***DEFINING MARKETING FOR THE NEW REALITIES***

**1**

**C H A P T E R**

**LEARNING OBJECTIVES**

In this chapter, we will address the following questions:

1. Why is marketing important?
2. What is the scope of marketing?
3. What are some core marketing concepts?
4. What forces are defining the new marketing realities?
5. What new capabilities have these forces given consumers and companies?
6. What does a holistic marketing philosophy include?
7. What are the tasks necessary for successful marketing management?

<objective id="ch01os01ob04" label="4"><inst>

**SUMMARY**

1. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.</para></listitem>
2. <listitem><inst></inst><para>Marketers are skilled at managing demand: They seek to influence its level, timing, and composition for goods, services, events, experiences, persons, places, properties, organizations, information, and ideas. They also operate in four different marketplaces: consumer, business, global, and nonprofit.</para></listitem>
3. <listitem><inst></inst><para>Marketing is not done only by the marketing department. It needs to affect every aspect of the customer experience. To create a strong marketing organization, marketers must think like executives in other departments, and executives in other departments must think more like marketers.</para></listitem>
4. <listitem><inst></inst><para>Today’s marketplace is fundamentally different as a result of major societal forces that have resulted in many new consumer and company capabilities. In particular, technology, globalization, and social responsibility have created new opportunities and challenges and significantly changed marketing management. Companies seek the right balance of tried-and-true methods with breakthrough new approaches to achieve marketing excellence.</para></listitem>
5. <listitem><inst></inst><para>There are five competing concepts under which organizations can choose to conduct their business: the production concept, the product concept, the selling concept, the marketing concept, and the holistic marketing concept. The first three are of limited use today.</para></listitem>
6. <listitem><inst></inst><para>The holistic marketing concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies. Holistic marketing recognizes that everything matters in marketing and that a broad, integrated perspective is often necessary. Four components of holistic marketing are relationship marketing, integrated marketing, internal marketing, and performance marketing.<listitem><inst>
7. </inst><para>The set of tasks necessary for successful marketing management includes developing marketing strategies and plans, capturing marketing insights, connecting with customers, building strong brands, creating, delivering, and communicating value, and creating long-term growth.

**OPENING THOUGHT**

It is important to focus on how and why the traditional view of marketing has changed, and to introduce the various ways of measuring performance, since they will reappear throughout the text. Marketing applies to a variety of different areas and is increasingly involving many levels of the organization. Students who are not marketing majors may have some difficulty accepting the encompassing role that marketing has on the other functional disciplines within a firm. For those students who have never been exposed to marketing and its components, the instructor’s challenge is to educate the students about the world of marketing. The in-class and outside of class assignments noted in this text should help both educate and excite the students about the “world of marketing.”

**TEACHING STRATEGY AND CLASS ORGANIZATION**

**PROJECTS**

* + 1. Semester-Long Marketing Plan Project

An effective way to help students learn about marketing management is through the actual creation of a marketing plan for a product or service. This project is designed to accomplish such a task.

Dividing the class into groups, have each group decide on a “fictional” consumer product or service they wish to bring to market. During the course of the semester, each of the elements of the marketing plan, coordinating with the text chapter, will be due for the instructor’s review. The instructor is encouraged to review each submission and suggest areas for improvement, for more detailed study, or if acceptable to allow the students to proceed to the next phase in development. Students can use the computer program Marketing Plan Pro in creating their proposals and submissions and in their final presentation(s). At the end of the semester, each group is to present their entire marketing plan to the class.

The following is an outline of this process:

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| --- | --- | --- |
| Chapter # | Title | Element of the Marketing Plan Due |
| 1 | Defining Marketing for the New Realities | None, group formation and begin the process of selecting the product or service. |
| 2 | Developing Marketing Strategies and Plans | Formation of groups; first presentation of “product” to instructor for approval. |
| 3 | Collecting Information and Forecasting Demand | Competitive information and environmental scanning project(s) completed and presented for instructor’s review. |
| 4 | Conducting Marketing Research  | Initial marketing research parameters completed; demand forecasted and target market selections defined. |
| 5 | Creating Long-Term Loyalty Relationships | Students should have completed their value proposition for the fictional product, defined how they will deliver satisfaction, and maintain customer loyalty. |
| 6 | Analyzing Consumer Markets | Definitive data on the consumer for the product/service including all demographic and other pertinent information obtained and ready for instructor’s approval. |
| 7 | Analyzing Business Markets | No report due for this chapter; allows students and instructor to “catch up” on the project. |
| 8 | Tapping into Global Markets | If the project is to be exported to another country, then students’ submissions regarding the cultural factors that need to be considered should be done here. |
| 9 | Identifying Market Segments and Targets | Specific market segmentation, targeting, and positioning statements by the students due. |
| 10 | Crafting the Brand Positioning | At this point in the semester, student projects should include their fictional product or service’s brand positioning. In relationship to the material contained in the chapter, students should have delineated and designed a differentiated brand positioning for their project.  |
| 11 | Creating Brand Equity | At this point in the semester, students are to have their “branding” strategy developed for their project. Questions to have been completed include the brand name, its equity position, and the decisions in developing the brand strategy. |
| 12 | Addressing Competition and Driving Growth | At this point in the semester-long project, students should be prepared to present their competitive analysis. Who are the market leaders for their chosen product or service? What niche have they identified for their product/service? Is their product or service going to be a leader, follower, or challenger to well-established products or brands?  |
| 13 | Setting Product Strategy | At this point in the semester-long project, students should have set their group project’s product or service strategy. Instructors are to evaluate their submissions on the product (or service) features, quality, and price and other considerations of “product” found in this chapter. |
| 14 | Designing and Managing Services | At this point in the semester-long project, those students who have selected a “service” idea for the marketing plan must submit their offering. Students whose project is a “product-based” component do not have anything to submit for this chapter.  |
| 15 | Introducing New Market Offerings | At this point in the semester-long project, in this section should be a brief write up by the students as to the consumer-adoption process for their new product. How will the consumer learn about their new product and how quickly will they adopt it? Will the product be targeted to the heavy users and early adopters first, then early and late majorities? What is their estimated time for full adoption?  |
| 16 | Developing Pricing Strategies and Programs | At this point in the semester-long project, students should be prepared to hand in their pricing strategy decisions for their fictional product/service. In reviewing this section, the instructor should make sure that the students have addressed all or most of the material concerning pricing covered in this chapter.  |
| 17 | Designing and Managing Integrated Marketing Channels | At this point in the semester-long project, students should present their channel decisions for getting their product or service to the consumer. In evaluating this section, the instructor should evaluate the complete­ness of the projects to the material contained in this chapter.  |
| 18 | Managing Retailing, Wholesaling, and Logistics | At this point in the semester-long project for the “fictional” product or service, students should be directed to turn in their retailing, wholesaling, and logistical marketing plans. Those students who are acting in the role of providing a new “service” should include here their plans for locations, hours of operations, and how their “service” plans on managing demand and capacity issues. |
| 19 | Designing and Managing Integrated Marketing Communications | At this point in the semester-long project, students should have agreed upon their integrated marketing communications matrix. The instructor is encouraged to evaluate the submissions vis-à-vis the material presented in this chapter. In reviewing the submissions, the instructor should evaluate the continuity of the message across all possible communication media (students will tend to concentrate their media on television or on the Internet and exclude other forms such as personal selling and radio). |
| 20 | Managing Mass Communications: Advertising, Sales Promotion, Events and Experiences, and Public Relations | At this point in the semester-long project, students should submit their advertising program complete with objectives, budget, advertising message, and creative strategy, media decisions, and sales and promotional materials.  |
| 21 | Managing Digital Communications: Online, Social Media, and Mobile  | At this point in the semester-long project, students who have decided to market their product/service using digital communications should submit their proposals. This begins the presentation phase of the project; student groups should begin their presentations to the class. |
| 22 | Managing Personal Communications: Direct And Database Marketing And Personal Selling | At this point in the semester-long project, students who have decided to market their product/service through direct market channels should submit their proposals. All other groups must decide at this point if they will use a direct sales force, and if so, to outline the specifics (including financials) for this option. |
| 23 | Managing a Holistic Marketing Organization for the Long Run | Second phase of the presentations of the project; students should ensure that their marketing plans contains a holistic view of the marketing process. |

Under the projects heading for each chapter will be a reminder of the material due when that chapter is scheduled to be discussed in class.

**ASSIGNMENTS**

In small groups, ask the students to review the annual report from Unilever. How do the missions discussed in the opening vignette translate into their current business practices? How are its marketing investments and initiatives affecting its profitability? What conclusions can you draw from Unilever’s progress?

Assign students the task of visiting some companies Web sites to see if they feel that the company is responding to the changes in marketing today, namely, societal marketing. Suggestions include firms like Tom’s (shoes) and Ben and Jerry’s Ice Cream. Have the students comment on what they find there of particular interest to them.

Students can choose a firm of their preference, interview key marketing management members and ask the firm how they are reacting to the changes in marketing management for the new realities.

Have the students read Adi Narayan’s “Marketers Aim New Ads at Video iPod Users,” *BloombergBusinessWeek* April 17, 2014 (<http://www.businessweek.com/articles/2014-04-17/indias-mobile-marketers-try-phone-calls-to-reach-rural-consumers>) and Suzanne Vranica and Christopher S. Stewart’s “Mobile Advertising Begins to Take Off: Spending More Than Doubled in the First Half,” *Wall Street Journal,* October 9, 2013 and comment on how effective they believe cell phone advertisements will be in the future.

Have the students reflect upon their favorite product and/or service. Then have the students collect marketing examples from each of these companies. This information should be in the form of examples of printed advertising, copies of television commercials, Internet advertising, or radio commercials. During class, have the students share what they have collected with others. Questions to ask during the class discussion should focus on why this particular example of advertising elicits a response from you. What do you like/dislike about this marketing message? Does everyone in the class like/dislike this advertising?

**END-OF-CHAPTER SUPPORT**

MARKETING DEBATE**—Does Marketing Create or Satisfy Needs?**

Marketing has often been defined in terms of satisfying customers’ needs and wants. Critics, however, maintain that marketing goes beyond that and creates needs and wants that did not exist before. They feel marketers encourage consumers to spend more money than they should on goods and services they do not really need.

Take a position

Marketing shapes consumer needs and wants versus marketing merely reflects the needs and wants of customers.

Suggested Response

Pro: With the vast amount of information available to marketers today and the emphasis on relational marketing, marketers are in more of a position to suggest needs and wants to the public. Certainly, not all consumers have all the needs and wants suggested by society today. However, with the vast amount of exposure to these societal needs and wants via the media, a substantial amount of consumers will, through mere exposure, decide that they “have” the same needs and wants of others. Marketers by their efforts increase peer pressure, and group thinking, by showing examples of what others may have that they do not. An individual’s freedom to choose is substantially weakened by constant and consistent exposure to a range of needs and wants of others. Marketers should understand that when it comes to resisting the pressure to conform, that individuals are and can be weak in their resolve. Marketers must take an ethical position to only market to those consumers able to purchase their products.

Con: Marketing merely reflects societal needs and wants. The perception that marketers influence consumers’ purchasing decisions discounts an individual’s freedom of choice and their individual responsibility. With the advent of the Internet, consumers have greater freedom of choice and more evaluative criteria than every before. Consumers can and do make more informed decisions than previous generations. Marketers can be rightly accused of influencing wants, along with societal factors such as power, influence, peer pressure, and social status. These societal factors pre-exist marketing and would continue to exist if there was no marketing efforts expended.

**MARKETING DISCUSSION – Shifts in Marketing**

Consider the three key forces driving the new marketing realities. How are they likely to change in the future? What other major trends or forces might affect marketing?

Suggested Response

The major themes that emerge in these broad shifts are technology, decentralization, and empowerment. As companies face increased global competition, they are beginning to increase their attention to all aspects of marketing and are beginning to encompass marketing as a corporate goal and not just a departmental function.

The major societal forces at work: two-income families, increased technology, fewer firms, increased consumer education, and empowerment are forcing companies and marketers to shift their thinking about marketing and rethink their best business practices.

**Marketing Excellence: Nike**

1. What are the pros, cons, and risks associated with Nike’s core marketing strategy?

Suggested Answer:

One of Nike’s core marketing strategies is their belief in the “pyramid of influence” and its dependency on a core group of athletes to influence shoe purchases. While this may have worked in the past, there is no guarantee that future athletes will command such influence on the shoe purchaser in the future. Athlete influence(s) can and could decrease due to changing consumer preferences and changes in consumer tastes and priorities. Athletic influence could be adversely affected by the actions/inactions by Nike’s chosen spokespersons.

1. If you were Adidas, how would you compete with Nike?

Suggested Answer: I would emphasize my “international” scope of producing great soccer shoes and could also extend my marketing to emphasize my “everyday / everyone” usage for my products. Creating a point of difference for Adidas versus Nike is key to a sustainable advantage—Adidas’ soccer shoes for example are a good starting point to differentiate one brand versus another.

**Marketing Excellence: GOOGLE**

1. With a portfolio as wide as Google’s, what is the company’s core brand value?

Suggested Answer: Google’s core brand value is “to organize the world’s information and make it universally accessible and useful” as stated by Google. This means that Google is trying to provide its advertisers better tools to target their ads and understand the effectiveness of their advertising. Google’s management believes that information should be shared amongst all peoples, at all times, from all platforms.

2. What’s next for Google? Is the company right to put so much focus on Mobile?

Suggested Answer: Student answers will vary, but should reference the growth of the mobile market and the adoption of Google’s operating system.

**DETAILED CHAPTER OUTLINE**

Opening Vignette: Unilever is responding to the digital revolution and other major changes in the business environment with a new marketing model that establishes social, economic, and product missions for each brand. <para>Examples of initiatives include halving its ecological footprint while doubling revenues and drawing 70-75% of business from developing and emerging markets by 2020. Marketing is both an art and a science, and results from careful planning and execution using state-of-the art tools and techniques.

1. The Value of Marketing
	1. Marketing ability helps create sufficient demand for products and services, which is essential for a firm’s financial success, creates jobs and provides resources for firms to engage is socially responsible activities.
	2. Marketing Decision Making
		1. Marketers must choose features, prices, and markets and decide how much to spend on advertising, sales, and online and mobile marketing in an environment where consumers, competition, technology, and economic forces change rapidly and consequences quickly multiply.
		2. Marketers that fail to carefully monitor their customers and competitors, continuously improve their value offerings and marketing strategies, or satisfy their employees, stockholders, suppliers, and channel partners in the process are more vulnerable to competitive entry.</para>
	3. Marketers adapt, for example, including the use of web-only and social media campaigns in their marketing mixes, to thrive in the changing environment.
2. The Scope of Marketing
	1. What is Marketing?
		1. Marketing is about identifying and meeting human and social needs
		2. “Meeting needs profitably.”
		3. <para>American Marketing Association definition: <emphasis>*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.*</emphasis> <endnoteref olinkend="ch01en07" label="7"/>
		4. <emphasis>Marketing management</emphasis> is <emphasis>the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value</emphasis>.</para>
		5. Social definition of marketing<para>: <emphasis>*Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others*</emphasis>.
		6. <para>Selling is <emphasis>*not*</emphasis> the most important part of marketing; <extract><para>aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.
	2. What is What is Marketed? Ten main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas.
		1. <para><para>Goods: physical goods include food products, cars, refrigerators, televisions, machines, and other mainstays of a modern economy.</para></section>
		2. Services: represent approximately 2/3 of the U.S. economy, including airlines, hotels, maintenance and repair people, and accountants, bankers, doctors, and management consultants.
		3. Events: <section id="ch01lev3sec3"><title id="ch01lev3sec3.title"></title><para><inst></inst>include time-based events, global and local events
		4. **<section id="ch01lev3sec4"><title id="ch01lev3sec4.title">**Experiences</title><para><inst>: </inst>marketers orchestrate several services and goods to create, stage, and market experiences.
		5. <section id="ch01lev3sec5"><title id="ch01lev3sec5.title">Persons</title><para><inst>: </inst>include artists, musicians, CEOs, physicians, high-profile lawyers and financiers, and other professionals often get help from marketers, and each person has been advised to become a “brand.”
		6. PlacesPPlaces: include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.
		7. <section id="ch01lev3sec7"><title id="ch01lev3sec7.title"></title><para><inst></inst>Properties: intangible rights of ownership to either real property (real estate) or financial property (stocks and bonds).
		8. <section id="ch01lev3sec8"><title id="ch01lev3sec8.title">Organizations</title><para><inst>: include</inst> museums, performing arts organizations, corporations, and nonprofits that use marketing to boost their public images and compete for audiences and funds.
		9. <section id="ch01lev3sec9"><title id="ch01lev3sec9.title"></title><para><inst></inst>Information: what books, schools, and universities produce, market, and distribute at a price to parents, students, and communities.
		10. Ideas: <endnoteref olinkend="ch01en14" label="14"/></para></section>every market offering includes a basic idea. Products and services are platforms for delivering some idea or benefit.
	3. Who Markets?
		1. </inst>A <keyterm id="ch01term03" role="strong" preference="0">marketer</keyterm> is someone who seeks a response—attention, a purchase, a vote, a donation—from another party, called the <keyterm id="ch01term04" role="strong" preference="0">prospect</keyterm>. </para>
		2. <para>Marketers are skilled at stimulating demand for their products, but they also seek to influence the level, timing, and composition of demand to meet the organization’s objectives.
		3. Eight demand states are possible:</para>
3. <orderedlist numeration="arabic" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst></inst><title>***Negative demand***</title><para><inst></inst>—Consumers dislike the product and may even pay to avoid it.</para></listitem>
4. <listitem><inst></inst><title>***Nonexistent demand***</title><para><inst></inst>—Consumers may be unaware of or uninterested in the product.</para></listitem>
5. <listitem><inst></inst><title>***Latent demand***</title><para><inst></inst>—Consumers may share a strong need that cannot be satisfied by an existing product.</para></listitem>
6. <listitem><inst></inst><title>***Declining demand***</title><para><inst></inst>—Consumers begin to buy the product less frequently or not at all.</para></listitem>
7. <listitem><inst></inst><title>***Irregular demand***</title><para><inst></inst>—Consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis.</para></listitem>
8. <listitem><inst></inst><title>***Full demand***</title><para><inst></inst>—Consumers are adequately buying all products put into the marketplace.</para></listitem>
9. <listitem><inst></inst><title>***Overfull demand***</title><para><inst></inst>—More consumers would like to buy the product than can be satisfied.</para></listitem>
10. <listitem><inst></inst><title>***Unwholesome demand***</title><para><inst></inst>—Consumers may be attracted to products that have undesirable social consequences.</para></listitem></orderedlist>
	* 1. </inst>A market is a collection of buyers and sellers who transact over a particular product or product class (such as the housing market or the grain market). <para>
		2. Key customer markets include:
			1. <section id="ch01lev4sec1"><title id="ch01lev4sec1.title">*Consumer Markets*</title><para><inst> </inst>typically establish a strong brand image by developing a superior product or service, ensuring its availability, and backing it with engaging communications and reliable performance.</para></section>
			2. <section id="ch01lev4sec2"><title id="ch01lev4sec2.title">*Business Markets*</title><para><inst> </inst>typically have a strong emphasis on the sales force, the price, and the seller’s reputation.</para></section>
			3. <section id="ch01lev4sec3"><title id="ch01lev4sec3.title">*Global Markets*</title><para><inst> </inst>require companies to navigate cultural, language, legal, and political differences as they make marketing decisions. </para></section>
			4. <section id="ch01lev4sec4"><title id="ch01lev4sec4.title">*Nonprofit and Governmental Markets*</title><para><inst> </inst>include churches, universities, charitable organizations, and government agencies.
11. Core Marketing Concepts
	1. Needs, Wants, and Demands
		1. Needs = basic human requirements
		2. Wants = when needs are directed to specific objects that might satisfy the need
		3. <para><emphasis>Demands</emphasis> = wants for specific products backed by an ability to pay
		4. <para>Marketers do not create needs: Needs pre-exist marketers.
		5. <para>Five types of needs:</para>
12. <orderedlist numeration="arabic" spacing="normal" inheritnum="ignore" continuation="restarts"><listitem><inst></inst><para>Stated needs </para></listitem>
13. <listitem><inst></inst><para>Real needs </para></listitem>
14. <listitem><inst></inst><para>Unstated needs </para></listitem>
15. <listitem><inst></inst><para>Delight needs</para></listitem>
16. <listitem><inst></inst><para>Secret needs </para></listitem></orderedlist>
	1. Target Markets, Positioning and Segmentation
		1. Segmentation: identification of distinct segments of buyers by identifying demographic, psychographic, and behavioral differences between them.
		2. Target markets: the segment(s) present the greatest opportunities.
		3. For each target market, the firm develops a market offering that it positions in target buyers’ minds as delivering some key benefit(s).
	2. Offerings and Brands
		1. A <keyterm id="ch01term06" role="strong" preference="0">value proposition **is</keyterm>** a set of benefits that satisfy a consumer’s needs.
		2. The intangible value proposition is made physical by an <emphasis>offering,</emphasis> which can be a combination of products, services, information, and experiences.</para>
		3. <para>A <emphasis>brand</emphasis> is an offering from a known source. All companies strive to build a brand image with as many strong, favorable, and unique brand associations as possible.
	3. Marketing Channels
		1. <para><emphasis>Communication channels</emphasis> deliver and receive messages from target buyers
		2. <para> <emphasis>Distribution channels</emphasis> help display, sell, or deliver the physical product or service(s) to the buyer or user
		3. Service channels include </para><para>warehouses, transportation companies, banks, and insurance companies
	4. Paid, Owned, and Earned Media
		1. *Paid media* allow marketers to show their ad or brand for a fee.
		2. *Owned media* are communication channels marketers actually own, like a company or brand brochure, Web site, blog, Facebook page, or Twitter account.
		3. *Earned media* are streams in which consumers, the press, or other outsiders voluntarily communicate something about the brand via word of mouth, buzz, or viral marketing methods.
	5. Impressions and Engagement
		1. Marketers now think of three “screens” or means to reach consumers: TV, Internet, and mobile.
		2. *Impressions* occur when consumers view a communication
		3. *Engagement* is the extent of a customer’s attention and active involvement with a communication
	6. Value and Satisfaction
		1. Value is primarily a combination of quality, service, and price (qsp), called the <emphasis>*customer value triad*</emphasis>. Value perceptions increase with quality and service but decrease with price.</para>
		2. <para><emphasis>*Satisfaction*</emphasis> reflects a person’s judgment of a product’s perceived performance in relationship to expectations.
	7. Supply Chain
		1. <para>The supply chain is a channel stretching from raw materials to components to finished products carried to final buyers.
		2. Each company in the chain captures only a certain percentage of the total value generated by the supply chain’s value delivery system. When a company acquires competitors or expands upstream or downstream, its aim is to capture a higher percentage of supply chain value.
	8. Competition: <para>includes all the actual and potential rival offerings and substitutes a buyer might consider.
	9. Marketing Environment
		1. <para><emphasis>Task environment</emphasis> includes the actors engaged in producing, distributing, and promoting the offering.
		2. <para>Broad environment</emphasis> consists of six components: demographic environment, economic environment, social-cultural environment, natural environment, technological environment, and political-legal environment
17. The New Marketing Realities
	1. Technology: widespread technology adoption has created new opportunities, promotes shared information and customer relationship management.
	2. Globalization:
		1. Transportation, shipping, and communication technologies have made it easier for us to know the rest of the world, to travel, to buy and sell anywhere.
		2. Globalization has made countries increasingly multicultural.
		3. U.S. minorities have much economic clout, and their buying power is growing faster than that of the general population.
		4. Globalization changes innovation and product development as companies take ideas and lessons from one country and apply them to another.
18. Social Responsibility
	1. The private sector is taking some responsibility for improving living conditions, and firms all over the world have elevated the role of corporate social responsibility.
	2. Marketing 3.0 suggests three central trends that change the way companies do business: increased consumer participation and collaborative marketing, globalization, and the rise of a creative society.
	3. The organization’s task is to determine the needs, wants, and interests of target markets and satisfy them more effectively and efficiently than competitors while preserving or enhancing consumers’ and society’s long-term well-being. <para>
	4. Companies may incorporate social responsibility as a way to differentiate themselves from competitors, build consumer preference, and achieve notable sales and profit gains.
19. A Dramatically Changed Marketplace
	1. New Consumer Capabilities
		1. Consumers are empowered through technology, like social media, and by expanded information, communication and mobility.
		2. Consumers can use the Internet as a powerful information and purchasing aid.
		3. Consumers can search, communicate, and purchase on the move.
		4. Consumers can tap into social media to share opinions and express loyalty.
		5. Consumers can actively interact with companies.
		6. Consumers can reject marketing they find inappropriate.
	2. New Company Capabilities
		1. Companies can use the Internet as a powerful information and sales channel, including for individually differentiated goods.
		2. Companies can collect fuller and richer information about markets, customers, prospects, and competitors.
		3. Companies can reach customers quickly and efficiently via social media and mobile marketing, sending targeted ads, coupons, and information.
		4. Companies can improve purchasing, recruiting, training, and internal and external communications.
		5. Companies can improve cost efficiency.
	3. Changing Channels
		1. Retail transformation: increased competition from a variety of formats has yielded more entertaining retail experiences.
		2. Disintermediation: delivery of products and services by intervening in the traditional flow of goods.
	4. Heightened Competition
		1. PPPPrivate labels: </inst><title></inst>Powerful retailers market their own store brands, increasingly indistinguishable from any other type of brand.
		2. </inst><title>Mega-brands: </title><para><inst>Many strong brands have become mega-brands and extended into related product categories, including new opportunities at the intersection of two or more industries.
		3. DDDeregulation: </inst>Many countries have deregulated industries to create greater competition and growth opportunities. In the United States, laws restricting financial services, telecommunications, and electric utilities have all been loosened in the spirit of greater competition.</para></listitem>
		4. PPrivatization: </inst>Many countries have converted public companies to private ownership and management to increase their efficiency.
	5. Marketing Balance: <para>Companies must always move forward (incorporate the Internet and digital efforts into marketing plans), innovating products and services, staying in touch with customer needs, and seeking new advantages rather than relying on past strengths.
	6. Marketing Accountability: <section id="ch01lev3sec17"><title id="ch01lev3sec17.title"> </inst>Marketers are increasingly asked to justify their investments in financial and profitability terms, as well as in terms of building the brand and growing the customer base. <endnoteref olinkend="ch01en50" label="50"/>
	7. <section id="ch01lev3sec16"><title id="ch01lev3sec16.title">Marketing in the Organization: Every employee has an impact on the customer, so marketers now must properly manage all possible touch points: store layouts, package designs, product functions, employee training, and shipping and logistics.
20. <section id="ch01lev1sec5"><title id="ch01lev1sec5.title">Company Orientation toward the Marketplace
	1. The Production Concept: prop
		1. Suggests consumers prefer products that are widely available and inexpensive.
		2. Management aims for high production efficiency, low costs, and mass distribution.
	2. The Product Concept: ;:
		1. Consumers favor products offering the most quality, performance, or innovative features.
		2. Managers may commit the “better-mousetrap” fallacy, believing a better product will by itself lead people to beat a path to their door.
	3. The Selling Concept:
		1. Consumers and businesses, if left alone, won’t buy enough of the organization’s products.
		2. It is practiced most aggressively with unsought goods—goods buyers don’t normally think of buying such as insurance and cemetery plots—and when firms with overcapacity aim to sell what they make, rather than make what the market wants.
	4. The Marketing Concept:
		1. Find the right products for your customers. <para>
		2. The marketing concept holds that the key to achieving organizational goals is being more effective than competitors in creating, delivering, and communicating superior customer value to your target markets.
	5. The Holistic Marketing Concept:
		1. BaBased on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.
		2. Everything matters in marketing—and that a broad, integrated perspective is often necessary.</para>
	6. Relationship Marketing:
		1. Aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business.
		2. Four key constituents for relationship marketing are customers, employees, marketing partners (channels, suppliers, distributors, dealers, agencies), and members of the financial community (shareholders, investors, analysts).
		3. The ultimate outcome of relationship marketing is a unique company asset called a marketing network consisting of the company and its supporting stakeholders—customers, employees, suppliers, distributors, retailers, and others—with whom it has built mutually profitable business relationships.
		4. Companies develop personalized offers and focus on their most profitable customers, products, and channels, to achieve profitable growth and capture a larger share of each customer’s expenditures by building high customer loyalty.
	7. Integrated Marketing.
		1. Two key themes:
			1. many different marketing activities can create, communicate, and deliver value
			2. marketers should design and implement any one marketing activity with all other activities in mind.
		2. The company must develop an integrated channel strategy.
		3. The company must integrate communications to they reinforce and complement each other.
	8. Internal Marketing
		1. Hiring, training, and motivating able employees who want to serve customers well.
		2. Marketing succeeds only when all departments work together to achieve customer goals
		3. Internal marketing requires vertical alignment with senior management and horizontal alignment with other departments so everyone understands, appreciates, and supports the marketing effort.
	9. Performance Marketing
		1. Requires understanding the financial and nonfinancial returns to business and society from marketing activities and programs.
		2. Top marketers are increasingly going beyond sales revenue to examine the marketing scorecard and interpret what is happening to market share, customer loss rate, customer satisfaction, product quality, and other measures.
		3. They are also considering the legal, ethical, social, and environmental effects of marketing activities and programs
21. Updating the Four Ps
	1. The original four Ps: product, price, place and promotion
	2. The four As complement the four Ps:
		1. Acceptability: extent to which a firm’s total product offering exceeds customer expectations
		2. Affordability: extent to which customers in the target market are able and willing to pay the product’s price.
			1. Two dimensions: economic (ability to pay) and psychological (willingness to pay)
			2. Acceptability combined with affordability determines the product’s value proposition
		3. Accessibility: the extent to which customers are able to readily acquire the product, has two dimensions: availability and convenience.
		4. Awareness:
			1. the extent to which customers are informed regarding the product’s characteristics, persuaded to try it, and reminded to repurchase.
			2. It has two dimensions: brand awareness and product knowledge.
	3. Modern marketing realities suggest a more representative set that encompasses modern marketing realities: people, processes, programs and performance.
		1. People: reflects internal marketing and the fact that employees and understanding consumers’ whole lives are critical to marketing success
		2. Processes: reflects all the creativity, discipline, and structure brought to marketing management.
		3. Programs: reflects all the firm’s consumer-directed activities.
			1. It encompasses the old four Ps as well as a range of other marketing activities that might not fit as neatly into the old view of marketing.
			2. These activities must be integrated such that their whole is greater than the sum of their parts and they accomplish multiple objectives for the firm.
		4. Performance: captures the range of possible outcome measures that have financial and nonfinancial implications (profitability as well as brand and customer equity) and implications beyond the company itself (social responsibility, legal, ethical, and community related)
22. Marketing Management Tasks
	1. Developing Marketing Strategies and Plans: identify potential long-run opportunities, given its market experience and core competencies<CORE>
	2. Capturing Marketing Insights:
		1. Develop a reliable marketing information system to closely monitor its marketing environment so it can continually assess market potential and forecast demand. <para>
		2. Develop a dependable marketing research system.
	3. Connecting with Customers
		1. <para>Create value for its chosen target markets and develop strong, profitable, long-term relationships with customers<CORE> by understanding consumer markets<CORE>.
		2. Gain a full understanding of how organizational buyers buy. It needs a sales force well trained in presenting product benefits.
	4. Building Strong Brands
		1. Divide the market into major market segments, evaluate each one, and target those it can best serve<CORE>
		2. Understand the strengths and weaknesses of the brand as customers see it<CORE></para>
		3. <para>Consider growth strategies while also paying close attention to competitors<CORE></CORE>, anticipating their moves and knowing how to react quickly and decisively.
	5. Creating Value
		1. Differentiate the service of product (the tangible offering to the market, which includes the product quality, design, features, and packaging<CORE>) to gain a competitive advantage
		2. Decide on wholesale and retail prices, discounts, allowances, and credit terms.
		3. Price should match well with the offer’s perceived value; otherwise, buyers will turn to competitors’ products.</para></section>
	6. Delivering Value
		1. Deliver the value embodied in products and services to the target market.
		2. Channel activities include those the company undertakes to make the product accessible and available to target customers<CORE></CORE>.</para></section>
	7. Communicating Value
		1. DeDevelop an integrated marketing communication program that maximizes the individual and collective contribution of all communication activities<CORE>
		2. Set up mass communication programs consisting of advertising, sales promotion, events, and public relations<CORE>
		3. Tap into online, social media, and mobile options to reach consumers whenever and wherever it may be appropriate<CORE> (see <OLINK>Chapter 20</OLINK>)</CORE>.
		4. Plan personal communications, in the form of direct and database marketing, as well as hire, train, and motivate salespeople<CORE>
	8. Creating Successful Long-Term GrowthB
		1. BBBuild a marketing organization capable of responsibly implementing the marketing plan<CORE>
		2. Utilize feedback and control to understand the efficiency and effectiveness of marketing activities and how they can be improved. <endnoteref olinkend="ch01en56" label="56"/></para></section></section></section><section id="ch01lev1rm" role="rm"><title id="ch01lev1rm.title"/>