

## CHAPTER 1: An Overview of Marketing

### TEXT BOOK CHAPTER FEATURES

<i>Chapter Features</i>		<i>Key Points</i>
✓ Marketing Happens	⇒	Marketing is one of the keys to the success of Tim Hortons, a leading Canadian retailer with 3600 restaurants and \$2.6 billion in sales.
✓ Marketing & You	⇒	Students can measure their company and brand loyalty using a measurement scale from the Marketing Scales Handbook Vol. III
✓ Global Perspectives	⇒	Marketers can find marketing opportunities when they expand internationally – such as Molson's expansion into Russia.
✓ Customer Experience	⇒	The essence of marketing is a good customer experience, which leads to customer satisfaction and loyalty.
✓ Review and Applications	⇒	A review of the chapter material associated with each of the four chapter learning outcomes is provided along with applications questions.
✓ Terms		A listing of all the key terms from the chapter is presented.
✓ Application Exercise	⇒	Students are sent to the grocery store to see how the marketing concept is manifest in the consumer products sold there.
✓ Ethics Exercise	⇒	What is the proper thing to do for a Pharmaceutical company based on the guidelines in the AMA and CMA web sites?
✓ Case Study	⇒	Originally founded in 1995, the company Harmonix rises to success with the release of Guitar Hero and the development of the Rock Band franchise.
✓ Video Case	⇒	CBC provides a documentary on Wormboy, who is really Toronto native Tom Szaky, whose business struggles to sell packaged worm poop.

This IM chapter begins with the learning outcomes summaries, followed by a lesson plan and concludes with supplemental exercises and Great Ideas for Teaching that you can use to deliver the content in Chapter 1.

- Lecture (for large sections)
- Video case (video)
- Group work (for smaller sections)
- Solution for Customer Experience
- Solution for Ethics in Marketing
- Solutions for Review and Applications
- Solution for Application Exercise
- Solution for Ethics Exercise
- Solution for Case Study
- Supplemental Online Exercises
- Supplemental Career Exercise
- Great Ideas for Teaching

### 1 Define the term "marketing"

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

### 2 Describe four marketing management philosophies

The role of marketing and the character of marketing activities within an organization are strongly influenced by management's philosophy and orientation. 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 products 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.

### 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, although the primary goal of both types of firms is profit, sales-oriented businesses pursue maximum sales volume through intensive promotion, whereas market-oriented businesses pursue customer satisfaction through coordinated activities.

### 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, profitable, and expected to increase significantly during the coming decade. Fourth, understanding marketing makes consumers more informed.

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#### LESSON PLAN FOR LECTURE

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##### **Before Class Preparation:**

- For instructors: 1) Study the chapter thoroughly; 2) bring PowerPoint slides to class; 3) bring any "props" that will help you communicate an overview of marketing.
- For students: 1) Read the chapter; 2) complete the Study Guide for this chapter.

##### **Chapter Outline and Suggested PowerPoint Slides:**

An "H" appears next to slides with hyperlinks to the "On-Line" activities for Internet connected computers.

A "V" appears next to slides with embedded videos.

Downloadable slides are available **without videos** on the *Marketing 5e* Web site.

**PowerPoint 1-5:**  
What Is Marketing?

Online Exercise:  
www.marketingpower.com

Review Question 1.1

**PowerPoint 1-6 (V):**  
What Is Marketing?

**PowerPoint 1-7:**  
The Concept of  
Exchange

**PowerPoint 1-8:**  
The Concept of  
Exchange

**PowerPoint 1-9:**  
The Concept of  
Exchange

**PowerPoint 1-10 (V):**  
Review Learning  
Objective

## 1 Define the term "marketing"

### I. What Is Marketing?

A. Marketing is a philosophy or a management orientation that stresses the importance of customer satisfaction, as well as the set of activities used to implement this philosophy.

B. The text's definition of marketing is:

**Marketing** is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

C. Research shows that companies that reward employees on a consistent basis are those that perform best.

When an organization creates a high level of employee satisfaction, this leads to greater effort, which leads to higher quality, repeat business, and so on.

D. The Concept of Exchange

The concept of **exchange** means that people give up something in order to receive something that they would rather have.

1. The usual medium of exchange is money. Exchange can also be through barter or trade of items or services.

2. Five conditions must be satisfied for an exchange to take place:

a. There must be at least two parties.

b. Each party has something that might be of value to the other party.

c. Each party is capable of communication and delivery.

d. Each party is free to accept or reject the exchange offer.

e. Each party believes it is appropriate or desirable to deal with the other party.

3. Exchange may not take place even if all of these conditions exist, but these conditions are necessary for exchange to be possible.

## 2 Describe four marketing management philosophies

### II. Marketing Management Philosophies

Four competing philosophies strongly influence an organization's marketing activities. These philosophies are commonly referred to as production, sales, marketing, and societal orientations.

Review Question 2.3

**PowerPoint 1-12:**  
Marketing Management  
Philosophies

**PowerPoint 1-13:**  
Market Orientation

Review Question 2.1

**PowerPoint 1-14:**  
The Marketing Concept

Review Question 2.2

**PowerPoint 1-15:**  
Achieving a Marketing  
Orientation

Online Exercise:  
[www.volvocanada.com](http://www.volvocanada.com)

**PowerPoint 1-16:**  
Societal Marketing

A. Production Orientation

The **production orientation** focuses on internal capabilities of the firm rather than on the desires and needs of the marketplace. The firm is concerned with what it does best, based on its resources and experience, rather than with what consumers want.

B. Sales Orientation

A **sales orientation** assumes that more goods and services will be purchased if aggressive sales techniques are used and that high sales result in high profits.

C. Market Orientation

1. The **marketing concept** states that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives.
2. The marketing concept involves:
  - a. Focusing on customer wants and needs so the organization can differentiate its product(s) from competitors' offerings
  - b. Integrating all the organization's activities, including production, to satisfy these wants and needs
  - c. Achieving long-term goals for the organization by satisfying customer wants and needs legally and responsibly.
3. A market orientation involves obtaining information about customers, competitors, and markets; examining the information from a total business perspective; determining how to deliver superior customer value; and implementing actions to provide value to customers.
4. Understanding your competitive arena and competitor's strengths and weaknesses is a critical component of market orientation.
5. Market-oriented companies are successful in getting all business functions together to deliver customer value.

D. Societal Marketing Orientation

1. The philosophy called a **societal marketing orientation** states that an organization exists not only to satisfy customer wants and needs and to meet organizational but also to preserve or enhance individuals' and society's long-term best interests.
2. This orientation extends the marketing concept to serve three bodies rather than two: customers, the organization itself, and society as a whole.

**PowerPoint 1-19:**  
Comparing the Sales  
and Marketing  
Orientations

**PowerPoint 1-20:**  
Customer Value

**PowerPoint 1-21:**  
Customer Value  
Requirements

**PowerPoint 1-22(V):**  
Customer Satisfaction

Review Question 3.1,  
3.2

### 3 Discuss the differences between sales and marketing orientations

#### III. Differences Between Sales and Market Orientations

##### A. The Organization's Focus

1. Sales-oriented firms tend to be inward-looking. They focus on satisfying their own needs rather than those of customers.
2. Market-oriented firms derive their competitive advantage from an external focus. Departments in these firms coordinate their activities and focus on satisfying customers.

##### B. Customer Value

1. **Customer value** is the ratio of benefits to the sacrifice necessary to obtain those benefits.
2. Creating customer value is a core business strategy of many successful firms.
3. Marketers interested in customer value
  - a. Offer products that perform
  - b. Give consumers more than they expect
  - c. Avoid unrealistic pricing
  - d. Give the buyer facts
  - e. Offer organization-wide commitment in service and after-sales support



#### *Global Perspectives Box*

*Molson Coors is the largest brewing company in Canada. However, with beer sales slowing in Canada, the company has been looking to growing markets around the world. In June 2010, Molson Coors Brewing Company announced that it had just launched Coors Light in Russia, the world's fourth-largest beer market. Coors Light would immediately be available in supermarkets, grocery stores, convenience stores, bars, and other neighbourhood stores across Moscow. As quickly as possible, distribution would be expanded throughout Russia.*

##### C. Customer Satisfaction

**Customer satisfaction** is the feeling that a product has met or exceeded the customer's expectations. The organizational culture focuses on delighting customers rather than on selling products.

**PowerPoint 1-23:**  
Relationship Marketing

**PowerPoint 1-24:**  
Building Relationships

**PowerPoint 1-25**  
Defining a Firm's  
Business

Review Question 3.3

Online Exercise:  
[www.mtdcanada.com](http://www.mtdcanada.com)

D. Building Relationships

**Relationship marketing** is a strategy that entails forging long-term partnerships with customers and contributing to their success.

Most successful relationship marketing strategies depend on customer-oriented personnel, effective training programs, employees with authority to make decisions and solve problems, and teamwork.

*The Customer Experience*

*The essence of marketing is a good customer experience, which leads to customer satisfaction and loyalty.*

E. The Firm's Business

1. A sales-oriented firm defines its business in terms of the goods and services it offers, like an encyclopedia publisher defining itself simply as a book publisher/seller.
2. A market-oriented firm defines its business based on the *benefits* customers seek.
3. Why is this customer benefit definition so important?
  - a. It ensures the firm keeps focusing on customers
  - b. It encourages innovation and creativity by reminding people that there are many ways to satisfy customer wants.
  - c. It stimulates an awareness of changes in customer desires and preferences.
4. Focusing on customer wants does not mean that customers will always receive the specific goods and services they want.

F. Those To Whom the Product Is Directed

1. A sales-oriented organization targets its products at "everybody" or "the average customer." However, few "average" customers exist.
2. The market-oriented firm
  - a. Recognizes that different customer groups have different wants
  - b. Targets specific subgroups of customers
  - c. Designs special products and marketing programs for these groups

G. The Firm's Primary Goal

1. The goal of a sales-oriented firm is profitability through sales volume. The focus is on making the sale rather than developing a long-term relationship with a customer.
2. The ultimate goal of most market-oriented organizations is to make a profit from satisfying customers. Superior customer service enables a firm to have large amounts of repeat business, customer loyalty, and higher profit margins.

#### H. Tools the Organization Uses to Achieve Its Goals

1. Sales-oriented firms seek to generate sales volume through intensive promotional activities, mainly personal selling and advertising.
2. Market-oriented organizations recognize that promotion is only one of the four basic tools that comprise the marketing mix.

The tools are the marketing mix elements (the four P's): product, place (distribution), promotion, and price.

3. The important distinction is that market-oriented firms recognize that each of the four components of the marketing mix is of equal importance: sales-oriented organizations view promotion as the primary means of achieving their goals.

### 4 Describe several reasons for studying marketing

#### IV. Why Study Marketing?

##### A. Marketing Plays an Important Role in Society

Marketing provides a delivery system for a complex standard of living. The number of transactions needed every day in order to feed, clothe, and shelter a population the size of the one in Canada is enormous and requires a sophisticated exchange mechanism.

##### B. Marketing Is Important to Businesses

The fundamental objectives of most businesses are survival, profits, and growth. Marketing contributes directly to achieving these objectives.

Marketing provides the following vital business activities:

1. Assessing the wants and satisfactions of present and potential customers
2. Designing and managing product offerings
3. Determining prices and pricing policies
4. Developing distribution strategies
5. Communicating with present and potential customers

##### C. Marketing Offers Outstanding Career Opportunities

1. Between one-fourth and one-third of the entire civilian work force in the Canada performs marketing activities.
2. Marketing offers career opportunities in areas such as professional selling, marketing research, advertising, retail buying, distribution management, product management, product development, and wholesaling.
3. Increasing importance of the global marketplace.

Review Question 4.1

#### PowerPoint 1-28

Why Study Marketing?

Online Exercise:

[www.gmnhome.com/pa  
gebuilder.asp?id=249](http://www.gmnhome.com/pagebuilder.asp?id=249)

#### PowerPoint 1-29

Why Study Marketing?

D. Marketing Affects Your Life Every Day

1. As consumers of goods and services, we participate in the marketing process every day.
2. Almost 50 cents of every dollar consumers spend goes to pay marketing costs such as market research, product research and development, packaging, transportation, storage, advertising, and sales-force expenses.

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TERMS

customer satisfaction	market orientation	relationship marketing
customer value	marketing	sales orientation
empowerment	marketing concept	societal marketing orientation
exchange	production orientation	teamwork

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LESSON PLAN FOR SHORT ADS AND VIDEO CASE

**Short ADS**

These videos are only available on the dedicated PowerPoint CD-Rom. As you present the slides in class, have your students evaluate each ad based on the concepts in the chapter. For Chapter 1 there are three different ads from GMC, McDonalds, and Pizza Hut associated with the introduction to marketing. The GMC Ad illustrates the new GMC Envoy XUV features. The ad features a choreographed demonstration of the versatility of the new Envoy (i.e. sliding roof, dual opening hatch). The Pizza Hut ad uses the Muppets to introduce the new 4 mini pizzas (with different toppings) in one pizza box. A humorous ad for McDonalds shows how appealing the food is at McDonalds. The ad features a football fan that accidentally inserts a McDonalds' food wrapper into the dryer instead of a fabric softener cloth.

**Video Case**

These videos are written up as standalone cases in the text book and have accompanying questions. As such they can be used with or without video support. For the most part, the written cases have supplementary material in them beyond what is presented in the videos. The solutions to the "written" video cases are presented below the "video" based exercises.

*Segment Summary: Wormboy – Selling Packaged Worm Poop*

*This CBC Venture video segment is a documentary on the struggles of young entrepreneurs to launch a new product and company in a competitive industry. The basic concept of TerraCycle is to take waste, process it, and turn it into a useful product. – a marketing and societal orientation approach. Sales were expected to exceed \$6 million dollars in 2007. The young entrepreneurs did not have extensive business experience; however, they have succeeded in selling their products through Wal-Mart Canada and Home Depot Canada. TerraCycle hopes to soon have its products selling through the United States affiliates. This CBC Venture video goes on the road with the owners and shows the problems of growing a business.*

These teaching notes combine activities that you can assign students to prepare before class, that you can do in-class before watching the video, that you can do in-class while watching the video, and that you can assign students to complete as assignments after the video class.

During the viewing portion of the teaching notes, stop the video periodically where appropriate to ask students the questions 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 viewing rather than passive viewing.

<b>PRE-CLASS PREP FOR YOU:</b>		<b>PRE-CLASS PREP FOR YOUR STUDENTS:</b>	
<ul style="list-style-type: none"> <li>Preview the video case segment for Chapter 1. This exercise reviews concepts for LO1, LO2, and LO3</li> <li>Review your lesson plan.</li> <li>Make sure you have all of the equipment needed to show the video to the class, including the DVD and a way to project the video.</li> </ul>		<ul style="list-style-type: none"> <li>Have students familiarize themselves with the following terms and concepts: <i>marketing, production orientation, marketing concept, market orientation, and societal marketing orientation.</i></li> <li>Review the TerraCycle Web site with the marketing terms and concepts in mind: <a href="http://www.terracycle.net">www.terracycle.net</a></li> </ul>	
<b>VIDEO REVIEW EXERCISE</b>			
<b>ACTIVITY</b>			
<b>Warm Up</b>		Begin by asking students: “What is marketing?”	
<b>In-class Preview</b>		Segue into a discussion of the <i>marketing concept</i> and the four marketing management philosophies: production, sales, marketing, and societal marketing orientations	
		Display the four marketing philosophies on the board. Consider using the graphic <i>Review Learning Objective LO2(text p.7)</i> as your diagram .	
		Take an informal class poll to see which model resonates most with students.	
		Ask students, while writing it on the board: “What does a company <i>need</i> to succeed in competitive markets?”	
		While listening to students’ insights, display the following points on the board. <i>A clear understanding of what customers want and a focus to produce what the customer wants rather than on what management thinks should be produced.</i>	
		Ask students to review the Wormboy video questions in the textbook and to be prepared to answer them after viewing the video.	
<b>Viewing</b> <i>(solutions below)</i>		1. Is TerraCycle a production, sales, marketing oriented, or societal marketing oriented firm? Why?	
		2. Has being so fully dedicated to ecology and the environment helped or hindered the growth of TerraCycle?	
		3. Do you feel that Tom and Jon are correct in their feeling that TerraCycle’s products must be priced competitively? Why do you feel the way you do?	
		4. At this stage in its development, what must TerraCycle do to continue to grow?	
<b>Follow-up</b>		Send students back to Wormboy’s Web site at <a href="http://www.terracycle.net">www.terracycle.net</a> . Have students write a brief paragraph about how TerraCycle uses its Web site to implement its marketing concept.	
		Have students break into groups of up to four students 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 discussing how they found out what the customer wanted, to be turned in later.	

## **Solutions for Viewing Activities (also Video Case questions from the textbook):**

### **1. Is TerraCycle a production, sales, marketing oriented, or societal marketing oriented firm? Why?**

The company, TerraCycle, would be best described as having a societal marketing orientation because TerraCycle takes the basic market orientation focus—*what do customers want and need*—and adds an societal, environmental focus—*how can we benefit society?* The societal focus of TerraCycle has captured the interest of media organizations such as CBC Venture.

“Societal marketing orientation states 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. Marketing products and containers that are less toxic than normal, are more durable, contain reusable materials, or are made of recyclable materials is consistent with a societal marketing orientation” (p.7, chapter 1).

### **2. Has being so fully dedicated to ecology and the environment helped or hindered the growth of TerraCycle?**

The corporate philosophy has helped establish the organization by providing valuable public relations news releases that have been picked up by the media. The philosophy has also captured the interest of a number of customers. The philosophy has also created challenges for the operations of the TerraCycle, which may have deterred competitors. However, the challenges appear to have created a significant operating cost that may be a problem if competitors are able to develop an inexpensive automated process. Also, since the industry is competitive and therefore pricing is important, which will squeeze profit margins for the young company as it tries to expand production and increase marketing activities.

### **3 Do you feel that Tom and Jon are correct in their feeling that TerraCycle’s products must be priced competitively? Why do you feel the way you do?**

A competitively priced product will assist in customers switch or trying the product. However, if the customers want the product because of its unique benefits then there is an opportunity cost of not charging what the market will bear. Now that the product is becoming established and has repeat customers the product might be able to handle a premium price. It appears that the organization is not generating enough profit in order to finance production expansion and future promotional programs therefore; they may need to increase the prices.

### **4 At this stage in its development, what must TerraCycle do to continue to grow?**

On the short term, the company needs to continue the market penetration of the product and concentrate on increasing the production capacity. In the longer term TerraCycle must continue to assess the needs of the target market and existing customers and what they are willing to pay for the benefits of the product. Additional contribution from the product will ease investors concerns and can be used to further advance their promotional efforts and production capacity (i.e. revise the web site to allow orders to be placed through the various retailers)

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## **LESSON PLAN FOR GROUP WORK**

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In most cases, group activities should be completed after some chapter content has been covered, probably in the second or third session of the chapter coverage. (See the “Lesson Plan for Lecture” above.)

- For the “Class Activity: Marketing Is Not Just Advertising:” Divide the class into small groups of 4-5 people. Provide the information and the questions asked by the class activity.

- Review and Applications Questions 2.1, 2.2, 3.2, and 4.1 are best suited to group work. For these activities, divide the class into small groups of 4-5 people. Each group should read the question and then use their textbooks, or any upfront work that was prepared, to complete the exercise. Then each group should discuss or present their work to the class.

### **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 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 company 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 company provide customer service?
10. How many other companies are making racquets? What kinds and what prices of racquets 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 should now see, marketing strategy drives the business.

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## **SOLUTIONS FOR CHAPTER 1**

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### ***GLOBAL PERSPECTIVES: Molson Taps into Russia***

**Companies today must be prepared to compete in a global market. How might Molson Coors' marketing mix vary from one market to another? What do you think some of the most significant differences in the company's marketing mix might be among Canada, Russia, China, Spain, and Vietnam?**

You may want to organize sections of the class to pre-select different target markets and defend-debate their selection in class. This should set the class up for opposing points of view and make for a lively class. For example, the legal drinking age may be different from nation to nation. The taxation and control of alcoholic products also differs from place to place. You may want to look at additional segmenting such as an after sports drink – 'light and refreshing'. The class should discuss issues such as the ethics of a world-wide organization promoting to a very young audience, and the image it will project to other countries such as the Russian market. In any event, the various groups should develop a marketing mix that contains the 4Ps, and concentrate on the distribution and promotion (positioning).

## ***MARKETING EXPERIENCE: The Essence of Marketing***

**Why do you think that some companies don't have policies to maximize the customer experience? Why is there not a perfect one-to-one relationship between satisfaction and loyalty? That is, if you are satisfied, why might you not be loyal?**

There are a couple of reasons that companies don't have policies to maximize the customer experience. The first is that this can be an expensive proposition and many firms concentrate their efforts on their production and operational efficiencies (they are product oriented). Secondly, it can be hard to measure and evaluate "customer experiences" because they are often very subjective. This makes it hard to develop a clear policy.

There isn't a perfect relationship between satisfaction and loyalty because people's needs and wants change. What satisfies today may not be sufficient for tomorrow. A competitor who simply offers the same experience for a lower price is going to become a preferred choice for a customer. In addition, some companies will offer more value for the same price and become preferred choices. These offerings will redefine the customer's level of satisfaction and change their loyalty.

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### ***REVIEW AND APPLICATIONS***

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**1.1 What is the American Marketing Association (AMA)? What does it do? How do its services benefit marketers across North America ([www.marketingpower.com](http://www.marketingpower.com))? Now check out the Canadian Marketing Association (CMA) ([www.the-cma.org](http://www.the-cma.org)). How does the CMA differ from the AMA and what are the similarities?**

The AMA stands for the American Marketing Association. The AMA is a professional association for professionals working in the field of marketing. It provides its members information and resources about marketing in many different areas, including career and business-related areas. The AMA offers many benefits to its members, including marketing information resources (marketing newsletters and a subscription to marketing news), reviews of marketing books, marketing case studies, networking opportunities with other professionals, discounts on professional development seminars and programs, discounts on several other marketing journals and magazines, and awards given to marketing excellence.

The CMA stands for the Canadian Marketing Association. The CMA is also a professional association similar to the AMA and offers many of the same services and benefits. In comparing the mission statements of both organizations there are slight differences such as the importance of education and training.

**2.1 Your company president has decided to restructure the company and become 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) customer wants and needs; 2) distinguishing the company's products and services from competitors' offerings; 3) the integration of all organizational activities to satisfy customer 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) interfunctional coordination needed to satisfy customer wants and needs.

**2.2 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 customer needs while meeting organizational objectives. Most prosperous companies, including Ford, have adopted this management philosophy because experience has taught them that customer satisfaction is crucial to their success.

**2.3 Give an example of a company that might be successfully following a production orientation. Why might a company in this industry be successful following a production orientation?**

A mature product, such as small no-frills calculators are 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. A commodity type of product like oil which is becoming in short supply would also be a situation where a production orientation would be workable.

**3.1 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, they should address some of these points. 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.

**3.2 Your local supermarket's slogan is "It's your store." However, when you asked one of the stock people to help you find a particular product, 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 the 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. And this is very important when the customer has actual contact with a front-line employee. Suggest that they need to train their employees more fully to implement their business philosophies. The old saying is, it's if you talk it, you also need to walk it. The store didn't "walk" the "talk".

**3.3 How do tobacco companies handle the sensitive issues associated with marketing tobacco products? Go to the website of any tobacco company. What kind of information does the company's website provide about smoking and its negative effects on health? How does the company justify the sale of products that are hazardous to people's health? Examining the website in total, do you think that the company you selected is trustworthy?**

Hopefully you have the problem that student's don't even know the names of some tobacco companies. Suggest the following – Imperial Tobacco Canada Limited , Rothmans, Benson & Hedges Incorporated , and JTI-Macdonald Corporation.

If you go to the first company – Imperial Tobacco, at this writing the mission was stated as follows:

*Our mission is to compete successfully for market share in any segment we enter, by satisfying adult smoker preferences better than the competition. This will be done in a manner that is profitable, socially responsible, sustainable and creates value for the company.*

The targeting of adult smokers means that the users are old enough to be responsible for their actions.

The company says this about tobacco:

*We believe it is wrong to promote smoking and it is not part of our business strategy to do so. Our strategy is to grow our share of the Canadian tobacco market among adult consumers who have already made the personal decision to smoke.*

*We are unequivocally opposed to youth smoking and we do not directly or indirectly market our products to minors. This is a commitment taken to heart by every employee at Imperial Tobacco Canada. We believe that the decision to consume tobacco products should be made only by adults.*

*Our actions are guided by our Statement of Business Principles. These principles embody our beliefs and we live by them in our dealings with all stakeholders.*

*Canada has some of the strictest tobacco regulations in the world. And for good reason: tobacco consumption poses real and serious risks to health. Imperial Tobacco Canada supports reasonable and enforceable regulations to govern the manufacture, sale, distribution, and advertising of tobacco products.*

*Imperial Tobacco Canada also distributes its products in markets visited by Canadian travellers. This includes duty-free outlets and key duty-paid markets in the United States. These exports represent less than 1 per cent of the company's overall production.*

#### **4.1 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 some field other than marketing.**

Students' answers will vary, but they should include a discussion of how a market orientation contributes to the success of a company, and the role of employees in the delivery of customer value. Essentially, if the marketing functions of a commercial business are not handled successfully, the business will not thrive and may not even survive. As such, everyone's position in a business depends on the firm's marketing success. A course in marketing brings this home.

### ***APPLICATION EXERCISE***

**Purpose:** The purpose of this application is to introduce the students to the marketing concept. This exercise sends students to the supermarket to evaluate the range of products and product categories 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.

#### **Activities listed in chapter 1:**

- 1. Visit a nearby supermarket and go through the cereal, snack-food, and dental hygiene aisles. Go up and down each aisle slowly, noticing how many different products are available and how they are organized on the store shelves.**

Students may indicate the produce and fresh fruit are separated from the meats and packaged goods. Others may notice that some stores locate products such as salad dressing near the produce.

- 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 cereal package sizes are there? Do the same for snack foods and toothpaste.**

Students may indicate that some products have more varieties than others such as packaged rice versus toothpaste.

- 3. Now try to find a type of product in the store that does not have as many varieties. Why do you think there are enough varieties of cereal to fill an entire aisle but not nearly as many varieties of, say, peanut butter? Can this difference be explained in terms of the competing management philosophies (peanut butter manufacturers do not follow the marketing concept) or by something else?**

Students should note that commodity items such as sugar have fewer varieties because it is difficult to differentiate sugar. However, cereal can be differentiated and manufactured into a number of different formulations.

- 4. Have you ever wanted to see a particular kind of cereal or snack food available for sale? Think of some product varieties (like lemon-flavoured toothpaste or chocolate-covered popcorn) that you have never seen but would be interested in trying if someone sold it. Write a letter or send an e-mail to an appropriate company, suggesting that the company add your product idea to its current product line.**

An alternative exercise was inspired by the following Great Idea 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 classroom space will allow in order to minimize interference. Tell two of the groups they are the “producers” and their job is to make a product for the other groups. Tell the remaining two groups 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 a 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 result.

##### *Objectives*

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***

### **1. What should C .J. Sinnott Pharmaceuticals do?**

In order to avoid the semblance of impropriety, it might be better for the marketing director of Healing Waters to ask Sinnott 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 and spas directly from Healing Waters.

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

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 it’s doing so.

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.

### **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 orientation marketing approach. This is an aggressive approach and it may be in Soothing Water’s best interest to redirect and pursue a market orientation.

## Harmonix

### 1. What marketing management philosophy did Harmonix use at first and how did their philosophy change?

At first, Harmonix adopted a product philosophy because the company founders believed in their product and felt that if people had the opportunity to create their own music, they would jump at the chance. The company developed a software program called The Axe, which provided basic music composition tutorials and allowed participants to use a joystick to improvise solos along to popular music tracks. While the software was technically impressive, people generally expressed little interest. Harmonix began adopting a market orientation in 2000 when it studied the market and found that there were opportunities for introducing a music-inspired videogame that was designed with a purpose and offered competition to players. This change in philosophy helped propel Harmonix to success.

### 2. As a firm, how do you think Harmonix would describe its business?

Because Harmonix became successful after adopting a market-oriented philosophy, most students will indicate that the company defines its business in terms of the benefits its customers seek.

### 3. To whom was Harmonix's product directed and how did it create a product that would appeal to that audience?

Harmonix became successful when the company began directing products at gamers with an interest in music, rhythm, and competition. In studying the video game market, it found that: a) competitive video games developed with a purpose could engage, direct, and motivate players, and b) the market for music-based games was not yet fully developed but was growing in some global regions.

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## ***SUPPLEMENTAL ON-LINE EXERCISES***

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The following online assignments can be assigned either before or after lecture. Before you lecture they can serve as discussion starters. You could assign groups to each exercise and have them report or lead discussion during this part of the topic.

Please note: As of this writing, the information presented below was correct. However, website content and website links are constantly changing. Before assigning the online questions check to make sure the links are operating and the question still has relevance. Feel free to make changes to the exercises to make them match the current representations. In the case of broken links, consider a substitute.

### 1 Define the term "marketing"

[www.marketingpower.com](http://www.marketingpower.com)

**American Marketing Association**

**The American Marketing Association (AMA) is the world's pre-eminent organization which is devoted to the academic study of marketing. How does the AMA define marketing? Look up the current definition, write it down and then evaluate it what it means. Compare it to the definition in the text.**



At this writing, the AMA's definition was:

*“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.”*

The current text definition is:

*“Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”*

The new AMA definition broadens the meaning of marketing as an activity and a set of institutions. It puts the term “offerings” in the definition which refers to a firm's products, services and ideas. The new definition identifies clients and society as new entities that are served by firms.

The text definition does not include as many different entities but it does focus on customer relationship as a focus while the new definition focuses on delivering “value” in a firm's offerings.

## **2 Describe four marketing management philosophies**

**www.volvocanada.com**

**How does Volvo use its website to maintain customer relations? Do you think Volvo has a sales or a market orientation? What evidence do you have to support your conclusion?**

The Volvo site at first glance appears to be just offering products for sale. However, the “Build Your Volvo” link suggests a market orientation because it offers the customer the option to build a car based on the individual's needs and wants.

At this writing there was not a clear “current customer” link on the site but there was a contact information link. If you clicked on it the following response was provided:

*At Volvo, we firmly believe that buying a car is a two-way street. So, here is the opportunity to talk directly to us. We invite you to share your thoughts, questions and comments.*

*Many questions are best answered by your nearby Authorized Volvo Retailer. We encourage you to give them the opportunity to discuss your needs. You may also reach National Customer Service in Canada:  
1-800-663-8255*

*To write Volvo Cars of Canada Corp.:  
ATTN: Customer Service  
Volvo Cars of Canada Corp.  
175 Gordon Baker Road  
North York, Ontario  
M2H 2N7*

*Email us for more information*

If you were looking at a “new” purchase, the site was far more useful. You could check out the makes and models they had, you could build your own Volvo, find a dealer, see if you qualified for the graduate program and even look for a used Volvo if you thought new was too pricey.

Volvo appears to have a market orientation and this is supported by their value statements.

*“Volvo's commitment to automotive excellence travels well beyond national borders. Over the last 75 years, Volvo has grown into one of the most recognized and respected brands in the world, providing us with the opportunity to*

*export not just cars, but also our three core values of safety, quality and environmental care. Volvo builds cars for people first, regardless of which continent those people inhabit.”*

### **3 Discuss the differences between sales and market orientations**

**[www.mtdcanada.com](http://www.mtdcanada.com)**

**What evidence of a market orientation do you see on MTD Canada’s website? How does the company demonstrate its commitment to the customer?**

The evidence of a marketing orientation begins on the home page. The MTD (which stands for Modern Tool and Die), webpage greets you with a picture of a featured product of one of their lawn and garden tools. At this writing it happened to be “lawn tractors” and “lawn mowers” and the people featured using these tools were diverse. There were women from different ethnic backgrounds, not the typical stereotypical “men.”

If you selected the About link you would find the following statement of its philosophy:

*Our Commitment is to provide our customers with the Quality, Dependability and Value that they need and want.*

The website was laid out with the areas of most interest to consumers: Our Company; Products; MTD Brands; Service; Where to Purchase; Attachments; Registration, Manuals; and Genuine Parts. The listing of manuals is of particular importance because people commonly mislay or lose their operating manuals for lawn and garden tools. The logos of the brands that the firm produces are also prominently displayed on the site. The service portion of the site demonstrates a strong commitment to customers. It lists authorized service centers and also links you directly to acquiring manuals, registering your products and provides a section for Frequently Asked Questions which are organized by product type (e.g. lawnmowers, roto-tillers, and snow blowers, etc.).

### **4 Describe several reasons for studying marketing**

**<http://www.gmnhome.com/pagebuilder.asp?id=249>**

**Visit the Global Marketing Network website and search for the importance of marketing in today’s global economy. What does this website have to say about the importance of marketing to business and society?**

At this writing the site had this to say about the importance of marketing:

*“Today, businesses around the world, both large and small, cannot ignore the impact that the global economy is having on their performance. Globalisation, the internet, and information transparency have led to an increasingly mobile workforce, ever more fickle customers, and rapidly changing technologies and business models. One result of this seemingly inexorable trend is that companies are less able to predict - let alone control - the short-term shape of their own markets.*

*As a result, more and more organisations are choosing to adopt a marketing-led philosophy to enable them to win market share and capture and retain the hearts and minds of current and prospective customers. Marketing is becoming more important as organisations around the world strive to develop products and services that appeal to their customers and aim to differentiate their offering in the increasingly-crowded global marketplace.*

*These complex issues heighten the need for effective marketing whilst expanding its scope beyond the ‘marketing function’. Put simply, marketing is no longer the sole prerogative of a single ‘function’, even if the leadership on marketing comes from that function, together with the framework within which marketing strategies are conceived, developed, planned, executed, reviewed and improved.*

*It used to be that a company could rise to the top of its industry and deliver superior shareholder returns by doing one thing well. Not anymore. Marketing’s perceived ability to orchestrate collaboration across an organisation (and its role in driving demand in markets that suffer from low rates of consumption) indicates that marketing is becoming increasingly important, even in organisations and sectors where it has, perhaps, traditionally taken a back seat.”*

## ***CAREER EXERCISE***

Getting started in a career can be a difficult undertaking. As a start to finding out about potential marketing careers check out the career assistance on the web sites of the Canadian Marketing Association ([www.the-cma.org](http://www.the-cma.org)) and the American Marketing Association ([www.marketingpower.com](http://www.marketingpower.com)) and see what you discover. Report on how these two sites help you decide on a marketing career.

The CMA site provided the following career information:

*Welcome to marketing-jobs.ca - designed to help employers solve staffing needs and to assist candidates seeking new opportunities in the marketing industry. Whether you are actively or passively seeking or waiting for your dream marketing job, Marketing-Jobs.ca is the best career resource for your career needs. Post jobs and let the marketing professionals find you today!*

A search of the AMA jobs site provided the following types of career information:

### *Marketing Career Management*

*.Wherever you are in your professional life, you'll advance with the AMA's Career Resources!*

•*Job Board - for job seekers and employers, find opportunities or post openings.*

•*Professional Certified Marketer™*

*This certificate program gives you a tangible way to highlight your marketing skills.*

•*Ask the Expert - Find out the answers to your burning career questions.*

•*Student Ask The Expert*

•*Sima Dahl's Monthly Column*

*Click here to sign up for the AMA Career Center Newsletter*

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## **GREAT IDEAS FOR TEACHING CHAPTER 1**

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### **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 of them, is 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 expect 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 they develop more than the ability to recognize and explain good service but additionally develop the desire to serve and get others to as well. The purpose of this exercise is develop that desire to serve by getting students to think about a time when they were of real service to someone then 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 when 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 at the end of this entry.

You could ask the students to write about their experience, 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 in starting discussion.

- Who 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 was their situation changed because you did help them? Was the change in situation worth the effort it took? Why?
- How did your helping them make them feel and how could you tell?
- How did helping in this situation make you feel 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?

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**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: 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' textbook 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 is minimized.

2. Second, there is a reference to text pages 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 a question or questions for them to address in their reply.

The following example is for Chapter 1 of the Lamb, Hair, McDaniel, Faria, and Wellington Marketing text. 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 on pages 5 -7 of your text.
3. Then describe an experience you've had recently as a customer or employee that illustrates one of these philosophies.

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**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 cake mix. It is a clear plastic bag with a scotch taped piece of paper on it that indicates the brand name and basic information like nutritional value, address and telephone number of 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% 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 poor quality, it does not show what the product can do: 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.

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**Ira S. Kalb, University of Southern California**

#### EFFECTIVE STRATEGIES USING A UNIVERSAL MARKETING STRUCTURE

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

The Universal Marketing Structure™ is displayed below.

Because 5 times as many people read the headline as the rest of the piece, the greatest effort and thought should go into creating the headline.	<p><b>The Structure of a Good Ad (or any marketing piece) follows the UMS™.</b></p> <p><b><u>Headline</u></b> — Contains the main message(s) of the piece or hooks the reader into reading the main message(s). <i>Studies show that 5 times as many people read or pay attention to the headline as the rest of the piece.</i></p>
Body text should not be thought of as filler. It should be limited to what is essential to explain your main messages) and to tell a good story. A good rule of thumb is <i>when in doubt, cut it out.</i>	<p><b><u>Body Text</u></b> — <i>Supports, clarifies, and explains the headline for those readers who want more information.</i> 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 that most ads can hope for is to begin the courtship rather than prompt the marriage (if it's love at first sight, all the better, but this does not typically happen with high-tech or more expensive products).</p>
Last point left with the reader; should include the main message.	<p><b><u>Close</u></b>— Reinforces the headline (the main point(s) of the ad), ends the ad, solicits action, and provides a system for measuring response.</p>
Similar to your signature on a letter or petition.	<p><b><u>Signature</u></b>— Proudly takes responsibility for the ad by signing the company's name, logo and/or attaching its corporate slogan.</p>
<i>A picture Is worth a 1,000 words.</i> Make sure the words do not detract from your main message(s).	<p><b><u>Photo/Graphic</u></b>— Reinforces the headline and main points of the piece. Makes the product more tangible and shows it in the best light possible, and serves to break up the text so it is easier to read.</p>
The best message(s) can be lost forever if the format isn't good. Even if they are read, bad formats dilute or work against them.	<p><b><u>Format</u></b> – Facilitates reading the ad. Allows busy readers to quickly pick out the main point(s) without reading the entire ad. Makes the ad attractive and inviting to read.</p>
	<p><b><u>Intangibles</u></b> – Creativity and Uniqueness. They give the ad something special that make the ad more attractive, entertaining, and enjoyable to read.</p>

## **Marketing Principles - The main principles are the 7 building blocks of marketing — the 5P's, Corporate Image, and the Marketing Information System.**

### **The 5P's**

- **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, 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.

### **Corporate Image**

- Unlike positioning, which relates to the image of the product, corporate imaging relates to the image of the company.

- Keeping Corporate Image and Positioning of the product separate proved important to Proctor & Gamble when rumor circulated that their corporate logo is a satanic symbol.
- Not keeping them separate proved to be a problem for Suzuki with negative reports about the Samurai and for Dow Corning with reports of breast implant leakage.
- 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:
  - A tarnished company image could adversely affect sales of the product and vice versa (Suzuki, Audi, Sears)
  - A strong identification with one product will limit the company's ability to sell other products (Clorox, IBM, Xerox)

**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** – take action to improve performance.
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**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) see the variety of activities involved in the marketing discipline, and (2) 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 (health care 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 2 hours of either undergraduate or graduate credit (with Fundamentals of Marketing as a prerequisite.) The students stayed in the Dallas area Monday through Friday in January 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 student's 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 had had just reading a book. Unfortunately, the way most courses are designed, field trips are untenable due to 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 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 6 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 due to the commitment of time and human resources required of the organizations involved.

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 3 to 5 page paper. It begins with identification of a target market and ends with the student assuming the role of marketing consultant making suggestions for 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 product(s) about which you are writing. Do not say something like “young, mid-to-upper class women who wash their hair” and consider the target market identified and described. Try to **pinpoint the thing(s) that make(s) the target market respond to the company’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, who are motivated by prestige and glamour, who 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 (4-Ps) the company is using to attract the chosen target market. You should **describe** each of the 4-Ps, 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 4-Ps together, especially if you see that one, or more, does not fit the others.
4. After discussing the company’s marketing-mix you should assume the role of marketing consultant and **make specific suggestions** for improving the company’s effectiveness. These suggestions can be in the form of changes to any part of the current marketing-mix to fix problems you identified. If you did not identify problems you should make suggestions for additional marketing activities. **It is important that you say why you make 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 ones like: “advertise more” or “improve the sales force.” Specific suggestions are ones like: “improve 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.



**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 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 fact: 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 the 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? Say exactly what you want 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 you appear illiterate.
7. Be sure to sign your letter.
8. Have the correct, full mailing address for the company. "Gillette Company, New York City, NY" won't do it.
9. If you don't receive resolution, decide if you want to pursue it. Keep a record of everyone to whom you talk or write, and when. You can appeal to the higher-ups. 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.

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ADVERTISING AGENCY – GUEST SPEAKERS

Marketing students are the future managers of organizations and local Advertising Agencies will eventually be dealing with a few of the students as they succeed in business. Therefore, it is a good opportunity for students to understand what to expect from an agency and how to work with the various companies and organizations. Inviting a local representative to speak to the class about a typical project provides realism to the classroom. It also provides an opportunity for students to ask questions about working in the advertising industry. During the presentation opportunities become available to ask questions about the topics covered in chapter one such as the marketing orientation of clients, and the ethics of advertising messages.