketer expect to gain something of value from the exchange.
    iii. Organizations generally focus their marketing efforts on a specific group of customers, or target market.
        a) Marketing managers may define a target market as a vast number of people or a relatively small group.
e. **Discussion Activity: 20 minutes total.** This small-group discussion activity follows up on the question posed to students in the opening Icebreaker. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.
    - Think back to how you defined "marketing" at the start of this course in the Icebreaker activity. Has your definition changed now? If so, how?
    - Has your definition of "marketing" expanded since starting this course?
    - How do you think the average consumer views marketing?
        (1) The text defines *marketing* as the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment. Students' own definitions prior to taking this course may vary. These questions can be used to stimulate class discussion about how the average consumer views marketing.

II. Marketing Deals with Products, Distribution, Promotion, and Price (1-2, PPT Slides 7–13)
    a. Marketing is more than simply advertising or selling a product; it involves developing and managing a product, making the product available in the right place and at a price acceptable to buyers, and communicating information to help customers determine if the product will satisfy their needs.
        i. These variables—product, distribution, promotion, and pricing—are known as the marketing mix because marketers decide what type of each element to use and in what amounts.

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ii. Marketers must aim to create and maintain the right mix of elements to satisfy customers in the target market.
iii. Marketers must collect detailed and up-to-date information on their target market, consumer preferences, and competitors in order to develop the marketing mix.
a) Such information might include data about the age, income, ethnicity, gender, and educational level of people in the target market, their preferences for product features, their attitudes toward competitors' products, and the frequency with which they use the product.

b. The product variable:
i. The product variable of the marketing mix deals with researching customers' needs and wants and designing a product that satisfies them.
ii. A product can be a good, a service, or an idea.
a) Good—a physical entity that you can touch
b) Service—the application of human and mechanical efforts to people or objects to provide intangible benefits to customers
c) Idea—concept, philosophy, image, or issue
iii. The product variable includes the creation or modification of brand names and packaging. It may also include decisions regarding warranty and repair services.
iv. Product variable decisions and activities directly impact the creation of products that meet customers' needs and wants.

c. The distribution variable:
i. Distribution helps a marketing manager make products available in the quantities desired to as many target market customers as possible.
ii. Must keep total inventory, transportation, and storage costs as low as possible.
iii. Must also select and motivate intermediaries, establish inventory control procedures, and manage transportation and storage.
iv. Supply chain management involves maintaining a flow of products through physical distribution activities, including acquiring resources, inventory, and the interlinked networks that make products available to customers through purchasing, logistics, and operations.

d. The promotion variable:
i. The promotion variable relates to activities used to inform individuals or groups about an organization and its products. It can be aimed at increasing public awareness of an organization and new or existing products.
ii. Promotion is more than just advertising. It includes personal selling, sales promotions, and publicity.
iii. Promotional activities can:
a) Educate customers about product features
b) Urge people to take a stance on a political or social issue
c) Sustain interest in established products

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e. The price variable:
    i. The price variable relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices.
    ii. Price is a critical component of the marketing mix because customers are concerned about the value obtained in an exchange.
    iii. Price is a competitive tool but can lead to intense price competition.
    iv. Marketing mix variables are often viewed as controllable because they can be modified; however, economic conditions, competitive structure, or government regulations may limit a marketing manager's influence.

f. **Small Group Activity: 60 minutes total.** (PPT Slides 14–15) This small-group exercise examines the vast array of products for which college students represent the primary target market. Break students into groups of three to five and have them complete the activity found in the slides. After completing the activity, conduct a debrief with the class using the debrief questions as a guide.
    - The Target Market Is You: This group exercise examines the vast array of products for which college students represent the primary target market.
    - Work with a group to complete the following steps:
    - Brainstorm a list of products that specifically target college students.
    - Next to each product list any other applicable target markets.
    - Evaluate each product and discuss whether college students will continue to use this good/service after college.
    - Choose one good/service and define its marketing mix.
        (1) What are some of the products your group identified for which college students represent the primary target market?
        (2) Did the members of your group identify any additional target markets?
        (3) Which goods or services does your group think students will continue to use after college? Why? Are there any goods or services you think college students will discontinue using? Why?
    - What is the marketing mix your group defined for your selected product?
        (1) Students' answers will vary. They should identify target markets as the group of consumers companies and their products are trying to appeal to. When considering the marketing mix, students should look at things such as the product, price, distribution, and promotions.

III. Marketing Creates Value (1-3, PPT Slides 16–20)

a. Value is a customer's subjective assessment of benefits relative to costs in determining the worth of a product (customer value = customer benefits – customer costs).

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i. Customer benefits include anything a buyer receives in an exchange.
ii. Customer costs include anything a buyer must give up obtaining the benefits provided by the product. Costs include the monetary price of the product as well as less obvious nonmonetary costs, such as time and effort.
iii. The processes people use to determine value may vary widely.
iv. In developing marketing activities, it is important to recognize that customers receive benefits based on their experiences.
v. The marketing mix, especially promotional activities and extra services or features, can be used to enhance perceptions of value.

b. Marketing builds relationships with customers and other stakeholders:
   i. Individuals and organizations engage in marketing to facilitate exchanges—the provision or transfer of goods, services, or ideas in return for something of value.
   ii. Four conditions must exist for an exchange to occur:
      a) Two or more individuals, groups, or organizations must participate, and each must possess something of value desired by the other party.
      b) The exchange should provide a benefit or satisfaction to both parties involved in the transaction.
      c) Each party must have confidence in the promise of the "something of value" held by the other.
      d) To build trust, the parties to the exchange must meet expectations.
   iii. An exchange will not necessarily take place just because these conditions exist; marketing activities can occur even without an actual transaction or sale. (**Figure 1.2** depicts the exchange process.)
   iv. Marketing activities should attempt to create and maintain satisfying exchange relationships.
      a) To maintain an exchange relationship, buyers must be satisfied with the good, service, or idea obtained, and sellers must be satisfied with the financial reward or something else of value received.
   v. Marketers are also concerned with building relationships with relevant stakeholders who have a "stake," or claim, in some aspect of a company's products, operations, markets, industry, and outcomes; these may include customers, employees, investors and shareholders, suppliers, governments, communities, competitors, and many others.

c. **Discussion Activity: 30 minutes total.** (PPT Slides 21–22) This small-group discussion activity explores how marketing creates value for a society. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.

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- Marketing is more than simply advertising or selling a product. How do you feel marketing benefits society? Why is socially responsible marketing important in our society?
  (1) Marketing is important in our society because it provides employment for many people and helps sell products that address stakeholder needs. This, in turn, generates profits essential to the survival of individual businesses as well as to the health and ultimate survival of the global economy. Many organizations—including nonbusiness organizations like governments and NGOs—use marketing activities.
- What is the relationship between the value of marketing and the benefits it provides?
  (1) By constantly seeking to provide consumers with the best possible product alternatives, marketers drive continuous product innovation.
- Why is it important for marketing to create value for stakeholders?
  (1) Remind students that marketing is a social process. Marketers must create value for all stakeholders. Items and issues of importance to consumers and society are also significant to marketers. For example, environmental concerns are playing an increasingly important role in consumer choices. Marketers may take the opportunity to provide consumers with environmentally friendly product alternatives as well as to educate consumers about the environmental impacts.

IV. Marketing Occurs in a Dynamic Environment (1-4, PPT Slides 23–25)

a. The marketing environment includes competitive, economic, political/legal/regulatory, technological, and sociocultural forces that surround the customer and affect the marketing mix. The effects of these forces can be difficult to predict.
b. The forces of the marketing environment affect marketers' abilities to facilitate exchanges in three ways:
   i. They affect customers' lifestyles, standards of living, and preferences and needs for products.
   ii. They help determine whether and how a marketing manager can perform certain marketing activities.
   iii. They affect a marketing manager's decisions and actions by influencing buyers' reactions to the organization's marketing mix.
c. Marketing environment forces can fluctuate quickly and dramatically.
   i. Changes in the marketing environment produce uncertainty for marketers and, at times, hurt marketing efforts, but they also create opportunities. Alert marketers can adjust and capitalize on opportunities provided by change.
   ii. Marketing mix elements—product, distribution, promotion, and price—are factors over which an organization has control; the forces of the environment, however, are subject to far less control.

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d. **Discussion Activity: 20 minutes total.** This small-group discussion activity explores the forces that make up the marketing environment and the amount of control a marketing manager has over them. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.
   - What are the forces in the marketing environment? How much control does a marketing manager have over these forces?
     (1) The marketing environment, which involves uncontrollable factors that exist outside of the marketing mix, includes competitive, economic, political/legal/regulatory, technological, and sociocultural forces. These forces can have a swift and strong effect on an organization, but marketers have little control over them. Marketers must be aware of environmental forces, adapt to them, and capitalize on the opportunities they provide.
   - Have you personally observed a marketing campaign or marketing mix that responded to marketing environment forces?
   - What force was at work?
   - Was the marketing response successful? Why or why not?

V. Understanding the Marketing Concept (1-5, PPT Slides 26–31)
   a. According to the marketing concept, an organization should try to provide products that satisfy customers' needs through a coordinated set of activities that also allows the organization to achieve its goals.
      i. Customer satisfaction is the major focus of the marketing concept.
         a) An organization should focus on customer analysis, competitor analysis, and integration of the organization's resources to provide customer value and satisfaction, as well as long-term profits.
         b) The organization must continue to alter, adapt, and develop products to keep pace with customers' changing desires and preferences.
      ii. The marketing concept stresses that marketing begins and ends with customers. There is a positive correlation between customer satisfaction and shareholder value.
      iii. The marketing concept is not a second definition of marketing. It is a management philosophy guiding an organization's overall activities.
      iv. Marketing is a strategic concept to achieve objectives.
         a) A firm that adopts the marketing concept must satisfy not only its customers' objectives but also its own, or it will not stay in business long.
         b) The marketing concept stresses that an organization can best achieve these objectives by being customer-oriented.
      v. It is important for marketers to consider the long-term needs of society.
   b. Evolution of the marketing concept:

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i. There have always been companies that embraced the marketing concept, but the evolution of marketing has gone through three major time periods.
ii. The production orientation:
    a) The Industrial Revolution, which took place in the second half of the nineteenth century in the United States, enabled goods to be produced more efficiently.
    b) As a result of new technology and new ways of using labor, products entered the marketplace, and consumer demand was strong.
iii. The sales orientation:
    a) During the first half of the twentieth century, competition increased, and businesspeople viewed sales as the major means of increasing profits.
    b) During this era, the major marketing activities were personal selling, advertising, and distribution.
iv. The market orientation:
    a) By the early 1950s, some businesspeople recognized they must produce what consumers want rather than make products and try to persuade customers that they need what is produced.
    b) A market orientation requires the "organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it."
    c) A market orientation should recognize the need to create specific types of value-creating capabilities that enhance organizational performance.
    d) A market orientation involves being responsive to ever-changing customer needs and wants.

c. Implementing the marketing concept:
    i. To implement the marketing concept, a market-oriented organization must accept some general conditions and recognize and deal with several problems.
    ii. Management must establish an information system to discover customers' real needs and then use the information to create satisfying products. Information systems can be expensive and time-consuming.
    iii. A company must also coordinate all its activities. This may require restructuring internal operations, including production, marketing, and other business functions.
        a) This requires the firm to adapt to a changing external environment and predict major changes.
d. **Discussion Activity: 30 minutes total.** (PPT Slides 32–33) This small-group discussion activity explores the marketing concept philosophy and its implementation. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.

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- The marketing concept is not a second definition of marketing but rather a management philosophy guiding an organization's overall activities. What are the basic elements of the marketing concept? Which businesses in your area use this philosophy? How can an organization implement the marketing concept?
  (1) The marketing concept is an organizational philosophy that states that an organization should try to provide products that satisfy customers' needs through a coordinated set of activities that also allow the organization to achieve its goals. The major focus is customer satisfaction. To implement the marketing concept, a marketing organization must first establish an information system to discover customers' real needs and then use the information to create satisfying products. The organization must also coordinate all its activities.
- Was it easy to identify businesses in your area that use the marketing concept philosophy?
- What is required for successful implementation of the marketing concept?

VI. Customer Relationship Management (1-6, PPT Slides 34–37)

a. Customer relationship management (CRM) focuses on using information about customers to create marketing strategies that develop and sustain desirable customer relationships.
   i. Achieving the full profit potential of each customer relationship should be the fundamental goal of every marketing strategy.
   ii. At the most basic level, profits can be obtained through relationships in the following ways:
      a) By acquiring new customers
      b) By enhancing the profitability of existing customers
      c) By extending the duration of customer relationships
   iii. Implementing the marketing concept means optimizing the exchange relationship—the relationship between a company's financial investment in customer relationships and the return generated by customers responding to that investment.

b. Relationship marketing refers to "long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges."
   i. Continually deepens the buyer's trust in the company, and as the customer's confidence grows, this increases the organization's understanding of the customer's needs.
   ii. Relationship marketing strives to build satisfying exchange relationships between buyers and sellers by gathering useful data at all customer-contact points and analyzing that data to better understand customers' needs, desires, and habits.
   iii. Marketers are increasingly turning to marketing research and information technology to improve CRM.
   iv. By increasing customer value over time, organizations try to retain and increase long-term profitability through customer loyalty.

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v. Through the use of e-marketing strategies, companies can personalize customer relationships on a nearly one-on-one basis.

c. Customer Lifetime Value (CLV):
   i. Managing customer relationships requires identifying patterns of buying behavior and using that information to focus on the most promising and profitable customers.
      a) Customer lifetime value (CLV) predicts the net value (profit or loss) for the future relationship with a customer.
      b) Customers' value over a lifetime represents an intangible asset to a marketer that can be augmented by addressing the customers' varying needs and preferences at different stages in their relationship with the firm.
      c) When marketers focus on customers chosen for their lifetime value, they earn higher profits in future periods than when they focus on customers selected for other reasons.
   ii. The ability to identify individual customers allows marketers to shift their focus from targeting groups of similar customers to increasing their share of an individual customer's purchases.
      a) Focusing on the share of customer requires recognizing that all customers have different needs and that not all customers weigh the value of a company equally.
      b) The concept of CLV may include not only an individual's tendency to engage in purchases but also that person's strong word-of-mouth communication about the company's products.
   iii. CLV is a key measurement that forecasts a customer's lifetime economic contribution based on continued relationship marketing efforts.
      a) It can be calculated by taking the sum of the customer's present value contributions to profit margins over a specific time frame.
      b) CLV can help marketers determine how best to allocate resources to marketing strategies to sustain that customer over a lifetime.

d. **Small Group Activity: 60 minutes total.** (PPT Slides 38-39**)** This small-group activity explores the relationship marketing efforts of StockX.com, a website and app that is marketed as the "stock market for things." Break students into groups of three to five and have them complete the activity found in the slides. After completing the activity, conduct a debrief with the class using the debrief questions as a guide.
   - StockX.com is an app marketed as the "stock market for things." StockX sells sneakers, watches, purses, and streetwear by having buyers place bids. Sellers place asks, and when bids and asks are matched, the transaction occurs automatically. The website shows the most popular items, new lowest asks, new highest bids, and has a scrolling ticker that shows price increases and decreases. StockX, as the intermediary, authenticates each product on the site

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for risk-free buying. StockX advertises items on Facebook, Twitter now known as X, and Instagram.

- Work with a group to complete the following steps:
- Describe the elements of relationship marketing you observe in StockX's unique business model.
- Strategize how StockX might improve its relationship marketing efforts.
- Was your group able to easily identify elements of StockX's relationship marketing efforts?
- What are some of the strategies your group formulated to help StockX improve its relationship marketing?

(1) Students' answers will vary. StockX's marketing mix plays a big role in its relationship marketing efforts. Its business model uses a unique marketing mix that matches the needs of its customers in the target market, which helps establish long-term, mutually satisfying buyer-seller relationships. The marketing mix includes:

- Product: Shoes, watches, purses, and streetwear
- Price: Each product is different. It matches buyers' bids with sellers' asks.
- Promotion: Done through the company's website and on social media
- Distribution: StockX authenticates each item and ships it to customers.

(2) StockX will need to constantly monitor the competing sites and adapt its marketing mix to continue to foster long-term success. It can also gather useful data at all customer contact points and through other marketing research efforts to learn how it can improve customer value and satisfaction.

VII. The Importance of Marketing in Our Global Economy (1-7, PPT Slides 40–45)

a. Marketing costs consume a sizable portion of buyers' dollars.
   i. About one-half of a buyer's dollars goes to the costs of marketing.
   ii. It is important to know how this money is used.

b. Marketing is used in nonprofit organizations.
   i. Marketing is also important in organizations working to achieve goals other than ordinary business objectives such as profit.
   ii. Government agencies engage in marketing activities to fulfill missions and goals.
   iii. In the private sector, nonprofit organizations also employ marketing activities to create, distribute, promote, and even price programs that benefit particular segments of society.

c. Marketing is important to businesses and the economy.
   i. Businesses must engage in marketing to survive and grow, and marketing activities are needed to reach customers and provide products.
   ii. Marketing activities help produce profits that are essential to the survival of individual businesses, help create a successful economy, and contribute to the well-being of society.

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d. Marketing fuels our global economy.
    i. Marketing is necessary to advance a global economy.
    ii. Advances in technology, falling political and economic barriers, and the universal desire for a higher standard of living have made international marketing commonplace while stimulating global economic growth.
e. Marketing knowledge enhances consumer awareness.
    i. Marketing improves the quality of life for customers.
    ii. Understanding how marketing activities work helps us to be better consumers and increases our ability to maximize value from our purchases.
f. Marketing connects people through technology.
    i. Technology helps marketers understand and satisfy more customers than ever before.
    ii. The internet allows marketers to disseminate information about products and interact with target markets.
g. Socially responsible marketing can promote the welfare of customers and stakeholders.
    i. The success of our economic system depends on marketers whose values promote trust and cooperative relationships in which customers are treated with respect.
    ii. Green marketing is a strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment.
    iii. Certified B Corporations, or for-profit companies that have achieved private certifications regarding their social and environmental performance, also contribute to environmental causes.
    iv. By addressing concerns about the impact of marketing on society, a firm can protect the interests of the general public and the natural environment.
h. Marketing offers many exciting career prospects.
    i. Marketing positions are among the most secure positions because of the need to manage customer relationships.
    ii. Marketing knowledge and skills are valuable assets no matter what the field.
i. **Knowledge Check: 5 minutes total.** (PPT Slides 46–47) This activity asks students to review a scenario and determine whether the fictional company's efforts are related to *marketing mix*, *green marketing*, *market orientation*, or *relationship marketing*.
    - Acme Corporation recently launched a marketing campaign that incorporates natural imagery—like trees, birds, and water—to highlight its sustainability efforts. For every potential client who signs up for its online newsletter, Acme will plant a tree through the Arbor Day Foundation. Acme's latest new customer giveaway is a set of stainless steel, reusable straws packaged in sustainable bags.

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- What do Acme's marketing efforts represent?
  a. Marketing mix
  b. Green marketing
  c. Market orientation
  d. Relationship marketing
    - Answer: b; *Green marketing*—A strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment

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Discussion Questions

1. What is *marketing*? How did you define the term before you read this chapter?
   - Marketing is exploring, developing, and delivering value to satisfy the needs of a target market. The second part of this question can be used to stimulate class discussion about how the average person views marketing.
2. What is the focus of all marketing activities? Why?
   - Customers are the focal point of all marketing activities because they are the purchasers of the products which organizations develop, promote, distribute, and price. Without customers for its products, a firm would quickly fail.
3. What are the four variables of the marketing mix? Why are these elements known as variables?
   - The marketing mix includes product, distribution, promotion, and price. They are called *variables* because marketing managers decide what type of each element to use and to what degree.
4. What is value? How can marketers use the marketing mix to enhance the perception of value?
   - Value is a customer's subjective assessment of benefits relative to costs in determining the worth of a product. Examples of ways marketers can modify their marketing mixes to enhance perceptions of value include offering product features or enhancements that provide desirable consumer benefits, using promotion to create positive images or prestigious characteristics that consumers consider in value assessment, pricing products according to how consumers use them, and offering convenient distribution outlets.
5. What conditions must exist before a marketing exchange can occur? Describe a recent exchange in which you participated.
   - For an exchange to take place, four conditions must exist. First, two or more individuals, groups, or organizations must participate, and each must possess something of value that the other party desires. Second, the exchange should provide a benefit or satisfaction to both parties involved in the transaction. Third, each party must have confidence in the promise of the "something of value" held by the other. Finally, both parties to the exchange must meet expectations. The second part of this exercise can be

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used to stimulate class discussion about exchanges based on students' experiences.

6. What are the forces in the marketing environment? How much control does a marketing manager have over these forces?
    - The marketing environment, which involves uncontrollable factors that exist outside of the marketing mix, includes competitive, economic, political, legal and regulatory, technological, and sociocultural forces. These forces can have a swift and strong effect on an organization, but marketers have little control over them. Marketers must be aware of environmental forces, adapt to them, and capitalize on the opportunities they provide.
7. Discuss the basic elements of the marketing concept. Which businesses in your area use this philosophy? Explain why.
    - The marketing concept is an organizational philosophy that states that an organization should try to provide products that satisfy customers' needs through a coordinated set of activities that also allow the organization to achieve its goals. The major focus is customer satisfaction. The answers to the other parts of this question are based on local examples.
8. How can an organization implement the marketing concept?
    - To implement the marketing concept, a marketing organization must first establish an information system to discover customers' real needs and then use the information to create satisfying products. The organization must also coordinate all its activities.
9. What is customer relationship management? Why is it so important to "manage" this relationship?
    - Customer relationship management focuses on using information about customers to create marketing strategies that develop and sustain desirable customer relationships. "Managing" customer relationships is important to marketers because it can foster customer loyalty and thereby increase long-term profitability. A loyal lifelong customer can be worth a considerable sum of money, so the loss of such customers can result in lower profits.
10. Why is marketing important in our society? Why should you study marketing?
    - Marketing is important in our society because it provides employment for many people and helps sell products that address stakeholder needs. This, in turn, generates profits essential to the survival of individual businesses as well as to the health and ultimate survival of the global economy. Many organizations—including nonbusiness organizations like governments and NGOs—use marketing activities.
    - The study of marketing is important because marketing costs consume a sizable portion of buyers' dollars, and knowledge about how this money is used helps consumers understand product costs. By becoming informed about marketing activities, students can one day become good marketers themselves, working effectively and efficiently to create products that satisfy needs and provide them to the stakeholders who need them. The study of marketing activities also enables consumers to weigh the costs and benefits of marketing activities and to evaluate laws, regulations, and industry guidelines intended to stop unfair, misleading, and unethical marketing practices.

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ADDITIONAL ACTIVITIES AND ASSIGNMENTS

The following are activities and assignments developed by Cengage but not included in the PPTs, or courseware (if courseware exists)—they are for you to use if you wish.

DISCUSSION STARTERS

You can assign these questions several ways: in a discussion forum in your LMS, as whole-class discussions in person, or as a partner or group activity in class.

1. **The Marketing Mix.** Duration 25 minutes
   - Marketing managers strive to develop a marketing mix that matches the needs of customers in the target market. Before marketers can develop an appropriate marketing mix, they must collect in-depth, up-to-date information about customer needs.
   - Why is it important for marketers to consider their target market before changing parts of the marketing mix like price and product?
     - Answer: If a firm is market oriented, it will want to meet the needs of its target market. Although customers do not like price increases, they are more likely to accept gradual rate changes. Turing, a pharmaceutical firm, received major backlash from both consumers and regulators after its CEO raised the price of the drug Daraprim by over 5,000 percent. The pill's price increased from $13.50 to $750.00 a pill. Turing attempted to pacify critics by offering large-scale price reductions to hospitals and smaller bottles of the drug. The CEO of Turing was eventually arrested on an unrelated charge. Rising prices at other drug companies have sparked frustration with the industry.
     - Diet Pepsi also made the decision to change its product by replacing aspartame with sucralose. The move was in response to consumers' growing distrust of aspartame. Initial reaction to the reformulated Diet Pepsi was negative. Similar reactions occurred when Coca-Cola introduced New Coke, prompting it to pull the product. Most of the time, changes to beloved products initiate consumer backlash, at least in the beginning. This requires marketers to carefully consider changes to products, prices, and other elements of the marketing mix.
   - What can the pharmaceutical industry do differently to keep customers satisfied? Will customers ever approve of price increases?
     - Answer: Students should have a lot of ideas to answer this question. As consumers, they probably disapprove of price increases for drugs, especially drugs that are necessary for survival. However, it is important for students to think like businesspeople and decide how they would handle changing the marketing mix. Pharmaceutical firms argue that research and development as well as innovation necessitate higher costs for certain drugs. Students may suggest that drug firms should raise prices more slowly. They may also argue that the pharmaceutical firms should reveal the reasoning behind decisions. For those drugs where the price must be increased

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dramatically, offering hospitals discounts and finding other methods to keep the costs affordable would help stem the tide of criticism. Transparency with consumers and regulators is key to maintaining trust.

2. **Customer Service**. Duration 25 minutes
   - The customer relationship often endures over an extended time period, and repeat purchases are critical for the firm. A dissatisfied customer who lacks trust in the relationship often searches for alternative organizations or products.
   - How many of you have ever experienced rejection or disappointment in a customer service experience?
     - Answer: This question can lead to a discussion on good and bad customer service.
   - How many of you have used social media to convey your dissatisfaction about a company's good or service? How did the company respond?
     - Answer: This can lead to a discussion on how companies are using social media sites such as X to better respond to customer's complaints and concerns. For example, you could discuss how airline delays are one of the most common causes of customer frustration and how JetBlue uses X to ensure it is responsive to its customers because it understands it is important for continued customer loyalty.
     - Also, you could discuss how Nike is a prime example of customer service done well. It constantly responds to followers on X, whether it is about apparel or other products. Every few minutes, you can watch Nike respond to someone new. What makes this remarkable? Nike is a huge company. It has many different types of sports equipment and lines of apparel that make up its brand. While Nike manages a number of X accounts to accommodate followers interested in specific sports or store locations, @NikeSupport is dedicated solely to responding to customers who need help.
     - Transition into a discussion about the marketing concept, a firm's market orientation, and/or customer relationship management following the chapter outline.
3. **The Exchange**. Duration 20 minutes
   - Marketing activities should attempt to create and maintain satisfying exchange relationships.
   - Why is the exchange at the core of all marketing transactions? Why is it crucial to think marketing is applicable to exchanges beyond buyers and sellers?
     - Answer: Students should understand that marketing is about the exchange of values between two parties to arrive at mutually beneficial outcomes. If students are simply focused on buyers and sellers, they will not be able to conceive of marketing outside a sales transaction. The following examples may help students broaden their understanding:
       - Volunteer organizations: Volunteers exchange the value associated with their time to gain the value of assisting their community or supporting a meaningful cause. The organization

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exchanges the opportunity to demonstrate support for a community or cause for volunteers' time.
    - Nonmonetary transactions: During the holiday season, many organizations trade a discount coupon toward the purchase of new goods for used goods. Others may trade admission to an event for canned foods or other nonmonetary contributions.
- In these examples marketing extends beyond buyers and sellers to others who engage in a value exchange. As these examples illustrate, marketing applies to nonprofit entities as well as for-profit entities.
- Transition the discussion into the chapter sections about the marketing environment and the marketing concept.

Class Activities

1. **Class Exercise: Great and Poor Customer Service Experiences**: The marketing concept, a firm's market orientation, and customer relationship management all revolve around putting the customer at the center of strategic marketing. With the customer at the center, the heart of strategic marketing revolves around providing outstanding customer service. Every beginning student in marketing will have experience with both superior and inferior customer service.
    - Ask each student to take 5–10 minutes to write about two recent customer service experiences, one highlighting excellent customer service and one highlighting poor customer service.
    - To conclude this exercise, ask for volunteers to read their tales of customer service joy (positive) and tales of woe (negative). If there is no time, simply ask the students to hand them in. In this case, the instructor may want to tabulate the information before the next class in order to better discuss the results with students and then read a selection of particularly vivid experiences.
    - Addendum: To underscore the logic behind the power of negative customer testimonials, you can introduce the Rule of 66. When a customer has a particularly bad experience, they will tell, on average, 11 people, and those 11 people will tell an additional 5 people each. Thus, 11 × 5 = 55, and adding those 11 people who were originally told about the bad experience makes 66 people we know have been exposed to the poor customer service experience.
2. **Class Exercise: Crocs: Designed for Success:** Crocs, Inc. was founded in 2002 and achieved success by creating a unique type of shoe made out of foam and offered in a variety of colors. Although the shoe design was often perceived as ugly, it attracted customers because of its unique nature and comfortable qualities. However, after early success, Croc began experiencing dwindling sales because it offered only one type of shoe. Crocs began to expand into other product lines, such as fashionable flats, wedges, sneakers, and other products that offered the same comfort level. Yet sales continued to dwindle. In 2015, the then-toddler son of Prince William and Kate Middleton was seen sporting Crocs, causing a large spike in sales. New leadership at the firm will attempt to increase the hype behind Crocs once more.

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- Ask students to describe the target market for Crocs. How does Crocs create value for target market consumers?
- With regards to Crocs, have students examine its marketing mix elements. Discuss the product, distribution, price, and promotion for the shoe industry. How did each element contribute to the initial success of Croc shoes?

3. **Class Exercise: Old Spice: Brand Perception:** Old Spice has been an internationally recognized men's grooming brand for over 70 years, offering a variety of products, such as deodorant, body wash, and aftershave. Until recently, the brand tended to remind many people of their grandparents. The descriptor old-fashioned brings to mind the idea of tradition but also of stagnation and, in the case of a fragrance, something that's probably unflattering. After decades of the same message, Old Spice rebranded itself in 2010 in an effort to attract a wider and younger customer base. Old Spice brought in former NFL player Isaiah Mustafa, affectionately known as "The Old Spice Guy," releasing a series of humorous commercials and YouTube videos along with a new packaging design. In only one short year following the rebrand, sales increased by more than 100%.
   - Why do brands struggle to break into markets with a younger demographic?
     - Well-known brands often find it difficult to appeal to a younger demographic who may equate tradition with stagnation and view established brands as unfashionable and outdated.
   - Why are consumer perceptions of brands so hard to change?
     - The processes that people use to determine the value of a product may differ widely. All of us tend to get a feel for the worth of products based on our own expectations and previous experience. These subjective value assessments based on unique personal experiences can be difficult to change once established.
   - What might be some steps other brands could take to appeal to a younger customer base?
     - The marketing mix can be used to enhance perceptions of value. Brands wishing to appeal to a younger customer base may want to highlight a feature or an enhancement of their product that provides benefits to their target demographic. Promotional activities can also help to create image and prestige characteristics that customers consider in their assessment of a product's value. The development of an effective marketing strategy requires understanding the needs and desires of customers and designing a marketing mix to satisfy them and provide the value they want.
4. **Class Exercise: Stakeholders:** Starbucks is adept at using the marketing concept to offer a customized experience for its customers. Customers have even come in with their own coffee recipes, and if able, baristas will make them. Starbucks considers its other stakeholders as well.
   - Name some ways that Starbucks meets the needs of *employees*, *suppliers*, the *environment*, and *investors*.
     - Employees: Healthcare for part-time employees
     - Suppliers: Establishment of farmer support centers
     - Environment: Small discount for customers who bring in their own cups

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- Investors: Strong return on investment

5. **Case 1.1: Apple Inc.—The Future of Retailing, Education, and Entertainment**: This case illustrates how Apple's market orientation has helped solidify it as a leader and innovator in the consumer electronics industry.
   - Students should read the case study text and then be asked to answer the associated discussion questions. Questions may be assigned in a discussion forum in your LMS, as whole-class discussions in person, or as a partner or group activity in class.
   - How has a market orientation contributed to Apple's success?
     - A market orientation requires the "organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide response to it." Apple focuses on creating innovative products with features that keep customers excited about the brand. As a result, customers became evangelists for the brand—lauding the company's products to family and friends. The company recently released a smart home speaker and is working on a self-driving car. In addition, in-store "geniuses" that can help customers with their products add value.
   - Describe how Apple embraces the marketing concept.
     - Apple considers its customers and other stakeholders at every level of its marketing activities, which has led to the company's popularity and success. Students may cite examples related to each part of the marketing mix, so make sure they focus on how the marketing mix contributes to customer satisfaction and the marketing concept.
     - The new retail location will offer not only product specialists but also creative pros available to help with music and design questions. The large, second-floor space will host musical performances and talks by photographers and app developers. The continuity, or compatibility, of Apple products, which makes it simple for users to sync pictures, access iCloud, and share music, adds more value for customers.
   - How would you describe Apple's strategy in the highly competitive consumer electronics industry?
     - Apple is known as a leader in the highly competitive consumer electronics industry. Apple's strategy, coordinating all of its activities, allows the company to predict changes and adapt. Apple's ability to anticipate and fulfill customer needs leads the company to create products that become industry standards. Apple also uses its own retail stores, with sleek presentations and product experts, to reach customers and add value to their experience.
6. **Case 1.2: Bombas: One Purchased=One Donated**: This case focuses on how social entrepreneurs Randy Goldberg and David Heath developed an innovative company, Bombas, which implemented a socially conscious business model.
   - Students should read the case study text and then be asked to answer the associated discussion questions. Questions may be assigned in a discussion forum in your LMS, as whole-class discussions in person, or as a partner or group activity in class.
   - How has Bombas implemented the marketing concept?

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    - The marketing concept is a managerial philosophy that an organization should try to satisfy customers' needs through a coordinated set of activities that also allows the organization to achieve its goals. Bombas offers fashionable products that, when purchased, help someone in need. The company also educates the public about the importance of its mission. By promoting its mission, Bombas can bring awareness to the struggles that people navigating homelessness face on a daily basis. It is the support of customers that has allowed Bombas to be a successful company.
- Describe the benefits and value that Bombas provides to consumers and other stakeholders.
    - Bombas' model allows customers to feel good about the products they are purchasing. Not only do they purchase a product they like, but they give back to someone in need. Additionally, customers are willing to pay a higher price for this benefit, and Bombas does not have to solicit donations.
- Explain how for-profit and nonprofit organizations can have an integrated marketing strategy.
    - For-profit and nonprofit organizations can have an integrated marketing strategy by being consistent with the messages they share with consumers and stakeholders. For example, Bombas regularly advertises its mission, includes it on all promotional materials and packages, and educates the public on the need to help others.

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