Instructor Manual

Pride/Ferrell, Foundations of Marketing, 9e, 2022, 9780357129388; Chapter 1: Customer-Driven Strategic Marketing

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# Purpose and Perspective of the Chapter

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

# Cengage Supplements

The following product-level supplements provide additional information that may help you in preparing your course. They are available in the Instructor Resource Center.

* Transition Guide (provides information about what’s new from edition to edition)
* Educator’s Guide (describes assets in the platform with a detailed breakdown of activities by chapter with seat time)
* PowerPoint (provides text-based lectures and presentations)
* Test Bank (contains assessment questions and problems)
* Guide to Teaching Online (provides information about the key assets within the product and how to implement/facilitate use of the assets in synchronous and asynchronous teaching environments)
* Accelerated Course Syllabus (provides guidance on the recommended delivery of course materials given a 5-week, 8-week, 12-week, and 16-week course)
* MindTap User Guide (provides information on how to navigate and use MindTap)

# Chapter Objectives

The following objectives are addressed in this chapter:

1-1 Define marketing.

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

1-3 Describe how marketing creates value.

1-4 Briefly explore the marketing environment.

1-5 Summarize the marketing concept.

1-6 Identify the importance of building customer relationships.

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

# Complete List of Chapter Activities and Assessments

For additional guidance refer to the Teaching Online Guide.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Chapter Objective | PPT slide | Activity/Assessment | Duration | Certification Standard |
| 1–1 | 3 | Icebreaker Activity in PPT | 10 min | BUSPROG: Reflective ThinkingDISC: Customer |
| 1–1 | 7 | Discussion Activity in PPT | 20 min | BUSPROG: Reflective ThinkingDISC: Customer |
| 1–2 | 16 | Small Group Activity in PPT | 60 min | BUSPROG: Reflective ThinkingDISC: Marketing Plan |
| 1–3 | 23 | Discussion Activity in PPT | 30 min | BUSPROG: Reflective ThinkingDISC: Marketing Plan |
| 1–4 | 28 | Discussion Activity in PPT | 20 min | BUSPROG: Reflective ThinkingDISC: Marketing Plan |
| 1–5 | 36 | Discussion Activity in PPT | 30 min | BUSPROG: Reflective ThinkingDISC: Marketing Plan |
| 1–6 | 41 | Small Group Activity in PPT | 60 min | BUSPROG: Reflective ThinkingDISC: Marketing Plan |
| 1–7 | 50 | Knowledge Check in PPT | 5 min | BUSPROG: Reflective ThinkingDISC: Marketing Plan |
| 1-1–1-7 | N/A | Why Does Marketing Matter to Me? (Chapter 01 Customer-Driven Strategic Marketing) | 5 min | N/A |
| 1-1 | N/A | Learn It 1-1: Defining Marketing | 5 min | BUSPROG: CommunicationDISC: Marketing Plan |
| 1-2 | N/A | Learn It 1-2: Marketing Deals with Products, Price, Distribution, and Promotion | 5 min | BUSPROG: CommunicationDISC: Strategy |
| 1-3 | N/A | Learn It 1-3: Marketing Creates Value | 5 min | BUSPROG: AnalyticDISC: Strategy |
| 1-4 | N/A | Learn It 1-4: Marketing Occurs in a Dynamic Environment | 5 min | BUSPROG: AnalyticDISC: Marketing Plan |
| 1-5 | N/A | Learn It 1-5: Understanding the Marketing Concept | 5 min | BUSPROG: AnalyticDISC: Marketing Plan |
| 1-6 | N/A | Learn It 1-6: Customer Relationship Management | 5 min | BUSPROG: CommunicationDISC: Customer |
| 1-7 | N/A | Learn It 1-7: The Importance of Marketing in Our Global Economy | 5 min | BUSPROG: AnalyticDISC: International Perspective |
| 1-1–1-7 | N/A | Assignment: Chapter 01 Customer-Driven Strategic Marketing | 25 min | N/A |
| 1-1–1-7 | N/A | Case Activity: Chapter 01 Customer-Driven Strategic Marketing | 15 min | N/A |
| 1-1–1-7 | N/A | Practice Quiz: Chapter 01 Customer-Driven Strategic Marketing | N/A | N/A |
| Chapters 1–3 | N/A | You Make the Decision: Part 01 Strategic Marketing and Its Environment\* | 15–20 min | N/A |

\* This activity appears at the end of Part 1.

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# Key Terms

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

**Customers**: The purchasers of organizations’ products; the focal point of all marketing activities

**Exchanges**: The provision or transfer of goods, services, or ideas in return for something of value

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

**Market orientation**: An organizationwide commitment to researching and responding to customer needs

**Marketing**: The process of creating, pricing, distributing, and promoting goods, services, and ideas to facilitate satisfying exchange relationships with customers and to develop and maintain favorable relationships with stakeholders in a dynamic environment

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

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

**Marketing mix**: Four marketing variable—product, price, distribution, and promotion—that a firm controls to meet the needs of customers within its target market

**Product**: A good, a service, or an idea

**Relationship marketing**: Establishing long-term, mutually satisfying buyer-seller relationships

**Stakeholders**: Constituents who have a “stake,” or claim, in some aspect of a company’s products, operations, markets, industry, and outcomes

**Target market**: A specific group of customers on whom an organization focuses its marketing efforts

**Value**: A customer’s subjective assessment of benefits relative to costs in determining the worth of a product

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# What’s New in This Chapter

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

* A new Marketing Insights feature explores how Whole Foods has implemented successful marketing strategies
* A new example about Cruzbike in the Marketing Focuses on Customers section.
* New examples about Amazon’s digital assistant, Modern Market, and Chrome Industries in the Marketing Deals with Products, Price, Distribution, and Promotion section
* A new Snapshot feature examines time spent on various media including television, radio, smartphone, and tablet
* Updated examples about iPhone models in the Product section
* Expanded content around supply chain management in the Distribution section
* A new Disruptive Marketing boxed feature explores Amazon’s distribution strategies including drone delivery
* New content on promotional activities in the Promotion section
* New example about REI in the The Marketing Orientation section
* New example about designer Jason Wu in the Implementing the Marketing Concept section
* New content about building long-term customer relationships in the Customer Relationship Management section
* New example about Best Friends Animal Society in the Marketing Is Used in Nonprofit Organizations section
* New content on artificial intelligence (AI), blockchain, the sharing economy, and cloud-computing in Marketing Connects People through Technology section
* New content on marketing ethics issues related to AI robotics and drones in the Socially Responsible Marketing: Promoting the Welfare of Customers and Stakeholders section
* A new Integrity in Marketing boxed feature examines how Warby Parker is disrupting the optical industry
* Expanded content on how accelerating changes in technology will change the job marketing in the Marketing Offers Many Exciting Career Prospects section
* New Case explores Apple’s evolution of the retail experience

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# Chapter Outline

*In the outline below, each element includes references (in parentheses) to related content. “CH.##” refers to the chapter objective; “PPT Slide #” refers to the slide number in the PowerPoint deck for this chapter (provided in the PowerPoints section of the Instructor Resource Center); and, as applicable for each discipline, accreditation or certification standards (DISC). Introduce the chapter and use the Icebreaker in the PPT if desired. Review learning objectives for Chapter 1. (PPT Slide 2).*

1. Defining Marketing (1-1, PPT Slides 4–8, DISC: Marketing Plan; Customer)
	1. Marketing is the process of creating, pricing, distributing, and promoting goods, services, and ideas to facilitate satisfying exchange relationships with customers and to develop and maintain favorable relationships with stakeholders in a dynamic environment.
	2. This definition is consistent with the American Marketing Association definition of marketing, which defines marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”
		1. The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefit. Both customer and marketer expect to gain something of value from the exchange.
	3. The marketing mix variables are often viewed as controllable because they can be modified. However, competitive forces, economic conditions, political forces, laws and regulations, technology, and sociocultural forces shape the decision-making environment for controllable variables.
	4. Marketing focuses on customers:
		1. As the purchasers of the products that organizations develop, promote, distribute, and price, customers are the focal point of all marketing activities. (Figure 1.1 shows that customers are the focal point of all marketing activities.)
		2. The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefit. Both customer and marketer expect to gain something of value from the exchange.
		3. Organizations generally focus their marketing efforts on a specific group of customers, or target market.
			1. Marketing managers may define a target market as a vast number of people or a relatively small group.
	5. **Icebreaker Activity: 10 minutes total.** This Icebreaker activity helps the instructor and students get to know each other and lays the groundwork for an interactive and collaborative learning experience. Before discussing any content from the chapter, pose the question to students to see how many different answers you get.
		* The term “marketing” means different things to different people. What is the first definition that comes to mind when you hear the term “marketing”?
	6. **Discussion Activity: 20 minutes total.** This small-group discussion activity follows up on the question posed to students in the opening Icebreaker. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.
		* Think back to how you defined “marketing” at the start of this course in the Icebreaker activity. Has your definition changed now? If so, how?
		* Has your definition of “marketing” expanded since starting this course?
		* How do you think the average consumer views marketing?
			+ The text defines *marketing* as the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment. Students’ own definitions prior to taking this course may vary. These questions can be used to stimulate class discussion about how the average consumer views marketing.
2. Marketing Deals with Products, Price, Distribution, and Promotion (1-2,
PPT Slides 9–17, DISC: Marketing Plan; Product; ; Price; Distribution; Promotion)
3. Marketing is more than simply advertising or selling a product; it involves developing and managing a product, making the product available in the right place and at a price acceptable to buyers, and communicating information to help customers determine if the product will satisfy their needs.
	* 1. These activities—product, pricing, distribution, and promotion—are known as the marketing mix because marketers decide what type of each element to use and in what amounts.
		2. Marketers must aim to create and maintain the right mix of elements to satisfy customers in the target market.
		3. Marketers must collect detailed and up-to-date information on their target market, consumer preferences, and competitors in order to develop the marketing mix.
			1. Such information might include data about the age, income, ethnicity, gender, and educational level of people in the target market, their preferences for product features, their attitudes toward competitors’ products, and the frequency with which they use the product.
	1. The product variable:
		1. The product variable of the marketing mix deals with researching customers’ needs and wants and designing a product that satisfies them. A product could be considered a bundle of satisfaction that provides value to the consumer.
		2. A product can be a good, a service, or an idea.
			1. Good—a physical entity that you can touch
			2. Service—the application of human and mechanical efforts to people or objects to provide intangible benefits to customers
			3. Idea—concept, philosophy, image, or issue
		3. The product variable includes the creation or modification of brand names and packaging. It may also include decisions regarding warranty and repair services.
		4. Product variable decisions and activities directly impact the creation of products that meet customers’ needs and wants.
	2. The price variable:
		1. The price variable relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices.
		2. Price is a critical component of the marketing mix because customers are concerned about the value obtained in an exchange.
		3. Price is often used as a competitive tool.
		4. Pricing is the most flexible marketing-mix variable and can be changed very quickly.
	3. The distribution variable:
		1. Distribution helps a marketing manager make products available in the quantities desired to as many target market customers as possible.
		2. Must keep total inventory, transportation, and storage costs as low as possible.
		3. May also select and motivate intermediaries, establish inventory control procedures, and manage transportation and storage.
		4. Supply chain management (SCM) involves maintaining a flow of products through physical distribution activities including acquiring resources, inventory, and the interlinked networks that make products available to customers through purchasing, logistics, and operations.
	4. The promotion variable:
		1. The promotion variable relates to activities used to inform individuals or groups about an organization and its products. It can be aimed at increasing public awareness of an organization and new or existing products.
		2. Promotion is more than just advertising. The promotion mix focuses integrated marketing communication to inform and persuade consumers to purchase a product.
		3. Promotional activities can:
			1. Educate customers about product features
			2. Urge people to take a stance on a political or social issue
			3. Sustain interest in established products
		4. Many companies are using websites, apps or social media to communicate information about themselves and their products.
	5. **Small Group Activity: 60 minutes total.** This small-group exercise examines the vast array of products for which college students represent the primary target market. Break students into groups of three to five and have them complete the activity found in the slides. After completing the activity, conduct a debrief with the class using the debrief questions as a guide.
		* What are some of the products your group identified for which college students represent the primary target market?
		* Did the members of your group identify any additional target markets?
		* Which goods or services does your group think students will continue to use after college? Why? Are there any goods or services you think college students will discontinue using? Why?
		* What is the marketing mix your group defined for your selected product?
			+ Students’ answers will vary. They should identify target markets as the group of consumers companies and their products are trying to appeal to. When considering the marketing mix, students should look at things such as the product, price, distribution, and promotions.
4. Marketing Creates Value (1-3, PPT Slides 18–24, DISC: Marketing Plan; Customer)
5. Value is a customer’s subjective assessment of benefits relative to costs in determining the worth of a product (customer value = customer benefits − customer costs).
	* 1. Customer benefits include anything a buyer receives in an exchange.
		2. Customer costs include anything a buyer must give up to obtain the benefits provided by the product.
		3. Costs include the monetary price of the product as well as less obvious nonmonetary costs.
		4. Nonmonetary costs, such as time and effort customers expend to find and purchase desired products, can be equally important in a customer’s determination of value.
		5. The processes people use to determine value may vary widely.
		6. In developing marketing activities, it is important to recognize that customers receive benefits based on their experiences.
		7. The marketing mix, especially promotional activities and extra services or features, can be used to enhance perceptions of value.
6. Marketing builds relationships with customers and other stakeholders:
	* 1. Individuals and organizations engage in marketing to facilitate exchanges—the provision or transfer of goods, services, or ideas in return for something of value.
		2. Four conditions must exist for an exchange to occur:
			1. Two or more individuals, groups, or organizations must participate, and each must possess something of value desired by the other party.
			2. The exchange should provide a benefit or satisfaction to both parties involved in the transaction.
			3. Each party must have confidence in the promise of the “something of value” held by the other.
			4. To build trust, the parties to the exchange must meet expectations.
		3. An exchange will not necessarily take place just because these conditions exist; marketing activities can occur even without an actual transaction or sale. (Figure 1.2 depicts the exchange process.)
		4. Marketing activities should attempt to create and maintain satisfying exchange relationships.
			1. To maintain an exchange relationship, buyers must be satisfied with the good, service, or idea obtained, and sellers must be satisfied with the financial reward or something else of value received.
		5. Marketers are also concerned with building relationships with relevant stakeholders who have a “stake,” or claim, in some aspect of a company’s products, operations, markets, industry, and outcomes; these may include customers, employees, investors and shareholders, suppliers, governments, communities, competitors, and many others.
7. **Discussion Activity: 30 minutes total.** This small-group discussion activity explores how marketing creates value for a society. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.
	* + Marketing is more than simply advertising or selling a product. How do you feel marketing benefits society? Why is socially responsible marketing important in our society?
			- Marketing is important in our society because it provides employment for many people and helps sell products that address stakeholder needs. This, in turn, generates profits essential to the survival of individual businesses as well as to the health and ultimate survival of the global economy. Many organizations—including nonbusiness organizations like governments and NGOs—use marketing activities.
		+ What is the relationship between the value of marketing and the benefits it provides?
			- By constantly seeking to provide consumers the best possible product alternatives, marketers drive continuous product innovation.
		+ Why is it important for marketing to create value for stakeholders?
			- Remind students that marketing is a social process. Marketers must create value for all stakeholders. Items and issues of importance to consumers and society are also significant to marketers. For example, environmental concerns are playing an increasingly important role in consumer choices. Marketers may take the opportunity to provide consumers with environmentally friendly product alternatives as well as to educate consumers about the environmental impacts.
8. Marketing Occurs in a Dynamic Environment (1-4, PPT Slides 25–29, DISC: Marketing Plan)
9. The marketing environment includes competitive, economic, political, legal and regulatory, technological, and sociocultural forces that surround the customer and affect the marketing mix. The effects of these forces can be difficult to predict.
10. The forces of the marketing environment affect marketers’ abilities to facilitate exchanges in three ways:
	* 1. They affect customers’ lifestyles, standards of living, and preferences and needs for products.
		2. They help determine whether and how a marketing manager can perform certain marketing activities.
		3. They affect a marketing manager’s decisions and actions by influencing buyers’ reactions to the organization’s marketing mix.
11. Marketing environment forces can fluctuate quickly and dramatically.
	* 1. Changes in the marketing environment produce uncertainty for marketers and at times hurt marketing efforts, but they also create opportunities.
		2. Alert marketers can adjust and capitalize on opportunities provided by change.
		3. Marketing mix elements—product, price, distribution, and promotion—are factors over which an organization has control; the forces of the environment, however, are subject to far less control.
12. **Discussion Activity: 20 minutes total.** This small-group discussion activity explores the forces that make up the marketing environment and the amount of control a marketing manager has over them. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.
	* + What are the forces in the marketing environment? How much control does a marketing manager have over these forces?
			- The marketing environment, which involves uncontrollable factors that exist outside of the marketing mix, includes competitive, economic, political, legal and regulatory, technological, and sociocultural forces. These forces can have a swift and strong effect on an organization, but marketers have little control over them. Marketers must be aware of environmental forces, adapt to them, and capitalize on the opportunities they provide.
		+ Have you personally observed a marketing campaign or marketing mix that responded to marketing environment forces?
		+ What force was at work?
		+ Was the marketing response successful? Why or why not?
13. Understanding the Marketing Concept (1-5, PPT Slides 30–37, DISC: Marketing Plan)
14. According to the marketing concept, an organization should try to provide products that satisfy customers’ needs through a coordinated set of activities that also allows the organization to achieve its goals.
	* 1. Customer satisfaction is the major focus of the marketing concept.
			1. An organization should focus on customer analysis, competitor analysis, and integration of the organization’s resources to provide customer value and satisfaction, as well as long-term profits.
			2. The organization must continue to alter, adapt, and develop products to keep pace with customers’ changing desires and preferences.
		2. The marketing concept stresses that marketing begins and ends with customers. There is a positive correlation between customer satisfaction and shareholder value.
		3. The marketing concept is not a second definition of marketing. It is a management philosophy guiding an organization’s overall activities.
		4. Marketing is a strategic concept to achieve objectives.
			1. A firm that adopts the marketing concept must satisfy not only its customers’ objectives but also its own, or it will not stay in business long.
			2. The marketing concept stresses that an organization can best achieve these objectives by being customer-oriented.
		5. It is important for marketers to consider not only their current buyers’ needs but also the long-term needs of society.
15. Evolution of the marketing concept:
	* 1. There have always been companies that embraced the marketing concept, but the evolution of marketing has gone through three major time periods.
		2. The production orientation:
			1. The Industrial Revolution, which took place in the second half of the 19th century in the United States, enabled goods to be produced more efficiently.
			2. As a result of new technology and new ways of using labor, products entered the marketplace and consumer demand was strong. Competition was becoming more intense.
		3. The sales orientation:
			1. During the first half of the twentieth century, competition increased, and businesspeople viewed sales as the major means of increasing profits.
			2. Businesses viewed sales as the major means of increasing profits. Businesspeople believed that the most important marketing activities were personal selling, advertising, and distribution.
		4. The market orientation:
			1. By the early 1950s, some businesspeople recognized they must produce what consumers want, rather than make products and try to persuade customers that they need what is produced.
			2. A market orientation is an organizationwide commitment to researching and responding to customer needs.
			3. A market orientation should recognize the need to create specific types of value-creating capabilities that enhance organizational performance.
			4. A market orientation involves being responsive to ever-changing customer needs and wants.
			5. Today, businesses want to satisfy customers and build meaningful, long-term buyer-seller relationships.
16. Implementing the marketing concept:
	* 1. To implement the marketing concept, a market-oriented organization must accept some general conditions and recognize and deal with several problems.
		2. Management must establish an information system to discover customers’ real needs and then use the information to create satisfying products. Information systems can be expensive and time-consuming.
		3. A company must also coordinate all its activities.
			1. This may require restructuring internal operations, including production, marketing, and other business functions.
			2. This requires the firm to adapt to a changing external environment and predict major changes.
17. **Discussion Activity: 30 minutes total.** This small-group discussion activity explores the marketing concept philosophy and its implementation. Break students into groups of three to five and have each group discuss the questions. Students should be prepared to share their answers with the larger group during an instructor-led debrief.
	* + The marketing concept is not a second definition of marketing but rather a management philosophy guiding an organization’s overall activities. What are the basic elements of the marketing concept? Which businesses in your area use this philosophy? How can an organization implement the marketing concept?
			- The marketing concept is an organizational philosophy that states that an organization should try to provide products that satisfy customers’ needs through a coordinated set of activities that also allow the organization to achieve its goals. The major focus is customer satisfaction. To implement the marketing concept, a marketing organization must first establish an information system to discover customers’ real needs and then use the information to create satisfying products. The organization must also coordinate all its activities.
		+ Was it easy to identify businesses in your area that use the marketing concept philosophy?
		+ What is required for successful implementation of the marketing concept?
18. Customer Relationship Management (1-6, PPT Slides 38–42, DISC: Customer)
19. Customer relationship management (CRM) focuses on using information about customers to create marketing strategies that develop and sustain desirable customer relationships.
	* 1. Achieving the full profit potential of each customer relationship should be the fundamental goal of every marketing strategy.
		2. At the most basic level, profits can be obtained through relationships in the following ways:
			1. By acquiring new customers
			2. By enhancing the profitability of existing customers
			3. By extending the duration of customer relationships
		3. Implementing the marketing concept means optimizing the exchange relationship—the relationship between a company’s financial investment in customer relationships and the return generated by customers responding to that investment.
20. Relationship marketing refers to “long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges.”
	* 1. It continually deepens the buyer’s trust in the company, and as the customer’s confidence grows, this increases the organization’s understanding of the customer’s needs.
		2. Relationship marketing strives to build satisfying exchange relationships between buyers and sellers by gathering useful data at all customer-contact points and analyzing that data to better understand customers’ needs, desires, and habits.
		3. It focuses on building and using databases and leveraging technologies to identify strategies and methods that will maximize the lifetime value of each desirable customer to the company.
		4. Marketers are increasingly turning to marketing research and information technology to improve CRM.
		5. By increasing customer value over time, organizations try to retain and increase long-term profitability through customer loyalty.
		6. Through the use of e-marketing strategies, companies can personalize customer relationships on a nearly one-on-one basis.
		7. Customer relationship management provides a strategic bridge between information technology and marketing strategies aimed at long-term relationships.
21. **Small Group Activity: 60 minutes total.** This small-group activity explores the relationship marketing efforts of StockX.com, a website and app that is marketed as the “stock market for things.” Break students into groups of three to five and have them complete the activity found in the slides. After completing the activity, conduct a debrief with the class using the debrief questions as a guide.
	* + Was your group able to easily identify elements of StockX’s relationship marketing efforts?
		+ What are some of the strategies your group formulated to help StockX improve its relationship marketing?
			- Students’ answers will vary. StockX’s marketing mix plays a big role in its relationship marketing efforts. Its business model uses a unique marketing mix that matches the needs of its customers in the target market, which helps establish long-term, mutually satisfying buyer-seller relationships. The marketing mix includes:
				* *Product*: Shoes, watches, purses, and streetwear.
				* *Price*: Each product is different. It matches buyers’ bids with sellers’ asks.
				* *Promotion*: Done through the company’s website and on social media.
				* *Distribution*: StockX authenticates each item and ships it to customers.
			- StockX will need to constantly monitor the competing sites and adapt its marketing mix to continue to foster long-term success. It can also gather useful data at all customer contact points and through other marketing research efforts to learn how it can improve customer value and satisfaction.
22. The Importance of Marketing in Our Global Economy (1-7, PPT Slides 43–50, DISC: International Perspective)
23. Marketing costs consume a sizable portion of buyers’ dollars.
	* 1. About one-half of a buyer’s dollars goes to the costs of marketing.
		2. It is important to know how this money is used.
24. Marketing is used in nonprofit organizations.
	* 1. Marketing is also important in organizations working to achieve goals other than ordinary business objectives such as profit.
		2. Government agencies engage in marketing activities to fulfill missions and goals.
		3. In the private sector, nonprofit organizations also employ marketing activities to create, distribute, promote, and even price programs that benefit particular segments of society.
25. Marketing is important to businesses and the economy.
	* 1. Businesses must engage in marketing to survive and grow, and marketing activities are needed to reach customers and provide products.
		2. Marketing activities help produce profits that are essential to the survival of individual businesses, help create a successful economy, and contribute to the well-being of society.
26. Marketing fuels our global economy.
	* 1. Marketing is necessary to advance a global economy.
		2. Advances in technology, falling political and economic barriers, and the universal desire for a higher standard of living have made international marketing commonplace while stimulating global economic growth.
27. Marketing knowledge enhances consumer awareness.
	* 1. Marketing improves quality of life for customers.
		2. Understanding how marketing activities work helps us to be better consumers and increases our ability to maximize value from our purchases.
28. Marketing connects people through technology.
	* 1. Technology helps marketers understand and satisfy more customers than ever before.
		2. Marketers have new methods to store, communicate, and share information through advanced platforms that access Big Data. (Figure 1.3 shows some of the most common smartphone activities.)
		3. The internet allows marketers to disseminate information about products and interact with target markets.
		4. Enabled by big data, artificial intelligence (AI) can use analytics to develop smart systems that have the potential to change the environment for marketing.
		5. Disruptive technology has not only changed marketing but also business models.
		6. Cloud computing and low-cost information technology has empowered individuals and small businesses to be competitive with large businesses.
29. Socially responsible marketing can promote the welfare of customers and stakeholders.
	* 1. The success of our economic system depends on marketers whose values promote trust and cooperative relationships in which customers are treated with respect.
		2. Green marketing is a strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment.
		3. New technologies related to AI robotics and drones are creating new challenges to marketing ethics.
		4. By addressing concerns about the impact of marketing on society, a firm can protect the interests of the general public and the natural environment.
30. Marketing offers many exciting career prospects throughout the world, such as product development, personal selling, social media management, distribution, pricing, advertising, marketing research, wholesaling, and retailing.
	* 1. Marketing positions are among the most secure positions because of the need to manage customer relationships.
		2. Marketing knowledge and skills are valuable assets no matter what the field.
		3. In the future, accelerating changes in technology will change the types of jobs that exist in marketing.
		4. Marketing plays a vital role in any organization.
31. **Knowledge Check: 5 minutes total.** This activity asks students to review a scenario and determine whether the fictional company’s efforts are related to *marketing mix*, *green marketing*, *market orientation*, or *relationship marketing*.
	* + Acme Corporation recently launched a marketing campaign that incorporates natural imagery—like trees, birds, and water—to highlight its sustainability efforts. For every potential client who signs up for their online newsletter, Acme will plant a tree through the Arbor Day Foundation. Acme’s latest new customer giveaway is a set of stainless steel, reusable straws packaged in sustainable bags.
		+ What do Acme’s marketing efforts represent?
			1. Marketing mix
			2. Green marketing
			3. Market orientation
			4. Relationship marketing
				- *Answer*: b; *Green marketing*—A strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment

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# Discussion Starters

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

1. ***The Marketing Mix*** (1-2, PPT Slide 11) Duration 25 minutes.
* Marketing managers strive to develop a marketing mix that matches the needs of customers in the target market. Before marketers can develop an appropriate marketing mix, they must collect in-depth, up-to-date information about customer needs.
* Why is it important for marketers to consider their target market before changing parts of the marketing mix like price and product?
* *Answer*: If a firm is market oriented, it will want to meet the needs of its target market. Although customers do not like price increases, they are more likely to accept gradual rate changes. Turing, a pharmaceutical firm, received major backlash from both consumers and regulators after its CEO raised the price of the drug Daraprim by over 5,000 percent. The pill’s price increased from $13.50 a pill to $750. Turing attempted to pacify critics by offering large-scale price reductions to hospitals and smaller bottles of the drug. The CEO of Turing was eventually arrested on an unrelated charge. Rising prices at other drug companies have sparked frustration with the industry.
* Diet Pepsi also made the decision to change its product by replacing aspartame with sucralose. The move was in response to consumers’ growing distrust of aspartame. Initial reaction to the reformulated Diet Pepsi was negative. Similar reactions occurred when Coca-Cola introduced New Coke, prompting it to pull the product. Most of the time, changes to beloved products initiate consumer backlash, at least in the beginning. This requires marketers to carefully consider changes to products, prices, and other elements of the marketing mix.
* What can the pharmaceutical industry do differently to keep customers satisfied? Will customers ever approve of price increases?
	+ *Answer*: Students should have a lot of ideas to answer this question. As consumers, they probably disapprove of price increases for drugs, especially drugs that are necessary for survival. However, it is important for students to begin to think like businesspeople and decide how they would handle changing the marketing mix. Pharmaceutical firms argue that research and development as well as innovation necessitate higher costs for certain drugs. Students may suggest that drug firms should raise prices more slowly. They may also argue that the pharmaceutical firms should reveal the reasoning behind decisions. For those drugs where the price must be increased dramatically, offering hospitals discounts and finding other methods to keep the costs affordable would help stem the tide of criticism. Transparency with consumers and regulators is key to maintaining trust.
1. ***Customer Service*** (1-3, PPT Slide 20) Duration 25 minutes.
* The customer relationship often endures over an extended time period, and repeat purchases are critical for the firm. A dissatisfied customer who lacks trust in the relationship often searches for alternative organizations or products.
* How many of you have ever experienced rejection or disappointment in a customer service experience?
* *Answer*: This question can lead to a discussion on good and bad customer service.
* How many of you have used social media to convey your dissatisfaction about a company’s good or service? How did the company respond?
* *Answer*: This can lead to a discussion on how companies are using social media sites such as Twitter to better respond to customer’s complaints and concerns. For example, you could discuss how airline delays are one of the most common causes of customer frustration and how JetBlue uses Twitter to ensure it is responsive to its customers because it understands it is important for continued customer loyalty.
* Also, you could discuss how Nike is a prime example of customer service done well. It constantly responds to followers on Twitter whether it is about apparel or other products. Every few minutes, you can watch them respond to someone new. What makes this remarkable? Nike is a huge company. It has many different types of sports equipment and lines of apparel that make up its brand. While Nike manages a number of Twitter accounts to accommodate followers interested in specific sports or store locations, @NikeSupport is dedicated solely to responding to customers who need help.
* Transition into a discussion about the marketing concept, a firm’s market orientation, and/or customer relationship management following the chapter outline.
1. ***The Exchange*** (1-3, PPT Slides 20–22) Duration 20 minutes.
* Marketing activities should attempt to create and maintain satisfying exchange relationships.
* Why is the exchange at the core of all marketing transactions? Why is it crucial to think marketing is applicable to exchanges beyond buyers and sellers?
	+ - *Answer*: Students should understand that marketing is about the exchange of values between two parties to arrive at mutually beneficial outcomes. If students are simply focused on buyers and sellers, they will not be able to conceive of marketing outside a sales transaction. The following examples may help students broaden their understanding:
			* + Volunteer organizations: Volunteers exchange the value associated with their time to gain the value of assisting their community or supporting a meaningful cause. The organization exchanges the opportunity to demonstrate support for a community or cause for volunteers' time.
				+ Nonmonetary transactions: During the holiday season, many organizations trade a discount coupon toward the purchase of new goods for used goods. Others may trade admission to an event for canned foods or other nonmonetary contributions.
* In these examples marketing extends beyond buyers and sellers to others who engage in a value exchange. As these examples illustrate, marketing applies to nonprofit entities as well as for-profit entities.
* Transition the discussion into the chapter sections about the marketing environment and the marketing concept.

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# Review Questions

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

1. **What is *marketing*? How did you define the term before you read this chapter?**
	* The text defines *marketing* as the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment. The second part of this question can be used to stimulate class discussion about how the average person views marketing.
2. **What is the focus of all marketing activities? Why?**
	* Customers are the focal point of all marketing activities because they are the purchasers of the products which organizations develop, price, promote, and distribute. Without customers for its products, a firm would quickly fail.
3. **What are the four variables of the marketing mix? Why are these elements known as variables?**
	* The marketing mix includes product, price, distribution, and promotion. They are called *variables* because marketing managers decide what type of each element to use and to what degree.
4. **What is value? How can marketers use the marketing mix to enhance the perception of value?**
	* Value is a customer’s subjective assessment of benefits relative to costs in determining the worth of a product. Examples of ways marketers can modify their marketing mixes to enhance perceptions of value include offering product features or enhancements that provide desirable consumer benefits, using promotion to create positive images or prestigious characteristics that consumers consider in value assessment, pricing products according to how consumers use them, and offering convenient distribution outlets.
5. **What conditions must exist before a marketing exchange can occur? Describe a recent exchange in which you participated.**
	* For an exchange to take place, four conditions must exist. First, two or more individuals, groups, or organizations must participate, and each must possess something of value that the other party desires. Second, the exchange should provide a benefit or satisfaction to both parties involved in the transaction. Third, each party must have confidence in the promise of the “something of value” held by the other. Finally, both parties to the exchange must meet expectations. The second part of this exercise can be used to stimulate class discussion about exchanges based on students’ experiences.
6. **What are the forces in the marketing environment? How much control does a marketing manager have over these forces?**
	* The marketing environment, which involves uncontrollable factors that exist outside of the marketing mix, includes competitive, economic, political, legal and regulatory, technological, and sociocultural forces. These forces can have a swift and strong effect on an organization, but marketers have little control over them. Marketers must be aware of environmental forces, adapt to them, and capitalize on the opportunities they provide.
7. **Discuss the basic elements of the marketing concept. Which businesses in your area use this philosophy? Explain why.**
	* The marketing concept is an organizational philosophy that states that an organization should try to provide products that satisfy customers’ needs through a coordinated set of activities that also allow the organization to achieve its goals. The major focus is customer satisfaction. The answers to the other parts of this question are based on local examples.
8. **How can an organization implement the marketing concept?**
	* To implement the marketing concept, a marketing organization must first establish an information system to discover customers’ real needs and then use the information to create satisfying products. The organization must also coordinate all its activities.
9. **What is customer relationship management? Why is it so important to “manage” this relationship?**
	* Customer relationship management focuses on using information about customers to create marketing strategies that develop and sustain desirable customer relationships. “Managing” customer relationships is important to marketers because it can foster customer loyalty and thereby increase long-term profitability. A loyal lifelong customer can be worth a considerable sum of money, so the loss of such customers can result in lower profits.
10. **Why is marketing important in our society? Why should youstudy marketing?**
	* Marketing is important in our society because it provides employment for many people and helps sell products that address stakeholder needs. This, in turn, generates profits essential to the survival of individual businesses as well as to the health and ultimate survival of the global economy. Many organizations—including nonbusiness organizations like governments and NGOs—use marketing activities.
	* The study of marketing is important because marketing costs consume a sizable portion of buyers’ dollars, and knowledge about how this money is used helps consumers understand product costs. By becoming informed about marketing activities, students can one day become good marketers themselves, working effectively and efficiently to create products that satisfy needs and provide them to the stakeholders who need them. The study of marketing activities also enables consumers to weigh the costs and benefits of marketing activities and to evaluate laws, regulations, and industry guidelines intended to stop unfair, misleading, and unethical marketing practices.

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# Additional Activities and Assignments

1. **Class Exercise: Great and Poor Customer Service Experiences**: The marketing concept, a firm’s market orientation, and customer relationship management all revolve around putting the customer at the center of strategic marketing. With the customer at the center, the heart of strategic marketing revolves around providing outstanding customer service. Every beginning student in marketing will have experience with both superior and inferior customer service.
* Ask each student to take 5−10 minutes to write about two recent customer service experiences, one highlighting excellent customer service and one highlighting poor customer service.
* To conclude this exercise, ask for volunteers to read their tales of customer service Joy (positive) and tales of Woe (negative). If there is no time, simply ask the students to hand them in. In this case, the instructor may want to tabulate the information before the next class in order to better discuss the results with students and then read a selection of the particularly vivid experiences.
* *Addendum*: To underscore the logic behind the power of negative customer testimonials, you can introduce the Rule of 66. When a customer has a particularly bad experience, they will tell on average 11 people, and those 11 people will tell an additional 5 people each. Thus, 11 times 5 equals 55, and adding those 11 people who were told the original bad experience makes 66 people who we know have been exposed to the poor customer service experience.
1. **Class Exercise: Crocs: Designed for Success:** [Crocs, Inc.](https://www.crocs.com/on/demandware.store/Sites-crocs_us-Site/default) was founded in 2002 and achieved success by creating a unique type of shoe made out of foam and offered in a variety of colors. Although the shoe design was often perceived as ugly, it attracted customers because of its unique nature and comfortable qualities. However, after early success, Croc began experiencing dwindling sales because it offered only one type of shoe. Crocs began to expand into other product lines such as fashionable flats, wedges, sneakers, and other products that offered the same comfort level. Yet sales continued to dwindle. In 2015, the toddler son of Prince William and Kate Middleton was seen sporting crocs, causing a large spike in sales. New leadership at the firm will attempt to increase the hype behind crocs once more.
* Ask students to describe the target market for Crocs. How does Crocs create value for target market consumers?
* With regards to Crocs, have students examine its marketing mix elements. Discuss the product, distribution, price, and promotion for the shoe industry. How did each element contribute to the initial success of Croc shoes?
* How can Crocs continue to adapt and evolve?
1. **Class Exercise: Old Spice: Brand Perception:** Old Spice has been an internationally recognized men’s grooming brand for over 70 years, offering a variety of products such as deodorant, body wash, and aftershave. Until recently, the brand tended to remind many people of their grandparents. The descriptor old-fashioned brings to mind the idea of tradition, but also of stagnation, and, in the case of a fragrance, something that’s probably unflattering. After decades of the same message, Old Spice rebranded itself in 2010 in an effort to attract a wider and younger customer base. Old Spice brought in former NFL player Isaiah Mustafa, affectionately known as “The Old Spice Guy,” releasing a series of humorous commercials and YouTube videos along with a new packaging design. In only one short year following the rebrand, sales increased by more than 100%.
* Why do brands struggle to break into markets with a younger demographic?
	+ Well-known brands often find it difficult to appeal to a younger demographic who may equate tradition with stagnation and view established brands as unfashionable and outdated.
* Why are consumer perceptions of brands so hard to change?
	+ The processes which people use to determine the value of a product may differ widely. All of us tend to get a feel for the worth of products based on our own expectations and previous experience. These subjective value assessments based upon unique personal experiences can be difficult to change once established.
* What might be some steps other brands could take to appeal to a younger customer base?
	+ The marketing mix can be used to enhance perceptions of value. Brands wishing to appeal to a younger customer base may want to highlight a feature or an enhancement of their product that provides benefits to their target demographic. Promotional activities can also help to create image and prestige characteristics that customers consider in their assessment of a product’s value. The development of an effective marketing strategy requires understanding the needs and desires of customers and designing a marketing mix to satisfy them and provide the value they want.
1. **Class Exercise: Stakeholders:** Starbucks is adept at using the marketing concept to offer a customized experience for its customers. Customers have even come in with their own coffee recipes and, if able, baristas will make them. Starbucks considers its other stakeholders as well.
	* Name some ways that Starbucks meets the needs of *employees*, *suppliers*, the *environment*, and *investors*.
* *Employees*: Health care for part-time employees
* *Suppliers*: Establishment of farmer support centers
* *Environment*: Small discount for customers who bring in their own cups
* *Investors*: Strong return on investment
1. **Case: Apple Inc.: The Future of Retailing, Education, and Entertainment**: This case illustrates how Apple’s market orientation has helped it grow and discusses how the company has created value for its customers with a finely tuned in-store experience. The case examines how Apple has continued to adapt to keep pace with customers’ changing desires and preferences, and how the concept of evangelism has been an important component of Apple’s culture, leading to customers who are very loyal to the brand.
	* Students should read the case study text, and then be asked to answer the associated discussion questions. Questions may be assigned in a discussion forum in your LMS; as whole-class discussions in person; or as a partner or group activity in class.
	* How has a market orientation contributed to Apple’s success?
		+ A market orientation is an organizationwide commitment to researching and responding to customer needs. This is exemplified by Apple’s move in the early 2000s to focus on the launches of the iPod and iTunes. By expanding its product line beyond computers, Apple satisfied customers’ desires for portable music. Identifying customer needs and creating revolutionary products is at the core of Apple’s success.
	* Describe how Apple embraces the marketing concept.
		+ According to the marketing concept, an organization should try to provide products that satisfy customers’ needs through a coordinated set of activities that also allows the organization to achieve its goals. Creating innovative products such as the iPod and the iPhone has satisfied a variety of customer needs while making Apple the household name it is.
		+ Additionally, Apple has continued to alter, adapt, and develop products to keep pace with customers’ changing desires and preferences. Apple started out as a computer company but is now known for its portable music players, smartphones, and wearable technology. Apple has also created a unique in-store experience for customers that focuses on education and entertainment with in-store classes and workshops. This allows apple to stand out while focusing on its customers.
	* How would you describe Apple’s strategy in the highly competitive consumer electronics industry?
		+ Apple has continued to innovate and rise above the competition. In 2001, Apple was not the first company to introduce a portable music player, but the iPod stood out. Not only did Apple introduce an mp3 player, but it also made digital music accessible and affordable with the introduction of iTunes. Apple has a knack for identifying customer needs and creating value for its customers. For this reason, Apple has attracted loyal customers.

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# Additional Resources

## External Videos or Playlist

* [The 4 Ps of the Marketing Mix Simplified](https://www.youtube.com/watch?v=Mco8vBAwOmA). YouTube video, duration 2:46 min. 1-2
* [Coca-Cola Sustainable Packaging](https://www.youtube.com/watch?v=HR50Vb_AWHI). YouTube video, duration 1:40 min. 1-7

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# Appendix

## Generic Rubrics

Providing students with rubrics helps them understand expectations and components of assignments. Rubrics help students become more aware of their learning process and progress, and they improve students’ work through timely and detailed feedback.

Customize these rubrics as you wish. The writing rubric indicates 40 points and the discussion rubric indicates 30 points.

## Standard Writing Rubric

|  |  |  |  |
| --- | --- | --- | --- |
| Criteria  | Meets Requirements  | Needs Improvement  | Incomplete  |
| Content  | The assignment clearly and comprehensively addresses all questions in the assignment. 15 points  | The assignment partially addresses some or all questions in the assignment. 8 points  | The assignment does not address the questions in the assignment. 0 points  |
| Organization and Clarity  | The assignment presents ideas in a clear manner and with strong organizational structure. The assignment includes an appropriate introduction, content, and conclusion. Coverage of facts, arguments, and conclusions are logically related and consistent. 10 points  | The assignment presents ideas in a mostly clear manner and with a mostly strong organizational structure. The assignment includes an appropriate introduction, content, and conclusion. Coverage of facts, arguments, and conclusions are mostly logically related and consistent. 7 points   | The assignment does not present ideas in a clear manner and with strong organizational structure. The assignment includes an introduction, content, and conclusion, but coverage of facts, arguments, and conclusions are not logically related and consistent. 0 points  |
| Research  | The assignment is based upon appropriate and adequate academic literature, including peer reviewed journals and other scholarly work. 5 points   | The assignment is based upon adequate academic literature but does not include peer reviewed journals and other scholarly work. 3 points   | The assignment is not based upon appropriate and adequate academic literature and does not include peer reviewed journals and other scholarly work. 0 points  |
| References/Works Cited  | The assignment follows the required citation guidelines. 5 points  | The assignment follows some of the required citation guidelines. 3 points  | The assignment does not follow the required citation guidelines. 0 points  |
| Grammar and Spelling  | The assignment has two or fewer grammatical and spelling errors. 5 points  | The assignment has three to five grammatical and spelling errors. 3 points  | The assignment is incomplete or unintelligible. 0 points  |

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## Standard Discussion Rubric

|  |  |  |  |
| --- | --- | --- | --- |
| Criteria  | Meets Requirements  | Needs Improvement  | Incomplete  |
| Participation  | Participates in or submits discussion by the posted deadlines. Follows instructions for initial post and responses. 5 points  | Does not participate in or submit discussion by the posted deadlines. Does not follow instructions for initial post and responses. 3 points  | Does not participate in discussion. 0 points   |
| Contribution Quality  | Comments stay on task. Comments add value to discussion topic. Comments motivate other students to respond. 20 points  | Comments may not stay on task. Comments may not add value to discussion topic. Comments may not motivate other students to respond. 10 points  | Does not participate in discussion. 0 points  |
| Etiquette  | Maintains appropriate language. Offers criticism in a constructive manner. Provides both positive and negative feedback. 5 points  | Does not always maintain appropriate language. Offers criticism in an offensive manner. Provides only negative feedback. 3 points   | Does not participate in discussion. 0 points  |

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