

Chapter 1

An Overview of Marketing

This chapter begins with the learning outcome summaries followed by a set of lesson plans for instructors to use to deliver the content.

- Lecture (for large sections) on page 3
- Company Clips (video) on page 4
- Group Work (for smaller sections) on page 7

Review and Assignments begin on page 8

- ✓ Review Question
- ✓ Application Questions
- ✓ Application Exercise
- ✓ Ethics Exercise
- ✓ Video Assignment
- ✓ Case Assignment

Great Ideas for Teaching Marketing from faculty around the country begin on page 21

Learning Outcomes

1-1 Define the term *marketing*

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing has two facets. First, it is a philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction. Second, marketing is an organization function and a set of processes used to implement this philosophy. One desired outcome of marketing is an **exchange**. An exchange has five conditions, as listed below. Even if all five conditions are met, an exchange might not occur. People engage in marketing whether or not an exchange happens.

The five conditions of exchange are as follows:

- There must be at least two parties.
- Each party has something that might be of value to the other party.
- Each party is capable of communication and delivery.
- Each party is free to accept or reject the exchange offer.
- Each party believes it is appropriate or desirable to deal with the other party.

1-2 Describe four marketing management philosophies

Four competing philosophies strongly influence an organization's marketing processes. A production-oriented organization focuses on the internal capabilities of the firm rather than on the desires and needs of the marketplace. A sales orientation is based on the beliefs that people will buy more goods and services if aggressive sales techniques are used and that high sales volumes produce high profits. A market-oriented organization focuses on satisfying customer wants and needs while meeting organizational objectives. A societal marketing orientation goes beyond a market orientation to include the preservation or enhancement of individuals' and society's long-term best interests.

The Internet and the widespread use of social media have accelerated the shift in power from manufacturers and retailers to consumers and business users. This shift began when customers began using books, electronics, and the Internet to access information, goods, and services.

1-3 Discuss the differences between sales and market orientations

First, sales-oriented firms focus on their own needs; market-oriented firms focus on customers'

needs and preferences. Second, sales-oriented companies consider themselves to be deliverers of goods and services, whereas market-oriented companies view themselves as satisfiers of customers. Third, sales-oriented firms direct their products to everyone; market-oriented firms aim at specific segments of the population. Fourth, sales-oriented organizations place a higher premium on making a sale, while market-oriented firms seek a long-term relationship with the customer. Fifth, sales-oriented businesses pursue maximum sales volume through intensive promotion, whereas market-oriented businesses pursue customer satisfaction through interfunctionally coordinated activities. Finally, promotion is the means by which organizations communicate with present and prospective customers about the merits and characteristics of their organization and products. Effective promotion is an essential part of effective marketing.

1-4 Describe several reasons for studying marketing

First, marketing affects the allocation of goods and services that influence a nation's economy and standard of living. Second, an understanding of marketing is crucial to understanding most businesses. Third, career opportunities in marketing are diverse. Marketing career opportunities also exist in a variety of nonbusiness organizations, including hospitals, museums, universities, the armed forces, and various government and social service agencies. Fourth, understanding marketing makes consumers more informed.

Key Terms

Customer relationship management (CRM)	Exchange	Production orientation
Customer satisfaction	Marketing	Relationship marketing
Customer value	Marketing concept	Sales orientation
	Market orientation	Societal marketing orientation
Empowerment	On-demand marketing	Teamwork

Lesson Plan for Lecture

Suggested Homework

- This instructor manual contains assignments for the *Geoffrey B. Small* video and for the Walt Disney case.
- This chapter's online study tools include flashcards, visual summaries, practice quizzes, and other resources that can be assigned or used as the basis for longer investigations into marketing.

Lesson Plans for Video

Company Clips

Segment Summary: Geoffrey B. Small

Geoffrey B. Small is a super luxury fashion designer with an eye toward social justice and connecting with his buyers. In this video, Small discusses how he began designing clothes and deciding whom to design clothes for and how to connect with his customers. He also discusses the nature of consumer behavior. He also mentions his beliefs in terms of how consumers purchase fashion and how this affects clothing prices.

These teaching notes combine activities that you can assign students to prepare before class, that you can do in class before or while watching the video, and that you can assign students to complete on their own after watching the video.

During the viewing portion of the teaching notes, stop the video periodically when appropriate to ask students the questions listed on the grid or perform the activities listed on the grid. You may even want to give the students the questions before starting the video and have them think about the answer while viewing the segment. That way, students will be engaged in active rather than passive viewing.

Pre-Class Prep for You	Pre-Class Prep for Your Students
- Preview the <i>Company Clips</i> video segment for Chapter 1. This exercise reviews concepts for LO1, LO2, and LO3. - Review your lesson plan. - Stream the video here.	- Have students familiarize themselves with the following terms and concepts: <i>marketing, production orientation, marketing concept, market orientation, and societal marketing orientation</i>. - Have students search for Geoffrey B. Small and read some articles about him. Depending on the amount of controversy/discussion you would like to spark, Small's articles on his forum at StyleZeitgeist (here) are very informative about his stance on clothing and politics, but can be highly divisive.
Video Review Exercise	

Activity	Teaching Method
Warm Up	Begin by asking students “What is marketing?”
In-Class Preview	• Segue into a discussion of the <i>marketing concept</i> and the four marketing management philosophies. • Write the four marketing philosophies on the board. • Take an informal class poll to see which model resonates most with students. • Ask students, while writing on the board: “What does a firm <i>need</i> to succeed in competitive markets?” • While listening to students’ insights, write the following points on the board: ◦ A clear understanding of what customers want ◦ Focus on producing what the customer wants, rather than on what management thinks should be produced • Write the following “viewing” questions on the board, or simply prompt students to think about them as they watch the video.

Viewing <i>(solutions below)</i>	1. Is Geoffrey B. Small best described as having a market orientation or a societal marketing orientation? 2. How does Geoffrey B. Small implement the marketing concept?
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Follow-Up	• Have students reflect on their earlier research on Geoffrey B. Small, and have them write a paragraph on how they think he uses social media to demonstrate his commitment to a societal marketing orientation. • Divide the class into groups of up to four students each, and have each group brainstorm a marketing concept for one product, including their intended customer and marketing philosophy. • Outside of class, have students individually create a marketing concept for one product. Have them compose a brief paragraph, to be turned in later, discussing how they found out what the customer wanted.
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Solutions for Viewing Activities

1. Is Geoffrey B. Small best described as having a market orientation or a societal marketing orientation?

Geoffrey B. Small would be best described as having a societal marketing orientation because Small takes the basic market orientation focus—*what do customers want and need*—and adds a societal, environmental focus—*how can we benefit society*.

2. How does Geoffrey B. Small implement the marketing concept?

Geoffrey B. Small implements the marketing concept by creating clothing that satisfies his customers' desire to have long-lasting clothing from a company that is driven to protect environment and civil rights. Small discovered the small demography of wealthy but socially motivated buyers and built clothing that they perceived as having a high value. As he says in the video, "you need to give the customer what they need and that they need badly enough that they are willing to give you money for it."

Lesson Plan for Group Work

Class Activity—Marketing Is Not Just Advertising

The objective of this exercise is to get students to think about what may be involved in marketing a product. They should construct plans that list the major variables in the marketing mix. This activity will emphasize that marketing is not just advertising.

First, divide the class into small groups of four or five people. Then ask students to assume that

they have just purchased a tennis racquet factory that has been shut down for the last few years. The automated equipment and computer system are in excellent shape, and the personnel needed to run the factory are readily available. But before jumping into production, what questions need to be asked and answered? What plans need to be made? Which of these plans concern marketing?

The following suggested questions should be brought up after the students suggest theirs. All these questions are about marketing issues.

1. What are the needs of tennis players? Do they need more or different styles of tennis racquets?
2. How many different categories of tennis players are there? What kind of racquet does each category need? (Handles, sizes, shapes, weights, and prices are factors.)
3. Which category of player does this firm want to sell to?
4. Estimate how many people are in this chosen category. How many of them will be playing over the next five years? How often will they buy a new racquet?
5. When will these customers buy? (Are there seasons or trends?)
6. Where are these customers located? Where do they shop for tennis racquets?
7. What price are these customers willing to pay? Does this price leave a profit for the company?
8. How will the company communicate with potential customers? What type of promotion will reach them?
9. How will the racquets be packaged? What type of warranty will they carry? How will the firm provide customer service?
10. How many other companies are making racquets? What kinds of racquets and what prices do competitors offer?
11. What is the industry as a whole projected to do in the next five to ten years?

All these questions must be answered before beginning production. As the students will see, marketing strategy drives the business.

Review and Assignments for Chapter 1

Review Question

- 1. Give an example of a company that is successfully following a production orientation. Why does following a production orientation make a firm in this industry successful?**

A mature product, such as a small no-frills calculator, is sold basically on price. A production orientation of lowest cost would work for this. In addition, a production orientation may work in a developing country where consumers have fewer options.

Application Questions

- 1. Your company president has decided to restructure the firm to make it more market oriented. She is going to announce the changes at an upcoming meeting. She has asked you to prepare a short speech outlining the general reasons for the new company orientation.**

Students' answers should focus on (1) customers' wants and needs, (2) distinguishing the company's products and services from competitors' offerings, and (3) the integration of all organizational activities to satisfy the customers' wants and needs. The latter point justifies the need for the restructuring. The speech can also contain some of the following topics: (1) the commitment of top management to the new market orientation, (2) the necessity of competitive intelligence, and (3) the interfunctional coordination needed to satisfy customer wants and needs.

- 2. Donald E. Petersen, chairman of the board of Ford Motor Company, remarked, "If we aren't customer driven, our cars won't be either." Explain how this statement reflects the marketing concept.**

Although students' answers will vary, they should address some of these points. The marketing concept focuses on satisfying customers' needs while meeting organizational objectives. Most prosperous firms, including Ford, have adopted this management philosophy because experience has taught them that customer satisfaction is crucial to their success.

- 3. A friend of yours agrees with the adage "People don't know what they want—they only want what they know." Write your friend a letter expressing the extent to which you think marketers shape consumer wants.**

Although students' answers will vary, but they should explain that marketers cannot create demand or make people buy things that they don't want or need. Marketing does, however, inform, persuade, and remind people about the availability, features, advantages, and benefits associated with new and existing products. One important task of marketing is to introduce people to products that they otherwise might not know about.

- 4. Your local supermarket uses the slogan "It's your store." However, when you asked one of the stock people to help you find a bag of chips, he told you it was not his job and that you should look a little harder. On your way out, you noticed a sign with an address for complaints. Draft a letter explaining why the supermarket's slogan will never be credible unless its employees carry it out.**

Students' answers will vary widely, but they should explain that the marketing orientation, the concern for customers, must extend to every member of the organization. This is very important when the customer has actual contact with a front-line employee.

- 5. How does Philip Morris handle the sensitive issues associated with marketing tobacco? What kind of information does its website at <http://www.philipmorris.com/> provide about smoking and its negative effects on health? How do you think Philip Morris is able to justify such marketing tactics? After browsing the site, do you think that approach makes the company more or less trustworthy?**

Students' answers will vary.

- 6. Write a letter to a friend or family member explaining why you think that a course in marketing will help you in your career in a field other than marketing.**

Students' answers will vary, but they should include a discussion of the importance of market orientation to the success of the firm and the role of employees in the delivery of customer value.

Application Exercise

Understanding the differences among the various marketing management philosophies is the starting point for understanding the fundamentals of marketing. From reading the chapter, you may be convinced that a market orientation is the most appealing philosophy and the one best suited to creating a competitive advantage. Not all companies, however, use a market orientation. And even companies that follow it may not execute well in all areas.

Activities

1. Visit your local grocery store and go through the cereal, snack food, and dental hygiene aisles. Go up and down each aisle slowly, and notice how many different products are available and how they are organized on the shelves.
2. Count the varieties of product in each product category. For example, how many different kinds of cereal are on the shelves? How many different sizes? Do the same for snack food and toothpaste.
3. Now, try to find a type of product in the grocery store that does not exhibit such variety. There may not be many. Why do you think there are enough kinds of cereals to fill an entire aisle (and then some) but only a few different types of, say, peanut butter? Can this

difference be explained in terms of marketing management philosophy (peanut butter manufacturers do not follow the marketing concept) or by something else entirely?

4. Have you ever wanted to see a particular kind of cereal or snack food on the shelf? Think of product varieties (like grapefruit-flavored toothpaste or peanut butter-covered popcorn) that you have never seen on the shelf but would be interested in trying if someone would make them. Write a letter or send an email to an appropriate company, suggesting that it should add your concept to its current product line.

Purpose: The purpose of this application is to introduce the students to the marketing concept. This exercise enables students to evaluate the range of products and product categories at a supermarket and to draw conclusions about the marketing orientations of particular brands/companies based on what they find.

Setting It Up: You may want to assign this to pairs of students. That way they can discuss their observations as they move through the store. There is no single solution for this application.

This exercise was inspired by the following Great Ideas for Teaching Marketing:

Deanna R. D. Mader, Marshall University
Fred H. Mader, Marshall University

GIVE THEM WHAT WE MAKE, OR GIVE THEM WHAT THEY WANT?

The following simple in-class exercise can be used either to illustrate the differences between the sales orientation and the marketing orientation or as an example of the importance of concept testing in new product development.

Task: Divide the class into four groups. Have the groups separate as much as classroom space will allow to minimize interference. Tell two of the groups that they are the “producers” and that their job is to make a product for the other groups. Tell the remaining two groups that they are the “consumers.” Give the two “producer” groups five sheets of paper (each a different color), and whisper instructions that they are to build one paper airplane. They must use one sheet of paper, but color selection and design must be group decisions. Give each “consumer” group one sheet of white paper. Whisper to these groups that they are to write, in detail, what kind of paper airplane they want. Upon task completion, compare the results.

Outcomes: Invariably, the “producers” do not produce what the “consumers” had in mind. Products and concepts may come close, but they are never identical. Class discussion is typically spontaneous. Students laugh at the results. “Producers” complain that they were not given

instructions as to what the “consumers” wanted, and “consumers” defend themselves by stating they were never asked. The professor can then direct discussion depending on whether orientation or new product development is the focus of the class.

Ethics Exercise

In today’s business environment, ethics are extremely important. In recent years, there have been numerous scandals and trials that stem from a lack of ethical judgment. For this reason, we are including an ethical exercise in every chapter. A brief scenario will present you with a situation in which the right thing to do may or may not be crystal clear, and you will need to decide the ethical way out of the dilemma. To help you with these decisions, we will give you reference to the AMA’s Statement of Ethics, found online at <http://www.marketingpower.com>. This will give you a resource for the exercise and will also help reinforce the ethical standards that marketers should uphold.

Rani Pharmaceuticals is the maker of several popular drugs that are used to treat high blood pressure and arthritis. Over time, the company has developed a positive relationship with many of the patients who use its medications through a quarterly newsletter that offers all the latest information on new medical research findings and general health and fitness articles. The company has just been acquired by a group of investors who also own Soothing Waters Hot Tubs and Spas. The marketing director for Soothing Waters would like to use Rani Pharmaceuticals’ mailing list for a direct-mail promotion.

Questions

1. What should Rani Pharmaceuticals do?

In order to avoid the semblance of impropriety, it might be better for the marketing director of Soothing Waters to ask Rani Pharmaceuticals to include an information piece about the hot tubs in the quarterly newsletter. The article could include a bounce-back card on which the patient could indicate his or her interest in receiving more information about the hot tubs directly from Soothing Waters. Although it is not unethical per se for a company to leverage its customer information across the organization, a company should always be mindful of how its customers will perceive its doing so.

2. Do you think it is ethical to use customer information across multiple divisions of the same company? Explain.

This is a situation to be handled with caution. Rani Pharmaceuticals should not simply hand over customer information. Although it is not unethical per se for a company to

leverage its customer information across the organization, it could jeopardize the positive relationship that Rani Pharmaceuticals has developed with its customers. One solution may be to include a note in the newsletter about Soothing Waters so that customers can request more information.

3. To which marketing management philosophy do you think the marketing director for Soothing Waters subscribes? Explain.

The marketing director for Soothing Waters seems to be taking a sales-oriented marketing approach. This is an aggressive approach, and it may be in Soothing Waters' best interest to redirect and pursue a market orientation.

4. Does the AMA Statement of Ethics address using customer information by multiple divisions of the same company in its Statement of Ethics? Go to <http://www.marketingpower.com>, and review the code. Then write a brief paragraph on how the AMA Code of Ethics relates to Rani Pharmaceuticals' dilemma.

The AMA Code of Ethics does not provide specific guidelines for the use of information across an organization. In fact, the lack of principles relative to information collection, archiving, dissemination, and general use indicates that the area of marketing information has evolved more rapidly than the Code. (You may wish to have your students draft a sample code of ethics relating to the area of marketing information. This can be done as a group activity or as an individual assignment.)

Video Assignment: Geoffrey B. Small

Geoffrey B. Small is a super luxury fashion designer with an eye toward social justice and connecting with his buyers. In this video, Small discusses how he began designing clothes and deciding whom to design clothes for and how to connect with his customers. He also discusses the nature of consumer behavior. He also mentions his beliefs in terms of how consumers purchase fashion and how this affects clothing prices.

1. Geoffrey B. Small takes great pride in offering a high level of handwork in his clothing because:
 - a. it offers higher customer value.
 - b. it is part of his marketing orientation.
 - c. it is how he markets his clothing.
 - d. he can employ more people that way.

ANS: A

Small says that the customers value handwork because it provides them a direct link with the people who made the clothes, something that most designers and clothing producers do not incur the cost of or take the time to offer their customer.

2. Geoffrey B. Small believes that one function of advertising is to make the customer believe what companies say. Therefore, he doesn't advertise and lets the clothes speak for themselves.
 - a. True
 - b. False

ANS: A

Geoffrey B. Small says that corporate advertising has taught customers that the lower the price the better the bargain. However, he argues that it actually costs the customer more and that he has to re-educate his customers to understand that value comes in longevity, eco-friendly, and politically friendly products that work.

3. How would Geoffrey B. Small answer the question "what is this firm's business?"
 - a. Making clothes for environmentally aware customers
 - b. Offering a great product and great service by honestly communicating with the customer
 - c. Showing people how clothes should be made locally
 - d. Giving the customer something they need badly enough that they will pay for it

ANS: B

Small says that he doesn't like the word marketing and that he focuses on offering a great product and great service by honestly communicating with the customer, which is the business he is in. Part of that business involves making clothes that are purchased by environmentally aware customers, but the business is larger than that.

4. To which marketing management philosophy does Geoffrey B. Small subscribe?
 - a. Production orientation
 - b. Marketing orientation
 - c. Sales orientation
 - d. Societal marketing orientation

ANS: D

Small's focus is on local, sustainable culture, and his civil rights focus suggests that he has a societal marketing orientation, which is the idea that an organization exists to not only satisfy customer wants and to meet organizational goals but also to preserve or enhance individuals' and society's long-term best interests. Production orientation occurs when the internal capabilities of the firm drive business decisions, rather than the wants and needs of

the market.

5. When Small describes how his customers choose to purchase his clothes (by evaluating that his brand is environmentally conscientious, whereas most other brands are not), which condition of exchange is being met?
- Each party has something of value to the other party.
 - Each party is capable of communication and delivery.
 - Each party is free to accept or reject the exchange offer.
 - Each party believes it is appropriate or desirable to deal with the other party.

ANS: D

By evaluating Small's brand based on aspects such as environmental concerns, customers are choosing to buy from Small because it is desirable to deal with him, since he has similar values as the customer. Both parties do have something of value, but this particular aspect of the evaluation process does not apply to that condition of exchange.

6. When Small discusses how customers crave personal interaction, crave knowledge of the person who created the garment, and want unique humanness in their clothing, what is he describing?
- Avoiding unrealistic pricing
 - Having a strong sales team
 - Building relationships
 - Building trust

ANS: C

Small is discussing building relationships with his customers by increasing the handwork on his clothing.

7. Which aspect of customer value is Small discussing when he refers to cost cutting, dividing the cost of a garment over the years it is worn, and the money invested in the company?
- Avoiding unrealistic pricing
 - Empowering customers
 - Using the marketing concept
 - Increasing customer satisfaction

ANS: A

Despite having high initial prices, Small's work is designed to be worn for more than 20 years, making it an ultimately less expensive garment than one purchased at Target that has to be replaced every six months.

8. Small's focus on the longevity of his garments suggests that he is:

- a. empowering his customers.
- b. decreasing customer satisfaction.
- c. offering products that perform.
- d. harming his business model.

ANS: C

If a pair of pants or a coat lasts 25 years, then that is a product that performs.

9. By providing the customer a top-quality product that lasts for 25 years, Geoffrey B. Small is:
- a. placing a premium on making a sale.
 - b. providing customer satisfaction.
 - c. using the marketing concept.
 - d. developing a deeper understanding of his customers.

ANS: B

This is the type of quality and longevity desired by Small's customers, so he is providing them customer satisfaction.

10. Small's refusal to give in to the pressure to make more, to change his methods, or to lower prices, in order to keep using local products and maintain a high level of quality, indicates:
- a. a shift to a production orientation.
 - b. a shift in the firm's primary goal.
 - c. a refusal to use the tools at his disposal.
 - d. his commitment to the societal marketing orientation.

ANS: D

Small believes that his methods for creating clothing are in people's and society's best long-term interests, and by refusing to change his methods, he is demonstrating his commitment to the societal marketing orientation.

Case Assignment: The Coca-Cola Company

They have over one million likes on Facebook, over 800,000 followers on Twitter, over 8,000,000 views on YouTube, and over 20,000 followers on Instagram. Ninety-four percent of people can recognize their iconic red and white logo. But none of that is too surprising given that the Coca-Cola Company is the world's largest beverage company, featuring 3,800+ products worldwide spanning across 20 brands.

The Coca-Cola Company has been in business for over 130 years. Established in 1886 in Atlanta, Georgia, by John Pemberton, the Coca-Cola Company's daily average servings in their first year were just nine people. Now, their products sell in over 200 countries, and their daily average servings are 1.9 billion people.

"The Coca-Cola Company is steeped in history and tradition, where heritage is honored and values are respected. We are a global family of people working together to bring your family a wide array of beverage choices to meet your beverage needs every day," says Coca-Cola on their website. "The Coca-Cola Company is dedicated to offering safe, quality beverages, marketing those beverages responsibly and providing information consumers can trust. The Coca-Cola Company has always taken seriously its commitment to market responsibly, across the globe, across all advertising media, and across all of our beverages."

With that in mind, the Coca-Cola Company adopted a strict marketing policy in September 2015. The policy, which covers all their beverages, states that no products will be directly marketed to children under 12.

The Responsible Marketing Policy, which is available on the company's website, states that the company will avoid advertising in "all media which directly targets children under 12, including television shows, print media, websites, social media, movies, and SMS/email marketing." They consider media directly targeted toward children if 35 percent or more of the audience is composed of children under 12.

The policy also states that no marketing communications will be designed to directly appeal to children under 12. Specifically, communications created after the adoption of the policy will not use "celebrities or characters whose primary appeal is to children under the age of 12 (with the exception of brand equity characters already in use), movie tie-ins related to movies of primary appeal to children under 12, games or contests designed to appeal primarily to children under 12, branded toys whose primary appeal is to children under 12, images of our products being consumed by children under 12 without an adult, branded sponsorship of sporting and entertainment events which primarily target children under 12."

Finally, in a full commitment not to advertise to children under 12, the policy says, "As a global business, we respect and recognize the unique learning environment of school and believe in commercial-free classrooms. We will not commercially advertise in primary schools." Coca-Cola products are also not available for sale in primary schools, unless requested by a school

authority. These school guidelines apply to schools not only in the United States but also in Europe, Canada, New Zealand, and Australia.

The Responsible Marketing Policy was adopted amid growing complaints that Coca-Cola was partly to blame for the rise in childhood obesity in United States.

Sources: The Coca-Cola Company, “Coca-Cola at A Glance,” *Coca-Cola*, accessed October 21, 2016, <http://www.coca-colacompany.com/our-company/infographic-coca-cola-at-a-glance>; The Coca-Cola Company, “Responsible Marketing,” *Coca-Cola*, September 20, 2016, accessed October 21, 2016, <http://www.coca-colacompany.com/stories/responsible-marketing>; The Coca-Cola Company, “Who We Are,” *Coca-Cola*, accessed October 21, 2016, <http://www.coca-colacompany.com/careers/who-we-are-infographic>.

TRUE/FALSE

1. The desired outcome of Coca-Cola’s advertising is for people to exchange money for their product.

ANS: T

An exchange is people giving up something in order to receive something else they would rather have.

PTS: 1 OBJ: LO: 1-1 TOP: AACSB: Reflective Thinking
KEY: CB&E Model: Strategy MSC: BLOOMS: Level I Knowledge

2. The Coca-Cola Company’s decision to adopt a Responsible Marketing Policy indicates that they will move forward in advertising with a societal marketing orientation.

ANS: T

Societal marketing orientation is the idea that an organization exists not only to satisfy customers’ wants and needs and to meet organizational objectives but also to preserve or enhance individuals’ and society’s long-term best interests.

PTS: 1 OBJ: LO: 1-2 TOP: AACSB: Reflective Thinking
KEY: CB&E Model: Strategy MSC: BLOOMS: Level I Knowledge

3. There are no major differences between sales and market orientations.

ANS: F

The two orientations can be compared in terms of five characteristics: the organization’s focus, the firm’s business, those to whom the product is directed, the firm’s primary goal, and the tools used to achieve the organization’s goals.

PTS: 1 OBJ: LO: 1-3 TOP: AACSB: Reflective Thinking
KEY: CB&E Model: Strategy MSC: BLOOMS: Level I Knowledge

4. The types of advertisements a company chooses to create are very important because marketing plays a very large role in society.

ANS: T

PTS: 1 OBJ: LO: 1-4 TOP: AACSB: Reflective Thinking
KEY: CB&E Model: Strategy MSC: BLOOMS: Level I Knowledge

5. Since Coca-Cola is sold at a low cost, it provides high customer value.

ANS: F

Customer value is not simply a matter of high-quality product. A high-quality product that is available only at a high price will not be perceived as a good value, nor will bare-bones services or low-quality goods selling for a low price.

PTS: 1 OBJ: LO: 1-3 TOP: AACSB: Reflective Thinking
KEY: CB&E Model: Strategy MSC: BLOOMS: Level I Knowledge

MULTIPLE CHOICE

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

- a. creating
- b. communicating
- c. delivering
- d. exchanging
- e. All of these

ANS: E

Marketing has two facets. First, it is a philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction. Second, marketing is an organizational function and a set of processes used to implement this philosophy.

PTS: 1 OBJ: LO: 1-1 TOP: AACSB: Reflective Thinking
KEY: CB&E Model: Strategy MSC: BLOOMS: Level I Knowledge

2. Prior to the Responsible Marketing Policy, Coca-Cola used a _____ orientation for its advertising.

- a. production
- b. sales
- c. market
- d. societal marketing

ANS: C

Production orientation is a philosophy that focuses on the internal capabilities of the firm rather than on the desires and needs of the marketplace. Sales orientation is the belief that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits. Market orientation is a philosophy that assumes that a sale does not depend on an aggressive sales force but rather on a customer's decision to purchase a product; it is synonymous with the marketing concept. Societal marketing orientation is the idea that an organization exists not only to satisfy customer wants and needs and to meet organizational objectives but also to preserve or enhance individuals' and society's long-term best interests.

PTS: 1 OBJ: LO: 1-2 TOP: AACSB: Reflective Thinking

KEY: CB&E Model: Strategy

MSC: BLOOMS: Level I Knowledge

3. If Coca-Cola decides to no longer use their iconic polar bears in holiday season advertising and they ask employees to submit ideas for replacement mascots, this would be an example of _____.

- a. relationship marketing
- b. empowerment
- c. teamwork
- d. co-creation

ANS: C

Relationship marketing is a strategy that focuses on keeping and improving relationships with current customers. Empowerment is the delegation of authority to solve customers' problems quickly—usually by the first person the customer notifies regarding a problem. Teamwork is the collaborative efforts of people to accomplish common objectives.

PTS: 1

OBJ: LO: 1-3

TOP: AACSB: Reflective Thinking

KEY: CB&E Model: Strategy

MSC: BLOOMS: Level I Knowledge

4. Customer relationship management (CRM) is a company-wide business strategy designed to optimize _____ by focusing on highly defined and precise customer groups.

- a. profitability
- b. revenue
- c. customer satisfaction
- d. A and B
- e. All of these

ANS: E

PTS: 1

OBJ: LO: 1-3

TOP: AACSB: Reflective Thinking

KEY: CB&E Model: Strategy

MSC: BLOOMS: Level I Knowledge

5. Who at Coca-Cola needs to fully understand the company's new Responsible Marketing Policy?

- a. the marketing team
- b. the CEO and his advisors
- c. the accounting and finance departments
- d. everyone in the organization

ANS: D

All businesspeople, regardless of specialization or area of responsibility, need to be familiar with the terminology and fundamentals of accounting, finance, management, and marketing. People in all business areas need to be able to communicate with specialists in other areas. Furthermore, marketing is not just a job done by people in a marketing department. Marketing is a part of the job of everyone in the organization.

PTS: 1

OBJ: LO: 1-4

TOP: AACSB: Reflective Thinking

KEY: CB&E Model: Strategy

MSC: BLOOMS: Level I Knowledge

Great Ideas for Teaching Chapter 1

Rich Brown, Freed-Hardeman University

How Should Service Make You Feel, and Why Is That Important?

A problem in teaching people to be good service providers, or effective managers, is that many people don't know how intrinsically rewarding it is to truly be of service to another person. Many students have experience in service-related jobs but not so many have worked in great service environments. Most have experienced, accepted, and expected mediocre service in a great variety of service environments. In the classroom, it is fairly easy to point out the mediocrity of past experiences and communicate the nuts and bolts of delivering good service. What is difficult is finding a way to impact students so that they develop not only the ability to recognize and explain good service but also the desire to serve and to get others to do this as well. The purpose of this exercise is to develop that desire to serve by getting students to think about a time when they were of real service to someone and helping them realize the intrinsic rewards that come from serving well.

This assignment has two parts. First, you must get the students to think of situations in which they really served another person either at work or in everyday life. Second, discuss the situations in class to see what individuals felt and experienced before, during, and after providing the service. A list of discussion questions is provided at the end of this entry.

You could ask the students to write about their experiences, but I have found the discussion format to be extremely beneficial. Most students will have had positive experiences and most will still feel good about what they have done; this tends to snowball, and the reality that providing good service is intrinsically rewarding becomes very clear. It is often hard for individual students to get started with ideas for ways typical service jobs can be made more rewarding. In a group setting, even if I have to get things started, they are soon helping each other come up with useful strategies to help service providers see how they really can be of help to their customers in their specific situations.

Here is a list of questions to use while starting a discussion.

- Whom did you help, and what exactly did you do for them?
- Did they really need the help? Why?
- What would their situation have been like if you had not helped them?
- How has their situation changed because you helped them? Was the change in situation worth the effort it took? Why?
- How did they feel about you helping them, and how could you tell?
- How did you feel about helping them in this situation, and how do you feel about it now? Why?
- Was this an unusual experience for you? Why?
- Was what you did complicated or difficult?

- Do you think service in general would be better if service providers could feel about their jobs the way you felt after you helped in this situation? Why?
- How could managers of customer service providers help their employees to realize the intrinsic benefits that can result from really serving another person?

James S. Cleveland, Sage College of Albany

Discussion Board Topics to Encourage Participation

Discussion board questions provided to students to encourage them to engage in thinking and writing about the content of the Principles of Marketing course usually take the form of a provocative statement to which students are asked to respond. An example of this would be as follows: All PR is good PR.

Discussion topics such as this one are abstract and often require that the instructor provide an initial reply to show students what is expected of them in their own replies. For students with limited work experience, this approach may be quite appropriate. For adult students with extensive experience as employees and consumers, however, the abstract nature of such topics can be frustrating.

I have developed, therefore, a series of discussion board questions to use with experienced, adult students. These questions are designed to encourage them to use their experiences as employees and consumers as doorways to better understand the course material and to make their own responses more interesting to themselves and to the other students in the class who will read and comment on them.

Each question has three parts:

1. First, there is a sentence or two from the students' textbooks introducing the topic. By using the text author's own words, students are enabled to locate relevant material in the text more easily, the text content is reinforced, and confusion resulting from use of variant terms or expressions is minimized.
2. Second, there is a reference to the text pages that the student should review before proceeding. Since the goal of the exercise is for students to apply the course content to their own experiences, reviewing the content first is important.
3. Third, there is a request for the student to think about or remember some specific situation in their experience to which they can apply the text material and there is a question or questions for them to address in their reply.

The following example is for Chapter 1 of *MKTG11*. The three parts have been separated here so

they are more readily visible.

1. Four competing philosophies strongly influence an organization's marketing activities. These philosophies are commonly referred to as production, sales, market, and societal marketing orientations.
2. Review these four philosophies in section 1-2 of your text.
3. Then describe an experience you've had recently as a customer or an employee that illustrates one of these philosophies.

Stephen Baglione, Saint Leo University

Relationship Marketing Made Easy

Before discussing the impact of packaging, I bring a bag of dirt to class and tell the students that it is a cake mix. It is a clear plastic bag that has a piece of paper taped to it that indicates the brand name and basic information like nutritional value, the address and telephone number of the manufacturer, a suggested retail price, etc. I then place the bag on a student's desk and ask him or her whether he or she would buy this mix. Few students will. I then tell them that it will cost 25 percent less than a boxed mix because it is in a plastic bag instead of a fancy box. Still few, if any, will buy it. We then discuss their perceptions of the bag: it is of poor quality, it does not show what the product can do (i.e., the promise to bloom into an enticing cake), it can be tampered with, etc. Assuring them that tampering is not possible, I ask again how many would buy it. What if it was the brand you currently buy at the same price? Students unanimously refrain from buying what they perceive as an inferior product. This serves as a springboard into discussing what function a package serves. I also show them a real box of cake mix to simulate their thinking by contrasting the two.

Ira S. Kalb, University of Southern California

Effective Strategies Using a Universal Marketing Structure

The Universal Marketing Structure (UMS)TM is designed to teach students and clients to create consistent and competent marketing. The system has worked, and student teams have been consistently creating excellent marketing campaigns for organizations in the Los Angeles area. Most recently, the students created an advertising campaign for the City of Los Angeles to attract businesses and tourists to Los Angeles after a period of civil unrest. They received a Certificate of Commendation for their efforts on this project.

The Universal Marketing StructureTM is displayed in this table and on the following page.

Because five times as many people read the headline compared to the rest of the piece, the greatest effort and thought should go into creating the headline.	The structure of a good ad (or any marketing piece) follows the UMS™. Headline—This part contains the main message(s) of the piece or hooks the reader into reading the main message(s). <i>Studies show that five times as many people read or pay attention to the headline compared to the rest of the piece.</i>
Body text should not be thought of as filler. It should be limited to what is essential to explain your main message(s) and to tell a good story. A good rule of thumb is <i>when in doubt, cut it out</i>.	Body Text—This part supports, clarifies, and explains the headline for those readers who want more information. It concentrates on benefits over features since (1) benefits are what really matter to the reader, (2) the ad does not have enough space or time to do justice to all product features, and (3) the best most ads can hope for is to begin the courtship rather than prompt the marriage (if it is love at first sight, all the better, but this does not typically happen with high-tech or more expensive products).
The last point left with the reader should include the main message.	Close—This part reinforces the headline (the main point(s) of the ad), ends the ad, solicits action, and provides system for measuring response.
Similar to your signature on a letter or petition.	Signature—This part proudly takes responsibility for the ad by signing the company's name and logo and/or attaching its corporate slogan.
A picture is worth 1,000 words. Make sure the graphic enhances the words instead of detracting the viewers from reading your	Photo/Graphic—This part reinforces the headline and main points of the piece. It makes the product more tangible and

main message(s).	shows it in the best light possible, and it also serves to break up the text so that it is easier to read.
The best messages can be lost forever and never be read if the format isn't good. Even if they are read, bad formats dilute or work against the messages.	Format —This part facilitates the reading of the ad. It allows busy readers to quickly pick out the main point(s) without reading the entire ad. It also makes the ad attractive and inviting to read.
	Intangibles —This part corresponds to creativity and uniqueness. They give the ad something special that makes the ad more attractive, entertaining, and enjoyable to read.

Marketing Principles

The following seven main principles are the building blocks of marketing: the Five Ps, Corporate Image, and the Marketing Information System.

The Five Ps

- **Positioning**—finding a unique image for the product (or a window) in the minds of prospects (market targets)
- **Product**—the goods and services developed to meet target market needs
- **Pricing**—the amount of money for which the product is sold to most target market needs to fit the product's position and achieve company goals
- **Place (Distribution)**—providing the product to the marketplace in a way which makes it convenient for prospects to find, buy, and use the product
- **Promotion**—communicating the benefits of the product to market targets to trigger a buying action

Keeping corporate image and the positioning of the product separate proved important to Procter & Gamble when rumor circulated that their corporate logo is a satanic symbol.

Not keeping them separate proved

Corporate Image

Unlike positioning, which relates to the image of the product, corporate image relates to the image of the company. While positioning and corporate image are closely related and affect each other, they should be considered separately. If they are not, the following problems could result:

to be a problem for Suzuki with negative reports about the Samurai and for Dow Corning with reports of breast-implant leakage.

1. A tarnished company image could adversely affect sales of the product and vice versa.
2. A strong identification with one product will limit the company's ability to sell other products.

Marketing Information System (includes Market Research)

- **Market Intelligence**—complaints, compliments, competition, market needs and wants
- **Measure Performance**—performance of marketing strategies, programs, ads, marketing pieces, etc.
- **Corrective Action**—action to improve performance

Nancy Ryan McClure, University of Central Oklahoma

James L. Thomas, Jacksonville State University

Marketing in Action

Marketing majors and non-majors alike persist in thinking that marketing is selling. To overcome this misperception, a marketing course was developed that took students out of the classroom and into the real world. A study tour was offered between semesters that took the students to a major metropolitan area (Dallas/Ft. Worth, Texas) for two purposes: (1) to see the variety of activities involved in the marketing discipline and (2) to expose students to multiple career opportunities.

The tour was designed to provide students with maximum exposure to some of the best in the field of marketing. Each of the organizations involved developed extensive presentations within their particular area of marketing specialization. The organizations that participated included the Texas Rangers (sports marketing), Baylor Medical Center (healthcare marketing), Chili's Grill and Bar (hospitality marketing), Dallas Market Center and World Trade Center (apparel and home furnishings wholesaling), DDB Needham (advertising agency), Frito-Lay (snack food manufacturing), Neiman-Marcus (upscale retailing), Randall's/Tom Thumb (grocery distribution center), and the West-End Association (non-profit organization).

This course was offered for two hours of either undergraduate or graduate credit (with Fundamentals of Marketing as a prerequisite). The students stayed in the Dallas area in January from Monday through Friday between semesters. Upon returning to the university, students were required to write thank-you notes to each of the organizations and to take a final exam. One of the questions, naturally, was “Marketing is selling. Discuss.” It was evident from the students’ responses that they had clearly learned that marketing is much more than selling.

While there is nothing novel about field trips, the combination of organizations and the class format permitted a more in-depth learning experience for the students than they could ever have had just reading a book. Unfortunately, the way most courses are designed, field trips are untenable because of classes scheduled before and after the course in which you would like to take advantage of a field trip. The students appreciated having an elective opportunity presented between the two terms. This tour resulted in two internships being offered.

It should be noted that the first time such a course is offered, a great deal of time and planning must be devoted to the development of the course. The authors found that the process of simply contacting the appropriate individuals, much less completing the details with these individuals, requires an extensive number of telephone calls, faxes, emails, etc. In order to ensure the efficient coordination of the class, it is highly recommended that instructors allow roughly six months for development prior to the beginning of the course. For future iterations of the course, less time is likely to be required; however, the authors advise against continually asking the same organizations to participate because of the commitment of time and human resources required of the organizations involved.

Rich Brown, Freed-Hardeman University

An Assignment That Ties the Principles of Marketing Course Together

The purpose of this assignment is to cause students to connect the different parts of the Principles of Marketing course. The assignment is a three- to five-page paper. It begins with the identification of a target market and ends with the student assuming the role of a marketing consultant suggesting ways to improve the effectiveness of the marketing mix being used to attract it. Feedback from students is overwhelmingly positive and indicates that completing the assignment really helps them to “put it all together.” My written instructions to the students are as follows:

1. Choose an organization that does marketing. Make it easy on yourself, and choose an organization that you can observe the marketing efforts of and are familiar with. If you choose a very large organization that markets many different products, focus your paper on

one product or product line. For example, if you choose Chevrolet, do not address trucks (or even a particular model of truck) or Corvettes. You may choose any organization you wish, as long as it is in good taste and markets something. If you have trouble choosing an organization, go to the mall, surf the net, or look in the yellow pages; you are surrounded by marketing organizations.

2. After choosing an organization, your next step is to identify and describe the target market for the products(s) about which you are writing. Do not say something like “young, mid-to-upper class women who wash their hair,” but consider the target market identified and described. Try to pinpoint the thing(s) that makes the target market respond to the firm’s marketing mix in ways that are different from people who are not members of it. For example, “young mid-to-upper class women, who wash their hair, perceive that they might have a dandruff problem, are motivated by prestige and glamour, and like to pamper themselves and are willing to pay a little extra to do it.” A good statement lets you say who is in the target market and who is not. It is very difficult to do a good job on this paper if you do a poor job of defining the target market. I will look at your definition of the target market if you like.
3. After discussing the target market, you should then discuss the marketing mix (the four Ps) the firm is using to attract the chosen target market. You should describe each of the four Ps, and then discuss and analyze how each one is being used to attract members of the target market. You should also address the synergy of the four Ps together, especially if you see that one or more does not fit the others.
4. After discussing the firm’s marketing mix, you should assume the role of a marketing consultant and make specific suggestions for improving the firm’s effectiveness. These suggestions can be in the form of changes to any part of the current marketing mix to fix the problems you identified. If you did not identify any problems, you should make suggestions for additional marketing activities. It is important to say why you made the suggestion and how it will result in better appeal to the target market. These suggestions should be specific and not generic. Generic suggestions are “advertise more” or “improve the sales force.” A specific suggestion is “improve the effectiveness of the sales force by starting a training program that emphasizes closing and presentation skills.” Remember that your suggestions should be addressed at specific problems or opportunities so that you can justify them.

Sheri Carder, Lake City Community College

Lemonade from Lemons Marketing—Consumerism Exercise

As a consumer, you expect quality products and good service. But sometimes things go wrong. If you're unhappy with your purchase or the service you received, do you know how to obtain satisfaction?

Consider yourself an active consumer. Choose a company or service with which you've recently been disappointed. Write them a letter, using the following guidelines, to explain the problem and what you would like to see happen. Make two copies—one to mail to the company and one to put in our class file as we compare responsiveness rates among the various companies. When you receive a reply, share it with the class.

We will make this a research project, measuring how responsive companies are to their customers. Are companies really concerned with total quality? We will note the amount of time it took for companies to respond and the companies' efforts to satisfy their customers. Writing the initial letter is the assignment; bringing the reply in is for extra points. You may certainly write more than one letter if you wish. You might try writing a letter of praise for one product as well as a letter of disappointment for another. You'll get better results if they believe you're an adult consumer, so type the letter rather than writing in pencil on notebook paper.

1. Describe the problem and what (if anything) you've already done to resolve it. List pertinent information including the date and place of purchase, serial or model number, etc.
2. Send sales receipts, repair orders, warranties, etc. (copies, not originals) to make your case.
3. Don't be angry or sarcastic. In fact, begin your letter with a compliment to the company, e.g., "Colgate Palmolive products are central to any household. I have used your _____ for five years and have been completely satisfied. That is why I was disappointed when the _____ didn't live up to the Colgate Palmolive standards I expected."
4. State what would be a fair resolution from your point of view. Do you want the product repaired or exchanged? Do you want your money back? State exactly what needs to be done.
5. Include an inside return address and phone number in your letter so that they may contact you. (Many students forget and leave this bit of information off.)
6. Have someone proofread your letter before you mail it. You're less likely to be taken seriously if your letter is littered with grammar and spelling errors.
7. Be sure to sign your letter.
8. Use the correct and the full mailing address for the company. "Gillette Company, New York City, NY" won't do it.
9. If you don't receive a resolution, decide if you want to pursue it. Keep a record of everyone to whom you talk and/or write to and when. You can appeal to the higher executives of the organization. You can approach the Better Business Bureau, a trade association related to the business, arbitration agencies (in some states), small claims court, or the attorney general's office of consumer affairs.