Marketing The Core (Canadian) 6th edition Kerin Solutions Manual

SKU: 9781260326949-SOLUTIONS

1 MARKETING FUNDAMENTALS

PAGE

STUDENT LEARNING OBJECTIVES **1-3**

KEY TERMS, CONCEPTS & MARKETING TIP **1-3**

LECTURE NOTES & ANSWERS TO IN-TEXT QUESTIONS

- Opening Vignette – WestJet **1-4**
- What is Marketing? **1-6**
- The Role of Marketing **1-6**
- The Marketing Process **1-7**
- The Evolution of Business Philosophies **1-8**
- New and Evolving Marketing Practices **1-11**
- Marketing Careers **1-11**

QUESTIONS AND ANSWERS TO END-OF CHAPTER MATERIAL **1-13**

QUESTIONS AND ANSWERS TO ON-LINE ACTIVITIES

- Applying Marketing Concepts and Perspectives **1-14**
- Discussion Forum **1-15**
- Internet Exercise **1-16**

BRING IT TO LIFE

VIDEO – MARKETING IS EVERYWHERE FEATURING THE TWIN OAKS

- Synopsis & Teaching Suggestions **1-17**
- Video Case – Printout and Worksheets **1-18**
- Answers to Questions **1-20**

NEWSFLASHES / FOCUS ON ETHICS - MARKETING THE 'MO'/BENEVITY – MAKING CSR THE BRAND/THE ETHICS OF GREENWASHING

- Synopsis and Discussion Questions **1-21**
- NewsFlashes / Focus on Ethics – Printouts and Worksheets **1-23**

IN-CLASS ACTIVITY - OREOS

- Instructions, Handout, and Worksheet **1-29**

METRICS ASSIGNMENT

- Industry and Company Sales Forecasting **1-34**

Marketing The Core (Canadian) 6th edition Kerin Solutions Manual

STUDENT LEARNING OBJECTIVES

After reading this chapter students should be able to:

- Explain the role of marketing in an organization and the importance of meeting customer needs.
- Define and analyze elements of the marketing mix.
- Outline the steps in the marketing process.
- Differentiate between goods, services, and ideas.
- Describe the evolution of different business philosophies.
- Describe the new and evolving marketing practices.
- Summarize careers that exist in marketing.

KEY TERMS AND CONCEPTS

analytics
content marketing
corporate social responsibility (CSR)
customer lifetime value
customer relationship management (CRM)
customer value proposition
dashboards
digital marketing
exchange
experiential marketing
good
greenwashing
idea
market
marketing
marketing mix
marketing orientation
marketing process
metrics
mobile marketing
need
partnership marketing
place
price
product
production orientation
promotion
relationship marketing
sales orientation
service
share of wallet
social media
social media marketing
societal marketing concept
strategic alliance
target market
want

MARKETING TIP

For this particular chapter we look to Richard Bartrem. Vice President of Marketing Communications at WestJet, for his MARKETING TIP. You may wish to use this at the start of a class, after a break, or to summarize the material at the end of a session. Depending on the quote, this MARKETING TIP can also prompt interesting class discussions. The quote for this chapter is as follows:

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"We take our job seriously, not ourselves. Our brand expression of personality has changed over the past 23 years to meet the changing needs of our customers."

LECTURE NOTES
CHAPTER 1 OPENING VIGNETTE – WESTJET

This chapter begins with an introduction to the fundamentals of marketing and an explanation of the building blocks and concepts used by marketers to reach consumers. It also touches on evolving areas to ensure that new approaches are top of mind with readers. We examine WestJet, a Canadian company focused on meeting the needs of its customers.

In 1996, WestJet recognized the emerging market segment of low-cost travel that was successfully implemented by Southwest Airlines in the U.S. market and asked why that segment isn't in Canada. WestJet airlines started with three aircraft, 200 employees, and five cities in 1996. Today, after 23 successful years in the market, WestJet in 2019 has 180 aircraft, employs almost 14,000 persons, and services 108 destinations in 21 countries. WestJet contributed in growing the overall market, not just stealing share from its competitors. In 1996, 18 percent of the population travelled by air, the remainder would drive, travel by bus, or even stay home; by 2019, the market had expanded to 49 percent of adults who travel by air.

Today the market is even more segmented with the emergence of the ULCC segment—ultra low-cost carrier segment—successfully implemented by Ryan Air in Europe and Spirit Air in the United States. This model strips out everything other than basically the seat and seat belt with any additional products and services provided at an extra charge. WestJet launched Swoop in June 2018. It is currently a successful enterprise, providing a ULCC alternative with fares as much as 30 percent lower than WestJet.

WestJet now has four Boeing 787 Dreamliner aircraft, the first of what will be ten confirmed aircraft with an option to purchase an additional ten. These aircraft are capable of reaching almost anywhere in the world from Canada, allow the airline to target international travellers, and, with its business class seating, can attract travellers looking for a more premium service.

Before purchasing larger aircraft, WestJet launched WestJet Encore to serve smaller communities and to increase frequency in certain markets. WestJet has also entered into a capacity purchase agreement with Pacific Coastal Airlines to get into even smaller markets to feed the hubs.

Further, WestJet is poised to enter a joint venture arrangement with Delta Airlines and will seek out other, bespoke joint ventures to provide global interconnectivity to its guests.

Product: WestJet has evolved its positioning from its original LCC model. It began with the positioning of a fun, irreverent brand, "taking the job seriously, but not ourselves." WestJet is adding more product and services to better meet the needs of existing customers and has repositioned its brand up the "sophistication curve," providing the same caring experience but adding certain refinements to attract premium and business travellers who each have different

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wants in their air travel. WestJet now has business class on some aircraft, is building exclusive lounges, and continues to refine its loyalty program.

Price: WestJet has moved from a low-cost strategy to a unit cost strategy. Although it started with an aggressive low pricing strategy, WestJet has now moved to a segmented pricing strategy to better meet its customer needs. The airline utilizes basic pricing, bundle pricing, and premium pricing options for its customers.

Place: WestJet's head office is located in Calgary, Alberta. From 1996 to 1999, the company was privately held; since 1999, WestJet has been publicly traded. The airline was recently purchased by Onex, and it will continue to be headquartered in Calgary.

Promotion: WestJet Airlines uses innovative marketing by giving special gifts and surprises to its customers. Each December, it gives special surprises to its customers or persons in need, calling it the "Christmas Miracle" and uniting loved ones with free tickets offering premium seats. WestJet has earned a lot of goodwill by being constantly involved in corporate social responsibility (CSR) projects and activities, such as when it helped wildfire victims. It also regularly supports community non-profit organizations by donating trips. WestJet also uses extensive marketing with continuous campaigns on YouTube where it launches videos regularly to stay connected to its customers and reach a wider audience. WestJet has also added a customer relationship management (CRM) strategy that recognizes loyal users with special awards such as lounge access, free upgrades, and seat selection. It has different loyalty levels depending on flight spending, ranging from teal to silver to gold and to platinum. WestJet's marketing efforts have recognized with the 2019 Airline Strategy Awards marketing award.

In 2018 WestJet rebranded with a new brand positioning and national campaign reflecting its evolution from a point-to-point carrier to a global airline based out of Calgary. The brand-side changes included a refreshed logo, a new tagline (the "Love Where You're Going" slogan), and greater emphasis on the global marketplace. The rebranding video aired on TV during Hockey Night in Canada, as well as on social and digital. WestJet has a presence on Facebook, Twitter, Instagram, and YouTube, as well as a blog.

Reality Check

As you read chapter 1, refer back to the opening vignette to answer the following questions:

1. Describe the target market for WestJet? How has this changed?
Answer: Consumers who are interested in value travel. Now it has expanded to those who are brand loyal and willing to pay for the additional service options that WestJet can now provide.

2. How does WestJet differentiate itself from the competition?
Answer: WestJet differentiates itself from competitors on service and value.

3. What marketing tools does WestJet use to create relationships with its customers?

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Answer: It creates a personal relationship with its customers using social media, membership CRM, public relations campaigns, and word-of-mouth communication.

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I. WHAT IS MARKETING

Chapter 1 introduces marketing as a concept that focuses on the consumer. It looks at the integral role that marketing plays within an organization, examines the marketing process, explains how marketing evolved, and discusses the latest developments. So, your experience in shopping gives you some expertise in marketing. As a consumer, you've been involved in thousands of marketing decisions, mostly on the buying and not the selling side. Marketing affects all individuals, all organizations, all industries, and all countries. This book seeks to teach you marketing concepts—often by having you actually "do marketing"—by putting you in the shoes of a marketing manager facing actual marketing decisions.

II. THE ROLE OF MARKETING

Marketing programs focus on consumers, providing them with value through products that meet their needs. Marketers attempt to create distinct images for their products, setting them apart from their competition, while also appealing to consumer needs.

a. Focusing on Customer Needs and Wants
Successful marketing programs focus on consumer needs and wants and try to develop customer value through programs that engage the consumer and encourage customer loyalty. Consumer needs and wants are often vague and marketers turn to market research for clarification.

b. Creating Customer Value
Customer value is the unique combination of benefits received by targeted buyers that includes quality, price, convenience, on-time delivery, and both before-sale and after-sale service. Customer value is created by providing customers with products that have added value through a combination of (1) product design, (2) pricing strategies, and (3) service elements. The customer value proposition conveys the unique combination of benefits received by targeted consumers that will satisfy their needs. These benefits could include quality, price, convenience, on-time delivery, and both before-sale and after-sale service. Marketers deliver this value by managing each element of the marketing mix (product, price, place, and promotion) so that this value is evident to consumers.

c. Appealing to Target Markets
Since companies to do not have infinite funds, and cannot satisfy everyone's needs, they design products to appeal to specific groups of customers that we call target markets. A target market is the specific group (or segment) of existing and potential consumers to which a marketer targets its marketing efforts The marketing mix is designed to appeal to this specific target market.

d. Coordinating the Marketing Mix
The elements of the marketing mix consist of product, price, place, and promotion. Each element is well coordinated and managed by marketers to appeal to the target market.

- Product - a good, service, or idea designed to satisfy the consumer needs
- Price - what is exchanged for the product

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- Place- the way in which your product gets to the consumer
- Promotion - of the tools needed to communicate with consumers about the product

Ask Yourself

1. What is the role of marketing in an organization?
Answer: Marketing needs to work cooperatively with other functional areas within an organization so that a company can generate revenue or profits.

2. What is a target market?
Answer: A target market is the group of consumers to whom you direct your marketing.

3. What is the marketing mix?
Answer: The marketing mix consists of product, price, place, and promotion.

III. THE MARKETING PROCESS

The marketing process is a continuous process that requires marketers to pay attention to detail and apply their strategic, analytical, and creative-thinking skills.

a. The Marketing Process
The marketing process is a three step continuous process that involves (1) identifying consumer needs, (2) managing the marketing mix to meet these needs, and (3) realizing profits. Marketers constantly evaluate the success of their programs, implementing and recommending future changes to improve the programs.

Marketing is the process of developing, pricing, promoting, and distributing goods, services, and ideas to satisfy the needs of consumers. To serve both buyers and sellers, marketing seeks to discover the needs and wants of prospective customers, and to satisfy these needs. The key to achieving these two objectives is the idea of exchange, which the trade of things of value between a buyer and seller so that each benefits.

b. What can be Marketed?
Goods, services and ideas can all be marketed – in marketing we refer to these as products which are explained below:

- Goods - products you can touch and own such as running shoes or a bottle of water
- Services - intangible products you cannot touch such as a movie or a haircut
- Ideas - concepts which typically looks for your support such as a political party or cause

c. What is a Market?
Potential consumers make up a market, which consists of people with both the willingness *and* the ability to buy a specific product.

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Ask Yourself

1. What steps are involved in the marketing process?
Answer: The marketing process involves (1) identifying consumer needs, (2) managing the marketing mix to meet these needs, and (3) realizing profits.

2. What are the differences between goods, services, and ideas?
Answer: A good is tangible while services and ideas are not.

3. Are credit cards goods, services, or ideas?
Answer: A credit card is primarily a service because it provides the owner with deferred credit terms on purchases which is intangible, but since the holder actually does own the credit card, it can also be seen as a good.

IV. THE EVOLUTION OF BUSINESS PHILOSOPHIES

Business approaches have changed over time, steered by improved technology, increased competition, and the evolution of different philosophical approaches. The stages overlap but in general terms they are as follows:

a. The Production Orientation Stage (until the 1930s)
This approach focused on manufacturing goods which tended to sell regardless of their quality since they were in short supply. Consumer needs were not a priority.

b. The Sales Orientation Stage (1930s to the 1960s)
This approach focused on selling as many products as possible in a more competitive market where products were in abundance. Companies were hard-selling to make profits. Consumer needs were still not a major consideration.

c. The Marketing Orientation Stage (1960s to the 1990s)
This approach focused on consumer needs. The market was very competitive and meeting consumer needs was the path to success and profits. If a company did not meet consumer needs, another company would be able to do so.

d. The Relationship Marketing Orientation Stage (1990s onward)
This approach considers the life-time value of its customers and developing long-term relationships with them. It emphasizes customer retention and on-going satisfaction rather than short-term sales. The philosophy behind this approach is that improved customer relationships can result in increased customer loyalty, improved customer retention levels, and greater profits for the organization.

- **Customer Relationship Management (CRM) –** an approach grounded in the fact that it is less expensive to service and maintain current customers rather than obtain new ones. It focuses on identifying a firm's most valued customers and building long-term customer

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relationships to build loyalty. The process involves building and maintaining profitable customer relationships through superior customer value. Examples can be simple courtesy phone calls from car dealerships or more complex loyalty programs such as AIRMILES, or OPTIMUM cards from Shoppers Drug Mart. In it most complex form, CRM involves sophisticated database management companies and software programs that allow marketers to precisely target individuals with offers and programs that meet their individual needs.

  - **Share of wallet –** marketers use CRM to gain a greater share of wallet from their customers. This refers to the percentage of a customer's purchases that a company has in a specific product category

  - **Customer lifetime value (CLV)** –customer lifetime value refers to the sales that can be generated by a customer if that customer remains loyal to a company. Building on the premise that it is more profitable to keep current customers, CLV is an important metric for a marketer to consider.

- **Corporate Social Responsibility (CSR) -** when organizations voluntarily take responsibility for how their businesses impact consumers, customers, suppliers, employees, shareholders, communities, and society in general. Many companies have CSR initiatives which focus organizations on achieving goals they have set for themselves in these areas. Companies which have these types of initiatives include Loblaw, Telus, and Pepsico. Business sustainability that links the long term performance of a business to its financial results, its social performance, and its impact on the environment is part of CSR.

  The Societal Marketing concept involves marketing programs that address the well-being of society and the environment. Greenwashing is when companies or brands give the impressions that they are good for society and/or the environment when in fact this is not the case.

V. NEW AND EVOLVING MARKETING PRACTICES

Recent marketing approaches include customer relationship management programs and corporate social responsibility with newly evolving areas including (1) digital marketing, (2) real-time marketing, (3) experiential marketing, (4) partnership marketing, (5) metrics and analytics, and (6) new marketing regulations and ethical considerations.

(1) Digital Marketing

The widespread use of digital technology is impacting consumer behaviour and marketing practices and changing the path-to-purchase. Consumers spend copious amounts of time on the Internet and with a variety of different devices. Canadians are amongst the most connected on the planet, spending over 36 hours a month online. Digital marketing uses electronic means to reach consumers through computers, gaming devices, out-of-home electronic screens, or mobile device such as smartphones and tablets. Digital marketing includes online tools such as display advertising, affiliate marketing, search engine marketing, search engine optimization, content

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marketing, pay-per-click advertising, mobile marketing, e-mail marketing, and social media marketing.

a. Content Marketing
This is when brands or companies reach out by creating and sharing expertise, information, or branded content that is designed to inform and engage with tools such as research papers, e-books, infographics, blogs, webinars, e-newsletters, case studies, and events that can readily be found by the search engines.

b. Mobile marketing
This is when marketers communicate with audiences through a mobile device or network using smartphones, tablets, or handheld gaming devices. Mobile marketing uses specific marketing tools: the mobile web, apps, mobile advertising, and various mobile sales promotional tools such as text messaging, mobile games, QR codes, and proximity marketing that allows people to opt-in to receiving marketing messages in a restricted geo-location.

c. Social media marketing
This is when brands reach out to consumers online through the social networks that people use to connect with friends and contacts to share messages, comments, videos, and images as a form of self-expression. Brands advertise on these websites and create their own social media pages to connect with users.

(2) Augmented Realty
This is when brands make themselves relevant online during events or newsworthy occurrences by creating or joining conversations as they occur to create buzz that is shared by others on social media. This is a planned approach that uses teams of real-time marketing experts (brand marketers, advertising agencies, and legal experts) during large scale media events such as the Super Bowl, the Olympic Games, or the academy awards to creatively engage in online conversations by using Twitter to take advantage of the buzz and reach a wide audience. On a smaller scale, real-time marketing can be used by companies on a daily basis by front line social media managers that continuously monitor and respond to social media conversations.

(3) Experiential Marketing
Experiential marketing approaches are often used in conjunction with social media programs to create a focal point and topic of conversation. This is when marketers create opportunities for consumers to directly interact with a brand to generate word-of-mouth awareness and free publicity. Experiential marketing often uses a combination of public relations, event marketing, and promotions to break through the clutter of competing marketing messages.

(4) Influencer Marketing
Influencer marketing plays a major role in all types of modern marketing. But businesses are no longer limited to major celebrities and names that everyone knows when deciding to work with an influencer. Micro-influencers have found their niche in social media marketing to convert leads, connect with audience members, and boost brand awareness. Micro-influencers are social

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media promoters with a smaller, niche following (typically, thousands to tens-of-thousands of followers). Although they have fewer followers, their followers have a higher level of engagement. Also, they are considered "average" or "everyday" people, so their followers are more likely to trust their opinions or recommendations. True influence is in engagement rates measured by clicks, subscribes, and ultimately purchases.

(5) Partnership Marketing
Partnership marketing involves the use of added-value offers by companies with a common interest. These partnerships use formal associations between brands to drive incremental business and a strong return on investment (ROI). Brands with similar customers but different distribution channels may use each other's strengths to build brand awareness and incremental revenue streams.

(6) Metrics and Analytics
Marketing is a performance-based discipline that uses metrics and analytics to improve programs and results, often turning to companies that can help by providing easy-to-use platforms for gathering and analyzing the data. *Metrics* refers to numeric data that is collected and grouped to track performance. *Analytics* refers to the process of taking metrics and applying smart thinking and technology to gain actionable insights that can help make better business decisions. An analytics platform helps answer questions and provides customer insights, and predicts patterns that can improve marketing performance.

(7) Marketing regulations and ethical considerations
To protect society and the environment from the adverse effect of businesses, regulations are imposed (see Chapter 2) as a basic safeguard for our communities. These regulations can be imposed by governments, companies, and industry associations.

Changes in business practices due to digital technology has prompted new legislation and guideline for marketers This includes new privacy legislation, new anti-spam laws, and the institution of behavioural advertising practices to regulate online marketing practices.

New industry associations and regulatory bodies have also surfaced to control the wireless industry so that its marketing practices are ethical, legal, and transparent.

The *Canadian Marketing Association (CMA*) is the professional body for the marketing industry. It consists of more than 800 corporate members and deals with legislation and sets guidelines for responsible business practices. The CMA has a code of ethics with which all members must comply. Its purpose is to encourage ethical and legal marketing practices. It covers topics such as accuracy, truthfulness, pricing, redemption, and privacy. Visit http://www.the-cma.org/.

Ask Yourself

1. What are the stages involved in the evolution of business philosophies?
Answer: The stages are; the product orientation stage, the sales orientation stage, the marketing orientation stage, and the relationship marketing orientation stage.

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2. What are the key components of a relationship marketing orientation?
Answer: The relationship marketing orientation focuses on creating long-term links with customers, employees, suppliers, and other partners to increase loyalty and customer retention.

3. In your own words explain mobile marketing?
Answer: Mobile marketing uses mobile devices and mobile networks to communicate with consumers through devices such as cellphones, tablets, laptops, e-readers, gaming devices, and MP3 players.

4. What is CSR?
Answer: This is corporate social responsibility and involves companies considering the well-being of society in their business practices.

VI. MARKETING CAREERS

Many students wonder whether there are jobs in the marketing field. This is dependent on the strength of the economy, education, work experience, and contacts in the industry.

a. Getting a Job in Marketing
The key to finding a job in the industry is to obtain an education, network with industry professionals, volunteer at organizations to gain experience, and review job postings. Job postings can be found atwww.strategyonline.ca, www.the-cma.org, www.workolpolis.com and www.indeed.ca.

b. Marketing Jobs
Entry level positions exist in sales, marketing, and promotions. Typical jobs are for marketing coordinators, marketing analysts, marketing assistants, sales representatives, and account coordinators. Most entry level jobs usually include on the job training, the creation of analytical reports, liaison with other departments within the company, exposure to marketing program development, and the potential to move up within the company.

c. Skills Required
Students need to be analytical, capable of working in teams, and have strong communication skills. They need to be aware of recent events, be intellectually curious, and be up-to-date on cultural events and trends. Reading blogs, newspapers, magazines, surfing the Internet, watching TV, and listening to the radio will help students stay current. Marketers also need to attend conferences and webinars and use Twitter to stay current on the evolving trends.

d. Recommended Reading
Publications such as *Strategy* magazine, *Canadian Business,* and *Maclean's* magazine are highly recommended as well as subscribing to the *Mashable* blog and *eMarketer* newsletter.

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QUESTIONS AND ANSWERS TO END-OF CHAPTER MATERIAL

adAlyze

1. Who is the target market for this product?

Answer: The target market is travellers looking for a higher level of service in travel.

2. Why do you think this ad was so appealing to WestJet's target market?

Answer: Key message is to "Treating People Well", which is how WestJet would like to position themselves differently versus the competition.

Hands-on…Apply Your Knowledge
Marketing Mix Assignment

Marketing Mix Assignment WestJet has experienced success segmenting its market as the brand evolves. Review the opening vignette on WestJet and then brainstorm on a new marketing mix for its premium customer segment that includes new forms of content marketing, social media marketing, mobile marketing, and partnership marketing. Outline the new marketing mix under the headings Product, Price, Place, and Promotion.

Answer: This assignment gives students the opportunity to apply chapter material to a real-life example, using the chapter's opening vignette as a foundation. There are no specific answers.

Chapter Vignette…Activity

This chapter's opening vignette examines WestJet's approach to marketing. Brainstorm in groups the idea of evolving WestJet into an international carrier. What new products would you consider? Would CSR be part of your plan?

Answer: Corporate Social Responsibility (CSR) is a concept where organizations voluntarily consider the well-being of society and the environment by taking responsibility for how their businesses impact consumers, customers, suppliers, employees, shareholders, communities, the environment, and society in general. Based upon its use of honey and bees in the promotion of Honey Nut Cheerios, General Mills focused on incorporating the exiting concern for a dwindling bee population as a corporate priority.

Infographic ... data analysis

Review the Infographic that details information on corporate citizenship for UPS Canada in 2019. What is your favourite brand or company? Does it participate in any corporate social responsibility (CSR) initiatives? Research your favourite brand or company and document its CSR investments. Are you surprised by this brand or company's significant support or perhaps lack of support for CSR initiatives? Does this make a difference to you?

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Answer: Students will want to search on the corporate websites of their favourite brands and look for sections on CSR under the Investors tab or About Us section. Additional information can usually be found in the company's annual report.

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QUESTIONS AND ANSWERS TO ONLINE ACTIVITIES: APPLYING MARKETING CONCEPTS AND PERSPECTIVES

1. **What consumer benefits are met by the following products or services? *(a)* Pillsbury Pizza Pops, *(b)* Axe fragrances, *(c)* Netflix streaming services**

   Answer: Consumers benefits met by these products or services include:

   a. Pillsbury Pizza Pops – satisfies hunger, taste, and convenience.

   b. Axe fragrances – affordable, masculine fragrance, and confidence.

   c. Netflix streaming services – convenience, easy access, and selection.

2. **For the products identified in question #1, generally describe each product's target market.**

   Answer: The target markets include the following:

   a. Pillsbury Pizza Pops – Active young adults and families looking for a fast and convenient way to satisfy hunger, and that tastes good. (http://www.lifemadedelicious.ca/brands/pizzapops)

   b. Axe fragrances – Young men aged 18-24. (http://www.axe.ca/)

   c. Netflix streaming services – Tech-savvy young adults and middle-aged adults who are looking for a broad selection of streamable content. (https://www.netflix.com/ca/)

3. **Take one of the products in question #1 and describe the elements of the marketing mix used to market the product or service.**

   Answer: The following items can be included in the marketing mix for these products:

   a. Pillsbury Pizza Pops

   Product - handheld pizza, available in many flavours including pepperoni, cheese, deluxe. Hawaiian, sold in boxes of 4, 8, and 28
   Price – varies- approximately $2.50 for a box of 4 Pizza Pops, $4.75 for 8, and $14.00 for 28
   Place - sold at food chains, mass merchandisers, and online
   Promotion - TV ads, online ads, contests

   b. Axe fragrances

   Product – fragrances, body washes, deodorants, and hair care products. All Axe products come in black packaging with intriguing names such as, Apollo, Black Chill and Dark Temptation.

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Price - The product line is relatively inexpensive, making it affordable for their young male target audience.
Place - It is merchandised at retail in superstores, drugstores and grocery stores.
Promotion - television commercials, and print ads supplemented by a strong online and social media presence.

c. Netflix streaming services

Product - streamable movies and series, Netflix original content
Price - subscription price of $10.99 per month
Place - online.
Promotion - e-mail, TV ads, website free trial offer

4. Document some initiatives that your university or college has implemented that demonstrate the societal marketing concept or partnership marketing.

Answer: Some ideas are as follows:

1. Fundraiser for a children's charity
2. Policy on *greening* the campus including items such as recycling, energy conservation, and printing policies
3. Coffee shop on campus that discounts coffee when students bring their own mugs

5. What companies have used experiential marketing on campus to encourage student interest and involvement?

Answer: Some ideas are as follows:

- Beer companies such as Molson at campus pubs
- Gaming companies such as Microsoft with XBOX
- Radio stations such as The Edge with live broadcasts

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QUESTIONS AND ANSWERS TO ONLINE ACTIVITIES: INTERNET EXERCISE

Gatorade's G2 product contains the same amount of electrolytes as its regular Gatorade product but with only 40 calories per serving, almost 1/3 of the regular product. Go to the Gatorade website in Canada (www.gatorade.ca) and by reviewing information on the website, determine the following to the best of your ability:

1. **Who is the market for Gatorade G2?**
   Answer: A market consists of the people willing and able to purchase a product. The markets for Gatorade G2 are parents of active teenagers, and young adults who are active and participate in sporting activities.

2. **Who is the target market for Gatorade G2?**
   Answer: The target market for Gatorade G2 includes the teenagers who influence their parents. The target market for this product includes both the teenagers and the parents.

3. **By looking at information on the Gatorade website, identify the elements of the marketing mix for the G2 product.**
   Answer: The marketing mix is as follows:

   Product - a low calorie sports drink of 40 calories per 500 ml serving, that comes in a variety of flavours – fruit punch, orange, grape, and blueberry/ pomegranate. It rehydrates by replenishing potassium and chloride minerals that are lost through sweat.
   Price - varies and starts at about $2.00.
   Place - sold at food chains, mass merchandisers, drug stores, convenience stores, online, and in vending machines.
   Promotion - TV ads, online ads, sponsorships of athletes / sporting teams / leagues, contests, and websites.

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BRING IT TO LIFE: VIDEO SYNOPSIS & TEACHING SUGGESTIONS MARKETING IS EVERYWHERE FEATURING THE TWIN OAKS

Synopsis

This video covers various marketing functions as described by the managing director at Twin Oaks, a shopper marketing agency that specializes in building relationships between brands and their customers. This video introduces students to the diversity of marketing activities that help to create a brand and brand presence.

Teaching Suggestion

This video case can be used as an opener to your class, making the topic of marketing real, current, interesting, and relevant to your students. The message in the video can prompt interesting class discussions. Ask students to share three key takeaways from the video.

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BRING IT TO LIFE: VIDEO CASE – PRINTOUT
MARKETING IS EVERYWHERE FEATURING THE TWIN OAKS

This video covers various marketing functions as described by the managing director at Twin Oaks, a shopper marketing agency that specializes in building relationships between brands and their customers. This video introduces students to the diversity of marketing activities that help to create a brand and brand presence.

Questions

1. **What is the main purpose of Marketing?**

2. **What does Marketing create?**

3. **How is social media used to maintain customer relationships?**

4. **Why is it important to maintain a consistent brand message?**

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BRING IT TO LIFE: VIDEO CASE WORKSHEET
MARKETING IS EVERYWHERE FEATURING THE TWIN OAKS

Name:
Section:

The video will review what Marketing encompasses as described by the managing director of a marketing agency.

1. **What is the main purpose of Marketing?**

2. **What does Marketing create?**

3. **How is social media used to maintain customer relationships?**

4. **Why is it important to maintain a consistent brand message?**

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BRING IT TO LIFE: VIDEO CASE – ANSWERS TO QUESTIONS MARKETING IS EVERYWHERE FEATURING THE TWIN OAKS

1. **What is the main purpose of Marketing?**

   Answer: Marketing creates unique experiences between brands and shoppers. It is everywhere such as in advertising, facebook, and packaging.

2. **What does Marketing create?**

   Answer: Marketing creates meaningful connections for consumers ultimately leading to the path to purchase. It ultimately delivers value not only relating to price but to emotional benefit and saving time.

3. **How is social media used to maintain customer relationships?**

   Answer: Social media retains customer relationships with an ongoing relationship after purchase that communicates a consistent brand message.

4. **Why is it important to maintain a consistent brand message?**

   Answer: To stand out versus the competition, meet consumers needs, solve problems, and build an ongoing relationship.

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BRING IT TO LIFE: NEWSFLASHES / FOCUS ON ETHICS SYNOPSIS AND DISCUSSION QUESTIONS

Three interesting NewsFlashes / Focus on Ethics boxes are included in this chapter on *Movember men's health campaign, Benevity, and Greenwashing*. Discussing these topics in class can bring the material to life for the students in an interesting, relevant, and timely fashion. They can be used as ice-breakers to launch into a relevant subject. Many of the topics are interesting to students and may be familiar.

A. MARKETING THE "MO"

The Movember Foundation was launched in Canada in 2007. Its sole focus is to raise awareness and funds for men's health initiatives. Currently, they focus on four specific areas of men's health spanning prostate cancer, inactivity, testicular cancer, and mental health. Its main campaign is run in November, when supporters grow moustaches and raise money for the cause. Throughout the 10 years it has been in existence in Canada, Movember has consistently managed to maintain its relevance without brand fatigue by diversifying the initiatives it creates, while maintaining a foundation of men's health.

Questions
1. How do not-for-profits stay relevant?
2. How do partnerships help spread a non-profit organization's message?

Answers:
1. Not-for-profits need to continuously update and diversify their initiatives to stay relevant, interesting, and newsworthy to their audience.
2. The Movember Foundation partnered with companies such as VISA and the NHL to extend their messages to a broader target audience and to maintain interest and relevance.

B. BENEVITY – MAKING CSR THE BRAND!

Benevity is the global leader in corporate social responsibility and employee engagement software, including online giving, matching, volunteering, community investment, and purpose-driven actions. Many of the world's most iconic brands rely on Benevity's award-winning cloud solutions to power corporate "Goodness" programs that attract, retain, and engage today's diverse workforce by connecting people to the causes that matter to them. With software that is available in 17 languages to an employee base of 12 million users around the world, Benevity has processed $4 billion in donations and 23 million hours of volunteering time to over 230,000 charities worldwide. Benevity currently sits at around 600 employees, with a customer base of more than 600 clients spanning large, global enterprises like Microsoft, Coca-Cola, Google, and Honda.

The socially concerned consumer is alive and well across the globe. A recent Nielsen study showed that 55 percent of global online consumers were willing to pay more for products from companies that were socially responsible.

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Questions
1. What strategies do you believe that tentree should focus on to remain relevant?
2. Do you believe that tentree is a fad, or is it here to stay?

Answers:
1. The answers to this question will vary but students may discuss the impact of Benevity's promise on the 4 Ps including the use of social media platforms, partnerships, and CRM tactics.
2. The answers to this question will vary but should have rationale to support them based on the information in the Newsflash and additional research that students may undertake.

C. THE ETHICS OF GREENWASHING

Natural, organic, and recyclable options are increasingly demanded by millennials and Gen Z-ers. A 2019 study by *Harvard Business Review* found that brands that were marketed as sustainable were growing faster than traditional competitors. This has led to the increased use of buzzwords such as "sustainable," "eco-friendly," and "green" to try to highlight the ecological advantages of products or services. Hospitality as well as food and beverage companies often focus on promoting achievements in saving water and electricity or reducing greenhouse gas emissions either directly or along their supply chain.

A worldwide gold standard for sustainable tourism in Canada is the Fogo Island Inn in Newfoundland. Rather than a mere hotel, Zita Cobb and her team have created a social enterprise with the inn at the heart of it—a revolutionary business project that effectively saved a community that once stood on the brink of extinction. The hotel is effectively owned by the community; all profits fund micro-lending projects, including greenhouse workers who supply the restaurant, and workshops where furnishings are fashioned by local artists, some of whom run painting, still-life drawing, or found-object collage workshops at the inn. Though it fulfills the role excellently, it's much more than a luxury stay; the inn stands as a statement of the revival of an entire cod-fishing community, previously left behind by industrial modernization.

Questions
1. What are the ethical considerations surrounding Uber?
2. Do you think that Uber will ultimately win?

Answers:
1. Ethical concerns surrounding Uber include its perceived non-compliance with existing laws and regulations, complaints about insufficient driving training and screening, 'surge' pricing policies, and the overall safety of customers.
2. The answers to this question will vary depending on different opinions and should incite a lively debate.

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BRING IT TO LIFE: NEWSFLASH PRINTOUT AND WORKSHEET

Name:
Section:

Marketing the "MO"

As the seasons change to winter, it is inevitable that we see our male colleagues, friends, and family growing facial hair that lasts for a full month's time.

The Movember Foundation was started in Australia in 2004 by two friends. What started as an idea to bring the moustache back in fashion has dovetailed into a fundraising campaign for men's health. Those two friends were able to entice 30 of their friends to grow moustaches in 2003 for no money. They then thought about the potential power of this platform and subsequently formalized Movember. The Movember Foundation focuses on four specific issues: prostate cancer, inactivity, testicular cancer, and mental health.

It is a fairly simple idea: Men grow moustaches during the month of November and have friends and family sponsor their endeavour. What evolved from this simple idea has been historic!

In 2007, Movember was launched in Canada. Since its inception, the Movember campaign in Canada has raised approximately $700 million, with the peak in 2012 with over $40 million in donations that year. In fact, the Movember Foundation is one of the largest investors in men's health in the world. Movember has created its own language and culture. "Mo," "Mo Bro," "Mo Sista," and "Mo Mentor" are just a few of the terms that supporters are quite familiar with. Advice about how to grow a "Mo" and how to eat with a "Mo" is shared on the foundation's website. The 2019 campaign slogan was "Whatever you grow will save a bro."

As Movember celebrated its tenth anniversary in Canada in 2019, donations were down. Movember Canada is trying to move beyond the moustache. The moustache is still a major part of the brand, but it has expanded into men's mental health and suicide prevention. There is less focus on the moustache logo and more focus on stopping men from dying too young.

To further the cause, Movember has partnered with corporations including Visa, the NHL, Harley-Davidson, and GoodLife Fitness to introduce MOVE. MOVE encourages donations for individuals who commit to MOVE-ing every day during the month of November. This expands participation beyond growing a moustache.

Part of the reason that the moustache is no longer at the forefront of the campaign is the popularity of the campaign itself. Moustaches have become more popular over the last decade, particularly among younger men. Movember is credited for having driven that trend. Men grew the moustache, tried it, and kept it.

Wanting to extend its message beyond the month of November, Movember Canada has recognized April as Testicular Cancer Awareness Month, with a #knowthynuts campaign. This campaign is meant to encourage men to complete their own self-exams to ensure early detection of testicular cancer, a type of cancer most common in younger men.

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The campaign has also expanded into September, focusing on men's mental health for World Suicide Prevention Day on September 15, 2019. The campaign of "Be a man of more words" is meant to shed light on the stigma of men's mental health.

Movember is a month-long opportunity for participants to outwardly show their support for men's health, generating conversation, exchange of knowledge, and ultimately donations to the Movember Foundation.

Questions

1. How do not-for-profits stay relevant?

2. How do partnerships help spread a non-profit organization's message?

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BRING IT TO LIFE: NEWSFLASH PRINTOUT AND WORKSHEET

Name:
Section:

Benevity—Making CSR the Brand!

Corporate social responsibility (CSR) initiatives can often seem as though they were an afterthought or an add-on to corporate strategy. For Benevity, CSR is its brand!

Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. Benevity Inc., a certified B Corporation, was co-founded in 2008 by CEO Bryan de Lottinville and a group of tech innovators as a platform that enables companies to engage their employees and customers around social responsibility and community investment. Benevity's ultimate goal and vision is for there to be no need for a separate category of B Corporations, "because every company will pursue hybrid goals of profit and purpose."

Benevity is the global leader in corporate social responsibility and employee engagement software, including online giving, matching, volunteering, community investment, and purpose-driven actions. Many of the world's most iconic brands rely on Benevity's award-winning cloud solutions to power corporate "Goodness" programs that attract, retain, and engage today's diverse workforce by connecting people to the causes that matter to them. With software that is available in 17 languages to an employee base of 12 million users around the world, Benevity has processed $4 billion in donations and 23 million hours of volunteering time to over 230,000 charities worldwide. Benevity currently sits at around 600 employees, with a customer base of more than 600 clients spanning large, global enterprises like Microsoft, Coca-Cola, Google, and Honda.

"By engaging more people, more often in Goodness—no matter where they are located—companies can make their CSR programs and purpose-driven initiatives more experiential and inclusive for everyone, strengthening employee engagement and retention," says de Lottinville.

"With the addition of mobile, our clients now have another way to empower their people to support causes they care about, which in turn helps to create a workplace culture distinguished by meaning, engagement, and a passion to make the world better," he adds. "It's an essential and logical next step in the evolution of our platform."

The socially concerned consumer is alive and well across the globe. A recent Nielsen study showed that 55 percent of global online consumers were willing to pay more for products from companies that were socially responsible. The likelihood of embracing social responsibility is even greater in Asia Pacific, Latin America, and the Middle East/Africa. Canada is only the launching pad for Benevity's impactful strategy.

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Questions

1. What strategies do you believe that Benevity should focus on to remain relevant?

2. Do you believe that Benevity is a fad or is it here to stay?

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BRING IT TO LIFE: NEWSFLASH /FOCUS ON ETHICS PRINTOUT AND WORKSHEET

Name:
Section:

The Ethics of Greenwashing

Natural, organic, and recyclable options are increasingly demanded by millennials and Gen Z-ers. A 2019 study by *Harvard Business Review* found that brands that were marketed as sustainable were growing faster than traditional competitors. This has led to the increased use of buzzwords such as "sustainable," "eco-friendly," and "green" to try to highlight the ecological advantages of products or services. Hospitality as well as food and beverage companies often focus on promoting achievements in saving water and electricity or reducing greenhouse gas emissions either directly or along their supply chain. This option is provided to hotel customers with the option of not changing your bedding or towels on a daily basis.

To respond to their customers, companies that decide to participate in "Green Marketing" tend to be under constant scrutiny by consumers. Sadly, these initiatives hailed publicly as sustainable often just act as a smokescreen to divert public attention from business activities that remain, at their core, harmful to the planet. This heightened public sensitivity means that more and more firms get caught in their use of fluffy marketing terms and advertisements that paint them in a greener light than their activities merit. The confusion and deception felt by consumers who are victims of greenwashing can lead to decreased brand loyalty and a loss in brand equity.

More than ever, the next few years will be crucial for companies to stay true to their environmental policies and messaging. A shift toward a circular economy, one in which not only are products are made from recycled and recyclable substances but also consumers are actively educated, encouraged, and assisted to re-use materials, is inevitable for any business that wants to be a true driver for positive change.

According to a publication by the *Cambridge Institute for Sustainability Leadership*, the tourism industry is responsible for about 5 percent of current greenhouse gas emissions. With numbers of travellers and hotel rooms booming, this number is set to increase by 130 percent by 2035.

Due to the heavy investments needed to update existing locations and inherently low profit margins compared to other industries, hotels and restaurants have been rather slow in adopting sustainable business practices. By 2050, hotels will need to reduce emissions per key by 90 percent to be in line with the Paris Climate Agreement. Public and political pressure on the sector is rising to implement drastic changes in coming years.

A worldwide gold standard for sustainable tourism in Canada is the Fogo Island Inn in Newfoundland. Rather than a mere hotel, Zita Cobb and her team have created a social enterprise with the inn at the heart of it—a revolutionary business project that effectively saved a community that once stood on the brink of extinction. The hotel is effectively owned by the

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community; all profits fund micro-lending projects, including greenhouse workers who supply the restaurant, and workshops where furnishings are fashioned by local artists, some of whom run painting, still-life drawing, or found-object collage workshops at the inn. Five stunning, light-filled studios have been built for artists to seek inspiration from nature at its most dramatic. In construction of the hotel, locally sourced, sustainable building materials were chosen whenever possible; the entire steel frame is well insulated; rainwater from the roof is collected for use in toilets, laundry, and kitchen appliances; and wood-fired boilers and solar panels are used for hot water and underfloor heating. The result is a building that manages to stand out, yet remains distinctly of its Newfoundland home. Though it fulfills the role excellently, it's much more than a luxury stay; the inn stands as a statement of the revival of an entire cod-fishing community, previously left behind by industrial modernization.

Zita Cobb sums up her vision beautifully: *But I really think it has a lot to do with the fact that, as humans, we're trying to ask better questions—and one of those better questions is—what is a better relationship between business and community? And how do we use business in a way that strengthens the most important things, like nature and culture? So I think that it's a good sign, it's a signal, that we're just better aware.*

Questions

1. What are the ethical considerations surrounding greenwashing?

2. Do you think that hospitality industry and hotels like the Fogo Island Inn will ultimately win?

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BRING IT TO LIFE: IN-CLASS ACTIVITY
INSTRUCTIONS – OREOS

Learning Objectives

1. To understand the process of marketing

2. To understand how the marketing mix needs to be coordinated with each element designed to appeal to its target market

Description of In-Class Activity

- Provide groups of students with a handout on the activity ensuring that a colour visual of Oreos is shown as either a handout, sample box, PowerPoint slide, or by linking to the Oreo website.
- Students are then given a new target market for Oreo and asked to brainstorm on three new product ideas. They then select their best idea and develop a full marketing mix to appeal to their new target market. Finally, a spokesperson for each group informally explains the idea to the class. You may wish to add an element of fun by having students vote at the end on the product they consider to be (1) the most outrageous, and (2) the most likely to succeed!

- Groups are asked to develop a new Oreo product the will appeal to a new target audience: either students between the ages of 18-25 or health-conscious parents.

- This activity should only be conducted in groups. Estimated class time: 60-90 minutes.

Preparation before Class

- To prepare for this activity you will need to first determine whether you will be showing the visuals through Google Images, linking to the Oreo website (www.oreo.com) or showing an actual box in class. Showing the product on a screen and then the actual contents of the box in class provides the necessary detail for successful completion of the activity.

- Use a whiteboard or flip charts and markers for the students to use during the brainstorming sessions.

In-Class Implementation

- **Relevant Chapter Content –** Prior to conducting this in-class activity you will need to review the following chapter material with your students:

    - Discuss the term target market - the specific group of existing and potential consumers to whom a marketer targets its marketing efforts.

    - Define the marketing mix—product, price, place, and promotion:

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Product - all the attributes that make up a good, a service, or an idea, including product design, features, colour, packaging, warrantee, and service levels

Price - the expected retail shelf price and sale price of the product

Place - the distribution channels and retailers required to sell the product

Promotion - the communication tools needed to inform consumers about the product, including advertising, sales promotion, public relations, direct marketing, and personal selling

- Explain that successful marketing programs carefully manage the marketing mix so that each element is well coordinated and appeals to the target market

- Provide an example of a well-coordinated marketing mix such as PUR Gum described in the opening vignette for the chapter.

- **In-Class Instructions** – Show a visual of Oreo product on the screen and describe the product to the class, showing an actual box and its contents if appropriate. Briefly and informally explain the activity and then ask the students to get into groups of four. Distribute the handout to each group and then formally review the activity with the students. Break the activity up in to three segments; (1) give the students 30 minutes to brainstorm on three new product ideas, (2) give the students 30 minutes to develop a marketing mix for their best idea, and (3) allocate 20 minutes in total for all the groups to briefly explain their product idea and marketing mix to the rest of the class. Collect the handouts for evaluation purposes.

- **Handout –** Distribute the handout and worksheet for students to complete.

- **Evaluation** – Collect the worksheets from this activity for evaluation purposes. They can be evaluated for completion, or graded for quality of the work completed.

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BRING IT TO LIFE: IN-CLASS ACTIVITY
OREO MARKETING MIX – HANDOUT

- You have been tasked to create a new Oreo product to appeal to students between the ages of 18-25 OR health-conscious parents. Spend 30 minutes brainstorming on three new product ideas you think would appeal to the target market you have been assigned. The ideas should include the actual product itself (taste, appearance, colour, size, shape, special ingredients, etc.) and its packaging.

- Select your best idea and now develop the elements of the marketing mix, product, price, place, and promotion that are needed to market this idea to your target group, (30 minutes).

- Select a spokesperson for your group who will briefly and informally explain your selected concept and its marketing mix to the class.

Background

Oreo targets families and specifically children. The product consists of cream-filled chocolate cookies. People often like to "twist and lick" the cookies, meaning that they twist the cookies apart and lick the icing before eating the cookies. Oreos are available in larger pack sizes as well as in boxes with mini snack packs of cookies. Oreo cookies are widely available at grocery, and other retail outlets. The product is also sold for approximately $3.00 for 300 grams, and $2.00 for boxes of 6 snack packs. Oreos are widely promoted using TV ads and social media.

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BRING IT TO LIFE: IN-CLASS ACTIVITY
OREO MARKETING MIX – WORKSHEET

Name:
Section:

Assigned Target Audience:

A. List and describe the 3 product ideas that you created for your product in terms of taste, appearance, colour, size, shape, special ingredients, and packaging.

1.

2.

3.

B. Product name – Select the best idea that you have and give your product a name.

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C. Craft the elements of the marketing mix for your new product to appeal to your target market:

- **Product - finalize one of the products you previously brainstormed, ensuring it meets the needs of your target market**

- **Price – determine the retail shelf price and sale price that meets your target market needs. (For the purposes of this exercise costs and profit requirements are not taken into consideration).**

- **Place – determine all the places where you think this product should be sold. (For this exercise distribution channels will not be included in this area).**

- **Promotion – describe the promotional ideas that you will use to communicate to your target group such as advertising, sales promotion, public relations, direct marketing, and personal selling. Create a promotional program that will appeal to this target market.**

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BRING IT TO LIFE: METRICS ASSIGNMENT
FORECASTING INDUSTRY AND COMPANY SALES - WORKSHEET

Name:
Section:

PUR Gum was highlighted in the opening vignette for this chapter. As mentioned in the vignette, the gum industry in Canada has been declining over the last few years and a few large companies hold the majority of the market share.[1] Assume that you are the market analyst for Wrigley Canada and forecast sales for the overall gum market, Wrigley and Cadbury Adam for the next 3 years.

Assume the following:

- Sales in the gum industry in Canada are expected to decline by 2%, 3%, and 3% (versus the previous year) over the next 3 years.
- Wrigley's market share will stay the same as in 2016 over the forecast period.
- Cadbury Adams' market share will lose 1% of the market each year over the forecast period.

Task

1. Forecast the chewing gum industry sales for 2017, 2018, and 2019.
2. Forecast the sales for Wrigley and Cadbury Adams for 2017-2019.
3. As a market analyst for Wrigley, you have been asked to recommend the level of promotional spending on gum for the next 3 years. Based on the historical promotional budget and the industry and company sales forecasts you have completed, make a recommendation for a promotional budget for the years 2017, 2018, and 2019. Provide your logic and rationale.

Chewing Gum Industry in Canada (sales in $CDN millions)					
Year	**2017**	**2018**	**2019**	**2020**	**2021**
	Actual*	**Actual ***	**Forecast**	**Forecast**	**Forecast**
Gum Industry	472.9	464			
Wrigley	198.6	194.6			
Cadbury Adams	189.2	185.4			

Wrigley's Promotional Budget ($CDN millions)					
	2017 Actual*	**2018 Actual***	**2019**	**2020**	**2021**
Sales	240.7	239.8			
Promotional budget	24	24			

***Numbers provided are hypothetical estimates**

[1] Euromonitor International (2020). Gum in Canada. September 22, 2020. Available at http://www.euromonitor.com/gum-in-canada/report (accessed November 2020)

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BRING IT TO LIFE: METRICS ASSIGNMENT
FORECASTING INDUSTRY AND COMPANY SALES - ANSWERS

This assignment can be done in class with the answers computed on the board to demonstrate how to utilize sales trends and forecast assumptions to develop a rudimentary industry and company sales forecast. It can then be explained how sales forecasts can be used within a company to determine promotional spends.

The computation steps are as follows:

1. Determine industry sales by applying the growth rates provided for the forecasted years.

2. Determine each company's market share for 2018 and then apply the market share assumptions for 2019-2021.

3. The assumption made for the promotional budget estimates for Wrigley are that they spent 10% of sales on promotion in 2015 and 2016. Based upon the projected sales forecasts for the industry and Wrigley, should Wrigley increase promotion, decrease promotion or maintain current levels of promotion. What makes sense and why? Students can provide a variety of answers.

Chewing Gum Industry in Canada (sales in $CDN millions)					
Year	**2017**	**2018**	**2019**	**2020**	**2021**
	Actual*	**Actual ***	**Forecast**	**Forecast**	**Forecast**
Gum Industry	472.9	464	479.2 (2% decline from 20168)	464.8 (3% decline from 2019)	450.9 (3% decline from 2020)
Wrigley	198.6	194.6 (42% M.S.)	234.8 (41% M.S.)	227.8 (41% M.S.)	220.9 (40% M.S.)
Cadbury Adams	189.2	185.4 (40% M.S.)	220.4 (39% M.S.)	209.2 (39% M.S.)	198.4 (38% M.S.)

Wrigley's Promotional Budget ($CDN millions)					
	2017 Actual*	**2018 Actual***	**2019**	**2020**	**2021**
Sales	240.7	239.8	234.8	227.8	220.9
Promotional budget	24 (10% of sales)	24 (10% of sales)	Student to determine with rationale	Student to determine with rationale	Student to determine with rationale

***Numbers provided are hypothetical estimates.**

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