

Chapter One: Overview of Marketing

TOOLS FOR INSTRUCTORS

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Learning Objectives

1. Define the role of marketing and explain its core concepts
2. Describe how marketers create value for a product or service
3. Summarize the four orientations of marketing
4. Understand the importance of marketing both within and outside the firm

Annotated Chapter Outline	Instructor's Notes
Opening Vignette: Hydro Flask Today many people carry water bottles with them every day. Consumers have turned away from traditional plastic bottles, demanding higher quality, BPA free, reusable bottles. With numerous types of water bottles on the market, brands need to clearly communicate the features and benefits of their products, e.g., keep water cold and fresh longer, protect the planet. Clear communication efforts can show consumers the value their products offer.	Ask students: Describe the value water bottle maker Hydro Flask provides customers. What do you consider are the main reasons for its growth and success? <i>Answer: (1) It positions its products as supporting a healthy lifestyle and a healthy planet to appeal to customers, (2) it offers the ability to personalize the bottles, and (3) it embraces social media to attract new users and spread its message.</i>
LO1: What is Marketing? 1. Marketing is a set of business practices designed to plan for and present an organization's products or services in ways that build effective customer relationships (The Canadian Marketing Association)	<i>Marketing is used to create value in products & services.</i> <i>The interrelated marketing mix – or the 4 P's – creates, transacts, communicates & delivers value.</i>

Annotated Chapter Outline	Instructor's Notes
A. The <i>marketing plan</i> is a written document that specifies marketing activities in terms of the 4 P's, action programs & projected or pro forma income & other financial statements, for a specific period of time.	<i>Good marketing is not a random activity and it requires thoughtful planning with an emphasis on the ethical implications of decisions made on the consumer and society in general.</i>
Marketing is NOT just about buyers and sellers exchanging money for goods and services or about making a profit.	Group activity: <i>The chapter opens by pointing out that people engage in marketing every day as both buyers and sellers. Have students make a list of all marketing transactions in which they were involved today. List the types of activities on the board and categorize them as buy or sell.</i>
***Ethics	<i>There is a strong ethics orientation in this book. At the start of the semester, stress that marketers' actions have ethical implications that must be understood and addressed.</i>
***Value is a key theme throughout the textbook, that is, creating value for both a firm and its customers. A more in-depth discussion follows later in the chapter.	<i>Discuss how the same product can provide lots of value to one consumer but little or no value to another. Use the example of a recent movie that split the audience, e.g., people either love or hate Tom Holland in "Spider-Man No Way Home." Why?</i>
B. Marketing consists of six core aspects that work together to create value for customers and the firm.	<i>For a shorter lecture, one slide can be used to introduce all six core aspects. More detailed slides can be used for expanded discussion if desired.</i>
2. Marketing Is About Satisfying Customers' Needs and Wants A. The marketplace can be defined as the world of trade or more narrowly defined by segments. B. It is often not practical to sell the firm's product to everyone, so marketers focus on the groups or segments that are most profitable (referred to as the market).	Ask students <i>if they have ever thought about the number of brands and types of toothpaste available.</i> Group activity: <i>Ask students to list the types and brands of toothpaste they know. Then ask: Why do you think there are so many? Point out that the benefits of each one differ. Ask: Are these differences based on needs or wants or a combination of both?</i>
3. Marketing Entails an Exchange. A. <i>Exchange</i> refers to the trade of things of value between the buyer and seller so that each is better off as a result.	Ask students <i>to discuss how these exchanges occur in nonprofit settings. What is the exchange at a museum or a lecture?</i> <i>You might also use the example of a swap or</i>

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	<i>barter page. (An excellent example of swaps can be found on the First Canadian Barter Exchange website http://barterfirst.com/).</i> <i>Each party to the exchange gives up something of value: The customer gives up not only money but also time and information, and the firm gives up the good or service. The exchange in the end is mutually beneficial.</i> <i>You can visit the Chapters/Indigo website to initiate a discussion of what customers give up in exchange for the company's products. http://www.chapters.indigo.ca/home/</i>
LO2: Marketing Requires Marketing Mix Decisions The marketing mix (4Ps) of product, price, place, and promotion refers to the controllable set of activities the firm uses to respond to the wants and needs of its target market.	<i>Stress that the concept of the 4Ps is fundamental to marketing. Remind students that "4Ps" and "the marketing mix" may be used interchangeably to refer to product, price, place, and promotion.</i>
Products: Creating value 1. The fundamental purpose of the firm is to create value by developing a variety of offerings, including goods, services, and ideas, to satisfy consumer needs. 2. Goods are items that you can physically touch. 3. Services are intangible customer benefits produced by people or machines that cannot be separated from the producer. 4. Ideas include thoughts, opinions, philosophies, and intellectual concepts that also can be marketed.	<i>Students often can relate to goods and services, but the marketing of ideas is a new concept to them. Use the example of drunk- driving prevention.</i> Ask: How is that idea marketed? <i>Organizations such as Mothers Against Drunk Driving or Students Against Drunk Driving often receive support from brewers and distillers in promoting responsible drinking and safe driving.</i> Ask students: What is the exchange these groups are asking consumers to enter? <i>Answer: They want you to consume alcohol in a manner that is consistent with safety, which means giving up some consumption or drinking responsibly – do not get behind the wheel if you drink.</i>
Price: Transacting value <i>Price refers to everything the buyer gives up—money, time, and energy— in exchange for the product.</i>	<i>This is a good opportunity to remind students that the price paid is more than cash. Also tell them that later in the semester, you will look at how marketers view price, which often differs from the</i>

Annotated Chapter Outline	Instructor's Notes
	<i>conceptions they may have been taught in finance courses about how to determine price.</i>
Place: Delivering value. <i>Place includes all activities undertaken to get the product to the right customer when that customer wants it.</i>	<i>Of all the areas in marketing, place is the least recognizable in relation to marketing. Students tend not to think about the importance of getting goods from manufacturers to consumers, which currently requires global approaches.</i> <i>This semester, they will learn about marketing's role in this crucial process.</i> <i>Distribution strategy can be complex and requires consideration of many factors, as well as a high level of coordination.</i>
Promotion: Communicating value <i>Promotion is communication by a marketer that informs, persuades, and reminds potential buyers about a product or service to influence their opinions or elicit a response.</i>	Ask students to identify the target audience for an ad from Chapter 1. What value proposition is it offering and to which audience? <i>Answer: For example, the Street Smart ad is targeted at drivers to help them understand why they need to give cyclists room on the road. The ad promotes ideas, in this case, bicycle safety.</i>
Marketing Can Be Performed by Both Individuals and Organizations A. B to C: Business-to- consumer marketing. B. B to B: Business-to-business marketing. C. C to C: Consumer-to-consumer marketing.	<i>Students often fail to consider that the products they purchase have changed hands before. Offer them the following example: The computer you recently purchased from Best Buy (B to C) was purchased by Best Buy from the manufacturer (B to B). If you sell your computer to your roommate, you have engaged in C to C selling. Thus, the same product might be a part of all three types of marketing.</i>
Marketing impacts many stakeholders: A. Both for-profit and not-for-profit entities use marketing. B. Developing economies can benefit from marketing. C. Entire industries can benefit from marketing.	<i>An interesting example of a nonprofit that makes extensive use of marketing is Heifer International (http://www.heifer.org/) Consumers choose from a series of options, ranging from a goat to an ark full of animals, to donate to a family in need, who uses the donation as a source of both income and food, which means the recipients have access to new marketing opportunities.</i> <i>The use of digital tools to easily & quickly create & share content to foster dialogue, social</i>

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	<i>relationships & personal identities.</i> <i>One thing is very clear: social media has quickly become an integral part of marketing & communication strategies.</i>
Sustainable Marketing 1.1 Ekko: reduce, reuse, rethink	<i>Sustainability is becoming an important aspect of business and marketing practices. However, it seems to mean different things to different people. Companies embrace it for different reasons, most often to meet customer expectations.</i> <i>Ask students what sustainability means to them and to indicate how a company's reputation is tied to its sustainability initiatives.</i>
LO3: The Four Orientations of Marketing Helps Create Value 1. Product-oriented era: Belief that the product would sell itself. 2. Sales-oriented era: Overcapacity led to a focus on personal selling and advertising. 3. Market-oriented era: Manufacturers focus on what consumers want and need before design or production. 4. Value-based oriented: Value entails the relationship of benefits to costs, or what you get for what you give up.	<i>Ask students to consider each incarnation of the telephone presented in Exhibit 1.4. How has each been an improvement? Walk students through the eras and discuss how the firm's focus went from the needs of the firm to the needs of the market.</i>
How Do Firms Become More Value Driven? Marketers must keep a vigilant eye on the marketplace so they can adjust their offerings to meet customer needs and keep ahead of the competition. A. Share information about customers and competitors across the organization and supply chain. Zara is a Spanish clothing retailer that has aggressively expanded in recent years. For Zara, information is crucial to being able to meet the needs and wants of customers.	<i>For firms to compete, they must constantly assess consumers' perceptions of value. The advent of sophisticated databases has made it easier for firms to track consumers.</i> <i>How can sharing and coordinating information transmit into success?</i> <i>Zara has been able to offer customers the latest fashions in a timely manner by reducing the time it takes to get goods from the manufacturer to stores. The retailer's methods allow for quick replenishment of fast moving items.</i> Ask students: How many of you shop at Zara

Annotated Chapter Outline	Instructor's Notes
	<i>because of its ability to deliver new fashions quickly?</i>
Marketing Analytics 1.1 Location, Location, Analytics: Starbucks' Use of Data to Place New Stores	<i>Marketing analytics is becoming more important to all companies. Most chapters include discussions like this one about Starbucks and how it uses a Geographic Information System and predictive analytics to evaluate weather, demographics, population density, proximity to other Starbucks locations, and traffic patterns, to help determine new store locations.</i>
B. Balance customers' benefits and costs. Use customer data to find opportunities to serve customers better and develop long-term loyalties.	<i>With information, the firm can understand the key benefits customers seek, focus on those and eliminate the cost of providing other less strategic benefits.</i> <i>To follow up on the Zara example, note that its ability to meet the needs of the market consistently has created loyal customers, because customers know they can always find the latest fashions at Zara.</i>
C. Build relationships with customers 1. A <i>relational orientation</i> regards the buyer–seller relationship in terms of relationships rather than as a series of individual transactions. A <i>relational orientation</i> suggests buyers and sellers should develop long-term relationships. 2. <i>Customer relationship management (CRM)</i> is a business philosophy and set of strategies, programs, and systems that focus on identifying and building loyalty among the firm's most valued customers.	<i>In early conceptions of marketing (before value-based marketing), firms often viewed the closing of the sale as the termination of their relationship with the customer. Today, firms strive to create lifetime value among customers, hoping they will return to the firm for all their future needs.</i> <i>Marketers steadily embrace new technologies, such as social and mobile media to allow them to better connect with their customers and thereby serve their needs more effectively.</i>
Ethical Dilemma 1.1 After Axing Straws, Starbucks Still Faces Criticism for Single-Use Plastic	<i>As noted earlier, ethics is a theme that is revisited often throughout this textbook via Ethical Dilemma boxes like this one, as well as in Chapter 17 which deals with Ethics and Social Responsibility.</i> <i>Ask students how they feel about companies taking a stand on issues such as single-use</i>

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	<i>plastics? Do such actions make a difference to the products they buy or the prices they are prepared to pay for them?</i>
LO4: Why is Marketing Important? Marketing has evolved into a major business function that crosses all areas of a firm or organization.	<i>This slide introduces the next series of slides or can be used as in or shortened lecture.</i>
1. Marketing Expands Firms' Global Presence The same skills for understanding customers that allow marketing to be successful in the home country market may allow for global expansion as well.	Group activity: <i>Starbucks is one of the fastest expanding global firms. Ask students to brainstorm why Starbucks has been so successful globally. You can visit the Starbucks' website to identify products being promoted in all of the identified markets. (NOTE: This list varies by season.)</i> <i>Ideas include type of product (beverages are universal), customer need (luxury and convenience items), local product adaptations, etc. Ideas include type of product (beverages are universal), customer need (luxury and convenience items), local product adaptations, etc.</i>
2. Marketing Is Pervasive Across Marketing Channel Members The marketing department must work seamlessly with other functional areas of the company to design, promote, price, and distribute products.	<i>A supply chain is the group of firms & set of techniques & approaches firms use to make & deliver a given set of goods & services.</i> <i>Ask students: Have you ever considered how products from all over the world get to your hometown? Each step in the supply chain takes the good and increases its value by either improving it or delivering it to the end consumer. Remind students that each step involves an exchange.</i>
3. Marketing Enriches Society Many firms now recognize that their business's strong social orientation provides a sound strategy in the best interests of both themselves and their customers.	<i>The Avon Breast Cancer Crusade is an excellent example of how a firm uses its knowledge of marketing to benefit society. Avon has long supported breast cancer awareness and prevention and, through its distributor network, has been able to educate women about the importance of early detection. Because of its primarily female sales force, Avon's work was truly women helping women.</i>
4. Marketing Can Be Entrepreneurial	Ask students: <i>Why is marketing so important for</i>

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Marketing sits at the centre of the successes of numerous ventures initiated by entrepreneurs, or those people who organize, operate, and assume the risk of a business venture.	<i>entrepreneurs?</i> <i>The examples cited in the chapter of Canada Goose and Steeped Tea are important examples of successful entrepreneurial endeavours.</i>
Entrepreneurial Marketing 1.1 Flow, founded in 2015 by Nicholas Reichenbach, is a good example of a new spin on an existing product. We will follow the theme of entrepreneurship throughout the textbook.	<i>Almost every chapter features an entrepreneur. In some cases, the entrepreneurs are neophytes while others are seasoned veterans. Some Entrepreneurial Marketing boxes feature companies that have pitched their stories on CBC's Dragons' Den show.</i>

Marketing Applications

1. Do you know the difference between needs and wants? When companies that sell coffee develop their marketing strategy, do they concentrate on satisfying their customers' needs or wants? What about a utility company, such as the local power company or a humanitarian agency, such as Doctors without Borders?

Instructor's Notes: This question is intended to make students think about the difference between customer needs and wants, as well as how companies might address one or both. It also challenges students to explore whether different types of companies address the needs and wants of consumers differently. Needs are essential items that individuals cannot live without. These include necessities like shelter, health care, basic food, and basic transportation. Wants are products that customers would like to have and view as improving their quality of life, like brand-name clothing, computers, and luxury vehicles.

Student responses should reflect an awareness of considering both consumers' wants and needs.

Example answers:

- Companies that sell coffee most likely concentrate on satisfying customers' wants, as their products are not considered essential items. Firms also must respond to competitors' offerings.
- A utility company might consider its customers' needs more (e.g., reliable water or electric supply to homes and businesses) but also consider customers' wants (e.g., how they wish to receive the service, how they prefer to be billed) to achieve higher customer satisfaction and provide offers that go beyond basic needs. It might have a strong imperative to satisfy customers' needs for reliable electricity but not focus as much on customer wants quite as much because it faces little market competition.
- Humanitarian agencies, like Doctors without Borders, are satisfying customers' needs, especially their basic needs for health care and medicine.

2. Choose a product that you use every day. Describe its 4Ps.

***Instructor's Notes:** This question is designed to personalize the four major marketing elements for students. Choosing a product that he or she uses everyday and analyzing its 4Ps (product, price, place, and promotion) forces the student to think about how the four elements might come together to make it attractive. This exercise takes the product away from the realm of something that the student simply uses and enjoys and into a better understanding of what makes the product appealing to the student personally.*

Example Answer #1 Crest	
Product	Crest toothpaste
Place	Drugstores, grocery stores, wholesale clubs (Shoppers Drug Mart, Loblaws, Costco)
Promotion	Newspaper and magazine advertisements, supported by moderate TV and cable advertising. "Healthy beautiful smiles for life" (www.crest.com) → promotes beauty, vitality, and life-long benefits
Price	Suggested retail price, but with price promotions depending on retail channel and new product release schedule (e.g., newspaper coupon inserts for new products)
Example Answer #2 Honda	
Product	Honda Civic sedan
Place	Honda dealerships, preowned vehicle dealers
Promotion	Heavy TV and cable advertising, as well as full-colour magazine advertisements. "Evolution. Revolution. This is no time to stand still—the all-new Honda Civic is ready to take you places you've only imagined" (www.honda.com) → promotes freshness of design, speed, and dream fulfillment.
Price	Manufacturer's recommended pricing, with potential promotions at the dealership level. "Build-your-own-Civic" functionality via the Honda Web site, which allows customers to see the price of a car with their own option selections.
Example Answer #3 McDonald's	
Product	burgers, fries, soft drinks, milk shakes, Combo meals
Place	widespread distribution in all major cities in the world
Promotion	uses a mix of advertising, sales promotion (e.g. Happy Meals), public relations (Ronald McDonald charities), personal selling (at the point of purchase)
Price	low cost to appeal to target markets

3. One of your friends was recently watching TV and saw an advertisement that she liked. She said, "Wow, that was great marketing!" Was the ad in fact marketing? Why?

***Instructor's Notes:** Students frequently associate advertising with marketing, but fail to recognize that advertising is just one part of all the functions encompassed by marketing.*

Example answer:

- Student responses should acknowledge that marketing is made up of product, price, place, and promotion decisions and advertising is one of the promotional tools available to marketers.

- 4. What is the difference between a good and a service? When you buy a music subscription on Spotify, are you buying a good or a service? Would your answer be different if you bought an MP3 album on Amazon?**

Instructor's Notes: This application question seeks to have students recognize how products and services differ.

Example answer:

Goods are items that you can physically touch, whereas services are intangible customer benefits that are produced by people or machines and cannot be separated from the producer.

Students should understand that in terms of the creation of each, they are both “created” using raw materials that are “processed” into a finished output.

- 5. Assume you have been hired by the marketing department of a major consumer products manufacturer, such as Colgate-Palmolive. You are having lunch with some new colleagues in the finance, manufacturing, and logistics departments. They are arguing that the company could save millions of dollars if it just got rid of the marketing department. Develop an argument that would persuade them otherwise.**

Instructor's Notes: This scenario forces students to think about the purpose and value of marketing in an organizational context and allows for a variety of justifications. For example, a student could use an internal or external perspective and argue that finance, manufacturing, and logistics tend to worry less about the customer and more about internal processes, whereas the marketing and sales functions constantly focus outward on the customers the company serves. Using this argument, the student might question whether other departments are willing or prepared to take on customer relations and develop an understanding of how and why customers buy the company's product or service. Another argument might simply demand how customers will even know about the company's products if the marketing department doesn't broadcast their features, benefits, and value outward.

Example answer:

Marketing is a necessary function for three reasons:

- It focuses on understanding what the company's customers actually want and need, as well as how to derive value from the company's products and services. A department dedicated to this function frees other departments to focus on what they do best—be it finance, manufacturing, or logistics.
 - It can act as a buffer between external customers and internal company functions, save other departments from customers' direct demands, and cut down on the amount of churn within the organization.
 - It understands how to communicate the breadth and value of the company's products to an external audience and ensures the audience knows that the company and its products even exist. Without this communication and the subsequent knowledge gained by the customer, there would be no sales revenue and, consequently, no company!
- 6. As described in this chapter, customer relationship management is a very important aspect of value-based marketing. Pick any one of Canada's major retailers, e.g. The Bay (<http://www.hbc.com/>), Loblaws (<http://www.loblaws.ca/>), or Shoppers Drug Mart**

(<http://www.shoppersdrugmart.ca/>), and explain how they go about building strong customer relationships with their customers.

Instructor's Notes: This question asks students to think about the ways in which marketers try to build strong customer relationships. Students should discuss how the techniques identified are actually used by marketers to build customer relationships and to what extent they think these measures are successful in influencing their own individual purchasing behaviour.

Example answers:

Students may identify a variety of methods based on their individual experiences. However, most will likely focus on customer loyalty programs (and the many variations) as well as various marketing communication that are either general in nature or personalised. Ask students to discuss to what extent their purchase decisions are influenced by these techniques and whether or not they think they benefit from the various methods. Real practical examples should be solicited from the students.

7. Explain how a \$45 Timex watch and a \$10,000 Rolex watch deliver value to respective target markets? Which factors account for the dramatic difference in watch prices?

Both Timex and Rolex watches meet the basic need of providing the time to consumers. Both are worn on the wrist and deliver the time, and often the date, in a readily-available format. Timex has a mass distribution channel strategy and a low price point that allows multiple segments of consumers to be able to afford and use this product. Timex has also built a reputation for reliable, tough watches that can be used by active people or consumers that work in harsh environments. Timex wearers are those looking for an affordable, durable watch that does its job.

Rolex watches are hand-crafted, built to meticulous standards, and often contain precious gems or metals. The watches incorporate the latest in technology and are known to become collectors' items. Wearing this watch convey elite status and the watches are recognizable as a luxury item. Rolex wearers are consumers who can afford one of the best watches money can buy and desire the craftsmanship and technical precision present in a handmade watch. They want a watch that conveys to the world more than just the day or time.

8. Using the four Ps, discuss how Hydro Flask creates value for customers with its water bottles.

Instructor's Notes: This question encourages students to not only identify the 4Ps from the tons of information on a company's website but also to think how a company develops marketing mixes for different market segments. They must also be able to link the differences in the marketing mix to the characteristics or needs/wants of the different customer segments.

Example answer:

4Ps	
Product	Vacuum insulated stainless steel water bottles that can be personalized.
Price	The bottles are \$44.99, more expensive than some competitors, but price can vary based on the retail outlet.
Promotion	The company tends to stay away from more traditional advertising to promote its bottles. Social media features in

	its communications and rabid fans help to promote as well.
Place	Hydro Flask water bottles are distributed in a variety of ways, are available online and at a variety of retailers nationwide including Walmart, Urban Supply, and Simple Modern.

- 9. Why do marketers find it important to embrace societal needs and ethical business practices? Provide an example of a societal need or ethical business practice being addressed by a specific marketer.**

Instructor's Notes: This question centres on the role of social and ethical issues in a marketing context. Students might mention efforts such as keeping the environment clean and offering fair wages to workers, then argue why a marketer should be concerned about those issues.

Example answers:

- Ben & Jerry's donate a percentage of its proceeds from certain products to worthy causes.
- Starbucks Coffee promotes its fair trade coffee blends and bottled water sales that support third-world water purification programs.
- The Body Shop commits to no animal testing for its cosmetics line.

- 10. Using Why do marketers like those at Apple find it important to embrace societal needs and ethical business practices? Provide an example of a societal need or ethical business practice that Apple is addressing.**

Instructor's Notes: This question centres on the role of social and ethical issues in a marketing context. Students might mention efforts such as keeping the environment clean and offering fair wages to workers. For example, Apple develops multiple green initiatives. Some examples:

Example answers:

- The Apple Supplier Code of Conduct
Our Supplier Code of Conduct outlines our high standards for creating safer working conditions, treating workers fairly, and using environmentally responsible practices. It's one of the strictest in our industry and often requires practices above and beyond local law. To comply with the Code of Conduct, all suppliers must meet the stringent requirements in our Supplier Responsibility Standards.
- Clean Energy Program
In 2015, we launched our Clean Energy Program to reduce carbon emissions across our supply chain, which makes up nearly three-quarters of Apple's total carbon footprint. In China alone, we're working with our suppliers to install more than 2 gigawatts of clean energy.

Marketing Digitally

- 1. Happy Planet (<http://www.happyplanet.com/>), a Vancouver-based organic juice producer is an emerging player in the organic beverage market supplying all of Canada and some of the U.S. with organic juice. Visit its Web site and describe how it delivers value above and beyond that provided by traditional grocery retailers. Describe the ways in which the company communicates this value through its Web site.**

Instructor's Notes: This exercise allows students to analyze how a socially responsible grocery retailer creates value and communicates that value to its customers. Students might examine the images and words Happy Planet uses to express its message, the breadth of the appeal of those elements to different customer segments, which elements appear most prominently on the Web site, and what that selective prominence says about the priority of value being expressed.

Example answers:

The company gives an overview of not just the nature of the company but also its social values. To reinforce that message, the company has chosen to include its mission statement in the centre of its homepage and discusses its contribution to the community through its *Community Partners Program*.

- 2. Visit the site of any company from which you receive some free service (e.g., Facebook, Spotify, TikTok, Twitter, Gmail). Check your settings to see what information you have given to the company in exchange for the service. Is the value of the information you have provided equivalent to the value the company provides you with its service?**

Instructor's Notes: This exercise is intended to get students to determine the value of their privacy versus the service they get in return.

Example answers:

Student answers will vary greatly depending on the service they visit and the privacy settings they have. Many people set up these services without really checking what information they don't have to share and what they do. Those who blindly set up these services without investigating the restrictions they can give in the privacy settings. The looser the privacy settings, the less likely students will believe that the exchange is worth it. Another factor that comes into play is that many times students lack the life experience to realize that negative ramifications that can come with sharing too much information so they may not realize how much they are giving away.

End-of-Chapter Case Study: A Flood of Water Consumption Choices

- 1. How does marketing impact the consumption of water, and how has this impact changed since the mid-20th century?**

Example answers:

Student answers will vary, but they should include at least one of the following: as different consumer groups have diverse needs, marketers have expanded their offerings and thus provided more customer value. A wide range of companies produce a variety of products offered at distinct price points with unique promotions and found in expected places. Since the mid-20th century, these actions have added to the expansion of the consumption of water.

- 2. Describe three distinct target markets for drinking water. How does marketing create value for each of these segments using the four Ps; product price, place, and promotion?**

Example answers:

Answers will vary as this question is asking the students to identify different target markets. For example, first, for outdoor enthusiasts, marketers offer stainless steel containers that can withstand extreme temperatures and powerful impacts. These items are priced at a slight premium due to

premium manufacturing costs. These items are sold at outdoor stores, alongside outdoor gear and hiking boots. These items are advertised in outdoor magazines and demonstrated at outdoor enthusiasts' trade shows. Second, for urban commuters, marketers offer vacuum insulation technology for max temperature retention. These items are priced at a competitive level to be appealing to this cost-conscious target market. These items are sold at general and discount retailers where these commuters do most of their shopping. These items are advertised with banner ads alongside search results for urban transportation information. Finally, for the fashion-conscious, marketers offer chic designs that can be used in customer's style choices. These items are priced at a high premium in alignment with this customer's other fashion choices. These items are sold at high-end clothing and shoe stores where fashion-forward customers shop. These items are advertised with banner ads alongside search results for fashion choices and style recommendations.

3. How has changing societal values impacted the ways in which water is purchased and consumed?

Example answers:

Answers will vary but should include sustainability. Recent changes reflecting societal and ethical norms have prioritized sustainability. These changes have led to different pricing structures. Conventional spring water in a single-use plastic bottle is quite inexpensive; however, some are willing to pay \$60 to obtain a sustainably produced, reliable, safe water bottle that they can use for years. They also might seek water that has been filtered or otherwise certified safe, which constitutes a growing concern. The products have shifted and expanded to meet consumers' diverse needs.

4. How has the way you consume water changed in the last five years?

Example answers:

Answers will vary as this question is asking the students to identify their own behaviour.

Video Activities

Video: Making a Market: Vosges Haut-Chocolat

Core Concepts Covered: Marketing Mix

Activity Summary: This video case presents a marketing mix for a small brand that seeks to differentiate itself through luxury and innovation. After the video ends, students are asked questions about the video and related course concepts.

Activity

- **Introduction:** Vosges Haut-Chocolat is a chocolate brand seeking to make consumption of their chocolate a luxury experience which has grown along with the market for high-end chocolate. The video discusses how Vosges has created a cohesive marketing strategy focused on luxury and innovation. This activity is important because successful marketing requires an understanding of the full range of marketing activities, and of the importance of ensuring that all these activities serve a common strategy. The goal of this exercise is to test your understanding of the basic concepts of marketing.
- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

Follow-Up Activity

- Compare Vosges to Godiva, which is probably the best-known luxury chocolate brand in the USA. What advantages does Godiva have over Vosges? How can Vosges compete successfully with Godiva (both in terms of its current activities and other things it might do)? Points to consider:
 - Godiva has far more brand recognition, more of its own stores, and a wider distribution network.
 - Vosges has its innovative flavors; in addition, the very fact that it is not as well-known might allow the brand to create a more exclusive, super-premium image.

Video: Marketing at The Gluten Free Bar (GFB)

Core Concepts Covered: Define Marketing, Marketing Mix, Importance of Marketing

Summary: The snack market is the largest in the food and beverage industry. Most individuals have at least one a day. The selection is vast including granola bars, nuts, trail mix, dried fruits, and cereal. Granola bars is the largest in this category. However, less than 10 years ago the choices for healthy bars, especially gluten-free, were limited. When Marshall Radar was diagnosed with Celiac Disease in 2010, only a couple of gluten-free bars were available. One didn't have enough protein, so he was always hungry after eating it. The other had lower-quality ingredients giving a taste he didn't like. Marshall took matters into his own hands and created the Gluten Free Bars (GFB). He and his brother created a unique gluten-free bar with high-quality ingredients. They started selling to coffee shops. Now, the GFB has its products in over 11,000 stores in the United States and Canada. The GFB recently expanded into other markets and has plans to grow its international market share. While it still sells to coffee shops, only about ten percent of its business is still in that market. Its smallest, yet most profitable market is e-commerce. One thing it does to differentiate itself from other bars is producing them in-house to keep tight control over quality. It has developed trust with consumers by obtaining certifications that reflect the quality of the GFB.

Activity Summary: Students watch a video that addresses how the marketplace is divided into groups of potential customers who are important to Gluten Free Bar (GFB) for different reasons.

Activity

Introduction: Marketing creates value in organizations. This video shows that marketing is a core part of everyone's life regardless of the time of day. From early morning until late at night buyers and sellers trade things of value so that each is better off. Understanding the needs and wants is essential to marketing success.

Questions:

1. The Internet is the smallest portion of GFB's business, yet the most profitable. The company considers the consumers who shop on its website as special. What does the company do to create value for its online shoppers and encourage them to continue shopping on its website?

Brief Answer:

GFB does a variety of things for its e-commerce patrons, such as:

- Providing new flavors not available from other sources
- Allowing customers to taste new flavors and provide feedback
- Giving free products monthly

- Sending free gifts, such as t-shirts

2. How does GFB build trust and create value through its products?

Brief Answer:

The GFB's products are certified vegan, non-GMO, soy and dairy free, gluten free, and kosher.

Follow-Up Activity

Discuss the criteria for segmenting a market. Depending on the size of the city or town in which your school is located, have students think of products that can successfully be marketed in your location and others that might not. If the city is large, consider products that succeed there but might not in a smaller town. If school is in a small college town, consider products that are available in larger areas but not yours. Lead the students in a discussion of why those products can succeed or why they can't based on the criteria required for segmenting a market.

Video: Introduction to Marketing: Red Mango

Core Concepts Covered: Value Creation, Marketing Mix (four Ps: Product, Price, Place, and Promotion)

Summary: In 2007, Founder and Chief Concept Officer, Dan Kim opened the first Red Mango frozen yogurt shop in the United States. In five years, Red Mango has grown to 150 locations. Red Mango delivers value to its customers by offering a healthy product made with 100% all natural ingredients, fortified with probiotics. Customer value is also achieved through the design, decor and comfort of the stores themselves. By allowing customers to use the self-service area to customize their own dish of frozen yogurt, Red Mango engages its customers in value co-creation. Rather than use traditional marketing, Red Mango uses social marketing tools to allow its customers to engage with the brand through Facebook, Twitter, Instagram, and Pinterest.

Questions:

1. How does Red Mango deliver value to its customers through the marketing mix (the 4 Ps)?

Brief Answer:

Product - by providing a 100% all natural product fortified with probiotics, and by advertising the health benefits of the product

Price - by fulfilling an emotional need state (hunger, happiness, reward) at a fair price. The average price of a customer ticket is \$5-\$7

Place - by providing cool, comfortable stores that invite customers to socialize

Promotion - by engaging customers in value cocreation through its self-service area and by engaging customers in social media through Facebook, Twitter, Instagram, and Pinterest

2. Central to Red Mango's marketing is giving customers the opportunity to engage with the brand.

How does Red Mango accomplish this?

Brief Answer:

Red Mango engages its customers through the use of social media and value cocreation. In locations that offer a self-service area, customers are allowed to create their own "Red Mango." Customers are encouraged to share their creations with others via Instagram, Twitter, Pinterest, and Facebook.

Additional Teaching Tips

In this chapter, the goal is to provide an overview of marketing and encourage students to think about the specific aspects of the marketing mix.

Place is one of the most difficult concepts for students because it is largely invisible to them as consumers. They touch hard goods, experience services, view and hear promotions, and pay for what they buy, but it can seem that products almost appear magically. One recent trend among environmentally-conscious consumers is to seek out products produced within a 100-mile radius of their home towns. Buying these products reduces costs and detrimental environmental effects by reducing emissions associated with transportation and storage. Students should visit local grocery markets, identify goods, and investigate how far the products traveled (and by what means) to reach the store's shelves. From this experience, a rich discussion of both distribution decisions and marketing's impact on society can evolve.

To make the *eras of marketing* clear to students, divide the class into groups with each group assigned to a specific era. Ask the students to identify a business that adheres to their assigned era in terms of its business philosophy and approach. They should present the business to the class with evidence of the business's philosophy. Each brief presentation should include an assessment of whether the orientation is appropriate to the business given its competitive environment, target audience, and positioning strategy and if not, what orientation would be best.

Newsletter Teaching Aid

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