

GLOBAL
EDITION



Marketing

Real People, Real Choices

ELEVENTH EDITION

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



Marketing

Real People, Real Choices

**Eleventh Edition
Global Edition**

Michael R. **SOLOMON**
SAINT JOSEPH'S UNIVERSITY

Greg W. **MARSHALL**
ROLLINS COLLEGE

Elnora W. **STUART**
UNIVERSITY OF SOUTH CAROLINA UPSTATE



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*To Gail, Amanda, Zachary, Alex, Orly, Rose, Evey,
and Arya—my favorite market segment*

—M.S.

To Patti and Justin

—G.M.

To Sonny, Patrick, Allyson, and Gaby

—E.S.

*The authors also dedicate this edition to students,
faculty, and their friends and families who were
impacted by the COVID-19 crisis. We wish you
all the best for happiness and success in the future.*

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Preface

MARKETING: REAL PEOPLE, REAL CHOICES

Why did we write this book? We'll answer this question with a simple, yet profound, statement: *Companies don't make decisions. People do.* And those decisions have never been harder than in recent memory, when marketers had to adjust to a worldwide pandemic that challenged many of the choices they needed to make. Professors and students have had to make hard choices, too! We all had to adapt to this "strange new world" together.

But regardless of what changing economic and social conditions may bring, at the end of the day, good marketing is good marketing! That's why "real people, real choices" is our mantra. Too often students read about what *a company* did or didn't do. We've worked with a lot of marketers and their great brands over the years, but we've never "met" a company (whether in lockdown or not). Have you? It's not faceless companies but rather real flesh-and-blood *people*—people like students and their professors—who agonize over important marketing decisions.

These managers (hopefully) applied the marketing lessons they learned both while in school and in the trenches to make the best choices they could. Our focus on "real people, real choices" adds people (yes, *real* ones) to the equation that many marketing textbooks neglect. The real people, real choices focus is reinforced throughout the book by the end-of-chapter cases that require students to evaluate real companies' decisions and make their own recommendations and by the decision-making opportunities in many of the end-of-chapter questions and activities.

Solving Teaching and Learning Challenges

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

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

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

A great read—that’s how students describe our book. As we’ve always done, throughout this 11th edition, we deliver content in a conversational, jargon-free, and not overly academic style that students actually enjoy reading (we know, because they tell us). One reason we can do this is because all three authors have extensive experience working in marketing in industry in addition to their academic training and experience, and to this day, all three continue to work with organizations as marketing consultants! That’s the secret sauce of what keeps *Real People, Real Choices* so real!

Developing Employability Skills

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

To reinforce this focus throughout the book:

- **Apply Marketing Metrics** exercises at the end of each chapter provide additional opportunities for students to try their hand at applying some of the same metrics that marketers use to help them make good decisions.
- Way back in the 8th edition when quite a few practicing marketers hadn’t even heard of Big Data, we were proud to be the first Principles of Marketing textbook to devote **an entire chapter (Chapter 5)** to the emerging and vital topic of marketing analytics and related tools. In this 11th edition, we’ve greatly expanded that chapter’s coverage to include numerous new key terms, many more application examples to connect concepts to practice, and several new tables and figures to further illustrate this fascinating aspect of the emerging world of the “new marketer.”
- The name of the game in marketing nowadays is maximizing the success of the customer experience. To do this requires that marketers think and plan more holistically about what makes for a great customer experience, rather than just doing it piecemeal. In this 11th edition, we include a chapter (Chapter 12) that is fully devoted to best practices across the components of the customer’s experience with a provider and its offerings.
- One critical area to enhance employability in marketing today is a keen understanding of the role of digital and social media marketing approaches to marketing communication. In today’s agency and company environments, often it is digital and social marketing that takes precedence over more “traditional” promotional tools, like television and print advertising. Marketing students need to gain a body of knowledge about these newer approaches from their very first marketing course, and this 11th edition features a heavily revamped and extensive coverage of these important topics (Chapters 13 and 14).

New to This Edition

So far, you’ve read about a wide variety of new and enhanced features of this 11th edition. Just in case we haven’t impressed you enough already, here’s a summary list of those and more that make our book stand out as by far the most up-to-date, cutting-edge product in the Marketing Principles market!

- Five of the decision-focused Real People vignettes that open each chapter are new to this edition. The new vignettes feature marketers from: PepsiCo, AdventHealth, Mary Kay, Terra Cycle, and the Philadelphia Phillies.
- Nine (9) new and five (5) extensively updated Marketing in Action cases are included at the end of chapters. The nine new cases feature the problems and opportunities faced by the following exciting, contemporary organizations:
 - StockX
 - P&G
 - Anheuser-Busch InBev
 - ThirdLove
 - Helen of Troy
 - Rent the Runway
 - Lululemon Athletica
 - Nestlé
 - Brud
- 80 new key terms appear throughout the chapters.

For more information on changes in each chapter of this 11th edition, see the chart below.

Chapter-by-Chapter Updates

<p>Chapter 1 Welcome to the World of Marketing: Create and Deliver Value</p>	<ul style="list-style-type: none"> • New discussion of the continuing evolution of marketing, including the very important customer experience, service-dominant logic, and the co-creation of value • Discussion of disruption in marketing with examples of how product innovations have created disruptions in marketing • New Marketing in Action Case: Real Choices at StockX • New key terms added to this chapter: <ul style="list-style-type: none"> - customer experience (CX or CEX) - service-dominant logic - customer co-creation - recommendation engine - disruptive marketing
<p>Chapter 2 Global, Ethical, and Sustainable Marketing</p>	<ul style="list-style-type: none"> • New Real People opening vignette featuring Tom Szaky at TerraCycle • New discussion of disruption in the global marketplace, including changes in the distribution of wealth, access to education, and improvements in infrastructure, especially media and telecommunications • Discussion of increasing differences in have and have-not countries as exposed by the COVID-19 pandemic • Increased coverage of the tariff debate and the U.S.–China trade war • New key terms added to this chapter: <ul style="list-style-type: none"> - climate change - consumer xenocentrism
<p>Chapter 3 Strategic Market Planning</p>	<ul style="list-style-type: none"> • New Real People opening vignette featuring Bob Roncska at AdventHealth • Stronger linking of the role of organizational strategy to marketing strategy and planning • Enhanced explanation and example of the concept of strategic business units • New coverage of the meaning and importance of organizational mission, vision, and values, along with clear examples of each • Multiple examples and connections between the COVID-19 crisis and its impact on organizational and marketing strategy and planning • Additional attention to the need for contingency planning and examining multiple planning scenarios • New Marketing in Action Case: Real Choices at P&G

	<ul style="list-style-type: none"> • New key terms added to this chapter: <ul style="list-style-type: none"> <li style="width: 50%;">- strategy <li style="width: 50%;">- strategic pivot <li style="width: 50%;">- mission <li style="width: 50%;">- marketing metrics <li style="width: 50%;">- vision <li style="width: 50%;">- digital disruption <li style="width: 50%;">- vision statement <li style="width: 50%;">- digital vortex <li style="width: 50%;">- organizational values <li style="width: 50%;">- contingency planning <li style="width: 50%;">- nimble organization <li style="width: 50%;">- scenarios
Chapter 4 Market Research	<ul style="list-style-type: none"> • Added focus on the importance of confidentiality and anonymity in market research • New dialogue on data privacy, data security, and risk management as the issues pertain to marketers • Discussion of the concept of using mystery shoppers in market research • Update on the Q Score syndicated research process • Enhanced coverage of qualitative research, quantitative research, and in-depth interviews • Introduction of robocalls and spoofed numbers and their impact on consumers • Coverage of the technique of catfishing online • New key terms added to this chapter: <ul style="list-style-type: none"> <li style="width: 50%;">- GIGO <li style="width: 50%;">- qualitative research <li style="width: 50%;">- data privacy <li style="width: 50%;">- quantitative research <li style="width: 50%;">- confidentiality <li style="width: 50%;">- in-depth interview <li style="width: 50%;">- anonymity <li style="width: 50%;">- survey research <li style="width: 50%;">- risk management <li style="width: 50%;">- robocall <li style="width: 50%;">- data security <li style="width: 50%;">- spoofed numbers <li style="width: 50%;">- mystery shoppers <li style="width: 50%;">- catfish <li style="width: 50%;">- data analytics
Chapter 5 Marketing Analytics: Welcome to the Era of Data-Driven Insights!	<ul style="list-style-type: none"> • New Real People opening vignette featuring Josh Barbieri at the Philadelphia Phillies • Major overhaul of this chapter to provide students the most up-to-date treatment of marketing analytics among all Marketing Principles books • This rapidly changing area in marketing required the addition of 26 brand new key terms, which run a gamut of core concepts in analytics • Numerous attractively designed new figures and tables throughout the chapter add enjoyment and clarity to student learning about marketing analytics • Heavily updated treatment of CRM to bring this critical learning topic for students up to state-of-the-field level, including setting SMART goals and establishing key performance indicators (KPIs) and meaningful metrics to assess results • Extended new example of marketing automation, including focus on the sales funnel and lead nurturing • Heavy attention to three key categories of metrics that are central to marketers: marketing metrics, sales metrics, and service metrics • A new supplemental section after the main chapter that walks students through calculations of several of these important metrics • New and enhanced discussion of numerous contemporary data-related issues for marketers, such as cyber security, hackers, data breach, edge computing, augmented intelligence, deep learning, deepfake, and blockchain

	<ul style="list-style-type: none"> • New key terms added to this chapter: <ul style="list-style-type: none"> <li style="width: 50%;">- lead <li style="width: 50%;">- augmented intelligence <li style="width: 50%;">- lead nurturing <li style="width: 50%;">- deep learning <li style="width: 50%;">- SMART goals <li style="width: 50%;">- deepfake <li style="width: 50%;">- user adoption metrics <li style="width: 50%;">- customer acquisition cost (CAC) <li style="width: 50%;">- customer perception metrics <li style="width: 50%;">- sales cycle <li style="width: 50%;">- business performance metrics <li style="width: 50%;">- share of wallet <li style="width: 50%;">- key performance indicators (KPIs) <li style="width: 50%;">- net promoter score (NPS) <li style="width: 50%;">- edge computing <li style="width: 50%;">- return on experience (ROX)
<p>Chapter 6 Understand Consumer and Business Markets</p>	<ul style="list-style-type: none"> • New discussion of changing consumer values and the resulting trends, including the sharing economy, healthier living, diversity and multiculturalism, and consumers’ demand for authenticity • Discussion of what the new normal following the COVID-19 pandemic will likely look like for consumers • New Marketing in Action Case: Real Choices at Anheuser-Busch InBev • New key terms added to this chapter: <ul style="list-style-type: none"> <li style="width: 50%;">- HoloLens <li style="width: 50%;">- data-driven disruptive marketing <li style="width: 50%;">- flawsome <li style="width: 50%;">- in-homing <li style="width: 50%;">- social graph
<p>Chapter 7 Segmentation, Target Marketing, and Positioning</p>	<ul style="list-style-type: none"> • Attention to the impact of the COVID-19 crisis on segmentation, target marketing, and positioning—particularly in terms of future widespread market fragmentation • Enhanced treatment of a growing issue of oversegmentation by firms • Increased attention to Gen Z—the current up-and-coming group of consumers • Strong and positive treatment of the push toward greater social justice and its relationship to how marketers do segmentation, target marketing, and positioning • New and highly relevant content on gender identity and related issues, including a discussion of gender-bending products • Discussion of the potential impact of the COVID-19 crisis on demographic segmentation in the context of future spending power • The artificial intelligence (AI) discussion from Chapter 5 is continued here, bridging to the concept of “segments of one”—tracking the activity and preferences of a single potential customer and tailoring marketing responses to that unique person • Addition of a discussion about personas, including examples of the concept in action • A helpful new illustration of the concept of perceptual maps, using the U.S. steakhouse market as the example in the graphic • New Marketing in Action Case: Real Choices at ThirdLove • New key terms added to this chapter: <ul style="list-style-type: none"> <li style="width: 50%;">- oversegmentation <li style="width: 50%;">- Me Too movement <li style="width: 50%;">- gender identity <li style="width: 50%;">- segment of one <li style="width: 50%;">- androgyny <li style="width: 50%;">- personas <li style="width: 50%;">- gender-bending products
<p>Chapter 8 Product I: Innovation and New Product Development</p>	<ul style="list-style-type: none"> • New Real People opening vignette featuring Sheryl Adkins-Green at Mary Kay • Discussion of the phenomenon during the early days of the COVID-19 crisis of certain products in the fast-moving-consumer-goods (FMCG) category experiencing substantial increases in consumer demand • Treatment of geofencing marketing, including an example of how it can be effectively used

	<ul style="list-style-type: none"> • Greatly increased coverage of design thinking, including its inherent process steps, an approach that continues to migrate into the way marketers develop products • Inclusion of a great new Tropicana example of how the brand tackled the tough “awareness stage” of new product adoption by consumers • New key term added to this chapter: geofencing marketing
<p>Chapter 9 Product II: Product Strategy, Branding, and Product Management</p>	<ul style="list-style-type: none"> • More emphasis on product objectives, especially their role in supporting broader marketing objectives and the firm’s overall mission • New clarifying discussion of the differences between product managers and brand managers • Coverage of Anheuser-Busch (A-B) InBev’s approach to increasing its product mix by acquiring new beverage products often by acquiring smaller craft breweries • A great new explanation of the importance of balance between individual branding approaches and parlaying the family brand, centered on Coca-Cola’s experiences • Enhanced discussion and examples of cobranding and lifestyle brands • A new section sparked by the significant movement toward social justice that began in 2020, highlighting marketing’s role in this effort, and particularly exemplifying several legacy brands that committed to rebranding away from prior words and images to ensure they are not hurtful to others • New Marketing in Action Case: Real Choices at Helen of Troy • New key terms added to this chapter: <ul style="list-style-type: none"> - product objectives - lifestyle brands - rebranding
<p>Chapter 10 Price: What Is the Value Proposition Worth?</p>	<ul style="list-style-type: none"> • New section on innovations in payment systems—digital and virtual currencies and updates on cryptocurrencies • Discussion of airlines and other firms changing pricing strategies in response to COVID-19’s effects on business • Discussion of consumer responses to the economic effects of COVID-19, including growth in re-commerce, especially with luxury products • Discussion of a possible future cashless society • Stories of price gouging during the pandemic • New key terms added to this chapter: <ul style="list-style-type: none"> - subscription pricing - digital wallet - mobile wallet - buy-now-pay-later (BNPL) - save-now-buy-later (SNBL) - collaborative savings and consumption - peer-to-peer (P2P), or social lending - rent-to-own - cashless society
<p>Chapter 11 Deliver the Goods: Determine the Distribution Strategy</p>	<ul style="list-style-type: none"> • Additional attention to the option of an “indirect channel” of distribution in which firms sell their products through third parties • More emphasis on the malady of copyright infringement in the context of online distribution piracy • Coverage of Nike’s Triple Double Strategy (2X), the cornerstone of which is the Nike Consumer Experience (NCX), which includes the firm’s own direct-to-consumer network, as well as a vastly streamlined slate of wholesale distribution partners • Clear connections pointed out between new-age distribution channel approaches and opportunities for people in the “gig economy” • Updated discussion of the use of drones in distribution, along with example firms on the forefront of this trend • New Marketing in Action Case: Real Choices at Rent the Runway • New key term added to this chapter: indirect channel

<p>Chapter 12 Deliver the Customer Experience</p>	<ul style="list-style-type: none"> • New Real People opening vignette featuring Paula Hopkins at PepsiCo • Discussion and examples of the changing customer experience, including customer journey mapping • Additional coverage of how the COVID-19 pandemic has affected both online and offline retailers • Discussion of changes in technology that have improved distribution • New examples of experiential retailing • New section on concept stores • New Marketing in Action Case: Real Choices at Lululemon Athletica • New key terms added to this chapter: <ul style="list-style-type: none"> - direct-to-consumer (D2C) retail - Amazon effect - concept stores - flash retailing, or pop-up stores and pop-up retailing - recommerce - upcycling - dollar and variety stores - extended reality (XR) - order fulfillment automation
<p>Chapter 13 Promotion I: Planning and Advertising</p>	<ul style="list-style-type: none"> • New section on how technology is providing opportunities for personalized advertising messages • A discussion of how multichannel strategies can be super successful, using <i>Game of Thrones</i> first season and final season as examples • New discussion on the effects on advertising caused by the COVID-19 pandemic • New discussion of the importance of content marketing • New content on programmatic advertising used for buying digital advertising • New Marketing in Action Case: Real Choices at Nestlé • New key terms added to this chapter: <ul style="list-style-type: none"> - ethical bribe - interactive agency, or digital agency - in-house agency - programmatic advertising, or programmatic ad buying - drip pricing - upfront TV ad pricing
<p>Chapter 14 Promotion II: Social Media Platforms and Other Promotion Elements</p>	<ul style="list-style-type: none"> • Expanded discussion of social media marketing • Expanded discussion of the most important social media platforms for marketers, including Instagram, YouTube, TikTok, Snapchat, and Twitch • New discussion of viral marketing with DJ D-Nice’s #ClubQuarantine example • New discussion of social selling, social commerce, media multitasking (or second screening), cord-cutting, memes, storytelling, and short-form storytelling • New coverage of PR activity of corporate activism, or social marketing, and the use of event-management software such as Eventbrite • New Marketing in Action Case: Real Choices at Brud • New key terms added to this chapter: <ul style="list-style-type: none"> - groundswell - media multitasking, or second screening - cord-cutting - cosplay - Instagram - sponsored posts - YouTube - TikTok - Snapchat - Twitch - social commerce - storytelling - short-form storytelling - Zoom-bombing - social selling - corporate activism, or social marketing - memes

Instructor Teaching Resources

Please go to <http://www.pearsonglobaleditions.com/> for more information on instructor resources.

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REVIEWERS

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Chapter 1: Suzanne McFadden, Comcast
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CONTRIBUTORS

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 Jon and Diane Sutherland

REVIEWERS

Jie Liu, Manchester Metropolitan University
 Karan Vishwanath, University of London
 Anna Wos, Lancaster University

About the Authors



Michael R. Solomon, Ph.D., joined the Haub School of Business at Saint Joseph's University in Philadelphia as Professor of Marketing in 2006. From 2007 to 2013, he also held an appointment as Professor of Consumer Behaviour at the University of Manchester in the United Kingdom. From 1995 to 2006, he was the Human Sciences Professor of Consumer Behavior at Auburn University. Before joining Auburn in 1995, he was chairman of the Department of Marketing in the School of Business at Rutgers University, New Brunswick, New Jersey. Professor Solomon's primary research interests include consumer behavior and lifestyle issues; branding strategy; the symbolic aspects of products; the psychology of fashion, decoration, and image; services marketing; and the development of visually oriented online research methodologies. He currently sits on the editorial boards of the *Journal of Consumer Behaviour*, the *Journal for the Advancement of Marketing Education*, the *Journal of Marketing Theory and Practice*, and *Critical Studies in Fashion and Beauty*. In addition to other books, he is also the author of Pearson's text *Consumer Behavior: Buying, Having, and Being*, which is widely used in universities throughout the world. Professor Solomon frequently appears on television and radio shows, such as *The Today Show*, *Good Morning America*, Channel One, the *Wall Street Journal* Radio Network, and National Public Radio to comment on consumer behavior and marketing issues. He also is a regular contributor at Forbes.com.



Greg W. Marshall, Ph.D., is the Charles Harwood Professor of Marketing and Strategy in the Crummer Graduate School of Business at Rollins College in Winter Park, Florida. For three years, he also served as vice president for strategic marketing for Rollins. Before joining Rollins, he was on the faculty of Oklahoma State University, the University of South Florida, and TCU. He also holds a visiting professorship in the Marketing Group at Aston Business School, Birmingham, United Kingdom. Professor Marshall earned a BSBA in marketing and an MBA from the University of Tulsa and a Ph.D. in marketing from Oklahoma State University. His research interests include sales management, marketing management decision making, and intraorganizational relationships. He is editor-in-chief of the *European Journal of Marketing* and former editor of the *Journal of*

Marketing Theory and Practice and the *Journal of Personal Selling & Sales Management*. He currently serves on the editorial boards of the *Journal of the Academy of Marketing Science*, the *Journal of Business Research*, and *Industrial Marketing Management*. Professor Marshall is past president of the American Marketing Association Academic Council and also a former member of the AMA Board of Directors. He is a distinguished fellow and past president of the Academy of Marketing Science, and a distinguished fellow and past president of the Society for Marketing Advances. In 2018 he received the Lifetime Achievement Award from the American Marketing Association Selling and Sales Management Special Interest Group (SIG) and in 2019 he received the Circle of Honor Award from the Direct Selling Education Foundation. His industry experience before entering academe includes product management, field sales management, and retail management positions with firms such as Warner-Lambert, the Mennen Company, and Target Corporation.



Elnora W. Stuart, Ph.D., having most recently served as Professor of Marketing and Associate Dean of the George Dean Johnson, Jr. College of Business and Economics at the University of South Carolina Upstate, is now Distinguished Professor Emerita, University of South Carolina. She continues to teach, consult, and conduct research. Prior to joining USC Upstate in 2008, she was professor of marketing and the BP Egypt Oil Professor of Management Studies at the American University in Cairo, professor of marketing at Winthrop University in Rock Hill, South Carolina, and on the faculty of the University of South Carolina. She has also been a regular visiting professor at Instituto de Empresa in Madrid, Spain and Landshut College of Applied Sciences in Landshut, Germany. She earned a B.A. in theater and speech from the University of North Carolina at Greensboro and both an M.A. in journalism and mass communication and a Ph.D. in marketing from the University of South Carolina. Professor Stuart's research has been published in major academic journals, including the *Journal of Consumer Research*, the *Journal of Advertising*, the *Journal of Business Research*, the *Journal of Public Policy and Marketing*, the *Journal of Promotion Management*, and the *International Journal of Pharmaceutical and Healthcare Marketing*. For over 25 years, she has served as a consultant for numerous businesses and not-for-profit organizations in the United States and in Egypt.

1 Welcome to the World of Marketing: Create and Deliver Value

Objective Outline

- 1.1 Explain what marketing is, the marketing mix, what can be marketed, and the value of marketing.
- 1.2 Explain the evolution of the marketing concept.
- 1.3 Understand value from the perspectives of customers, producers, and society.
- 1.4 Explain the basics of market planning.
- 1.5 Understand how to increase your chances of getting a great first job and having a successful career by using the marketing process to create a personal brand.

Suzanne McFadden



Meet Suzanne McFadden

▼ A Decision Maker at Comcast

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

Suzanne received a BA in marketing and finance from the University of Delaware. She joined Comcast in 1997 in a field marketing role and gained experience in many aspects of marketing, such as customer acquisition and competitive and operations marketing, to rise through the ranks to land in her current responsibility for the end-to-end customer communications journey, from onboarding through engagement and the entire customer life cycle of Comcast's cable operations.

Suzanne's Info

What I do when I'm not working:

Love spending time with family and friends—in particular, travel and food experiences. Also squeeze in time for reading, exercise, and TV watching.

First job out of school:

Marketing Coordinator, SportsChannel Philadelphia

Career high:

Being involved in the launch of Comcast High-Speed Internet. At the time, early 1997, companies were questioning if this "Internet thing" was really going to pay off—absolutely amazing to see the impact.

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

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

My hero:

All of the career women who came before me—I am amazed when I look back at the corporate gender stereotypes of history and realize my success is only possible due to the women who endured inequality to get us where we are today.

My motto to live by:

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

What drives me:

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

My management style:

Partnership and understanding. I make sure I know what motivates and drives my employees to success and work to give them what they need from me—leadership, time, attention, or hands off. It is different for all and that is what leaders must understand.

Don't do this when interviewing with me:

Say "I" over and over.



Here's my **problem...**

Real People, Real Choices

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

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

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

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

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

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

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

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

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

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

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

You Choose

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

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

1.1

OBJECTIVE

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

Marketing: What Is It?

Marketing. People either love it or hate it. The crazy part of this is that whether they love it or hate it, most folks really do not understand what marketing really is! How about when a Rihanna concert in Atlanta or Chicago entices fans from Peoria, Illinois, to travel to those cities just to scream in ecstasy alongside the locals? Then there are the pop-up ads on your Facebook page for something you were searching for at Poshmark last week. And of course, there are those emails that

fill your inbox from Amazon.com, suggesting products that might entice you to let go of some hard-earned cash. Yes, these are all examples of marketing. And that's just scratching the surface.

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

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

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

Let's think for a minute about satisfying customer needs. While this is easy enough to understand, it's far more difficult to achieve. Customers face millions of companies offering gazillions of products.

Traditionally, marketing gurus would tell us that all we need to do is to offer consumers a great product at a reasonable price and show them how their lives would be improved if they own it. Voilà! Success and profits!

Today it's a little more difficult. There are literally millions of companies around the globe all vying for the limited demand of consumers. And the customer is exposed to not only traditional marketing activities but also the contacts provided by companies and other consumers who are, like them, online 24/7.

So how does one brand succeed? Today, what matters is the **customer experience (CX or CEX)**. CX is the customer's overall assessment of every interaction the customer has experienced with a business from navigating the company website to talking to customer service to the packaging the product arrives in. Today's customer is only going to buy and be loyal to a brand that has always given them positive experiences. Even one bad experience can send customers scurrying to your competitor. We'll talk more about CX and how marketers map the customer's experience later in Chapter 5 and again in Chapter 12.

When you ask people to define **marketing**, you get many answers. Some people say, "That's all those emails and popups I get on my computer from Amazon and every other online site I know of, trying to get me to buy something from them." Many people say, "Oh, that's simple—TV commercials." Students might answer, "That's a course I have to take before I can get my business degree." Each of these responses has a grain of truth to it, but the official definition of marketing the American Marketing Association adopted in 2013 is as follows:

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

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

“Marketing Is the Activity, Set of Institutions, and Processes . . .”

As we will discuss throughout this text, marketing includes a great number of activities—from top-level market planning by the chief marketing officer (CMO) of a big company to the creation of a Facebook page by your university. The importance organizations assign to

consumer

The ultimate user of a good or service.

customer experience (CX or CEX)

A customer's overall assessment of every interaction the customer has experienced with a business, from navigating the company website to talking to customer service to the packaging the product arrives in.

marketing

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

marketing activities varies a lot. Top management in some firms is marketing oriented (especially when the chief executive officer, or CEO, comes from the marketing ranks), whereas in other companies marketing is an afterthought. One study shows that over 25 percent of CEOs have either a marketing or a sales background—that makes this information pretty relevant, so stick with us!³

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

- Better understanding of customer needs through marketing research
- Selecting the people or organizations in the market that are your best bets for success
- Developing the product
- Pricing the product
- Getting the product to the consumer
- Delivering marketing messages via traditional and online advertising and a host of other activities

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

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

Of course today, there are a number of different categories of agencies. Some of these are:

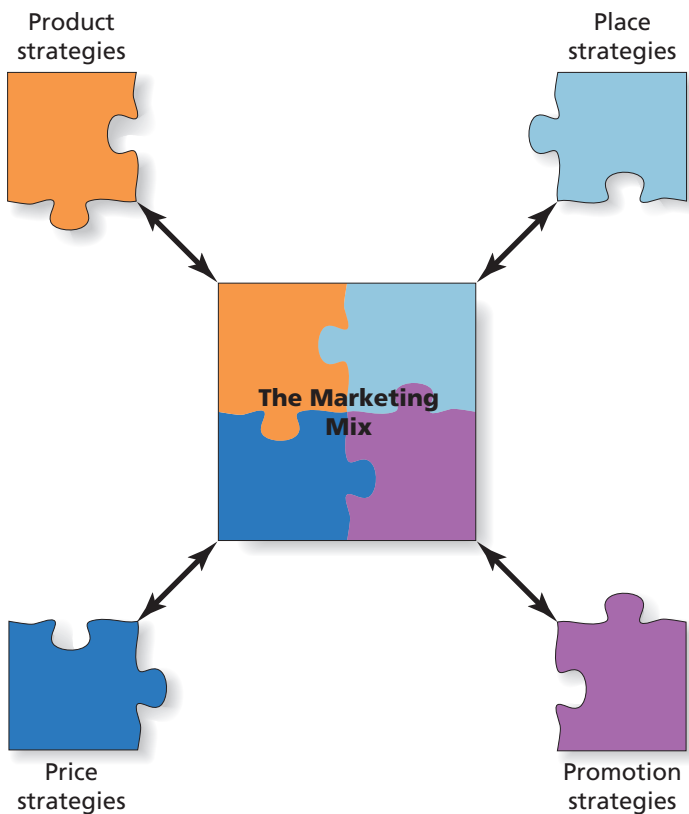
- Startup marketing
- Public relations
- Advertising
- Digital marketing
- Content marketing & SEO
- Social media marketing⁴
- Marketing research firms, such as Nielsen, that provide data vital to the planning and implementation of successful marketing programs
- The traditional media
- The Internet and social media
- Governments that enforce laws and regulations to make sure marketing occurs in a fair and ethical manner
- Logistics firms that get the product to the consumer most efficiently
- Retailers that interact directly with the final customer

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

Whether it is a giant global producer of consumer products, such as Procter & Gamble, or a smaller organization, such as Lizard's Thicket, a restaurant business in Columbia, SC, a marketer's decisions affect—and are affected by—the firm's other activities. Marketing managers must work with financial and accounting officers to figure out whether products are profitable, to set marketing budgets, and to determine prices. They must work with people in manufacturing to be sure that the new iPhone is produced on time and in the right quantities for those avid iPhone fans who camp out in front of Apple stores to get their hands on the new model. Marketers also must work with research-and-development specialists to create products that meet consumers' needs. And most important, marketers must maintain their expertise on the ever-changing innovations that occur daily in every aspect of marketing.

Figure 1.1 *Snapshot* | The Marketing Mix

The marketing mix is the marketer's strategic toolbox.



marketing mix

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

four Ps

Product, price, promotion, and place.

product

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

promotion

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

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

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

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

ensure that shoppers who seek out high-end items will come across the jacket. Thus, all the pieces in the puzzle we call the marketing mix work together. As Figure 1.1 shows, each P is interconnected with each of the other three Ps. This shows us that the activities of each of the four Ps must be coordinated with each of the other three Ps.

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

Product

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

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

Promotion

Although we all are familiar with advertising, **promotion**, also referred to as *marketing communication*, includes many different activities marketers undertake to inform

consumers about their products and to encourage potential customers to buy these products. Marketing communication takes the form of personal selling, TV advertising, store coupons, billboards, magazine ads, publicity releases, web pages, social media sites, and a lot more. Today marketers are quickly moving much of their energy and money to devising and implementing digital marketing communications, including mobile marketing, location-based marketing, behavioral digital marketing, and, of course, social media marketing.

Place

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

Price

Price—we all know what price is. It's the amount you have to pay for the pizza, the concert tickets, the tennis racket, and, yes, this book. Price is the assignment of value, or the amount the consumer must exchange to receive the offering. Marketers often turn to price to increase consumers' interest in a product. This happens when they put an item on sale, but in other cases, marketers actually try to sell a product with a higher price than people are used to if they want to communicate that it's high quality or cutting edge. For example, designer clothes and accessories are priced so high that only a few consumers can afford them. Not many of us can afford a Prada Python/Crocodile Arcade-Stripe Frame Satchel Bag priced at \$9,600 or a pair of Valentino Rockstud Metallic Leather Mid-Heel Pumps at \$1,045. If you can, you probably don't need to take this course!

At the heart of every marketing act—big or small—is something we refer to as an *exchange relationship*. An **exchange** occurs when a person gives something and gets something else in return. The buyer receives an object, service, or idea that satisfies a need, and the seller receives something he or she feels is of equivalent value. Today, most exchanges occur as monetary transactions in which one party surrenders currency (in the form of cash, check, credit card, or even Bitcoin) in return for a good or a service. But there are also other kinds of exchanges. A politician, for example, can agree to work toward certain goals in exchange for your vote, city officials may offer you a cleaner environment if you recycle, and health officials tell you that you can save lives (perhaps your own) if you wash your hands with soap and hot water for 20 seconds.

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

To complicate things a bit more, everyone does not always agree on the terms of the exchange. Think, for example, about movie piracy. That's what happens when a new Marvel



Edwin Remsburg/Alamy Stock Photo

A product is actually a "bundle" of benefits. For some universities, that means that in addition to a great education they offer cool amenities like a rock-climbing wall.

place

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

channel of distribution

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

price

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

exchange

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

blockbuster is available on street corners for a few dollars—or free on BitTorrent—before it even opens in theaters.

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

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

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

Consumer Goods and Services

Consumer goods are the tangible products that individual consumers purchase for personal or family use. **Services** are intangible products that we pay for and use but don't own. In 2017, service transactions contribute 80 percent of the gross domestic product (GDP) in the U.S. and other developed countries.⁵ Marketers need to understand the special challenges that arise when they market an intangible service rather than a tangible good.⁶ Because both goods and services are products, it's more accurate to say “goods and services” rather than “products and services.”

Business-to-Business Goods and Services

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

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

Not-for-Profit Marketing

As we noted previously, you don't have to be a businessperson to use marketing principles. Many **not-for-profit organizations**, or **nongovernmental organizations (NGOs)**, including museums, zoos, and even churches, practice the marketing concept to survive. Local governments adopt marketing techniques to attract new businesses and industries to their counties and cities. Even states are getting into the act: We've known for a long time that I♥NY, but recently Kentucky and Oregon hired advertising agencies to develop statewide branding campaigns. (The official state motto of Oregon is now “Oregon. We love dreamers.”)⁷

Idea, Place, and People Marketing

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

consumer goods

The goods individual consumers purchase for personal or family use.

services

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

business-to-business marketing

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

industrial goods

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

e-commerce

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

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

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

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

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

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

“ . . . Value for Customers . . . ”

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

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

marketing concept

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

need

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

want

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

benefit

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

demand

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

market

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

marketplace

Any location or medium used to conduct an exchange.

Table 1.1 | Value for Customers

Term	Definition	In Practice
Need	The recognition of any difference between a consumer’s actual state and some ideal or desired state.	If the difference is big enough, the consumer is motivated to take action to satisfy the need. When you’re hungry, you buy a snack. If you’re not happy with your hair, you get a new hairstyle.
Want	The desire to satisfy needs in specific ways that are culturally and socially influenced.	If two students are hungry, the first student may be a health nut who fantasizes about gulping down a big handful of trail mix, whereas the second person may lust for a greasy cheeseburger and fries. The first student’s want is trail mix, whereas the second student’s want is fast food (and some antacid for dessert).
Benefit	The outcome sought by a customer that motivates buying behavior that satisfies a need or want.	After several years when sales were down, McDonald’s responded to the number-one request of its customers: breakfast all day. The new program attracted lapsed customers back and increased lunch business. ⁸
Demand	Customers’ desires for products coupled with the resources needed to obtain them.	Demand for a snappy red BMW convertible includes the people who want the car minus those who can’t afford to buy or lease one.
Market	All the customers and potential customers who share a common need that can be satisfied by a specific product, who have the resources to exchange for it, who are willing to make the exchange, and who have the authority to make the exchange.	The availability of scholarships, government aid, and loans has increased the market for college education as more students can afford an education.
Marketplace	Any location or medium used to conduct an exchange.	Today the exchange may be face-to-face or through a mail-order catalog, a TV shopping network, an eBay auction, or a phone app.

For example, you may *need* transportation but *want* a new Tesla Model S Performance. The Tesla Model S Performance will not only get you from point A to point B; it will also go from 0 to 60 mph in under 3 seconds. Unfortunately, it's possible that Tesla can't count you in their estimates of *demand* or the size of the *market* for the Model S because, at around \$90,000, you can't afford such an expensive car. In that case, you need to check out a different *marketplace*: a used car lot.

Of course, marketplaces continue to evolve. Increasingly consumers, especially younger ones, would rather rent than purchase the products they use. One of the biggest changes is in the domain of car sales, which are plummeting among newer drivers. Innovative start-ups like Zipcar figured out that many people, especially those who live in urban areas, would rather rent a ride by the hour instead of dealing with the hassles of car loans and hunting for parking spots. Now the big guys are testing the waters. BMW now wholly owns the DriveNow electric vehicle car-sharing program and ReachNow, which operates in North American cities.

A second change in the transportation marketplace is ridesharing. Uber, founded in 2009, has become a global phenomenon based on this concept. Uber drivers use their own cars and work when they want to. Average customers prefer Uber to traditional taxis because typically the ride is cleaner. Even business travelers are choosing Uber over rentals and taxis—one study showed that this type of travel made up two-thirds of business expense receipts for ground transportation in 2017. It's clear the business is thriving—Uber gave four billion rides in 2017 alone!⁹ Lyft, the second largest ride-sharing company, began doing business as Zimride in 2012.

utility

The usefulness or benefit that consumers receive from a product.

Millions of enterprising consumers, in turn, are considering joining the *sharing economy* by renting out their stuff when they aren't using it; they're offering everything from barbecue grills and power tools to Halloween costumes and who knows what else on sites like Zilok in France and Craigslist in the United States. Some analysts refer to this mushrooming trend as *collaborative consumption*.

The sharing economy continues to grow as more and more consumers have the ability and the preference to rent or borrow goods rather than buy their own. The sharing economy is estimated to grow from \$14 billion in 2014 to \$335 billion by 2025.¹⁰ This estimate is based on the rapid growth of Uber and Airbnb as indicators. We'll talk more about the sharing economy in Chapters 10 and 11.

Marketing Creates Utility

In the beginning of this chapter, we discussed the definition of marketing: "marketing is . . . for delivering value for customers." Value for consumers is the ratio of benefits to cost (as perceived by the customer) that motivates purchase. The benefit is some type of utility of goods and services as delivered by the four Ps. Thus, **utility** refers to the usefulness or benefit customers receive through the product itself, its price, its distribution, and the marketing communications about it. Marketing processes create several different kinds of utility to provide value to consumers:

- *Form utility* is the benefit marketing provides by transforming raw materials into finished products, as when a dress manufacturer combines silk, thread, and zippers to create a bridesmaid's gown.
- *Place utility* is the benefit marketing provides by making products available when and where customers want them. The most sophisticated evening gown sewn in New York's garment district is of little use to a bridesmaid in Kansas City if it isn't shipped to her in time.



Byron Becker/Stringer/Getty Images

Rent the Runway is a service started by two recent business school grads. It rents high-end dresses from designers, like Diane von Furstenberg, for about one-tenth of the cost of buying the same garment in a store. A woman can rent a dress for four nights; it's shipped directly to her doorstep, much like a Netflix DVD. The customer returns the dress in a prepaid envelope and the rental price includes the cost of dry cleaning. Place utility at work!

- *Time utility* is the benefit marketing provides by storing products until they are needed. Some women rent their wedding gowns instead of buying them and wearing them only once (they hope!).
- *Possession utility* is the benefit marketing provides by allowing the consumer to own (at a reasonable price), use, and enjoy the product. The bridal store provides access to a range of styles and colors that would not be available to a woman outfitting a bridal party on her own.

As we've seen, marketers provide utility in many ways. Now, let's see how customers and others "take delivery" of this added value.

Value for Clients and Partners

Marketing doesn't just meet the needs of customers—it meets the needs of diverse stakeholders. The term **stakeholders** refers to buyers, sellers, or investors in a company; community residents; and even citizens of the nations where goods and services are made or sold—in other words, any person or organization that has a "stake" in the outcome. Thus, marketing is about satisfying everyone involved in the marketing process.

Value for Society at Large

Is it possible to contribute in a positive way to society and the Earth and still make a good profit for stockholders? Target, one of the nation's largest retailers, seems to think so. The company announced in its 2012 corporate responsibility report that two of its top five priorities are environmental sustainability and responsible sourcing.



Some SOLO products are made of environmentally preferable materials—Green marketing in action.

1.2 When Did Marketing Begin? The Evolution of a Concept

OBJECTIVE

Explain the evolution of the marketing concept.

Now that we have an idea of how the marketing process works, let's take a step back and see how this process worked (or didn't work) in "the old days." Although it just sounds like common sense to us, believe it or not, the notion that businesses and other organizations succeed when they satisfy customers' needs actually is a pretty recent idea. Before the 1950s, organizations only needed to make products faster and cheaper to be successful. Let's take a quick look at how the marketing discipline has developed since then. Table 1.2 tells us about a few of the more recent events in this marketing history.

stakeholders

Buyers, sellers, or investors in a company; community residents; and even citizens of the nations where goods and services are made or sold—in other words, any person or organization that has a "stake" in the outcome.

Table 1.2 | Marketing's "Greatest Hits"

Year	Marketing Event
1961	Procter & Gamble launches Pampers.
1964	Blue Ribbon Sports (now known as Nike) ships its first shoes.
1971	Cigarette advertising is banned on radio and TV.
1980	Ted Turner creates CNN.
1981	MTV begins.
1985	New Coke is launched; old Coke rebranded as Coca-Cola Classic is brought back 79 days later.
2004	Online sales in the U.S. top \$100 billion.
2010	Apple launches the iPad; sells 300,000 of the tablets on the first day and 1 million iPads in 28 days—less than half of the 74 days it took to sell 1 million iPhones. Consumers watch more than 30 billion videos online per month.
2014	Facebook spends \$2 billion to buy Oculus Rift, a manufacturer of virtual reality headsets, as it signals the next frontier for social networks.
2016	Microsoft buys LinkedIn for \$26.1 billion.
2017	Tax reform makes it less advantageous for U.S. firms to move their operations out of the country, which should be good news for consumers who like "Made in the USA."
2018	Coke introduces new flavored (Feisty Cherry, Twisted Mango, Ginger Lime, and Zesty Blood Orange) versions of Diet Coke in skinny cans.
2020	Zoom comes into its own as the definitive leader in the digital meeting platforms space, quickly leap-frogging over more mature (and initially much larger) rivals Cisco WebEx and Microsoft Teams. Necessity being the mother of invention that it is, Zoom quickly innovated and adapted to enable marketers and salespeople alike to carry on their business and customer relationships on a user-friendly and intuitive platform that is loaded with great features.

Sources: Patricia Sellers, "To Avoid Trampling, Get Ahead of the Mass," *Fortune*, 1994, 201–2, except as noted. Keith Regan, "Report: Online Sales Top \$100 Billion," June 1, 2004, <http://www.ecommercetimes.com/story/34148.html>.

The Production Era

We think about the history of marketing as moving through four distinct eras, summarized in Table 1.3 and briefly described here. Many people say that Henry Ford's Model T changed America forever. From the start in 1908, when the "Tin Lizzie," or "flivver," as the T was known, sold for \$575, Ford continued to make improvements in production.

Ford's focus illustrates a **production orientation**, which works best in a seller's market when demand is greater than supply because it focuses on the most efficient ways to produce and distribute products.

The Sales Era

When product availability exceeds demand in a buyer's market, businesses may engage in the "hard sell," in which salespeople aggressively push their wares. This **selling orientation** means that management views marketing as a sales function, or a way to move products out of warehouses so that inventories don't pile up. The selling orientation gained in popularity a short while after World War II ended and prevailed well into the 1950s. But consumers as a rule don't like to be pushed, and the hard sell gave marketing a bad image.

Companies that still follow a selling orientation tend to be more successful at making one-time sales rather than at building repeat business. We are most likely to find this focus among companies that sell *unsought goods*—products that people don't tend to buy without some prodding. For example, most of us aren't exactly "dying" to shop for cemetery plots, so some encouragement may be necessary to splurge on a final resting place. Even in these categories, however, we still may find that competitors try to stay on top of consumers' evolving needs. That's why we see the rise in popularity of *eco burials* that avoid embalming and encourage cremation and also online funerals that stream images of the loved one on the Internet.

production orientation

A management philosophy that emphasizes the most efficient ways to produce and distribute products.

selling orientation

A managerial view of marketing as a sales function, or a way to move products out of warehouses to reduce inventory.