

LECTURE OUTLINE FOR

MKTG 25010

Principles of Marketing

Lecture Packet

Part 1 (of 2)

2015 FALL

DR. LAWRENCE MARKS  
OFFICE -- 516 BSA (College of Business)  
Office Phone -- 330-672-1266  
[lmarks@kent.edu](mailto:lmarks@kent.edu)

Course website on Blackboard Learn (<http://learn.kent.edu>)

**CLASS SCHEDULE – FALL 2015**  
**MKTG 25010 SECTIONS 001 & 003 (CRN: 15898 & 15900)**  
Meeting 2:15 to 3:30 p.m. Monday and Wednesday in 133 Bowman Hall

<b>Week</b>	<b>Date</b>	<b>Topic</b>	<b>Readings</b> NOTE: This schedule is <i>tentative</i> and will need to <i>adjust</i> to what we actually cover in class each week.
Week 1	Monday 8/31	Lecture 1 – Introduction and Customer Value & Marketing	Chapter 1
	Wed 9/2	Lecture 2	
Week 2	Monday 9/7	Labor Day – <b>no classes</b> , offices closed	
	Wed 9/9	Lecture 3 – Marketing/Organizational Strategies	Chapter 2 <i>Add/drop ends Sunday</i>
Week 3	Monday 9/14	Lecture 4 – The Marketing Environment	Chapter 3
	Wed 9/16	Lecture 5 – Ethical and Social Responsibility	Chapter 4
Week 4	Monday 9/21	Lecture 6 – Consumer Behavior 1	Chapter 5
	Wed 9/23	Lecture 7 – Consumer Behavior 2	Chapter 5
Week 5	Monday 9/28	Lecture 8 – Organizational Buying	Chapter 6
	Wed 9/30	Lecture 9 – Global Consumers & Markets	Chapter 7
Week 6	Monday 10/5	Lecture 10 – Global Consumers & Markets (continued)	Chapter 7
	Wed 10/7	Lecture 11 – Marketing Research for Action	Chapter 8
Week 7	Monday 10/12	Lecture 12 – Segmenting, Positioning, and Forecasting	Chapter 9
	Wed 10/14	Lecture 13 – Segmenting, Positioning, and Forecasting (continued) <b>[END OF MATERIAL FOR MIDTERM]</b>	Chapter 9
Midterm (In-class)	<b>10/19 to 10/23</b> In College computer labs	Opens <b>Monday 10/19</b> In College computer labs; Closes <b>Friday 10/23</b> , end midterm by 5 pm in College computer labs	Lectures 1-13 & associated text material
Midterm (Web-based)	<b>10/18 to 10/25</b> via Proctor U	Opens <b>Sunday 10/18</b> 8 a.m. via Proctor U; Closes <b>Sunday 10/25</b> , last Proctor U time is 11 p.m.	Lectures 1-13 & associated text material
Week 8	Monday 10/19	Lecture 14 – Developing New Products and Services	Chapter 10
	Wed 10/21	Lecture 15 – Managing Products and Brands	Chapter 11
Week 9	Monday 10/26	Lecture 16 – Managing Products and Brands	Chapter 11
	Wed 10/28	Lecture 17 – Managing Services	Chapter 12

Week 10	Monday 11/2	Lecture 18 – Setting the Price Foundation	Chapter 13
	Wed 11/4	Lecture 19 – Setting the Final Price	Chapter 14 <i>Course withdrawal deadline is November 8; a “W” grade is assigned</i>
Week 11	Monday 11/9	Lecture 20 – Managing Marketing Channels and Supply Chains	Chapter 15
	Wed 11/11	<b>Veterans Day</b>	<b>NO CLASS</b>
Week 12	Monday 11/16	Lecture 21 – – Managing Marketing Channels and Supply Chains (Continued)	Chapter 15
	Wed 11/18	Lecture 22—Retailing & Wholesaling	Chapter 16
Week 13	Monday 11/23	Lecture 23 – Integrated Marketing Communications and Direct Marketing	Chapter 17
	Wed 11/25	Thanksgiving Recess – 11/25 noon to 11/29	<b>No Classes</b>
Week 14	Monday 11/30	Lecture 24 – Advertising, Sales Promo, & PR	Chapter 18
	Wed 12/2	Lecture 25 – Social Media Marketing	Chapter 19
Week 15	Monday 12/7	Lecture 26- Personal Selling & Sales Management	Chapter 20
	Wed 12/9	Lecture 27 –	
Finals Week	Sunday 12/13 to Friday 12/18 at 5 pm	Take the exam in the College computer labs or other approved testing center. <b>Bring your KSU ID, text book, and lecture notes with you.</b>	Final Exam All Textbook & Lecture Content after the Midterm (except for Marketing in the News)

For the midterm exam, you can use a hard copy of the textbook and a hard copy of the lecture notes. For the final, you can use a hard copy of the textbook, a hard copy of the lecture notes, and a calculator. International students can make use of a standard **hard copy** translation dictionary.

You **cannot** use any other electronic devices (not your computer, or your cell phone, or an electronic translation device) for either test.

You **cannot** have any windows open on your computer other than the exam window. You **cannot** have mini-test questions and/or answers at these tests. Mini-test questions/answers are PROHIBITED for these tests and having them represents cheating.

**In-class students** must take the midterm and the final exam in the College of Business computer labs (or with advance permission by me at another proctored testing site, or with advanced permission and for a fee they can use Proctor U).

**Web-based students** MUST take the midterm and the final exam using Proctor U.

## Preliminary Mini test Schedule

Available from <http://learn.kent.edu>

Mini Test	Opens not later than 5 p.m.	CLOSES at 11 p.m.	<sup>1</sup> Covers Lectures:
1	Saturday 9/12	Sunday 9/20*	1, 2, 3,
2	Saturday 9/19	Sunday 9/27	4, 5
3	Saturday 9/26	Sunday 10/4	6, 7
4	Saturday 10/3	Sunday 10/11	8, 9
5	Saturday 10/10	Sunday 10/18	10 11
6	Saturday 10/17	Sunday 10/25	12, 13
Midterm (In-class)	<b>Monday 10/19</b> In College computer labs	Friday 10/23 End by 5 pm in College computer labs	Lectures 1-13 & associated text material
Midterm (Web-based)	<b>Sunday 10/18</b> Opens 8 a.m. via Proctor U	Sunday 10/25 Last Proctor U time is 11 p.m.	Lectures 1-13 & associated text material
7	Saturday 10/24	Sunday 11/1	14, 15
8	Saturday 10/31	Sunday 11/8	16,17
9	Saturday 11/7	Sunday 11/15	18,19
10	Saturday 11/14	Sunday 11/22	20
11	Saturday 11/21	Wednesday 12/2**	21, 22
12	Saturday 12/5	Sunday 12/13	23, 24
13	Thursday 12/3***	Sunday 12/13	25, 26
Final Exam	Opens Sunday 12/13	Closes Friday 12/18 at 5 pm	Lectures 14 to the end and associated textbook material <b>TO THE END OF CHAPTER 20.</b>
<p><sup>1</sup>Please note that this refers to the <b>LECTURES</b> covered by the exams (Not the chapters). The Class Schedule shows the <b>CHAPTERS</b> which are targeted for each lecture (subject to modification as needed).</p> <p>Mini tests are normally available the Saturday after the material is covered in class (by 5 p.m.) for a minimum of eight days. The deadline is listed in the description for each mini-test. Should a change in this preliminary schedule be necessary there will be an announcement on the class website and the revised deadline will be included in the test description.</p> <p>*No mini tests will expire until after the 2<sup>nd</sup> week drop/add deadline listed above. This allows students who add the class "late" an opportunity to catch up (and gives students who are having problems accessing the tests time to work out the bugs).</p> <p>**These date accommodate Spring Break</p> <p>***Shorter time due to Finals</p>			

ACKNOWLEDGEMENTS: The concept for the way in which this course is offered, the approach to testing, and portions of the syllabus are based on the Principles of Marketing class offered by Dr. Bruce Robertson, San Francisco State University (<http://online.sfsu.edu/~robertbc/>). Many thanks to Dr. Robertson for pioneering this method of delivery.

## Preliminary Enhanced Learning Extra Credit (ELEC) Schedule

ELEC	Opens not later than 5 p.m.	CLOSES at 11 p.m.	Opens in:
1	Thursday 9/24	Wednesday 9/30	Week 4
2	Thursday 10/1	Wednesday 10/7	Week 5
3	Thursday 10/8	Wednesday 10/14	Week 6
4	Thursday 10/15	Wednesday 10/21	Week 7
5	Thursday 10/22	Wednesday 10/28	Week 8
6	Thursday 10/29	Wednesday 11/4	Week 9
7	Thursday 11/5	Wednesday 11/11	Week 10
8	Thursday 11/12	Wednesday 11/18	Week 11
9	Thursday 11/19	*Wednesday 12/2	Week 12
10	Thursday 12/3	Wednesday 12/9	Week 13
		*Thanksgiving	

- Three attempts for each ELEC. Each is worth up to .3% added to your final course grade.
- For the ELEC's I will record your best ELEC grade (the same as for the mini-tests).
- You can earn partial credit for less than 100% on the assignment.
  - If you earn an 80% on your best attempt, you get .8 x .3 or .24% added to your Final Course Grade
- Earning a 100% on one ELEC will add .3% TO YOUR FINAL GRADE.
- So, for the 10 assignments you can earn up to a total of a 3% INCREASE in your course grade!!

These are available from the class website Extra Credit Folder on Blackboard Learn (<http://learn.kent.edu>).

## Introduction to Marketing 25010

I) Initial Background information: This is based on the syllabus, available from the class web site on Blackboard Learn. You should **print** and **read** that document.

a) The Professor and his contact information:

Name: Dr. Lawrence J. Marks

E-mail: lmarks@kent.edu

Office:

Phone: 330-672-1266

Office Hours:

Instructor's personal website: <http://www.personal.kent.edu/~lmarks>

a) Required Text: The required text for the class is Marketing, 12th edition, Roger A. Kerin, Steven W. Hartley, and William Rudelius, McGraw-Hill 2015. It is available packaged with ConnectPlus access at no additional charge in a special Kent State loose leaf edition (ISBN: 9781259332456). The "standard" edition's ISBN is 9780077861032.

b) McGraw-Hill *ConnectPlus* is a web-based assignment and assessment site that we will use for Enhanced Learning Extra Credit Assignments (ELECs). THIS IS INCLUDED WITH THE KSU EDITION OF THE REQUIRED TEXTBOOK.

c) Cost/Purchase:

d) Printed Lecture Notes

i) Why?

ii) Where they are available:

II) The Prerequisite for this class is: \_\_\_\_\_

### III) Course Objectives

- a) A working knowledge of marketing terminology, concepts, activities, and strategies;
- b) An understanding of marketing functions within the organization and in the context of external environments;
- c) Knowledge of the ways in which marketing contributes to attainment of the organization's objectives and goals;
- d) Developed quantitative and qualitative analytical skills to apply marketing concepts, theories, and tools to solve marketing problems;
- e) An appreciation for the global and ethical aspects of marketing.

### IV) Policies

The Following Policies Apply to All Students in this Course:

A. Students attending the course who do not have the proper prerequisite risk being deregistered from the class.

B. Students have the responsibility to ensure they are properly enrolled in classes. You are advised to review your official class schedule (using Student Tools on FlashLine) during the first week of the semester to ensure you are properly enrolled in this class and section. Should you find an error in your class schedule, you have until **Sunday, September 6, 2015** to correct the error. If registration errors are not corrected by this date and you continue to attend and participate in classes for which you are not officially enrolled, you are advised now that you will not receive a grade at the conclusion of the semester for any class in which you are not properly registered

C. Academic Honesty: Cheating means to misrepresent the source, nature, or other conditions of your academic work (e.g., tests, papers, projects, assignments) so as to get undeserved credit. The use of the intellectual property of others without giving them appropriate credit is a serious academic offense. It is the University's policy that cheating or plagiarism result in receiving a failing grade (0 points) for the work or course. Repeat offenses may result in dismissal from the University.

For an excellent review of the topic, browse <http://ec.hku.hk/plagiarism/introduction.htm>. For a PowerPoint presentation that reviews the topic of cheating and plagiarism (and which reflects my views), browse <http://www.personal.kent.edu/~lmarks/ethics/Plagiarism.ppt>. NOTE: The questions for the mini tests are copyrighted and unauthorized reproduction is prohibited.

D. Course Withdrawal Deadline: For Fall 2015, the course withdrawal deadline is **Sunday, November 8, 2015**. If you need advising assistance, you will need to contact an advisor before Friday, November 6, as our advising offices are not open on the weekend.

E. Students with disabilities: University policy 3 -01.3 requires that students with disabilities be provided reasonable accommodations to ensure their equal access to course content. If you have a documented disability and require accommodations, please contact the instructor at the beginning of the semester to make arrangements for necessary classroom adjustments. Please note, you must first verify your eligibility for these through Student Accessibility Services (contact 330-672-3391 or visit <http://www.kent.edu/sas> for more information on registration procedures).

INTERNATIONAL Students for whom English is a second language, send me an email to request Extended Time. Once I verify your status, I will give you access to the Extended Time mini-tests, midterm and final.

F. Application for Graduation

It is your responsibility to apply for graduation before the set deadline. If you apply after the deadline you will be assessed a \$200 late fee. Please see your academic advisor as soon as possible if you

are uncertain as to your progress toward graduation. The graduation application deadlines are follows:

Graduation Application Deadlines:

May Graduation: Apply before September 15th

August Graduation: Apply before December 15th

December Graduation: Apply before March 15th

To apply for graduation complete the following steps:

1. Log onto your Flashline account
  2. Click on the Student Tools tab
  3. Look in the Graduation Planning Tool Box
  4. Click on Application for Graduation
- If an error message appears, you must contact your advisor.

## V) Content Delivery

- a) This is NOT an “independent learning” class. Content is delivered “live” in \_\_\_\_\_ AND made available \_\_\_\_\_
- b) Testing during the semester:
- c) Midterm and Final Exam: In-class students--  
Web-based students--

## VI) Class Website (<http://learn.kent.edu>)

- a) Important Items to Check Regularly
  - i) Home Page – Check Student Type
  - ii) START HERE Folder
    - (1) Course Objectives
    - (2) The syllabus
    - (3) Lecture Outlines
    - (4) University Policies,
    - (5) Using Blackboard,
    - (6) About the Midterm and Final exam testing, and
    - (7) Using Proctor U. Course Information
  - iii) Learning Materials Folder
    - (1) Online Lectures and Housekeeping Slides
    - (2) Mini-tests
    - (3) Review Tests



(4) Extra Credit

(5) Discussion Board

- (a) *Textbook Issues*
- (b) *Marketing 25010 Technical Issues*
- (c) *Mini-test Issues*
- (d) *Extra Credit and CONNECT ELEC Issues*
- (e) *Marketing In Action*

iv) Announcements to you KSU e-mail account – CHECK IT!

## VII) Grades

The Course Grade is based on:

- a) \_\_\_\_\_ “mini” exams ( \_\_\_\_\_ % of your final grade), and
- b) a midterm exam worth \_\_\_\_\_% of your final grade, and
- c) a final examination worth \_\_\_\_\_ % of your final grade.
- d) PLUS any \_\_\_\_\_

Letter grades

Course Average	Course Grade	Univ. GPA	Course Average	Course Grade	Univ. GPA
92.6+%	A	4.0	76.6-79.5%	C+	2.3
89.6-92.5%	A-	3.7	72.6-76.5%	C	2.0
86.6-89.5%	B+	3.3	69.6-72.5%	C-	1.7
82.6-86.5%	B	3.0	66.6-69.5%	D+	1.3
79.6-82.5%	B-	2.7	59.6-66.5%	D	1.0
			59.5 and below	F	0.0

Students who want to become Marketing Majors must earn a “C” (2.0) or better in this course. A “C-“ (1.7) does not meet this College of Business requirement.

The class DOES use the plus/minus grading system.

**IMPORTANT NOTE:** Once the grades are in, students get what they have earned. I do not make adjustments for (a) you really, really needing a better grade, (b) your being “only” .3, .2, or .1 away from the next grade, or for (c) any reason other than an error in the calculation. Asking, pleading, crying, and/or offering bribes DO NOT WORK (sorry).

## VIII) Calculating your final grade

It is fairly common for students to incorrectly calculate their final grade. The correct calculation is:

$[(\text{Total of all Mini test scores}/13) \times .5] + (\text{Midterm score} \times .2) + (\text{Final exam score} \times .3) + \text{Extra Credit} = \text{Final Course Grade}$

Notes: (1.) A missed mini-test counts as a 0. (2.) Adding your total points up and dividing by 15 is NOT the correct calculation.

For example, suppose you have an average of 85% on the 13 mini-tests, a 70% on the midterm, a 78% on the final exam, and you earned 2.5% in extra credit work.

The grade calculation is:  $(.85 \times .5) + (.70 \times .2) + (.78 \times .3) + 2.5 = .425 + .14 + .234 + .025 = .824$  or 82.4% which would be a “B-“ for the course. Needless to say, had you done more extra credit your final course grade would have been higher (for example, adding .5 in extra credit would have earned you an 82.9% or a “B” for the course).

You can download a Grade Calculator Blackboard Learn as a click in the Testing Folder. This is an Excel spreadsheet that will help you calculate how you are doing.

#### IMPORTANT NOTES about course grades.

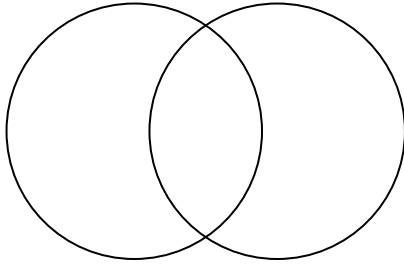
1. YOU need to watch for deadlines for mini-tests and extra credit assignments. Once an assignment closes, it is very rare for it to be re-opened. If you have a question about an assignment or mini-tests ask about it BEFORE the deadline. This means YOU need to check on your grades and be aware of the deadlines. Once we get to finals week, all mini-tests and extra credit opportunities will have been closed. Do them before their weekly deadlines. **DO NOT FORGET TO TAKE THE MINI-TESTS.**
2. Once the final is taken, your Final Course Grade is calculated using the above formula  $[(\text{Total of all Mini test scores}/13) \times .5] + (\text{Midterm exam score} \times .3) + (\text{Final exam score} \times .2) + \text{Extra Credit}$
3. **THERE ARE NO CHANGES** to final course grades made for “being close” to the next higher grade, nor for “only being .1 away” from the next higher grade, nor for “really, really needing” the next higher grade. Students receive the grade that they have earned.

The only possible adjustment to a final course grade occurs when a curve is needed (or if a posting error is made). IF, at the end of finals, there are not a reasonable number of A's (or, if too many students are failing), it is possible that a curve will be created. In this case, a set number of points will be added to everyone's final course grade. Should this occur, students will be informed via e-mail.

Did I mention that, when it comes to changing the grade which you have earned, asking, pleading, crying, and/or offering bribes **DO NOT WORK?**

IX) About the Mini Tests

- a) Type of exam:
  - i) # of questions
  - ii) Timed
- b) Source of questions:
- c) Coverage:



_____ % from Lecture Questions
And
_____ % from the Text Book

- d) # of tests:
- e) Available:
- f) Number of Questions:
- g) Time Limit:
- h) Number of Attempts:
- i) Which score COUNTS for your grade? The **highest score** is the one that counts for your grade.
- j) First mini-test available until:
- k) Make up policy:
  - l) Do not wait until
  - m) Do not forget to
  - n) There is a sample mini-test available now.

Is this guy for real??? Comments from others:  
"Rate My Professors.com"  
"Pick A Prof"

X) Cautions and Warnings:

- a) About the mini test scores
- b) About convenience
- c) About the work required
- d) About the course grade
- e) MORE about the work required
- f) About getting behind

XI) Midterm Examination: The midterm examination is worth 20% of the course grade and it includes all material through Lecture 13 (mini-test 6). The midterm exam is 50 questions and is timed to last 80 minutes. The questions are *randomly drawn from the same pool of questions used for the mini-tests.*

The midterm exam is OPEN BOOK and OPEN NOTES international students can use a standard, hard copy translation dictionary. You cannot use other electronic devices (no cell phones, no other computers, no electronic translators).

- a) When and where it is taken
  - i) For in-class students, it **MUST** be taken in the College of Business computer labs during finals period, (or at an approved testing center) during Monday through Friday of finals week.
  - ii) For web-based students, it **MUST** be taken using Proctor U.

XII) Final Exam

a) What it covers:

The final exam is OPEN BOOK and OPEN NOTES and you can use a calculator (international students can use a standard, hard copy translation dictionary). You can use a calculator, but cannot use other electronic devices. (no cell phones, no other computers, no electronic translators).

b) What it is:

c) For BOTH the midterm and the final exam:

- i) You cannot make use of an “e-book.”**
- ii) If you have taken notes on your computer during the semester, you will need to print those out for the final (you cannot access your computer during the tests).
- iii) You **cannot have mini-test questions and answers in your possession** (this is prohibited).
- iv) For the final, you can use a standard calculator.

- d) When and where it is taken
    - **For in-class students, it MUST be taken in the College of Business computer labs during finals period,** (or at an approved testing center) during Monday through Friday of finals week.
    - **For web-based students, it MUST be taken using Proctor U.**
  - e) About your identification at the exams – BRING A PICTURE ID (international students should bring **two** picture ID's, for example, a passport and a KSU ID).
  - f) Make up policy:
- Who does better? In-class or web-based students?
- XIII) To Succeed in the class:
- a) Mini tests:
  - b) Review tests:
  - c) If you do this, by the time of the final:
- XIV) Classroom Policies
- a) Attendance
  - b) Classroom Expectations
    - Participation
    - Distractions and Electronics – You cannot have cell phones out during class.
    - Harassment
  - c) International Students - International Students for whom English is a second language, contact me for extra time on the test (Blackboard Learn email or [Imarks@kent.edu](mailto:Imarks@kent.edu))
  - d) If there is a University Closing:
  - e) Ask questions when you don't understand something
  - f) Be polite in class and on-line
- XV) Communications Policy
- a) How to communicate “officially”: Blackboard Learn e-mail or to [Imarks@kent.edu](mailto:Imarks@kent.edu)
- An IMPORTANT NOTE: BEGIN YOUR SUBJECT WITH “MKTG 25010”, then include the SUBJECT of your message (e.g., **MKTG 25010 – Question about Mini-test 1**).
- b) About phone messages
- XVI) Extra Credit Opportunities
- a) **CONNECT Enhanced Learning Extra Credit (ELECs)** -- Follow instructions in Extra Credit Folder on Blackboard website.

b) Smart Book Extra Credit - tbd

c) Research as Extra Credit

XVII) The Class Schedule, the Mini Test Schedule, and the ELEC schedule are in the class syllabus available on Blackboard Learn and were at the front of this packet.

XVIII) Our Guest Faculty

- a) Who: KSU alumni and
- b) To show where:
- c) And to provide you with “ \_\_\_\_\_ ”

XIX) Guest Faculty -- Their names, titles, and organizations

<u>NAME</u>	<u>Title</u>	<u>“Type of Organization”</u>
1. Valerie Thwing	Director, Business Office	Business to Business (_____)—Service; Government
2. Tim Apel	President AAA Homes	Family Entrepreneur—(_____) Product
3. Don Kosec	V.P. Time Warner Business Services	Business to Business (_____)—Service
4. Rob Felber	President, Felber & Felber Marketing	Entrepreneur—(_____) Service
5. Fred Hunt	Director of Marketing, Sherwin-Williams	Business to Business--Product
6. Dan Muller	President, Distribution & Services, Timken	Business to Business—Industrial Product
7. Michele Skinn	Director, Fisher-Titus Foundation	Not for Profit Foundation--Service
8. Gary Trinetti	President & CEO, Garick Corp.	Entrepreneur—(_____)Product
9. Jim Wise	General Manager/V.P, Don Joseph Toyota	Retail Franchise—(_____)Product

## Chapter 1: Creating Customer Relationships and Value Through Marketing

- I) What IS Marketing?
  - a) YOU are involved in

### II) Marketing Defined

- a) The American Marketing Association Definition:  
*“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.”*

<https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx>

- b) Some controversy about the definition:

[http://www.btobonline.com/apps/pbcs.dll/article?AID=/20080211/FREE/482594234/1155/ISSUE BEYOND](http://www.btobonline.com/apps/pbcs.dll/article?AID=/20080211/FREE/482594234/1155/ISSUE%20BEYOND)

### Kosec...Importance of Marketing to Time Warner Business Services

- i) Collect \_\_\_\_\_
- ii) Helps to \_\_\_\_\_
- iii) Use research and tools to \_\_\_\_\_
- iv) Through \_\_\_\_\_

### c) Marketing seeks to:

- i) Discover \_\_\_\_\_ of customers
  - ii) Satisfy \_\_\_\_\_
  - iii) At a \_\_\_\_\_
  - iv) Through an \_\_\_\_\_
- d) It involves the idea of \_\_\_\_\_ which is the trade of things of value between buyer and seller so that each is better off after the trade.

### III) Factors Influencing Marketing

- a) The Organization
  - i) Mission



(1) Goals and Objectives

ii) Management and people skills

iii) Resources

b) Society

c) Environmental Factors

(See text, page 6, Figure 1-2, A marketing department relates to many people, organizations, and environmental forces)

d) Ways to Satisfy Needs (for example, a funny birthday card):

1.

2.

3.

e) The Point: Only the last describes \_\_\_\_\_

IV) Requirements for Marketing to Occur

a) Two or more \_\_\_\_\_ involved in a \_\_\_\_\_, each with unsatisfied \_\_\_\_\_

b) Each must have a \_\_\_\_\_ and \_\_\_\_\_ to engage in an exchange

c) They need to be able to \_\_\_\_\_

d) Each party must have something of \_\_\_\_\_

V) What DO people want?

To satisfy consumers' needs, wants and desires (at a profit, through an integrated effort of the organization), we need to understand \_\_\_\_\_

\_\_\_\_\_.

- a) BUT, people may not \_\_\_\_\_ or
- b) People may not \_\_\_\_\_ or
- c) People may not be able to \_\_\_\_\_  
and how unknown products might satisfy them

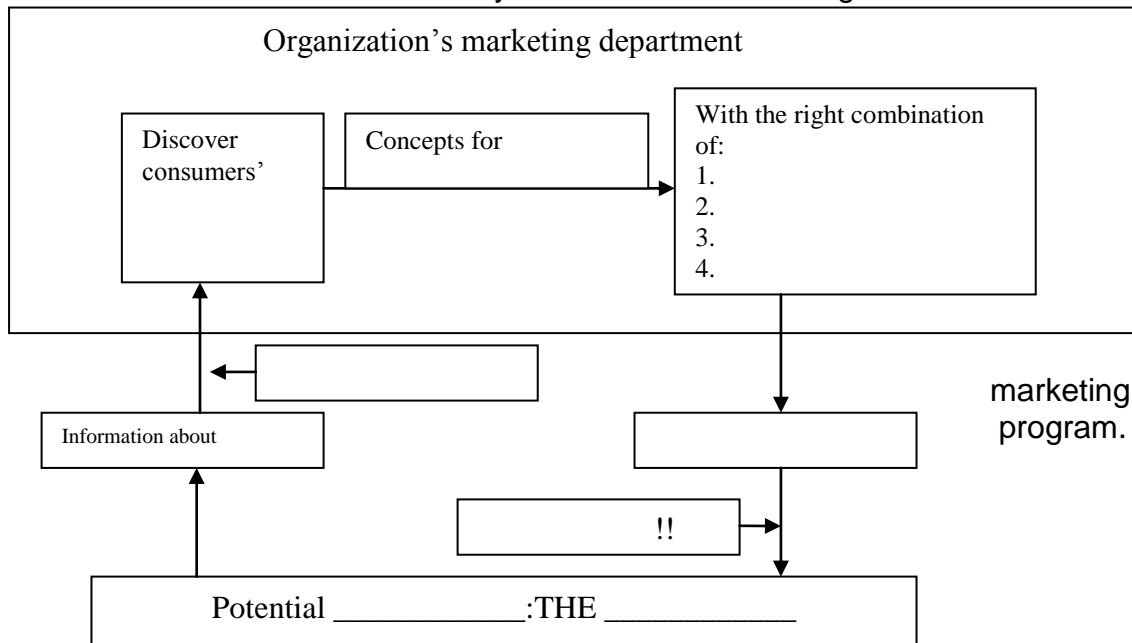
VI) Needs and Wants

- a) Consumer NEEDS come from \_\_\_\_\_
  - i) These are basic to life and society and include the need for food and shelter, the need to be safe, the need to belong and be loved, etc.
- b) Consumer WANTS are ways to satisfy \_\_\_\_\_ that are shaped by \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

VII) What is a Market?

- a) The MARKET is the set of all \_\_\_\_\_ and \_\_\_\_\_ buyers of a product.
- b) Implications of the definition (MAD)
  - i)
    - “Something of value to exchange”
  - ii)
    - “Ability to engage in an exchange”
  - iii)
    - “Desire to engage in an exchange”

VIII) Marketing seeks to discover then satisfy consumer needs through research and a marketing program (see text, page 10, Figure 1-3 and below) Marketing seeks to discover then satisfy consumer needs through research and a



IX) How Marketing Satisfies Consumer Needs, Wants, and Desires

a) We cannot be “all things to all people” so

X) The Marketing Mix

a) The Marketing Mix represents the \_\_\_\_\_ have to satisfy consumers' needs wants and desires.

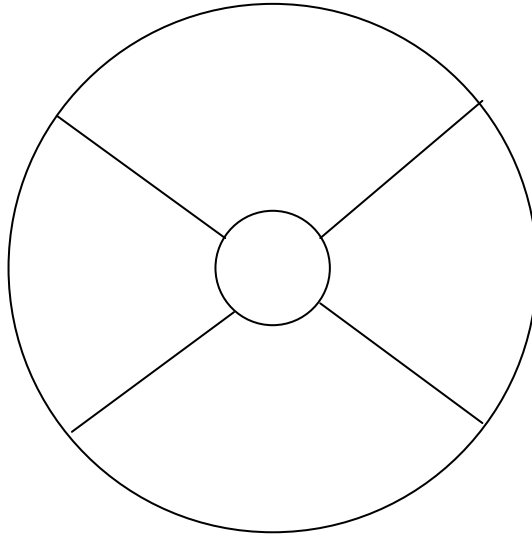
b) This consists of the 4 P's of the Marketing Mix

i)

ii)

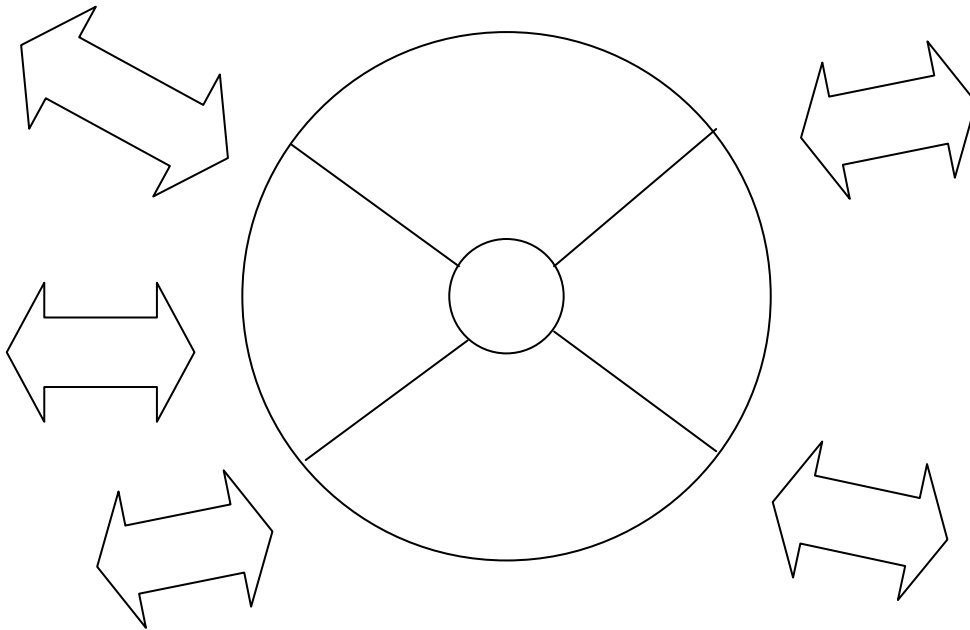
iii)

iv)



c) Most of a firm's marketing efforts involve the \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ of the marketing mix.

XI) Important Factors in the Marketing Environment (CREST)



XII) Satisfaction through Value

a) \_\_\_\_\_ is unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price.

Tim Apel – AAA Mobile Homes on “Creating Value”

- i) Create Value through our \_\_\_\_\_ and
- ii)
- iii) To provide \_\_\_\_\_ and \_\_\_\_\_
- iv) Consumers are getting \_\_\_\_\_

b) Example of “Satisfaction through Value”: "Across many industries, we've seen that the retailers that grow \_\_\_\_\_ ratings the fastest have greater sales growth," says Chris Denove of J.D. Power and Associates. "Prices have come down dramatically on electronics items, and at the same time, the complexity of the products has increased. Expert advice is more important than ever."

### XIII) Value Strategies

- a) Best \_\_\_\_\_
- b) Best \_\_\_\_\_
- c) Best \_\_\_\_\_
- d) What is "BEST?" It depends on \_\_\_\_\_ firm's missions and objectives, \_\_\_\_\_ competitive situation, \_\_\_\_\_ environment, and \_\_\_\_\_ customers!

EXAMPLE: Douglas Conant, Pres. & CEO Campbell's Soup Co.

- Reversed a decline in \_\_\_\_\_
- Stressed products that rank No. 1 or No. 2 in the key categories of simple meals, baked snacks and veggie-based drinks
- Dropped \_\_\_\_\_ brands, such as Godiva chocolates
- Focused on healthier for soups, V8 drinks and Pepperidge Farm snacks, and has pushed creating products that scream value, nutrition and convenience
- Says there are four "musts" for consumer products: (1) value, (2) wellness, (3) quality and (4) convenience

Fred Hunt...Delivering VALUE to the customer at Sherwin Williams

- i) For the marketer, Value IS " \_\_\_\_\_ . "
- ii) It is the way to \_\_\_\_\_ .
- iii) PRODUCTS may be similar, but...the difference is in the "brand promise"
- iv) \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ , " \_\_\_\_\_ "
- v) Get it done \_\_\_\_\_ !
- vi) Deliver on \_\_\_\_\_

### XIV) Relationship Marketing

- a) **Relationship marketing** links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits.

Lowe's example: <http://maximizesocialbusiness.com/lowes-sustaining-customer-relationships-12506/>

Creating Value for Customers (Rob Felber -- Felber & Felber Marketing Services)

- i) Be a \_\_\_\_\_
- ii) Be an \_\_\_\_\_
- iii) Be there when \_\_\_\_\_
- iv) Provide a \_\_\_\_\_ for them

XV) The Evolution of the Market Orientation – Marketing Management Philosophies

a) Production concept

- i) Assumes consumers want products that are \_\_\_\_\_  
\_\_\_\_\_
- ii) Implies management should focus on improving \_\_\_\_\_  
and \_\_\_\_\_
- iii) Useful when:

(1)

(2)

b) Product Concept

- i) Assumes consumers want products that offer the most \_\_\_\_\_,  
\_\_\_\_\_, and \_\_\_\_\_.
- ii) Implies the firm should make continuous \_\_\_\_\_.
- iii) Places the focus on the \_\_\_\_\_, not on the  
\_\_\_\_\_.

c) Selling Concept

i) Assumes consumers will not buy enough \_\_\_\_\_ unless there is a strong \_\_\_\_\_ and \_\_\_\_\_.

ii) Useful for

(1)

(2) Industries with \_\_\_\_\_ who must

d) The Marketing Concept

i) Assumes that achieving the organization's goals depends on determining and satisfying \_\_\_\_\_ more \_\_\_\_\_ and \_\_\_\_\_ than competitors.

ii) An organization should seek to make a profit by serving the needs of \_\_\_\_\_,

The Marketing Concept in B2B markets

Muller..how we create value for our customers at Timken

a) Our Vision = Create \_\_\_\_\_

b) For example, helping the \_\_\_\_\_ to \_\_\_\_\_ and increase their \_\_\_\_\_

c) Using our equipment, technology, and knowledge...

d) BEYOND just \_\_\_\_\_



d. The Marketing Concept (continued)

iii) Three parts to the concept:

(1) The satisfaction of consumers' \_\_\_\_\_,  
\_\_\_\_\_, and \_\_\_\_\_.

(2) at a \_\_\_\_\_

(3) through an \_\_\_\_\_ within the firm.

MICHELLE SKINN – What is Marketing?

a) Understanding consumers' \_\_\_\_\_ and the  
consumers' \_\_\_\_\_ are \_\_\_\_\_

b) It is not about US or our direction, but about  
\_\_\_\_\_; who will use it, who will purchase it

c) How can you \_\_\_\_\_?

iv) NOTES:

(1) Firms must identify and satisfy \_\_\_\_\_  
AND continue to do so!

(2) Competition FORCES sellers to focus on  
\_\_\_\_\_.

(3) Consumers must be seen in the context of all \_\_\_\_\_  
\_\_\_\_\_ factors (managers must also have a “market  
orientation”).

e) The Societal Marketing Concept

i) Assumes that customer satisfaction should be delivered in a way that  
\_\_\_\_\_. (a  
customer's wants/needs may be at odds with what is good for society)

ii) Relates to the Ethics of doing business.

Patagonia Example: ***Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.*** –Patagonia's Mission Statement

f) The Customer Relationship Era

i) \_\_\_\_\_ Orientation

ii) \_\_\_\_\_ Management

iii) \_\_\_\_\_ Experience

XVI) Marketing and:

a) Synergy

i) Managers must create marketing tactics that \_\_\_\_\_  
\_\_\_\_\_

ii) They must \_\_\_\_\_ implementation.

b) Hypercompetition

i) Competitive Advantages do not \_\_\_\_\_. Customer \_\_\_\_\_ and \_\_\_\_\_ require innovation, cost advantages, and quality enhancements.

ii) Changes create new \_\_\_\_\_, with new \_\_\_\_\_.

c) Cross Functional Decision Making Teams

XVII) The Breadth and Depth of Marketing

a) Who Markets?

i) Manufactures

ii) Retailers

iii) Service Providers

iv) Nonprofit Organizations

v) Government

vi) And YOU!

- b) What is Marketed?
  - i) Products
  - ii) Services
  - iii) Ideas
  - iv) Places
  - v) People

VIDEO Commercial EXAMPLES – Who is Doing the Marketing? What is being Marketed? TAKE NOTES ON THESE EXAMPLES!

- c) Who Buys?
  - i) Organizations
  - ii) Ultimate Consumers

- d) Why buy? How consumers benefit:

Marketing creates UTILITY; *Utility* is the satisfaction, value, or usefulness a user receives from a good or a service.

- i) \_\_\_\_\_ – [Ben & Jerry's](#) turns cream, sugar and milk into ice cream
- ii) \_\_\_\_\_ – An ice cream truck brings yummys to your neighborhood
- iii) \_\_\_\_\_ – Your Walmart Supercenter is open 24 hours a day, 365 days a year...you can get ice cream anytime you want it
- iv) \_\_\_\_\_ -- Consumer value is created by allowing easy transferring of a product's ownership. Time payment, leasing, credit, and debit card purchase strategies can be important in making a product more attractive to a consumer.

(Additional Information)

- The role of the Chief Marketing Officer <http://www.marketingprofs.com/8/for-whom-the-bell-tolls-the-cmo-patterson.asp?adref=znnpbsc418>

## Chapter 2: Developing Successful Marketing and Organizational Strategies

HP example: **Where's HP going?**

I) Strategic Planning

- a) If you don't know where you are going, you will \_\_\_\_\_
- b) By failing to prepare, you are preparing \_\_\_\_\_

II) Corporate Strategy

- Corporate strategy is used by ALL firms, whether profit or non-profit, manufacturer or service, entrepreneurship or a global corporation.

III) Marketing Strategy

- a) Selecting and analyzing a \_\_\_\_\_ and
- b) Creating and maintaining an appropriate \_\_\_\_\_ to
- c) Deliver a \_\_\_\_\_ experience
- d) While achieving organizational \_\_\_\_\_.
- e) Whether you are a profit or a nonprofit organization, you need to have a \_\_\_\_\_ to set your direction and achieve your goals.

#### IV) Three levels of Strategy in Organizations



(see text page 27, Figure 2-1, The board of directors oversees the three levels of strategy in organizations: corporate, business unit, and functional)

#### V) Organizational Structure

##### a) Corporate

- i. The “C” level; \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_
- ii. Top management sets and \_\_\_\_\_ the overall strategy for the firm
  - How does this work for our entrepreneurs?
    - Tim Apel, AAA Homes
    - Rob Felber, Felber & Felber Marketing
    - Gary Trinetti, Garick
  - Which of our guest faculty are at the “C” level?
    - Dan Muller, Timken?

##### b) Strategic Business Units ( SBU's )

- i. A division, \_\_\_\_\_, or profit center
- ii. Selling a distinct set of \_\_\_\_\_

to a specific \_\_\_\_\_

against well-defined \_\_\_\_\_.

iii. SBU's operate in markets that have \_\_\_\_\_ sizes, growth rates, opportunities/threats, competition, and profit potential

iv. So, planners must be \_\_\_\_\_ about these in doing planning, in allocating resources, and in performing evaluations

#### VI) Functional/Department Level

- Strategy can be made at three different level:

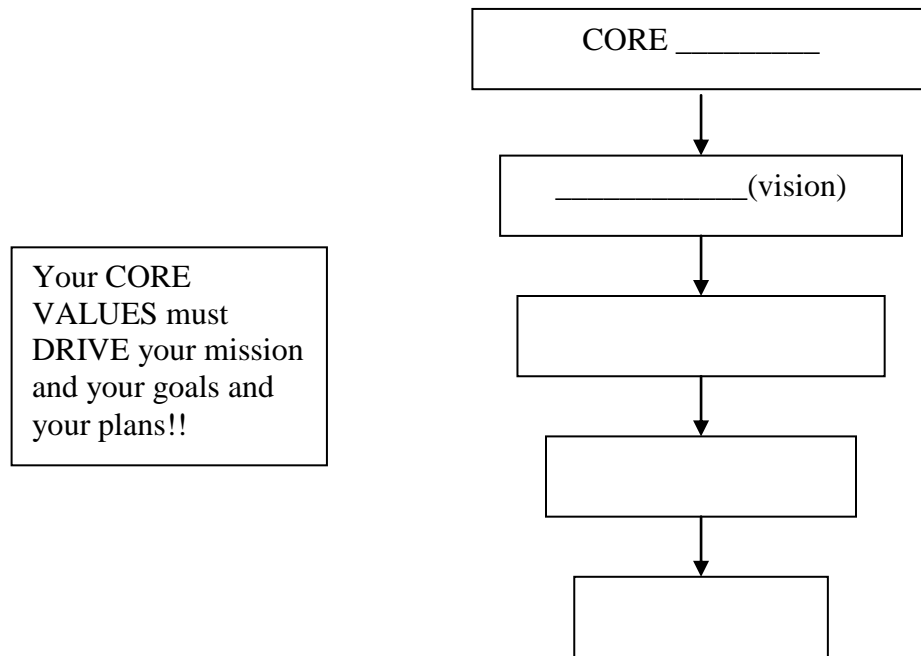
- a) The Corporate Level

- b) The Strategic Business Unit level

- c) The functional or department level

- i. Department input and role:

## VII) Levels of Strategic Market Planning



## VIII) Mission Statement

- a) The mission statement should be a clear and succinct representation of the enterprise's purpose for existence. It should incorporate criteria addressing concepts such as the moral/ethical position of the enterprise, public image, the target market, products/services, the geographic domain and expectations of growth and profitability.
- b) The \_\_\_\_\_ of the Mission Statement should be the first consideration for any employee who is evaluating a strategic decision.
- c) Example – Mission/Vision at Timken
  - i. WAS the “\_\_\_\_\_”
  - ii. BUT that put them in a “\_\_\_\_\_”
  - iii. NEW: \_\_\_\_\_ --Allows “out of the box thinking!”

iv. For customers who are WILLING TO PAY for the \_\_\_\_\_ we create.

v. REMEMBER: “\_\_\_\_\_?”

d) Valerie on Mission

Our \_\_\_\_\_ GUIDES our business activities and what \_\_\_\_\_ we will take on.

IX) Goals or Objectives—Be “S.M.A.R.T.”

- i.
- ii.
- iii.
- iv.
- v.

1) Time Warner Business Services Goal is to “Keep our business \_\_\_\_\_ 25% per year”

Time Warner video:

X) Types of Goals

- a) Profit
- b) Sales Targets
  - i. In Dollars
  - ii. In Unit Sales
- c) Market Share (our percent of the market)
- d) Quality
  - i. High? Acceptable?
- e) Customer Satisfaction
- f) Efficiency
- g) Employee Welfare
- h) Social Responsibility
  - i. Example—Portage County Health Services:

XI) Setting Strategic Directions

a) Understanding where we are NOW (“Three and ½ C’s”)

i. Our \_\_\_\_\_

1) \_\_\_\_\_



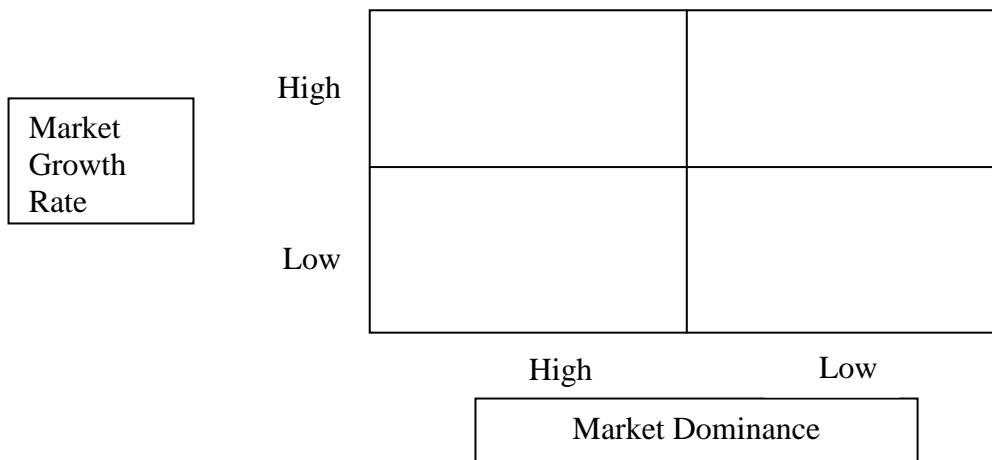
- ii. Our \_\_\_\_\_
- iii. Our \_\_\_\_\_

b) Where do we want to go? Do we want to:

- i.
- ii.
- iii.
- iv.

- Use Portfolio Analysis to help figure it out

XII) Product Portfolio Models – The Boston Consulting Group



a) Cash Cows

- i. Dominant in Low Growth Market
  - 1) Low \_\_\_\_\_
  - 2) Strong \_\_\_\_\_
  - 3) Generate \_\_\_\_\_
  - 4) Do NOT require \_\_\_\_\_
  - 5) Profits flow to \_\_\_\_\_



b) Problem Children

- i. Low Market Share in High Growth Market
  - 1) High \_\_\_\_\_



2) Weak \_\_\_\_\_

3) Typically, require \_\_\_\_\_

c) Star

i. Dominant in High Growth Market

1) High \_\_\_\_\_

2) Profitable, but \_\_\_\_\_

3) Requires \_\_\_\_\_

4) Will be \_\_\_\_\_



d) Dogs

i. Low Market Share in Low Growth Market

1) Low \_\_\_\_\_

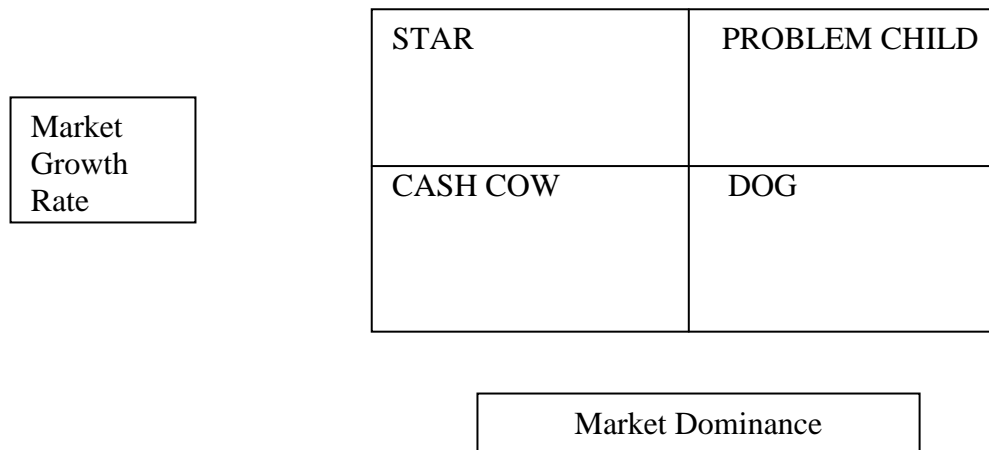
2) Weak \_\_\_\_\_

3) Typically, generate \_\_\_\_\_

4) Not a good candidate for \_\_\_\_\_



Example -- The BCG MODEL and Coca-Cola



XIII) Product Portfolio Models – The Directional Policy Matrix

		Competitive Position		
		STRONG	Medium	weak
Market Attractiveness	HIGH	Maintain Leadership	Challenge the Leader	Overcome, Niche, or Quit
	Medium	Challenge the Leader	Manage for Earnings	Harvest
	low	Cash Generator	Harvest	Divest

XIV) Tracking Strategic Directions with Marketing Dashboards

- a) What are they?
  - i. the visual display on a single computer screen of the essential information related to achieving a marketing objective.

Example – Jim Wise -- Marketing Dashboards at Don Joseph Toyota

- a We can actually get \_\_\_\_\_ information.
  - b But, with good \_\_\_\_\_ we can get the information we need!
  - c How many \_\_\_\_\_
  - d Where are they in the \_\_\_\_\_
  - e Did they \_\_\_\_\_
  - f Did we get \_\_\_\_\_
  - g Dashboards make it easy to \_\_\_\_\_
- b) iDashboards – Driving Business Decisions (<http://www.idashboards.com/>)

Example – Using Dashboards at Don Joseph Toyota for Media Effectiveness

- i). One use is to measure \_\_\_\_\_.
- ii). What \_\_\_\_\_ of media influenced the customer?
- c) Using data to take \_\_\_\_\_

XV) The Strategic Marketing Process

- a) Situation Analysis with \_\_\_\_\_
  - i. Internal Factors
    - 1)

2)

ii. External Factors

1)

2)

Example: Fred Hunt on the Importance of SWOT

a Few \_\_\_\_\_ from the \_\_\_\_\_ are used more than the

SWOT analysis

b When you talk strategy, you go back to \_\_\_\_\_ to ask the deep

\_\_\_\_\_!

c From the analysis you can develop appropriate \_\_\_\_\_

b) ACTIONS based on SWOT:

Location of Factor	Type of Factor	
	FAVORABLE	UNFAVORABLE
Internal	Strength	Weakness
External	Opportunity	Threat

c) Market-Product Focus and Goal Setting

i. \_\_\_\_\_

1) IDENTIFY groups of buyers who (a) have common needs and (b) will respond differently to a marketing effort

ii. \_\_\_\_\_

1) SELECTION of one or more segments and developing a marketing plan to serve them

iii. Jumbo Shrimp Marketing Example (the video)

- Most Big Businesses began small;

- Nike, Dell, Starbucks,
- Is Bigger Always Better?
- Get Bigger by ACTING smaller!

Marketing Rules for How to get BIG by acting smaller!

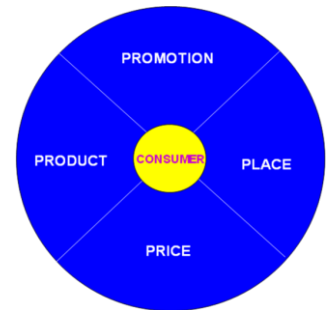
- #1 Be the
- #2 LOVE
- #3 Passion
- #4 Treat
- #5 Redefine



View “Jumbo Shrimp Marketing” at  
[http://www.youtube.com/watch?v=UApCcRqu\\_Xo](http://www.youtube.com/watch?v=UApCcRqu_Xo)

d) The Marketing Program (the 4 P’s of the \_\_\_\_\_)

- i. Product Strategy
- ii. Price Strategy
- iii. Promotion Strategy
- iv. Place (Distribution) Strategy



e) See Text page 42, Figure 2-8 The Elements of the Marketing Mix MUST be blended to produce a COHESIVE marketing program!

XVI) Implementing the Marketing Plan

- a) Obtain Resources
- b) Design the Marketing Organization
- c) Develop the Schedules
- d) Execute the Marketing Program

XVII) Evaluating the Results – Muller at Timken

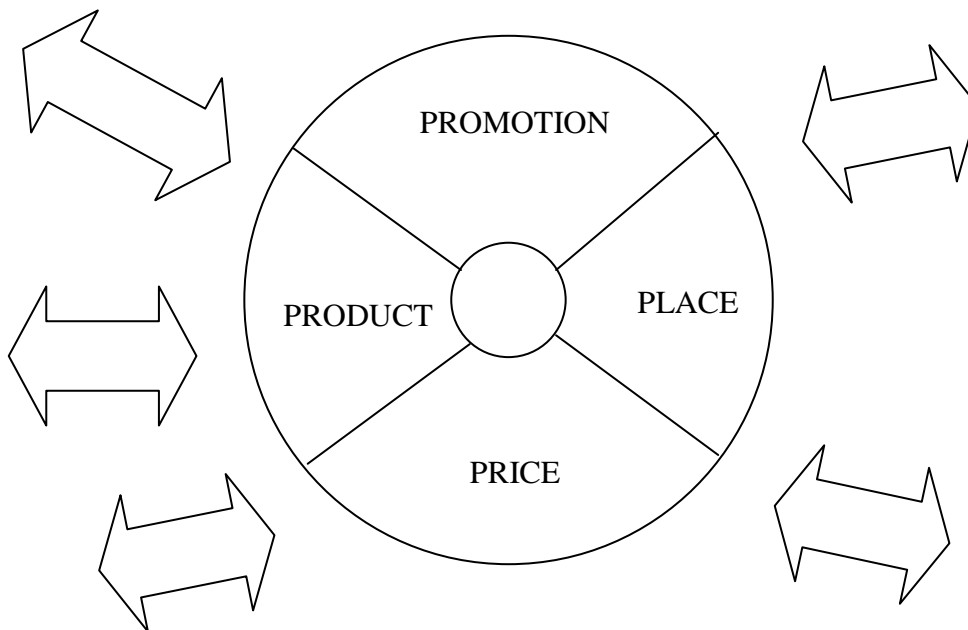
- a) \_\_\_\_\_ used to create communities of interest on Key Performance Indicators
- b) Available \_\_\_\_\_
- c) Reviewed in Monthly \_\_\_\_\_
- d) Everyone goes through the \_\_\_\_\_
- e) People pay attention to \_\_\_\_\_!!

## Chapter 3: Scanning the Marketing Environment

### I) Environmental Scanning

- a) The process of continually acquiring information on events occurring outside the organization to **identify** and **interpret** potential trends.
  - i) Requires \_\_\_\_\_ and \_\_\_\_\_
  - ii) Intelligent \_\_\_\_\_ and \_\_\_\_\_ of the information

### II) Environmental Factors Affecting the Organization (CREST)



### III) Social Forces

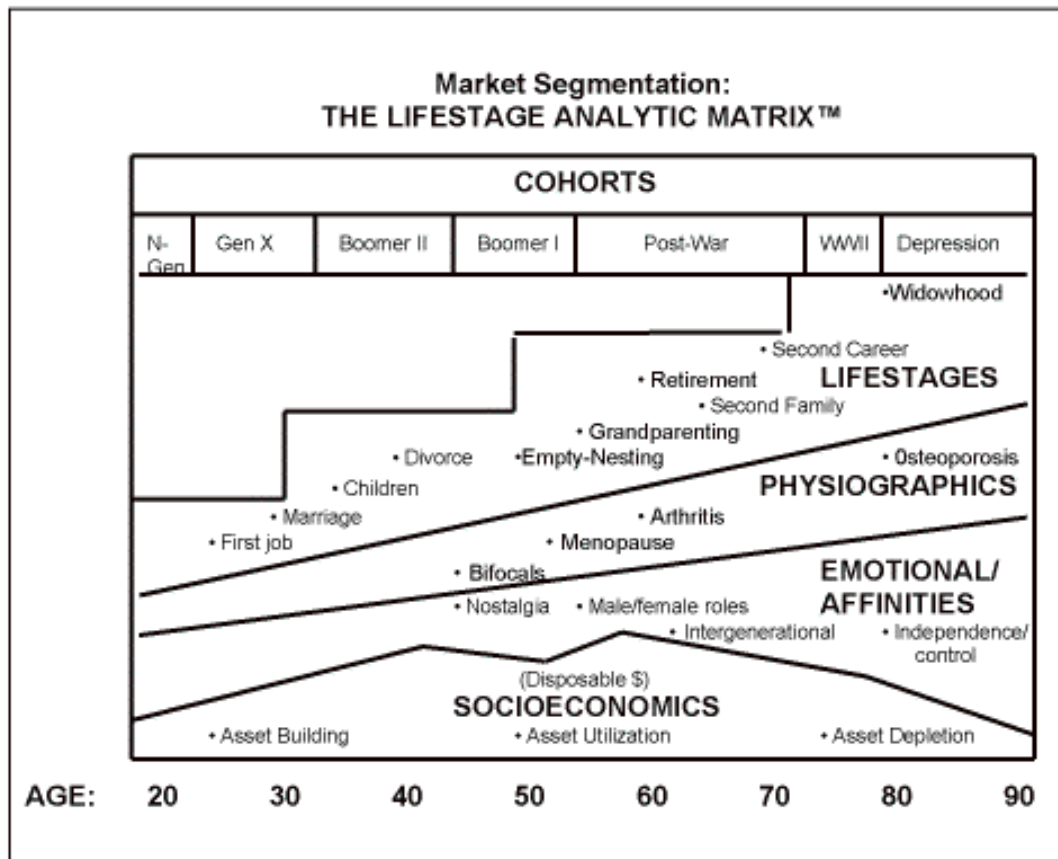
- a) Factors in a society that bring about changes in attitudes, beliefs, norms, customs and lifestyles.
  - i) These affect how people live AND \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ they buy.

### IV) Demographics (a social force)

- a) A population's characteristics such as age, gender, ethnicity, income, and occupation.
  - i) World POPClock <http://www.census.gov/population/popclockworld.html>
  - ii) Poodwaddle [http://www.poodwaddle.com/Stats/ - Population2](http://www.poodwaddle.com/Stats/- Population2)

- b) Generational Cohorts (from the text)
  - i) Baby Boomers: 1946-1964
  - ii) Generation X: 1965-1976
  - iii) Generation Y: 1977-1994
  - iv) Millennials: 1995+
  - v) ADD Generation Z: Mid 2002's to today?? (dates not yet agreed on)
  - vi) Generational Marketing

- V) Social Forces
  - a) Marital Status
  - b) Cohabitation
  - c) Blended Family
  - d) All Brought together in.....The Lifestage Analytic Matrix



<http://www.lifestagemarketing.com/>

- The Seven American Cohorts

source: <http://www.lifestagemarketing.com/overview.swf>

Basic idea: Evoking strategic cohort words, symbols, and memories can bring substantial rewards for marketers.

1. Depression Cohort -- Aged 94+ in 2015.
2. World War II Cohort -- Aged 88-93 in 2015.
3. Post-War Cohort -- Aged 70-87 in 2015.
4. Leading-Edge Baby-Boomer Cohort -- Aged 61-69 in 2015.
5. Trailing-Edge Baby Boomer Cohort -- Aged 50-60 in 2015.

--Engage Boomers

6. Generation X Cohort -- Aged 38-49 in 2015.
7. The Millennial Generation Cohort (Gen Y) -- Aged 20-37 in 2015.

Car example for Millennial's:

Video: Don Kosec – The Impact of Generation Preferences (and Technology)



8. PLUS the newest cohort – Generation Z --Aged new born to 19 in 2015.

e) Racial and Ethnic Diversity

f) Cultural Trends

- i. Green Marketing!
- ii. And...
  - “Healthy Living”
  - “Do-it-yourselfers”
  - “Adventurers”
  - “Cocooning” (stay home more with “creature comforts” – home networks, home theatres)
  - Patriotism

VI) Economic Forces

a) Economy

- i) The factors relating to \_\_\_\_\_, expenditures, and resources that affect the \_\_\_\_\_ of running a business and a household

b) Macroeconomic Conditions

c) Consumer Income

- i) Gross Income (amount earned in a year)
- ii) Disposable Income (after taxes)
- iii) Discretionary Income (after necessities)
- iv) Marketing use of the data...ESRI Communities  
[http://www.esri.com/data/esri\\_data](http://www.esri.com/data/esri_data)

d) Audio Example ECONOMIC FORCES: The response of FORD to the economic slowdown

Video: Rob Felber, Felber & Felber’s Response to Economic Forces

- a) We have been through \_\_\_\_\_
- b) This one is hitting \_\_\_\_\_!
- c) We learn if it affects our \_\_\_\_\_ it affects us...so we need to find ways to \_\_\_\_\_

d) And we need foresight for the next change to \_\_\_\_\_ the change.

## VII) Technological Forces

a) Technology's Impact on Customer Choices and Their Views of "Value"

- i) Reduced costs = customers focus on other attributes
- ii) Introduction of new products
- iii) Changes to production (e.g. increased use of recycling)

b) Time Warner – Consistent Leader in Innovation

c) Electronic Business Technology

i) Marketspace

an information and communication based electronic exchange environment, where physical boundaries no longer interfere with buy/sell decisions.

In a marketspace, information and/or physical goods are exchanged, and transactions take place through computers and networks

- ii) Electronic Commerce
- iii) Intranet
- iv) Extranets

Video Example: An expert manager's reaction to the impact of technological changes on a traditional business

1. How have \_\_\_\_\_

2. Recognize the fact then

3. \_\_\_\_\_????

4. Teaching Point:

This is \_\_\_\_\_ what some \_\_\_\_\_ DO!

## VIII) Competitive Forces

a) Competition

Other firms/organizations/people that want to take your customers/clients from you by providing better need satisfaction than you do, can, or care to.

NOTE: Your success will come from finding a better way to \_\_\_\_\_ (i.e., from a "competitive advantage"). NOT from your "need" to \_\_\_\_\_ (which is the wrong focus)

b) Alternative Forms of Competition

i) Pure Competition

(1) Large number of sellers

- (2) Similar Products
  - (3) Distribution is very important
- Example:

ii) Monopolistic Competition: many competitors in the market and no one firm has significant control over the market price. Each company produces a similar product but differentiation is possible.

- (1) Large number of sellers
- (2) Products are unique, but substitution can occur
- (3) Pricing is important

Examples include \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, shampoos, toilet paper.

iii) Oligopoly: market is dominated by a small number of sellers.

- (1) A few large competitors
- (2) Products are relatively similar
- (3) Promotion is the key to demonstrate product differences

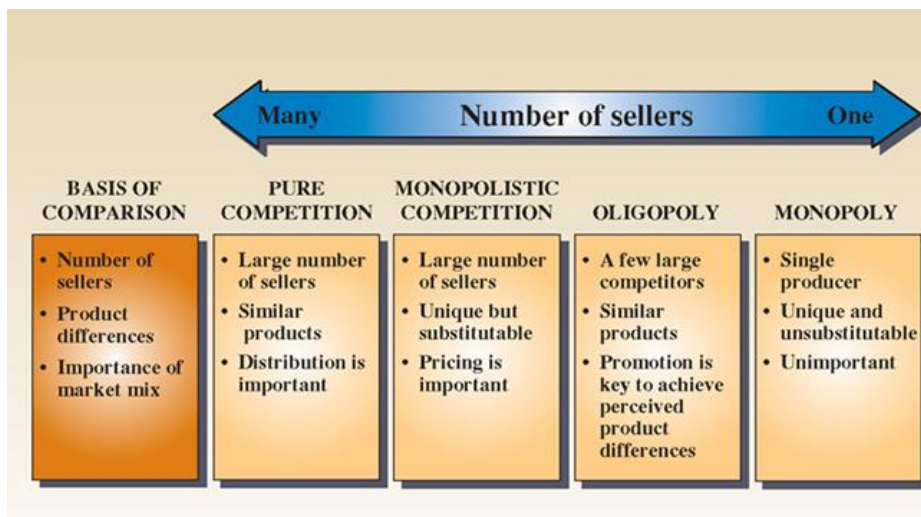
Examples:

iv) Pure Monopoly

- (1) A single producer
- (2) A unique and unsubstitutable product
- (3) The marketing mix is not an important factor

Examples:

Graphic: A continuum of competition



c) Types of Competition

- Consumers have \_\_\_\_\_
- Companies compete for \_\_\_\_\_

i) At the Brand level -- Brand Competition

Selling the same type of product that you do (e.g., Colgate or Crest?)

ii) At the Product level -- Substitute Product Competition

Offers consumers a choice of how to spend their dollars within a broad product category ( \_\_\_\_\_ or \_\_\_\_\_?)

iii) At the Company level -- Every Company/Spending Opportunity  
Given limited discretionary income, consumers must decide whether to save, donate, or spend on a variety of possible products/services

iv) HOW does a firm successfully compete?

(1) YOUR goal is to find a \_\_\_\_\_

\_\_\_\_\_  
“If you \_\_\_\_\_, would anyone \_\_\_\_\_ you?”

(2) Having gained it, you must \_\_\_\_\_

d) Response to Competitive Trend

Audio Example -- Italy “allows” wine in boxes!! What changed their minds?

(1) Realization that they would NOT be able to \_\_\_\_\_ in a global market without \_\_\_\_\_ some traditional restrictions.

(2) Boxed wine is the \_\_\_\_\_

(3) NOT for the \_\_\_\_\_

(4) Northern Europe is \_\_\_\_\_ of the market!

(5) In the U.S. \_\_\_\_\_ to \_\_\_\_\_ of market.

(6) It is \_\_\_\_\_ to produce

IX) Political and Legal Forces (see the textbook)

a) Monetary and Fiscal Policies

- e.g., Government Spending

b) Social Legislation and Regulation

- e.g., Antipollution Laws

c) To Regulate Competition

- e.g., Rules on monopolies and restraint of trade

- d) To Protect Consumer
  - e.g., Regulation of Food and Drug Labels

## Chapter 4: Ethical and Social Responsibility in Marketing

- I) Ethics
  - a) The \_\_\_\_\_ and \_\_\_\_\_ that guide the actions and decisions of an individual or a group
- II) Business Ethics
  - a) involves what is right and wrong in the workplace...and doing right.
    - *Unethical business behavior can get you investigated, fired or \_\_\_\_\_!*
- III) Business Ethics: WHO NEEDS IT?
  - a) “NO ONE” Because:
    - i) It’s religion, not business.
    - ii) Our people ARE ethical.
    - iii) It’s for philosophers.
    - iv) It’s Obvious--”Do Good”
    - v) It’s preaching
    - vi) It’s just a recent fad.
    - vii) Ethics can’t be managed.
    - viii) It’s the same as “social responsibility.”
    - ix) If a firm is not in legal trouble, it’s ethical.
    - x) Managing ethics has little practical relevance.
  - b) Well, maybe....BUT
    - i) Nestle’s -- Infant formula
    - ii) Beech-Nut -- watered apple juice
    - iii) Manville -- asbestos & employees
    - iv) E.F. Hutton -- kiting scheme
    - v) Union Carbide -- Bhopal, India
    - vi) Enron – Conflicts of Interest
    - vii) Worldcom/MCI – Inflated Accounting Reports
    - viii) Martha Steward – Insider Trading
    - ix) Bernie Madoff -- First Jail, Then Bankruptcy for Madoff
  - x) Nike – Questionable Hiring Practices
    - (1) The Background
      - (a) Nike has been heavily criticized for NOT being \_\_\_\_\_
      - (b) Accusation: use of sweatshops and child labor overseas, and \_\_\_\_\_.
      - (c) Accusation: targeting \_\_\_\_\_ by making shoes an expensive status symbol for poor urban street kids.

(2) Nike's Corrective Behavior

- (a) \_\_\_\_\_ and six-point plan ensures more socially responsible labor practices & commissioned an independent study of Nike factories abroad.
- (b) Created a huge \_\_\_\_\_ department and publishes a Corporate Responsibility Report.
- (c) The Nike Foundation works to unleash the unique potential of adolescent girls to end poverty for themselves and for the world.

IV) Figure 4-1 (text page 93) Four ways to classify marketing decisions according to ethical and legal relationships

- a) Unethical AND Illegal – DUH!
- b) Ethical AND Legal – Okay to consider
- c) Ethical but Illegal?
- d) Unethical but Legal?

	Illegal	Legal
Ethical		
Unethical		

V) Criticism of Marketing

- a) High prices
- b) Deceptive practices
- c) High-pressure selling
- d) Shoddy, harmful, or unsafe products
- e) Planned obsolescence
- f) Poor service to disadvantaged consumers
- g) WHEN THESE OCCUR, they have **impact on**
  - i)
  - ii)
  - iii)

VI) High Prices

- a) Causes:
  - i) High costs of \_\_\_\_\_ and \_\_\_\_\_
    - Consumers want convenience, they want lots of assortment, they want easy return privileges, etc.
  - ii) High \_\_\_\_\_ and \_\_\_\_\_ Costs
- Generic vs. Branded? ***Why such a difference between generic and branded product prices?***

Example:

- b) SO, markups that result in high prices often reflect services that customers WANT and are willing to pay for:
  - i) Convenience
  - ii) Image
  - iii) Safety
  - iv) Service
  - v) Return privileges, warranties

VII) Deceptive Practices

a) Deceptive Pricing

i)

b) Deceptive Promotions

i)

c) Deceptive Packaging

i)

d) Deceptive Practices lead to:

i) Legislation

e) Is Puffery Deception?

Puffery as a legal term refers to promotional statements and claims that express subjective rather than objective views, such that no \_\_\_\_\_ would take them literally.

f) Harm Business / Buyer Beware

VIII) High-Pressure Selling

a) Some people are trained to deliver

i) High-pressure selling persuades people to

ii) High-pressure selling can occur because

b) It DOES happen

c) BUT, it is not "standard business practice"

i) High-pressure selling is \_\_\_\_\_ long-term relationships.

## IX) Unsafe Products

- a) Products that are not made well or services that are not performed well.
- b) Products that deliver little benefit or that may be harmful
- c) Unsafe products come from:
  - i) Manufacturer \_\_\_\_\_
  - ii) Increased \_\_\_\_\_
  - iii) Poorly trained \_\_\_\_\_
  - iv) Poor quality \_\_\_\_\_, and
  - v) Outright \_\_\_\_\_ people.

Example -- Wal-Mart Pulling Children's Jewelry With Toxic Metals

Example – Lead Paint on Toys made in China

Example – Salmonella problems in the food supply

- d) Consumer Product Safety Commission provides HELP for consumers
  - i) Mission  
"To protect consumers against unreasonable risk of injury by developing voluntary and mandatory standards, banning dangerous consumer products, issuing recalls of products already on the market, and researching potential hazards associated with consumer products."  
<http://www.cpsc.gov/>
- e) Video: Apel on Safe/Quality Products
  - i) Fix \_\_\_\_\_ and fix them right
  - ii) Get products that provide the little features that consumers WON'T notice at first, but that they \_\_\_\_\_ later
  - iii) The result is a \_\_\_\_\_ who will be happy and who will come back and refer others!

## X) Planned Obsolescence

- a) Products needing replacement before they should because they are obsolete
- b) Producers who influence consumer concepts of acceptable styles
- c) Intentionally holding back attractive functional features, then introducing them later to make old model obsolete.
- d) The case of the Apple iPhone

## XI) Poor Service to Disadvantaged Consumers

- a) Poor are forced to shop in smaller stores where they \_\_\_\_\_ for \_\_\_\_\_ goods.
- b) "Redlining" by national chain stores occurs in disadvantaged neighborhoods.



- i) Redlining charges have also been leveled against insurers, banking, health care providers and others.
- c) Poor are targeted for “rapid refunds.”

XII) Cultural Pollution

- a) Mass communication media is \_\_\_\_\_ and reaches outside target segment,
- b) But, \_\_\_\_\_ keeps the cost of radio and television free and magazines/newspaper down, and
- c) Consumers can opt for technologies or media that reduce or eliminate ads

XIII) Questionable Judgments in Advertising

- a) Example: Provocative ads for Clearasil upset parents.
- b) Are such ads:
  - i) Over the top?
  - ii) Unethical?
  - iii) Humorous? Funny?
- c) Should they be:
  - i) \_\_\_\_\_?
  - ii) \_\_\_\_\_?
  - iii) Or should \_\_\_\_\_ be the main influence?
- d) Clearasil’s Response  
Our objective is to inform and entertain, not to \_\_\_\_\_. We have found that Clearasil consumers see this ad as we intended: a humorous and unrealistic presentation of an awkward family event.

e) GoDaddy.com example:

- i) Do you like their Super Bowl ads?
  - (1) Rated on Artistic content \_\_\_\_\_
  - (2) Based on personal moral views \_\_\_\_\_
  - (3) But if you’re a marketer \_\_\_\_\_
  - (4) The bottom line is \_\_\_\_\_
  - (5) Example results:

f) PepsiCo Recycling

- i) Dream Machines

- (1) PepsiCo: goal of increasing the U.S. beverage container recycling rate to \_\_\_\_\_%
- (2) Dream Machines are \_\_\_\_\_ kiosks providing an easy, convenient and \_\_\_\_\_ way to recycle bottles and cans on the go.
- (3) Users receive \_\_\_\_\_

XIV) Management's Response to the need to be ethical

- a) Corporate Culture
  - i) Aveda example:  
<http://www.aveda.com/discover/index.tmpl#section=mission>  
 Our mission at Aveda is to care for the world we live in, from the products we make to the ways in which we give back to society. At Aveda, we strive to set an example for environmental leadership and responsibility, not just in the world of beauty, but around the world.
- b) Codes of Ethics
- c) Behavior of Top Management
  - i) Ombudsman for Ethics
- d) MANAGING the ethical environment of your firm and its employees!
- e) Video: Kosec – Ethics begins at the top!
  - i) If you are not ethical then I can't \_\_\_\_\_ or \_\_\_\_\_ you!
  - ii) We want \_\_\_\_\_ in our marketing
  - iii) MCI \_\_\_\_\_ as a result of unethical practices
  - iv) Sarbanse-Oxley
  - v) Ethics starts at the
- f) Video: Hunt on Ethics – It all starts at the top
  - i) Based on my experience it all \_\_\_\_\_.
  - ii) At Sherwin-Williams the \_\_\_\_\_ are exemplary and they emphasize this in all areas of the firm
  - iii) As a result, it is a \_\_\_\_\_

XV) Good ethics IS Good Business

- a) For shareholders
- b) For Employees
- c) For business partners
- d) For Customers/Clients
- e) And for Society!

Patagonia example:

- Patagonia lately has been urging its outdoorsy customers to "\_\_\_\_\_ " and question whether they really need that several-hundred-dollar new parka, even from Patagonia.
- The result? Patagonia's fans and customers are both joining the brand's sustainability cause—and buying more new parkas from Patagonia

## XVI) AMA Ethics Statement

<http://www.marketingpower.com/AboutAMA/Pages/Statement%20of%20Ethics.aspx>

<http://www.marketingpower.com/AboutAMA/Pages/Statement%20of%20Ethics.aspx>

### *PREAMBLE*

The American Marketing Association commits itself to promoting the highest standard of professional ethical norms and values for its members (practitioners, academics and students). Norms are established standards of conduct that are expected and maintained by society and/or professional organizations. Values represent the collective conception of what communities find desirable, important and morally proper. Values also serve as the criteria for evaluating our own personal actions and the actions of others. As marketers, we recognize that we not only serve our organizations but also act as stewards of society in creating, facilitating and executing the transactions that are part of the greater economy. In this role, marketers are expected to embrace the highest professional ethical norms and the ethical values implied by our responsibility toward multiple stakeholders (e.g., customers, employees, investors, peers, channel members, regulators and the host community).

### ***ETHICAL NORMS – As Marketers, we must:***

1. **Do no harm.** This means consciously avoiding harmful actions or omissions by embodying high ethical standards and adhering to all applicable laws and regulations in the choices we make.
2. **Foster trust in the marketing system.** This means striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution.
3. **Embrace ethical values.** This means building relationships and enhancing consumer confidence in the integrity of marketing by affirming these core values: honesty, responsibility, fairness, respect, transparency and citizenship.

### ***ETHICAL VALUES***

**Honesty** – to be forthright in dealings with customers and stakeholders. To this end, we will:

- ~Strive to be truthful in all situations and at all times.
- ~Offer products of value that do what we claim in our communications.
- ~Stand behind our products if they fail to deliver their claimed benefits.
- ~Honor our explicit and implicit commitments and promises.

**Responsibility** – to accept the consequences of our marketing decisions and strategies. To this end, we will:

- ~Strive to serve the needs of customers.
- ~Avoid using coercion with all stakeholders.
- ~Acknowledge the social obligations to stakeholders that come with increased marketing and economic power.
- ~Recognize our special commitments to vulnerable market segments such as children, seniors, the economically impoverished, market illiterates and others who may be substantially disadvantaged.
- ~Consider environmental stewardship in our decision-making.

**Fairness** – to balance justly the needs of the buyer with the interests of the seller. To this end, we will:

- ~Represent products in a clear way in selling, advertising and other forms of communication; this includes the avoidance of false, misleading and deceptive promotion.

~Reject manipulations and sales tactics that harm customer trust.  
Refuse to engage in price fixing, predatory pricing, price gouging or “bait-and-switch” tactics.  
~Avoid knowing participation in conflicts of interest.  
Seek to protect the private information of customers, employees and partners.

**Respect** – to acknowledge the basic human dignity of all stakeholders. To this end, we will:

~Value individual differences and avoid stereotyping customers or depicting demographic groups (e.g., gender, race, sexual orientation) in a negative or dehumanizing way.  
~Listen to the needs of customers and make all reasonable efforts to monitor and improve their satisfaction on an ongoing basis.  
~Make every effort to understand and respectfully treat buyers, suppliers, intermediaries and distributors from all cultures.  
~Acknowledge the contributions of others, such as consultants, employees and coworkers, to marketing endeavors.  
~Treat everyone, including our competitors, as we would wish to be treated.

**Transparency** – to create a spirit of openness in marketing operations. To this end, we will:

~Strive to communicate clearly with all constituencies.  
~Accept constructive criticism from customers and other stakeholders.  
~Explain and take appropriate action regarding significant product or service risks, component substitutions or other foreseeable eventualities that could affect customers or their perception of the purchase decision.  
~Disclose list prices and terms of financing as well as available price deals and adjustments.

**Citizenship** – to fulfill the economic, legal, philanthropic and societal responsibilities that serve stakeholders. To this end, we will:

~Strive to protect the ecological environment in the execution of marketing campaigns.  
~Give back to the community through volunteerism and charitable donations.  
Contribute to the overall betterment of marketing and its reputation.  
~Urge supply chain members to ensure that trade is fair for all participants, including producers in developing countries.

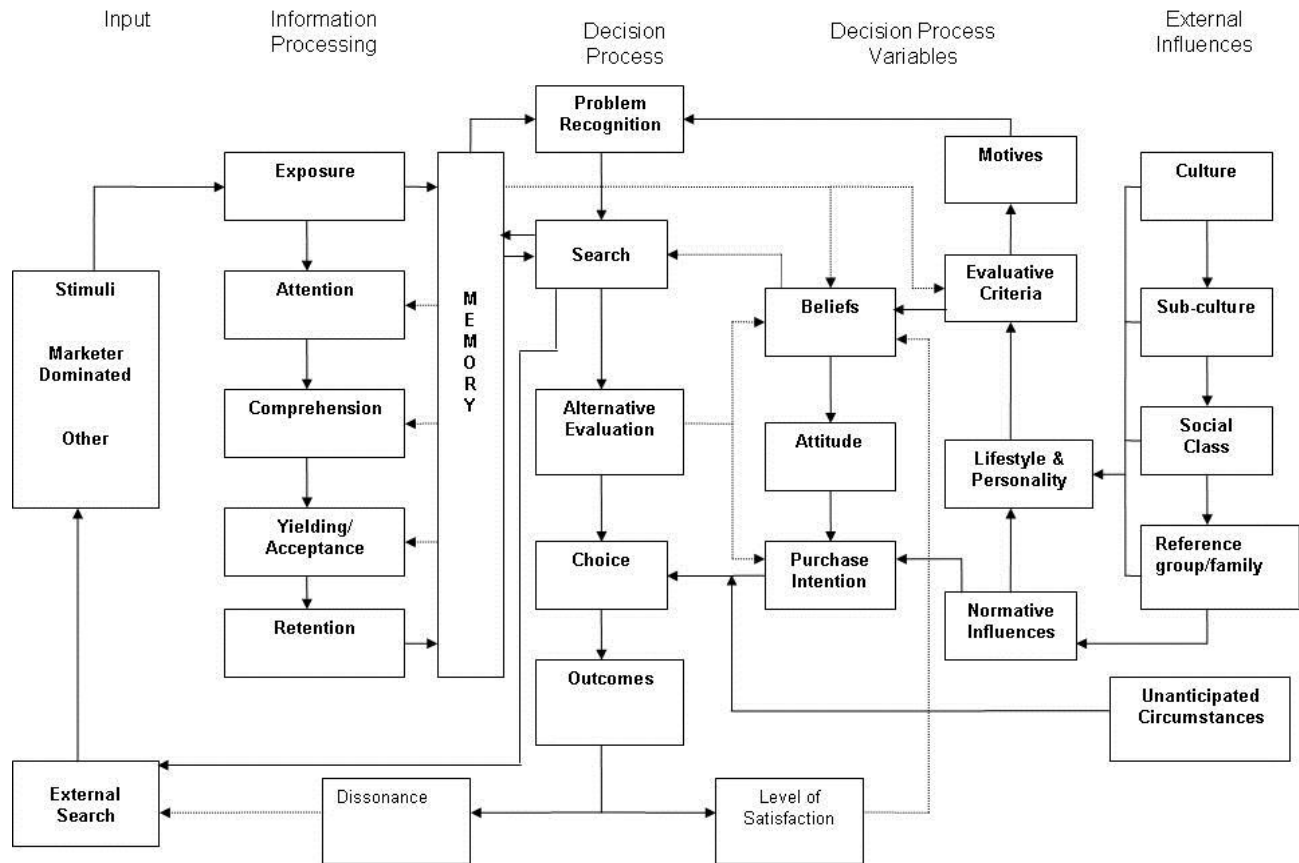
### **IMPLEMENTATION**

We expect AMA members to be courageous and proactive in leading and/or aiding their organizations in the fulfillment of the explicit and implicit promises made to those stakeholders. We recognize that every industry sector and marketing sub-discipline (e.g., marketing research, e-commerce, Internet selling, direct marketing, and advertising) has its own specific ethical issues that require policies and commentary. An array of such codes can be accessed through links on the AMA Web site. Consistent with the principle of subsidiarity (solving issues at the level where the expertise resides), we encourage all such groups to develop and/or refine their industry and discipline-specific codes of ethics to supplement these guiding ethical norms and values.

## Chapter 5: Understanding Consumer Behavior

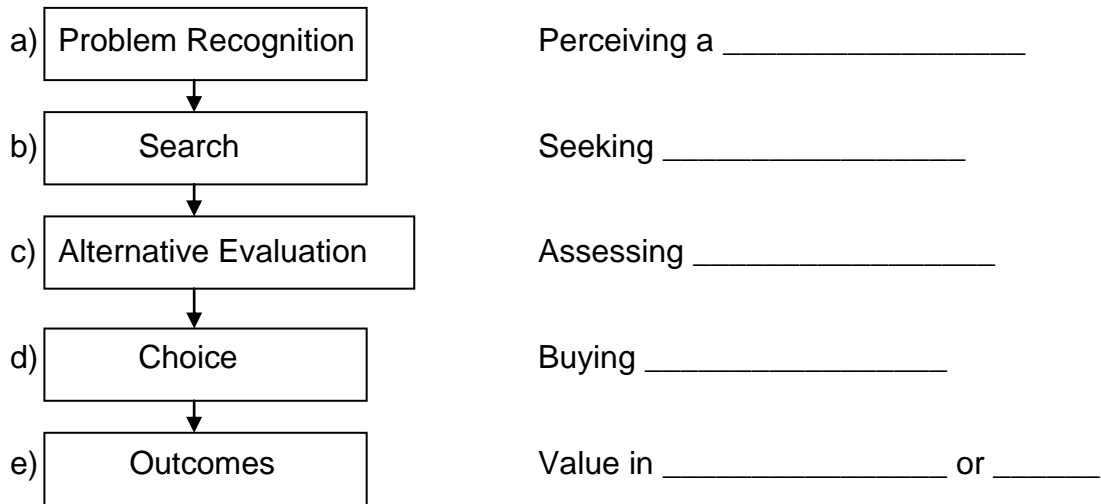
- I) Video: Michele Skinn, on the importance of understanding consumers' motivations
- a) Learning the motivation is \_\_\_\_\_
  - b) Understand WHY the consumer \_\_\_\_\_
  - c) or your \_\_\_\_\_
  - d) Understand their motivation and then \_\_\_\_\_

II) A Model of Consumer Behavior, Adapted from Engle, Kollat, and Blackwell



Comments:

### III) The Purchase Decision Process Consists of Five Stages



### IV) Purchase Decision Process Stages – Problem Recognition

- a) A perception that there is a \_\_\_\_\_ between the \_\_\_\_\_ situation and the \_\_\_\_\_ situation.
- b) Influenced by:
  - i) Internal needs and \_\_\_\_\_, and by
  - ii) \_\_\_\_\_, which can activate Problem Recognition through marketing communications which highlight
    - (1) the limitations of \_\_\_\_\_, or
    - (2) limitations of \_\_\_\_\_

### V) Purchase Decision Process Stages – Information Search

- a) First, we search \_\_\_\_\_
  - i) What types of things do we recall?
  
- b) Then, we may do an \_\_\_\_\_, including:
  - i)

ii)

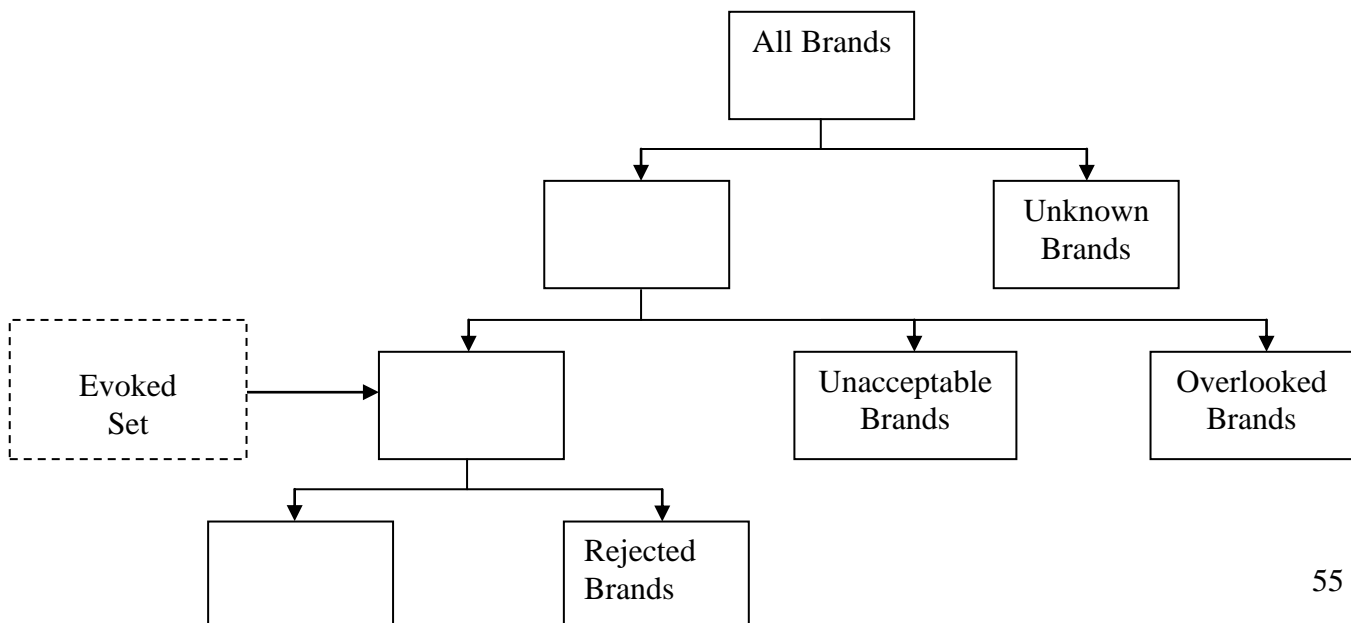
iii)

## VI) Purchase Decision Process Stages – Alternative Evaluation

- a) HOW will the consumer decide \_\_\_\_\_
- b) \_\_\_\_\_ are the Factors that represent the brand's characteristics (as perceived by the consumer). They are used to compare the possible brand choices.
- c) Marketers attempt to \_\_\_\_\_  
\_\_\_\_\_

### Video Example: Windows vs. iPad commercial

- d) Consumers use their \_\_\_\_\_ to compare the alternatives in their CONSIDERATION SET (also called the \_\_\_\_\_)
- e) Purchase Decision Process Stages – Alternative Evaluation – Understanding the CONSIDERATION SET of brands
  - i) Consumers' information search should result in a \_\_\_\_\_
  - ii) Brands that consumers actually CONSIDER before making a purchase decision are known as \_\_\_\_\_ or \_\_\_\_\_ (\_\_\_\_\_)



VII) Purchase Decision Process Stages – Alternative Evaluation – Belief, Attitudes, and Purchase Intention

- a) As they evaluate the brand choices, consumers form \_\_\_\_\_ about the brands, and \_\_\_\_\_ or \_\_\_\_\_ attitudes.
- b) The result is an \_\_\_\_\_ to make a purchase including which Brand to buy, where to buy, when to buy, how to pay, etc.

VIII) Purchase Decision Process Stages – Post-Purchase Behavior

- a) Consumers make the purchase (choice) based on their evaluations and their purchase intentions....and then they
- b) Consumers' Level of Satisfaction is based on their \_\_\_\_\_ and their \_\_\_\_\_
  - i) If Perceived Performance is BELOW Expectations then consumers are \_\_\_\_\_
  - ii) If Perceived Performance EQUALS Expectations then consumers are \_\_\_\_\_
  - iii) If Perceived Performance EXCEEDS Expectations then consumers are \_\_\_\_\_
  - iv) SO, Marketers should promise what \_\_\_\_\_
  - v) Some marketers will \_\_\_\_\_
- c) \_\_\_\_\_ is the feeling of anxiety consumers often experience when they must choose between attractive alternatives
  - i) It can occur REGARDLESS of the \_\_\_\_\_

Example:



- d) Marketers help MINIMIZE dissonance by:
  - i) Reassuring consumers they made the right choice and minimizing product misuse through \_\_\_\_\_
  - ii) Offering ways for \_\_\_\_\_
  - iii) Being RESPONSIVE to \_\_\_\_\_

IX) Consumers' Decision Making is Influenced by how INVOLVED they are with the decision (the following details are from the **chart** shown in the lecture):

- a) When consumers' involvement is \_\_\_\_\_, they engaged in Routine decision making.
  - i) Typically, such decisions take a \_\_\_\_\_ time to make
  - ii) The cost of the product is usually \_\_\_\_\_
  - iii) Consumers will only search \_\_\_\_\_
  - iv) And they consider \_\_\_\_\_ brand or alternative
- b) When consumers' involvement is MODERATE, they engage in \_\_\_\_\_ decision making.
  - i) Typically, such decisions take a \_\_\_\_\_ time to make
  - ii) The cost of the product is usually \_\_\_\_\_
  - iii) Consumers will search mostly \_\_\_\_\_
  - iv) And they consider \_\_\_\_\_ brands or alternatives
- c) When consumers' involvement is HIGH, they engage in \_\_\_\_\_ decision making.
  - i) Typically, such decisions take a \_\_\_\_\_ time to make
  - ii) The cost of the product is usually \_\_\_\_\_
  - iii) Consumers will search \_\_\_\_\_
  - iv) And they consider \_\_\_\_\_ brands or alternatives
- d) Examples (from the chart):

X) Psychological Influences on Consumers' Purchase Decisions

- a) Motivation – the energizing force that stimulates behavior to satisfy a need
- b) Personality–A person's tendency to respond in a consistent way to situations
- c) Perception– the processes by which people select, organize, and interpret information
- d) Learning–behaviors resulting from repeated experiences and from reasoning
- e) Values, Beliefs, and Attitudes
- f) Lifestyle–A person's "mode of living"

XI) Psychological Influences Consumer Decision Making – Motivation

- Link to our model of Consumer Behavior
- a) Maslow's Hierarch of Needs (see Figure 5-5, text page 119)
  - i) Physiological Needs: Food, water, oxygen

Ad Example:

- ii) Safety Needs: Freedom from physical harm; financial security

Ad Example:

- iii) Social Needs: Friendship, belonging, love

Ad Example:

- iv) Personal Needs: Status, respect, prestige

Ad Example:

- v) Self-actualization needs: Self-fulfillment

Ad Example:

XII) Psychological Influences Consumer Decision Making – Personality

- a) Personality is a person's \_\_\_\_\_ that influence their behaviors
  - i) If a person is confident, dependent, fearful, or sexual in their everyday life, these same traits likely will influence them in their style of \_\_\_\_\_

XIII) Psychological Influences Consumer Decision Making – Perception

- a) \_\_\_\_\_ is the process of receiving, organizing, and giving meaning to stimuli detected by one of our five senses.
- b) However, not everyone gets the same meaning from the same stimuli due, in part, to:
  - i) Selective Perception
  - ii) Selective Exposure
  - iii) Selective Comprehension
  - iv) Selective Retention
  - v) Subliminal Perception???
- c) Selective Perception
  - i) Is the process which we use to determine “\_\_\_\_\_” to perceive.
  - ii) Due to this selective process, we may omit items, add, or even change what we see, feel, or hear.
  - iii) Selective perception doesn’t happen all at once but occurs in various stages including exposure, comprehension, and retention
  - Male vs. Female – Differences in Perception video example:
- d) Selective Exposure
  - i) From the variety of communication available to them, people \_\_\_\_\_
  - ii) They tend to view communication (e.g., ads) that reaffirm preexisting ideas and attitudes, thereby bolstering their image of themselves and what they "know".
  - iii) Marketers need to find ways to “\_\_\_\_\_” barriers to perception!
    - Example:
  - iv) People rarely read Web pages, instead they \_\_\_\_\_
- e) Selective Comprehension
  - i) This involves interpreting discrepant information so that it is \_\_\_\_\_ with beliefs and attitudes.

(1) It was once reported in a study that \_\_\_\_\_ of non-smokers believed the link between smoking and lung cancer was proven;

(2) yet only \_\_\_\_\_ of heavy smokers accepted the link!!

- Example

f) Selective Retention

- People remember more accurately messages that are favorable to their \_\_\_\_\_ than messages that are unfavorable.
- People remember the good things and forget the bad. Selective retention thus reinforces one's \_\_\_\_\_.
- Marketers need to find ways to help consumers to \_\_\_\_\_ their message.

g) Subliminal Perception???

h) SO, consumers perceive marketing stimuli \_\_\_\_\_ because each individual is unique in the combination of his or her needs, attitudes, experiences, and personal characteristics.

- AND, identical advertisements, packages, or products may be perceived \_\_\_\_\_ by consumers

XIV) Psychological Influences Consumer Decision Making – Perceived Risk

a) Perceived risk involves the perceptions of the riskiness of the purchase. There are several types that marketers must understand, including:

- \_\_\_\_\_ Risk
- \_\_\_\_\_ Risk
- \_\_\_\_\_ Risk
- \_\_\_\_\_ Risk

b) Marketers must understand their consumers' perceptions of risk and address them

- Video Example – Reducing Financial Risk

XV) Psychological Influences Consumer Decision Making – Learning

**a) Learning involves changes in behavior resulting from observation and experience.**

i) \_\_\_\_\_ Conditioning  
\_\_\_\_\_ and his \_\_\_\_\_

ii) \_\_\_\_\_ Conditioning  
\_\_\_\_\_ and his \_\_\_\_\_

iii) \_\_\_\_\_ Learning

iv) \_\_\_\_\_ Learning

**b) Brand Loyalty**

i) Consumers can \_\_\_\_\_ to \_\_\_\_\_ a brand over all others....this is rather important to marketers!

XVI) Psychological Influences Consumer Decision Making – Attitudes and Beliefs

a) Based on what they have learned from processing information, evaluating alternatives, making a choice, and evaluating the choice consumers

b) form \_\_\_\_\_ about the stores, products, decision processes, and

c) form attitudes ( \_\_\_\_\_ ) about these

d) When attitudes are POSITIVE they \_\_\_\_\_

e) When attitudes don't exist (e.g., for a new or for an unknown brand) or when they are NEGATIVE they \_\_\_\_\_

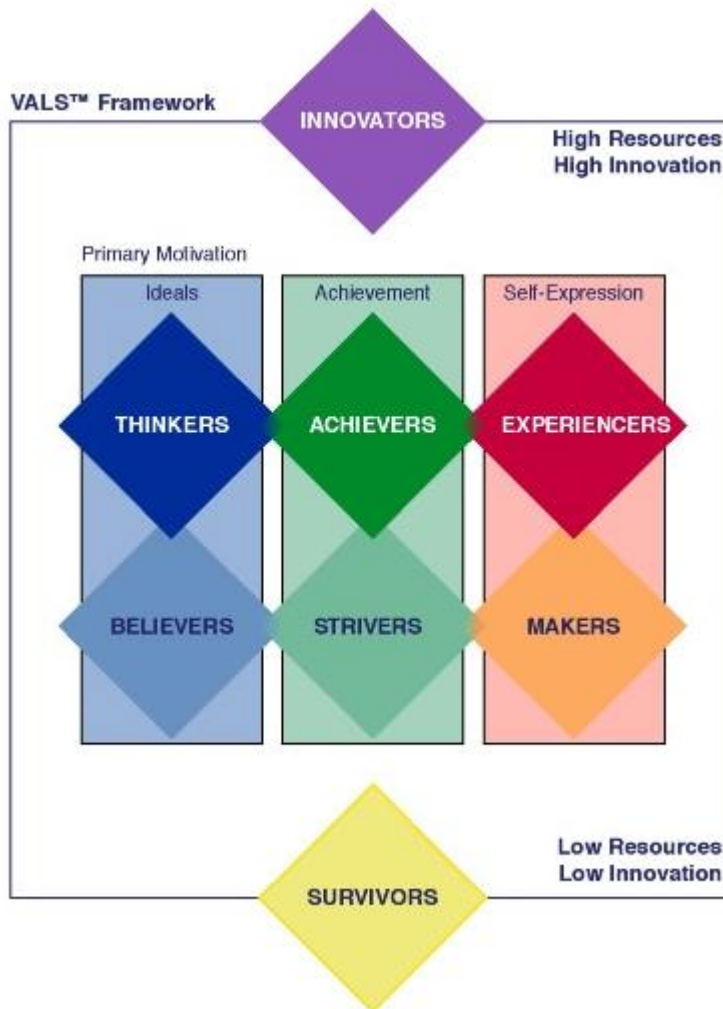
f) Marketers attempt to Change Unfavorable Attitudes (using \_\_\_\_\_) by:

- i) Changing Beliefs About a Brand's \_\_\_\_\_
  - ii) Changing the Consumer's Perception of the Importance of the Brand's \_\_\_\_\_
  - iii) Adding New Product \_\_\_\_\_
- Body Wash & masculine nail polish example:

XVII) Psychological Influences Consumer Decision Making – Lifestyles

- a) \_\_\_\_\_ -- Individual patterns of living as reflected by interests, opinions, spending habits, and activities.
- b) \_\_\_\_\_ -- A technique of measuring lifestyle and VALS

<http://www.strategicbusinessinsights.com/vals/ustypes.shtml>



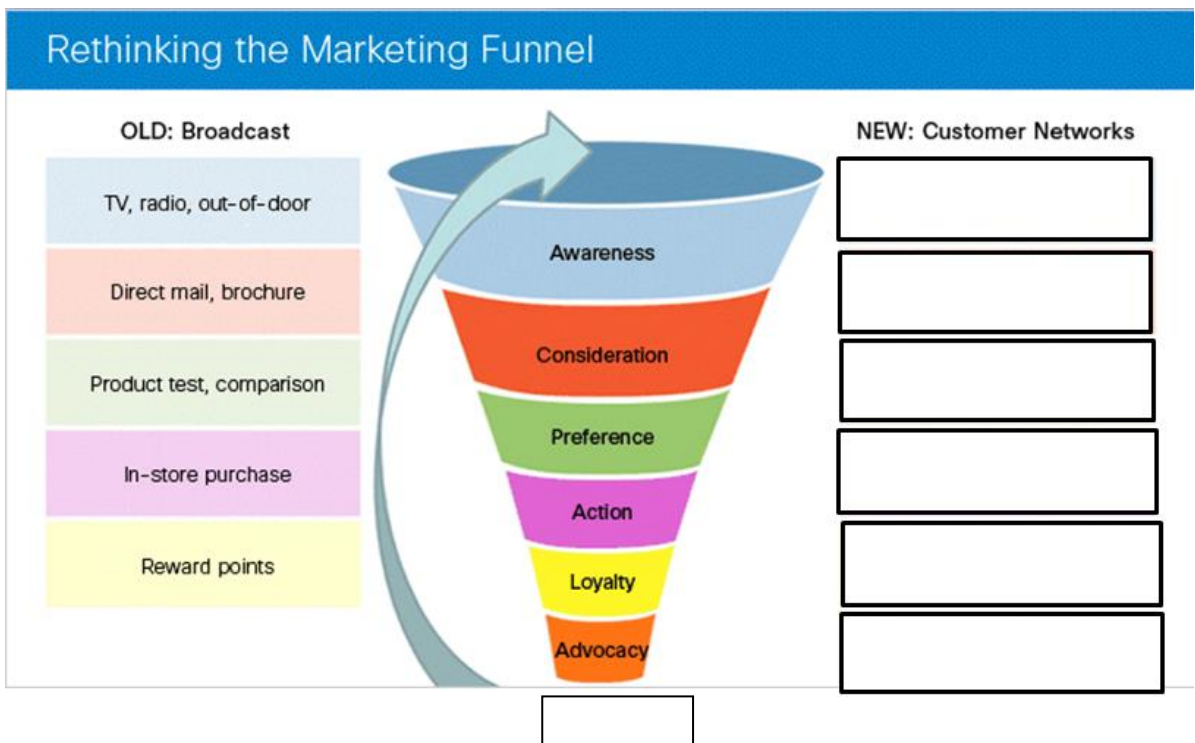
XVIII) Influences on Consumers' Purchase Decisions – Sociocultural

a) Sociocultural Influences (link to our model of Consumer Behavior)

- i) Personal Influence
- ii) Reference Groups
- iii) Family
- iv) Social Class
- v) Subculture
- vi) Culture

b) Personal Influence

- i) Product Trial, Brand Evaluation, Purchase Decisions, and Satisfaction can be influenced by the attitudes of “others.”
  - (1) Opinion Leaders
  - (2) Word of Mouth
    - (a) Buzz



- The IMPACT of WOM “buzz” -- Philips Sonicare Essence Example:

i) Sent a \$70 Sonicare Essence toothbrush to \_\_\_\_\_

---

ii) The 30,000 agents each told \_\_\_\_\_

iii) THOSE \_\_\_\_\_ people told an average of \_\_\_\_\_ more people, for a total of \_\_\_\_\_ people

iv) Representing a \_\_\_\_\_

- Example: You Lookin’ at Me?

c) Family Influence

i) Consumer Socialization

(1) The process by which people acquire the skills, knowledge, and attitudes necessary to function as consumers

(2) The \_\_\_\_\_ is a key factor in consumer socialization of children

(a) Marketers are aware of this and create commercials to target this family influence

- Ad Example:

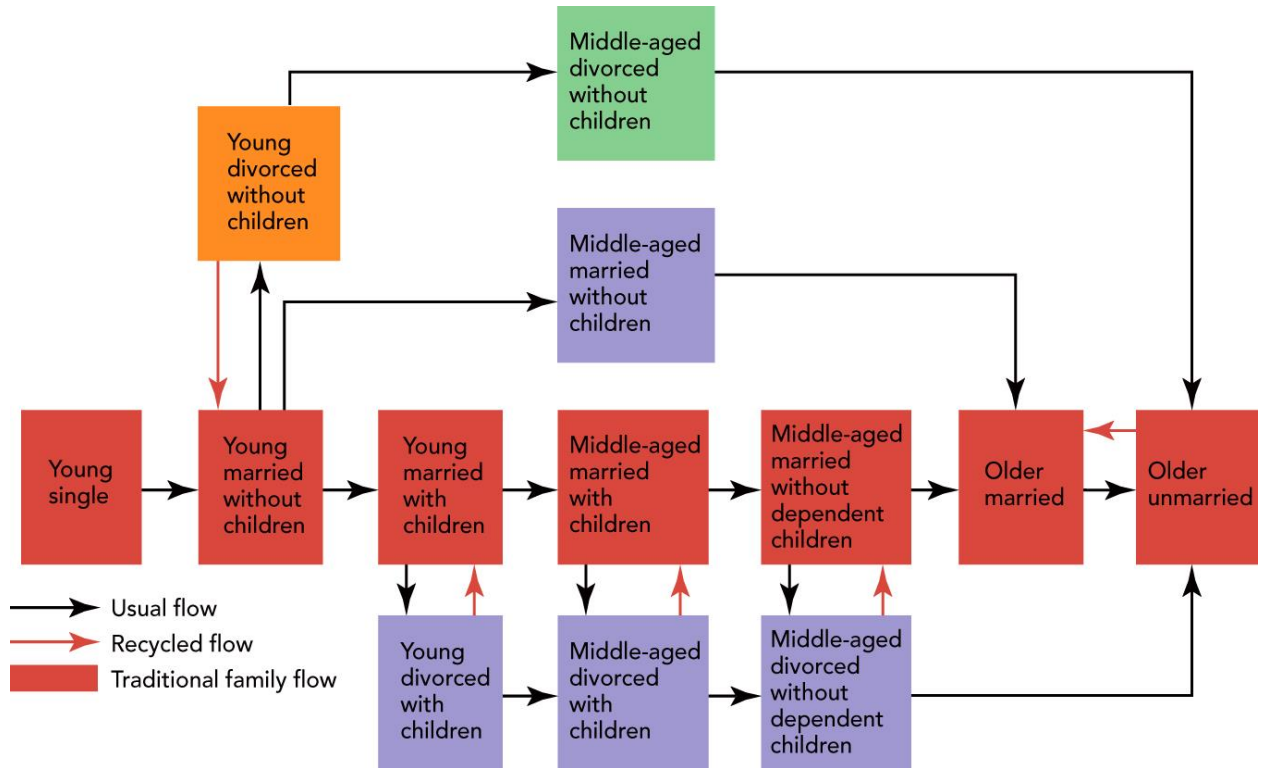
ii) Family Decision Making

(1) Family can BE \_\_\_\_\_

(2) Often involves \_\_\_\_\_ and \_\_\_\_\_

iii) Family Life Cycle (see Figure 5-6 from the textbook page 129).





(1) Roles in Family Decision Making

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
- (e) \_\_\_\_\_

iv) Marketers must know \_\_\_\_\_ plays these roles for their products and whether/how to reach them!

d) Social Class

- (1) Social Class
- (2) Upper Class
- (3) Middle Class
- (4) Worker/Lower Class

- i) A very strong influence on \_\_\_\_\_, attitudes, activities, social interactions, AND your consumer behavior (e.g., where you shop, what you buy, how you save/invest)
- e) Subculture -- the subgroups within the larger, or national, culture with unique values, ideas, and attitudes
  - i) Hispanic
  - ii) African American
  - iii) Asian American
  - iv) And more
- f) Culture
  - Video example: American vs. Others--“Similar language, but what does that MEAN?”

XIX) Other influences on Consumers' Purchase Decisions

- a) Situational Influences = five aspects of the purchase situation that impacts the consumer:
  - i) Purchase task
  - ii) Social Surroundings
  - iii) Physical Surroundings
  - iv) Time (temporal) Effects
  - v) Antecedent (pre-existing) States

XX) IN CONCLUSION

Understanding what influences consumers to buy or not buy your product is

- a) EXTREMELY \_\_\_\_\_, and
- b) EXTREMELY \_\_\_\_\_!

## Chapter 6: Understanding Organizations as Customers

- I) The Nature and Size of Organizational Markets
- a) \_\_\_\_\_ involves the marketing of goods and services to companies, governments, or not-for-profit organizations for use in the creation of goods and services that they can produce and market to others.
  - b) Business Markets include \_\_\_\_\_ that buy goods and services to:
    - i) Make \_\_\_\_\_ goods and services (e.g., \_\_\_\_\_)
    - ii) \_\_\_\_\_ that product to others (e.g., wholesalers and distributors)
    - iii) Conduct the organization's \_\_\_\_\_
    - iv) In the past, business markets were called \_\_\_\_\_.
  - c) Six Components of the Business Market
    - i) Agriculture – The Challenge: \_\_\_\_\_
    - ii) Resellers who buy and sell products in essentially the same form. However, they create various \_\_\_\_\_ for other businesses, including:
      - (1) time
      - (2) place
      - (3) Information, and
      - (4) Possession
    - iii) Services, Financial institutions, Ad agencies, trucking firms, warehouses, tax services, etc! which are GROWING rapidly
    - iv) The Government
      - (1) Unique:
    - v) International Trade

<http://www.census.gov/foreign-trade/statistics/highlights/top/top1312yr.html>

<b>Total Trade – Jan. to Dec. -- Data are goods only, in billions of dollars.</b>			
<b>Total, All Countries</b>	<b>Exports (Year-to-Date)</b>	<b>Imports (Year-to-Date)</b>	<b>Total Trade (Year-to-Date)</b>
<b>Jan-Dec 2014</b>	<b>1,623.3</b>	<b>2,345.8</b>	<b>3,969.1</b>
<b>Jan-Dec 2013</b>	<b>1,578.9</b>	<b>2,267.6</b>	<b>3,846.4</b>
<b>Jan-Dec 2012</b>	<b>1,547.1</b>	<b>2,275.0</b>	<b>3,822.2</b>

**Total Trade (Goods) Year-to-Date  
December 2014**

<b>Rank</b>	<b>Country</b>	<b>Exports</b>	<b>Imports</b>	<b>Total Trade</b>	<b>Percent of Total Trade</b>
---	<b>Total, All Countries</b>	<b>1,623.30</b>	<b>2,345.80</b>	<b>3,969.10</b>	<b>100.00%</b>
---	<b>Total, Top 15 Countries</b>	<b>1,127.40</b>	<b>1,781.60</b>	<b>2,909.10</b>	<b>73.30%</b>
<b>1</b>	<b>Canada</b>	<b>312</b>	<b>346.1</b>	<b>658.1</b>	<b>16.60%</b>
<b>2</b>	<b>China</b>	<b>124</b>	<b>466.7</b>	<b>590.7</b>	<b>14.90%</b>
<b>3</b>	<b>Mexico</b>	<b>240.3</b>	<b>294.2</b>	<b>534.5</b>	<b>13.50%</b>
<b>4</b>	<b>Japan</b>	<b>67</b>	<b>133.9</b>	<b>200.9</b>	<b>5.10%</b>
<b>5</b>	<b>Germany</b>	<b>49.4</b>	<b>123.2</b>	<b>172.6</b>	<b>4.30%</b>

**Total Trade (Goods) Year-to-Date  
December 2013**

<b>Rank</b>	<b>Country</b>	<b>Exports</b>	<b>Imports</b>	<b>Total Trade</b>	<b>Percent of Total Trade</b>
---	<b>Total, All Countries</b>	<b>1,578.90</b>	<b>2,267.60</b>	<b>3,846.40</b>	<b>100.00%</b>
---	<b>Total, Top 15 Countries</b>	<b>1,078.70</b>	<b>1,711.60</b>	<b>2,790.30</b>	<b>72.50%</b>
<b>1</b>	<b>Canada</b>	<b>300.3</b>	<b>332.1</b>	<b>632.4</b>	<b>16.40%</b>
<b>2</b>	<b>China</b>	<b>122</b>	<b>440.4</b>	<b>562.4</b>	<b>14.60%</b>
<b>3</b>	<b>Mexico</b>	<b>226.2</b>	<b>280.5</b>	<b>506.6</b>	<b>13.20%</b>
<b>4</b>	<b>Japan</b>	<b>65.1</b>	<b>138.5</b>	<b>203.7</b>	<b>5.30%</b>
<b>5</b>	<b>Germany</b>	<b>47.4</b>	<b>114.6</b>	<b>162.1</b>	<b>4.20%</b>

<http://www.census.gov/foreign-trade/statistics/highlights/top/top1312yr.html>

vi) “Non-business” or Not-for-profit Organizations

- d) Video: Muller on the Industries Timken serves
  - i) Growth for Timken
  - ii) Focused on \_\_\_\_\_
    - 1. Steel
    - 2. Power Generation
    - 3. Cement Production
    - 4. Aggregate
    - 5. Wind Energy Where they can deliver value...and which are growing. For example:
      - (1) Iron ore
      - (2) Coal
      - (3) Oil
  - iii) Compared to \_\_\_\_\_, which may NOT be a good industry for them in the future.

## II) Type and Number of Organization Establishments in the U.S.

- a) Industrial (business) markets -- Total Number =
  - b) Reseller markets – Total Number =
  - c) Government markets – Total Number =
- and Timken's focus...

## III) Measuring Domestic And Global Industrial, Reseller, And Government Markets

North American Industry Classification System (NAICS) -- The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

<http://www.census.gov/eos/www/naics/>

### a) North American Product Classification System (NAPCS)

A joint multi-phase initiative to develop a comprehensive demand-oriented product classification from the statistical agencies of Canada, Mexico, and the United States. Work to date has focused on the products produced by service industries in 12 NAICS sectors 48-49 through 81. With that work nearing completion, this web page provides an overview of and progress report on the NAPCS initiative and presents the final versions of the product lists developed so far for the service industries included in those 12 sectors.

<http://www.census.gov/eos/www/napcs/index.html>

## IV) Characteristics Of Organizational Buying

- a) Demand Characteristics

- i) **Derived Demand** -- the demand for industrial products and services is driven by, or “derived from,” demand for consumer products and services.

Example:

**(1) The Implications of Derived Demand:**

- (a) Business Marketers must understand \_\_\_\_\_  
\_\_\_\_\_
- (b) Often they need to find ways to \_\_\_\_\_

Intel Example:

- ii) **Elasticity of Demand** [recall your Microecon course!]
  - (1) The total demand for all of the producers of the product responds very little to changes in its prices. Demand does not change much if price changes.
    - (a) Occurs when Cost is a small percent of the finished product, and
    - (b) When there are no close substitutes

Example

- (2) Demand is more elastic when
  - (a) A Price Change occurs in a \_\_\_\_\_
  - (b) When demand is viewed from a \_\_\_\_\_
  - (c) If the cost of the business product is a **SIGNIFICANT** portion of the cost of the finished good

- b) **Size of the Order or Purchase and the Number of Buying Units**
  - i) Number of Business users =
  - ii) Number of Ultimate Consumers =
  - iii) However, while there are a smaller number of organizations they are \_\_\_\_\_

- iv) Plus, they are \_\_\_\_\_
- Goodyear
  - Regional Concentration
- c) Organizational Buying Objectives
- i) Businesses buy from other businesses to help them achieve their objectives, such as:
    - (1) Reduce \_\_\_\_\_
    - (2) Increase \_\_\_\_\_
    - (3) \_\_\_\_\_
- d) **Organizational Buying Criteria (like Consumer's Evaluative Criteria)**
- i) In deciding among suppliers, buyers must consider a variety of factors, such as:
    - (1) Price
    - (2) Delivery Schedules
    - (3) Past Performance
    - (4) Production Facilities/Capacity
    - (5) Warranty/Claim Policies
    - (6) Technical Capability
    - (7) Quality Specifications
    - (a) **ISO 9000** – standards for registration and certification of a manufacturer's quality management and assurance system based on an on-site audit of practices and procedures developed by the International Standards Organization (ISO).
  - ii) Why is all of this SO important in B2B Buying?
    - (1) Firms MUST buy the \_\_\_\_\_, at the \_\_\_\_\_, and at the \_\_\_\_\_, because:
      - (a) Companies are making less and buying more from suppliers
      - (b) Firms cannot tolerate \_\_\_\_\_
      - (c) SO, firms need to work with fewer suppliers and develop long term relationships with them
        - (i) Work together to develop new products, share information on inventories, production and costs.
- e) Buyer-Seller Relationships and Supply Partnerships

- i) **Supplier development** is the deliberate effort by organizational **buyers** to build relationships that shape **suppliers'** products, services, and capabilities to fit a buyer's needs and those of its customers.
  - (1)
  - (2)
  
- f) The \_\_\_\_\_ -- consists of a group of people in an organization who participate in the buying process and share common goals, risks, and knowledge important to a purchase decision.
  - i) It is a "Cross-Functional" Group
  - ii) People in the Buying Center
  - iii) Roles in the Buying Center
    - (1) Gatekeepers --
    - (2) Influencers --
    - (3) Users --
    - (4) Buyers --
    - (5) Deciders --
  
- g) Buy Classes represent the "type" of buying situation (see Text Figure 6-3):
  - i) \_\_\_\_\_ Rebuy
  - ii) \_\_\_\_\_ Rebuy
  - iii) \_\_\_\_\_ Buy
  - iv) See Figure 6-3, text page 149, for the ways in which the buying situation affects the buying center
  
- v) Stages in the Organizational Purchase Decision Process (See Figure 6-4, text page 150),
  - (1) Problem Recognition
  - (2) Information Search
  - (3) Alternative Evaluation
  - (4) Purchase Decision



(5) Postpurchase Behavior

vi) The Hershey's Example:

(1) Problem Recognition

(2) Information Search

(3) Evaluation of Alternatives

(4) Purchase Decision

(5) Post-purchase evaluation

## V) ONLINE BUYING IN ORGANIZATIONAL MARKETS

i) Prominence of Online Buying in Organizational Markets

ii) E-marketplaces

(1) Online Auctions in Organizational Markets

a) Traditional Auctions

- A Seller puts an item up for sale
- Various Buyers \_\_\_\_\_.
- As bidders increase, there is \_\_\_\_\_ on price.
- The Auction ends when \_\_\_\_\_

b) Reverse Auction

- A Buyer communicates a need for a product or service
- Various \_\_\_\_\_ bid in competition
- As the number of suppliers increase there is \_\_\_\_\_ on price
- The Auction ends when \_\_\_\_\_

## Chapter 7: Understanding and Reaching Global Consumers and Markets

### I. The Nature and Size of Organizational Markets

#### a) Why International Trade?

i) To get access to materials, products, and services which are \_\_\_\_\_

ii) To get access to markets which \_\_\_\_\_

iii) Because of \_\_\_\_\_

(1) Some countries have unique national or human resources that give them \_\_\_\_\_, internationally

e) Market Saturation \_\_\_\_\_

f) Potential Demand

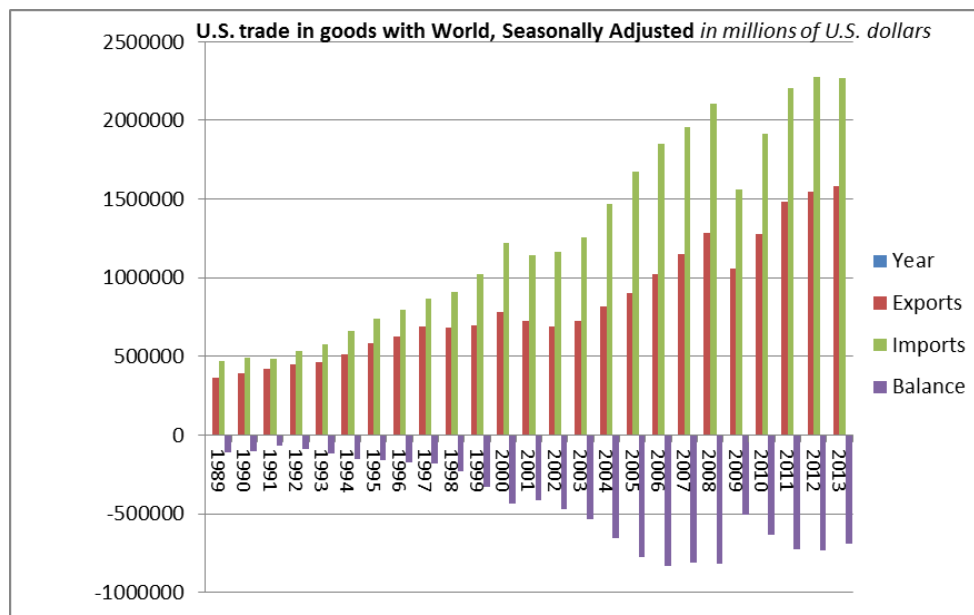
g) Customer Expectations

#### b) What does it mean to US?

##### i) Balance of Trade

1. The difference between the monetary value of a nation's exports and imports

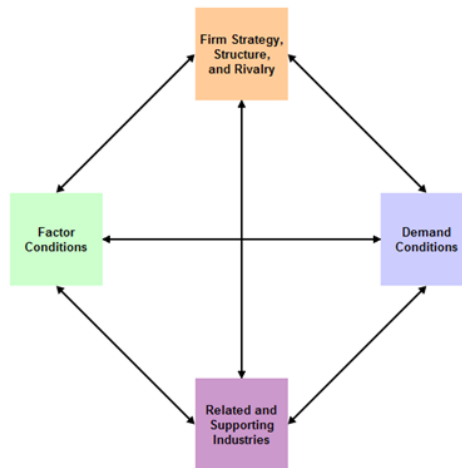
2. US Balance of Trade....



- ii) Impact of the DHL (Germany) decision for Ohio
- iii) INVITING FIRMS TO COME TO OHIO ( Desire to HAVE foreign investment locally)

## II. Dynamics of World Trade – The Competitive Advantage of Nations

- a) Porter’s “Diamond” -- WHY do some industries and firms become world leaders and others lose ground or fail?



### i. Factor Conditions

- 1. Natural Resources
- 2. Education and skill levels
- 3. Wage Rates

#### e) Examples:

- 4. AND, the question for OUR FIRM – Can we \_\_\_\_\_

\_\_\_\_\_

### ii. Demand Conditions

- A. Size of Market
- B. Sophistication of Consumers
- C. Media Exposure of Products

e) Example

D. AND, the question for OUR FIRM – Is there \_\_\_\_\_  
\_\_\_\_\_

iii. Related and Supporting Industries

1. Existence of Supplier Clusters

a) Examples

2. AND, the question for OUR FIRM – Can we \_\_\_\_\_  
\_\_\_\_\_

iv. Company Strategy, Structure, and Rivalry

1. Number of Companies in an Industry

2. Intensity of Competition

3. Public or Private Ownership

a. Example

4. AND, the question for OUR FIRM --Can we \_\_\_\_\_  
\_\_\_\_\_

B. CONCLUSION:

Firms that succeed in global markets have succeeded first in intense domestic competition through:

i.

ii.

iii.

### III. Marketing In A Borderless Economic World

#### A. Trend 1—Decline of Economic Protectionism

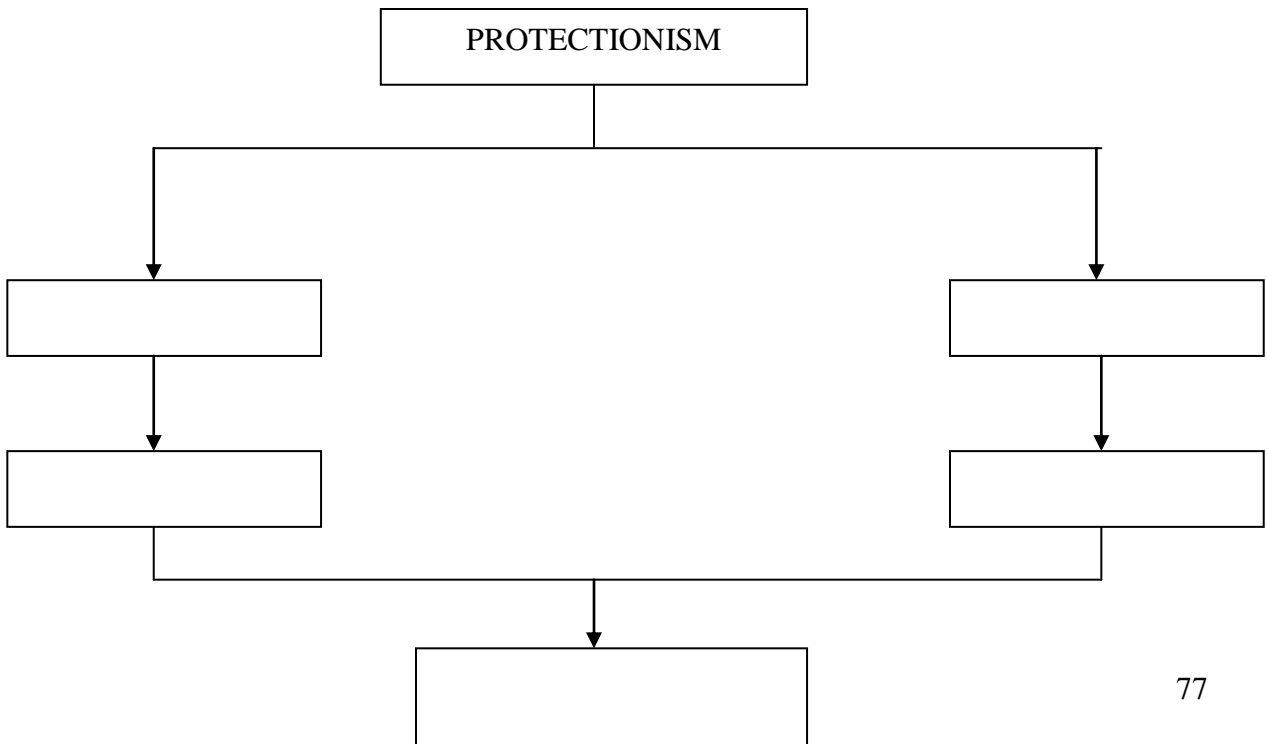
- i. Today we have an \_\_\_\_\_
- ii. Should Congress create more Protectionism?
  - 1. Some argue that the benefits of today's free trade systems go unfairly and primarily to low-wage countries, which take jobs away from Americans.
  - 2. These arguments are not supported by the facts.
- iii. Reagan said:
  - 1. "A creative, competitive America is the answer to a changing world, not trade wars that would close doors, create greater barriers, and destroy millions of jobs. We should always remember: Protectionism is destructionism."

- WTO report "No acceleration of new restrictions"  
[http://www.wto.org/english/news\\_e/news14\\_e/ddgra\\_10jul14\\_e.htm](http://www.wto.org/english/news_e/news14_e/ddgra_10jul14_e.htm).
- U.S. Slaps High Tariffs on Chinese Solar Panels

iv. America's economy, over the past few decades, has proved that \_\_\_\_\_ flexibility makes the economic pie much bigger and that the benefits can be widely shared.

v. Over the past 10 years, open trade has boosted job growth by more than 13 percent and has helped to raise U.S. GDP by nearly \_\_\_\_\_.

vi. Protectionism in World Trade (see textbook Figure 7-3)



vii. General Agreement on Tariffs and Trade (GATT)

1. A treaty, NOT an \_\_\_\_\_
2. Focus:
3. NO \_\_\_\_\_

viii. World Trade Organization (WTO) Goals:

1. Trade Without \_\_\_\_\_  
(Exceptions: e.g., Regional Trade Agreements)
2. Predictable and Growing Access to \_\_\_\_\_  
(Example: binding tariffs)
3. Promoting \_\_\_\_\_
4. Encouraging \_\_\_\_\_ and Economic Reform  
(Over 3/4 of its members are developing countries)
5. Patrick Low – Chief Economist WTO (retired 2013)
  - a. The WTO is an International \_\_\_\_\_
  - b. [Including] \_\_\_\_\_ nations.
  - c. The WTO needs to get \_\_\_\_\_ and \_\_\_\_\_  
from all nations.
  - d. Regional Trade Agreements have exploded and these are a  
challenge to trade without \_\_\_\_\_
  - e. The WTO agreements create an environment of  
\_\_\_\_\_, continuity, and predictability.
  - f. They seek to create \_\_\_\_\_ and \_\_\_\_\_  
in trade.
6. An aside...how many countries ARE there in the world today?

B. Trend 2 – A Rise of Economic Integration

i. European Union

1. Consisting of \_\_\_\_\_ countries with more than \_\_\_\_\_ consumers

ii. North American Free Trade Agreement (NAFTA), Canada, U.S., Mexico

1. Consisting of \_\_\_\_\_

iii. Asian Free Trade Agreements

1. South Asian Free Trade Area- a framework for the creation of a free trade zone covering 1.4 billion people in India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan and the Maldives.

2. East Asian Free Trade Agreement on Services

C. TREND 3 — Global Competition—Who are we up against? How might we compete?

- i. \_\_\_\_\_ -- agreements among two or more independent firms to cooperate for the purpose of achieving common goals.

1. Example

- ii. \_\_\_\_\_ – International marketing done in the same way as domestic marketing

1. Example

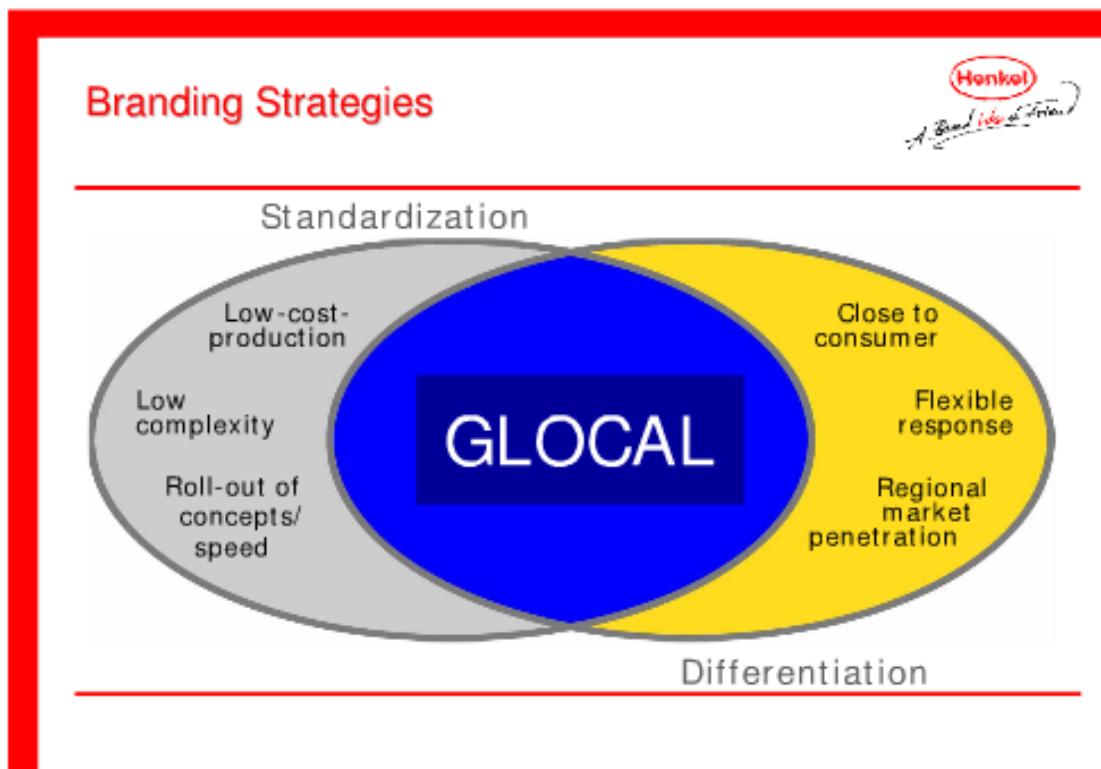
- iii. \_\_\_\_\_ – Varies its Marketing Strategy for each country

1. Example

- iv. \_\_\_\_\_ – Use a “Global Marketing Strategy” to keep the mix the same where there are similarities and CHANGE the mix when cultures differ.

1. A goal of \_\_\_\_\_ is to create and maintain a balanced portfolio of global AND local brands, to:
  - Take advantages of \_\_\_\_\_ where possible, by sharing R&D, technical features, manufacturing, etc. across brands
  - Grow \_\_\_\_\_ where possible
  - Obtain \_\_\_\_\_ though \_\_\_\_\_  
\_\_\_\_\_ locally, when necessary

Henkel Example



Global Marketing and G.M. (Video)

- a) \_\_\_\_\_ to play a bigger role in G.M.'s future



- b) It is G.M.'s \_\_\_\_\_
- c) \_\_\_\_\_ new cars in the next 2 year.
- d)
- e) In 2010 GM sold \_\_\_\_\_ than in the U.S.!!!

IV. A Global Environmental Scan – What do we need to “know before we go?”

A. Cultural Diversity

i. Social and Cultural Environment

1. Family
2. Customs and Behavior
3. Education
4. Language
5. Impediments to understanding foreign markets:
  - a. \_\_\_\_\_ -- an unconscious reference to one's own values, experiences and knowledge as a basis for making certain decisions
  - i. Can result in a \_\_\_\_\_ an open attitude and a cultural sensitivity enabling managers to look carefully at the foreign market and understand the \_\_\_\_\_ needs there (and not simply transfer the needs of the domestic market)
  - b. Ethnocentrism -- The belief that one's culture is \_\_\_\_\_
  - c. Examples

ii. Economic Environment

1. \_\_\_\_\_ – can the country provide communications, transportation, energy, etc.?
2. Level of Economic Development

- a. A general indicator of the market's attractiveness
- b. Indicator of the types of products that will be in demand
- c. Gross National Income (GNI) Per Capita

3. Competition

- a. The \_\_\_\_\_ is often overlooked
- b. You MUST have a \_\_\_\_\_

\_\_\_\_\_

4. Political Stability -- when the country is not politically stable, business risks losses!

- a. Examples:

Best Performers

Worst Performers

V. Global Market Entry Strategies

a. Exporting

- i. \_\_\_\_\_ Exporting
- ii. \_\_\_\_\_ Exporting

b. Licensing

- i. \_\_\_\_\_ Manufacturing
- ii. \_\_\_\_\_ Assembly
- iii. Franchising

c. Joint Venture

d. Direct Investment

e. Global Market Entry Strategies

Exporting Directly, or through Import- Export Middlemen	Company Sales Branches	Licensing Foreign Producers	Contract Manufacturing by Foreign Producers	Joint Ventures and Strategic Alliances	Wholly Owned Subsidiaries	Multinational Corporations
--	------------------------------	-----------------------------------	--	--	---------------------------------	-------------------------------



f. Examples

1. Coca Cola ( \_\_\_\_\_ )

2. Goodyear Tire & Rubber ( \_\_\_\_\_ )

3. Saint-Gobain ( \_\_\_\_\_ )

VI. Product Strategies

- A. Product Extension -- No change \_\_\_\_\_
- B. Product Adaptation (Modification) -- Change the product to match the customers' \_\_\_\_\_ needs, wants, desires in that country
- C. Product Invention – Create an entirely \_\_\_\_\_ to satisfy needs, wants, and desires that are not being met by any current product

Video Example: McDonald's Goes to China

VII. Promotion Strategies

- a. Same Promotion Globally
- b. Adapt Promotions to Local Tastes
- c. Create Entirely NEW promotions

VIII. Bringing together Product and Promotion Strategies for Global Marketing

(Figure 7-6, textbook page 185)

		Product Emphasis		
		SAME Product	ADAPT Product	Create NEW Product
Promotion emphasis	Same Promotion as Domestically	Product extension strategy	Product adaptation strategy	Product Invention Strategy
	Adapt Promotion to Foreign Culture	Communication adaptation strategy	DUAL adaption strategy	

IX. Distribution and Pricing

- A. Channels Usually Long and Complex
- B. Countries May Impose Pricing Constraints

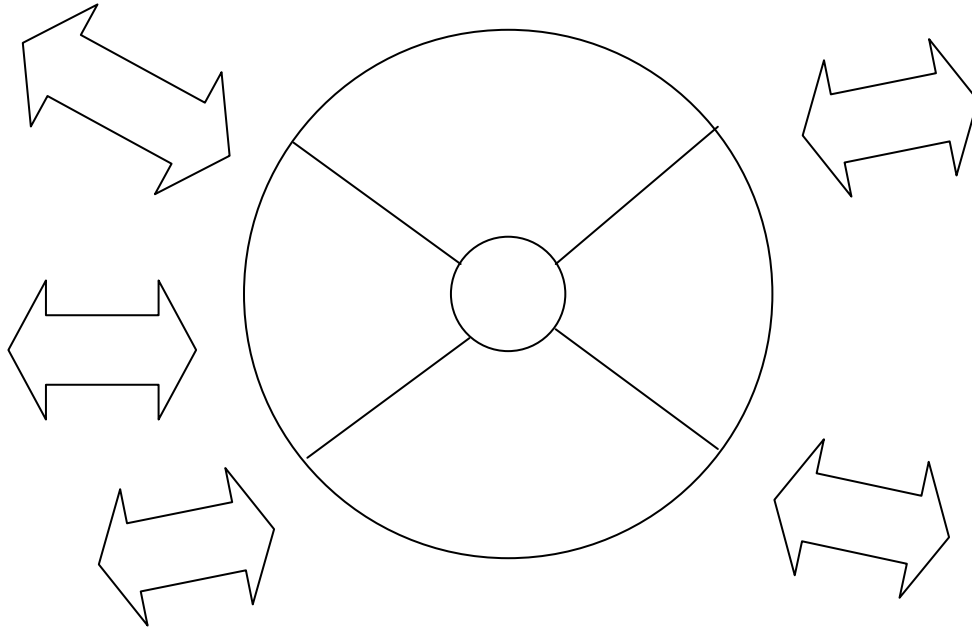
Muller – Understanding Cultural Difference in Pricing

- i. Timken tends to \_\_\_\_\_ who understand the culture.
- ii. But, in \_\_\_\_\_ misunderstandings can occur.
- iii. They had \_\_\_\_\_ than they could supply.
- iv. So, they felt they need to \_\_\_\_\_ (because of demand and because of increasing cost).
- v. In China, increasing price was seen as “\_\_\_\_\_.”  
But, initially, management did not understand this.
- vi. They needed to \_\_\_\_\_.

## Chapter 8 -- Marketing Research: From Customer Insights to Actions

### I. The Role of Marketing Research

a) Important Factors that Marketers NEED information about (CREST):



### II. What is Marketing Research?

a) It is the process of defining a marketing problem and opportunity, systematically collecting and analyzing information, and recommending actions.

b) Implications

i) Marketing Research is used for

1. Planning \_\_\_\_\_

2. In the Implementation \_\_\_\_\_

3. In their \_\_\_\_\_

ii) Marketing Researchers are responsible for collecting and interpreting data that supports decision making

### III. Marketing Research/Program Failures

- a) New Coke
- b) Crystal Pepsi
- c) Sony Betamax lost to
- d) Sega Dreamcast
- e) Colgate Kitchen Entrees

### IV. The Five-step Marketing Research approach for better Actions

- a) Step 1: \_\_\_\_\_
  - i) Set Objectives
    - 1. The specific, measureable goals for the research (and for the decision maker)
  - ii) Possible Objectives:
    - 1. To \_\_\_\_\_ the issues better (**Exploratory Research**)
    - 2. To understand the \_\_\_\_\_ better (**Descriptive Research**)
    - 3. To determine how to \_\_\_\_\_ an element of interest (**Causal Research**)
  
- b) Step 2: \_\_\_\_\_
  - i) Specify Constraints
    - 1. Financial, Time
  - ii) Identify \_\_\_\_\_ needed for Marketing Actions
    - 1. What do we NEED to know to?
  
  - iii) Determine \_\_\_\_\_
    - 1. Sampling
      - (a) Probability Sampling (i.e., Random Sampling)

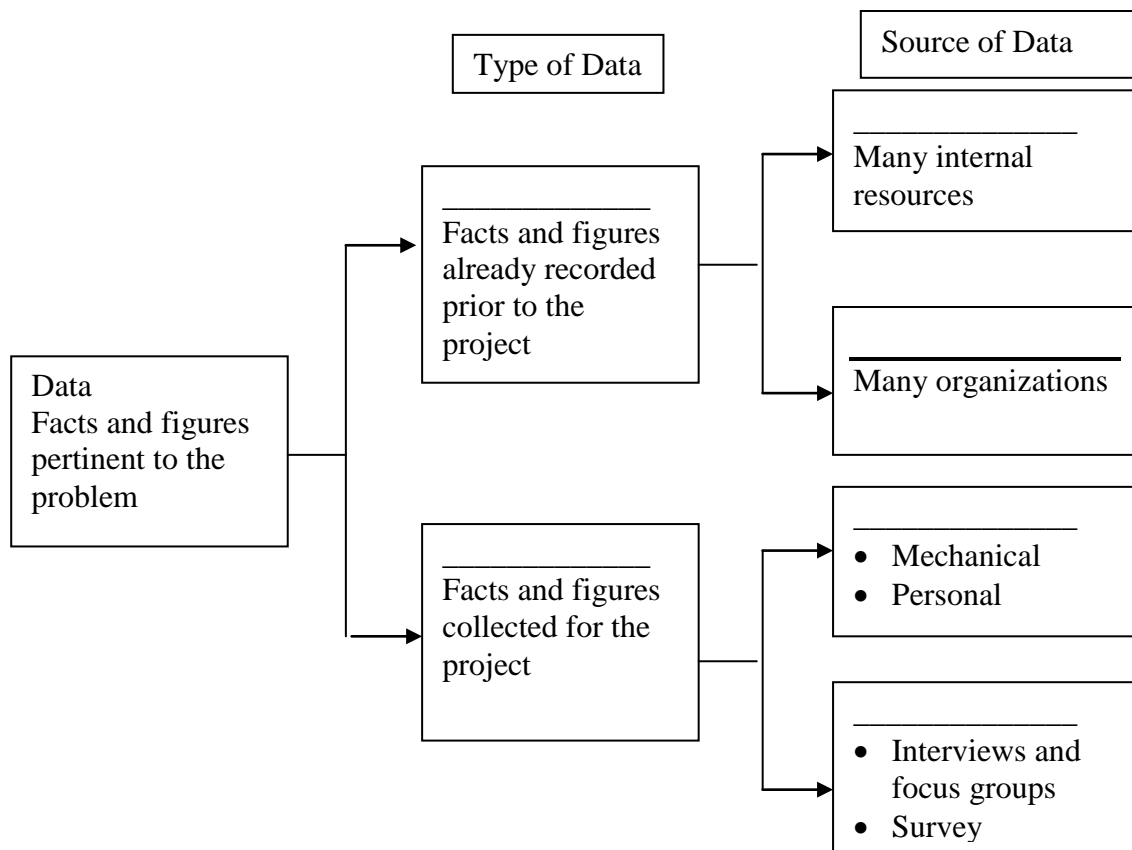
- (b) Nonprobability Sampling
- (c) The difference? The ability to make \_\_\_\_\_

c) Step 3: Collect Relevant Information

- i) Types of Data
  1. Secondary Data

2. Primary Data

Figure 8-2, Types of Marketing Information (text page, 198)



V. Video: Muller on Marketing Research at Timken

- a) Timken does Marketing Research “both ways” (using internal marketing managers and outside firms)
- b) They use research to understand their \_\_\_\_\_ and to find \_\_\_\_\_
- c) Outside firms for really big jobs
- d) e.g. Wind Energy Market
- e) Faster, Global



f) Results suggest future role for Timken

VI. Secondary Data

a) Advantages

- i) \_\_\_\_\_
- ii) Inexpensive
- iii) May provide a “\_\_\_\_\_” solution
- iv) May point the direction for primary research

b) Disadvantages

- i) \_\_\_\_\_
- ii) Sample/Definitions/Categories not appropriate
- iii) \_\_\_\_\_

VII. Primary Data

a) Advantages

- i) Focuses on the specific problem at hand
- ii) Is under control of the current researchers

b) Disadvantages

- i) \_\_\_\_\_
- ii) \_\_\_\_\_

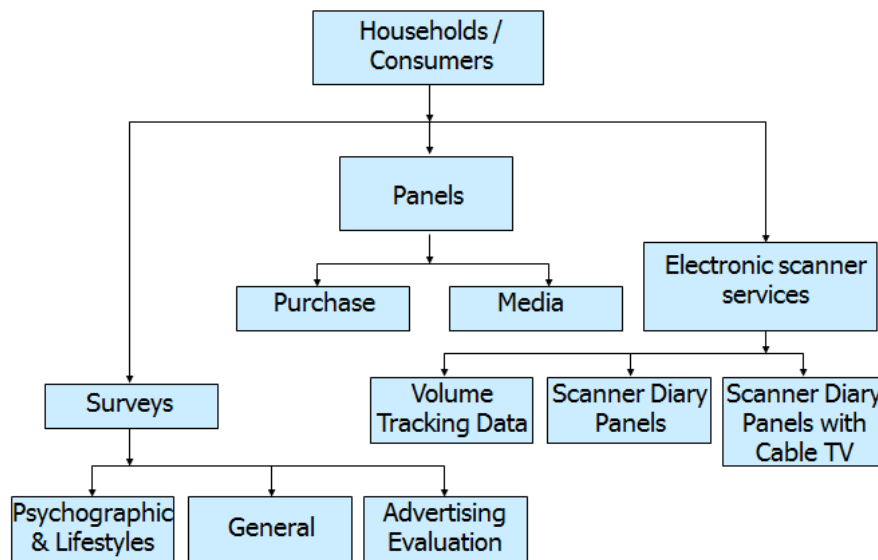
VIII. Syndicated Services – A source of Secondary Data

a) **Syndicated research** is conducted by a market research firm in an area that may be of interest to multiple companies or organizations within a particular industry.

- i)
- b) Benefits of Syndicated Research
  - i) **Cost efficiency:**
  - ii) **Overview of the Market**

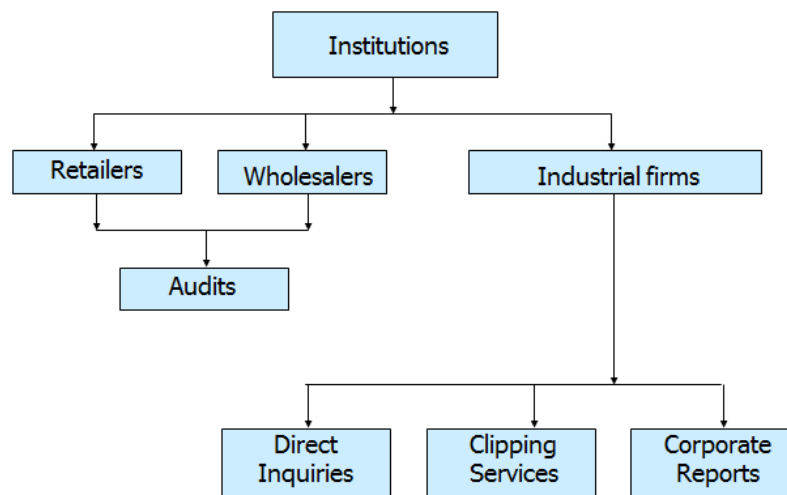
- iii) **Identifies Industry Trends:**
  - iv) **Measures Brand Awareness, Strength, and Perceptions:**
  - v) **Offers Competitive Intelligence:**
- c) Syndicated sources can be classified based on the unit of measurement (\_\_\_\_\_ or \_\_\_\_\_).
- d) Household/consumer data can be obtained from surveys, diary panels, or electronic scanner services.
- e) Institutional data is obtained from retailers, wholesalers, or industrial firms.

### Syndicated Services: Consumer Data



### i) Syndicated Services: Institutional Data

#### Syndicated Services: Institutional Data



<http://www.productscan.com/>

....and some internet databases useful to marketers

➤ **Online Databases**



**LexisNexis**

<http://www.lexisnexis.com/>



**ProQuest**

<http://www.proquest.com/>

➤ **Statistical & Financial Data**



**Wall Street Journal**

<http://www.wsj.com/>



**CNBC**

<http://www.cnbc.com/>



**Investors**

<http://www.investors.com/>



**FoxBusiness**

<http://www.foxbusiness.com/>

➤ **Portals & Search Engines**



**Google**

<http://www.google.com/>



**USA.gov**

<http://www.usa.gov/>

IX. Primary Data examples

a) \_\_\_\_\_

i) Observational Data

1. Nielsen
2. TIVO
3. Web Cookies

b) \_\_\_\_\_

i) Mystery Shopper

ii) Videotaping

iii) Ethnographic Research

1. MTV visits teens in “The Merchants of Cool”

iv) Field Agent – A consumer app for Primary Data Collection!

1. Make money with your iPhone by completing \_\_\_\_\_ with Field Agent
2. What is it?
  - (a)
3. We’ve made it our mission to

c) Questionnaire/Survey Data (Questioning Consumers)

i) \_\_\_\_\_

1. Individual Interviews
2. In-depth Interviews
3. Focus Groups
4. Fuzzy Front End techniques

(a) "Unusual" ways to identify new, cool trends

- ii) \_\_\_\_\_:
  - 1. Personal Interview Surveys
  - 2. Telephone Surveys
  - 3. Mail/Fax Surveys
  - 4. E-Mail/Internet Surveys
  - 5. Mall Intercept Surveys
- d) Question Formats
  - i) Open-ended
  
  - ii) Closed-ended or Fixed Alternative
  
  - iii) Dichotomous
  
  - iv) Semantic Differential -- The response is give on a set of " \_\_\_\_\_"  
\_\_\_\_\_".
  
  - v) Likert Scale -- Respondents rate their degree of \_\_\_\_\_ with a statement:

--All can be useful; the format needs to match the goal.

--Writing the question can be an "art" that critically influences the result!!

See [http://knowledge-base.supersurvey.com/glossary.htm#loaded\\_question](http://knowledge-base.supersurvey.com/glossary.htm#loaded_question)

e) Collecting Primary Data

- i) \_\_\_\_\_
  - 1. An ongoing group of consumers or stores who agree to provide information
- ii) \_\_\_\_\_
  - 1. Carefully control the "cause" (the "stimulus", e.g., the ad, the price, the packaging, etc.) and measure the important "results" (the "dependent variable," e.g., attention, beliefs, attitude, sales).
- iii) \_\_\_\_\_

- f) Using information for ACTION – issues
  - i) Navigating information overload
    - 1. New ways to govern, measure, and \_\_\_\_\_ in the extended enterprise
    - 2. Information Systems...On-going, organized procedure to generate, analyze, disseminate, store, and retrieve information for use in making marketing decisions.
  - ii) Data Mining
    - 1. Data warehouses can be analyzed the same way as databases (looking for predetermined patterns).
    - 2. However, due to size, it would be a slow and cumbersome process
    - 3. More advanced statistical and artificial intelligence techniques (called data mining) allow marketers to identify patterns and meaningful relationships!
    - 4. Harrah’s Example:

X. Step 4: Develop Findings

- a) Analyze the Data
  - i) Using the appropriate techniques
- b) Present the Finding
  - i) Communicated in a clear manner for ACTION

XI. Step 5: Take Marketing Action

- a) Make Action Recommendations
- b) Implement the Actions Recommended
- c) Evaluate the Results

*Video EXAMPLE – Frontline from PBS  
MTV Using Marketing Research for Action!*

- VIACOM’s crown jewel is MTV earning \_\_\_\_\_ in profits
- MTV’s Problem – \_\_\_\_\_
  - No longer seen as cool or creative
- MTV’s Objectives:
  - How to get closer to the audience
  - How to learn what kids want and get closer to them
- The “data plan”-- Immerse themselves in \_\_\_\_\_
- Learn what the consumer wants and deliver it to them!
  - To ensure the bond, MTV depends on Market Research!
  - Research to understand \_\_\_\_\_

- Collect RELEVANT INFORMATION --TECHNIQUES:
  - Ethnography study (Collection of Primary Data with Personal Observation)
    - Visit the fan in his home
      - Gain insight into the teenaged male
      - What issues are important them?
      - Dating
      - Parents
      - Stressors?
- Develop and Present the findings.
  - Captured on video and shown to the MTV insiders
- What happens with the research? What portrait emerges?
  - The \_\_\_\_\_..???!!!!
  - He is crude, loud, obnoxious, and in your face.
- And the ACTION...he influences a great deal of programming!
  - Tom Green
  - Daredevils
  - Spring Break
  - Comedy Central South Park
  - The Man Show
- Criticism -- Are we capturing the “person?”
  - Revenues depend on being ahead of the curve!
  - Professional Wrestling
  - Huge with the audience

## Chapter 9 -- Market Segmentation, Targeting, and Positioning (STP)

- I. Hewlett Packard – Printers (and more)
  - a) HP's Imaging and Printing Group (IPG) is "the leading imaging and printing systems provider in the world for printer hardware, printing supplies and scanning devices, providing solutions across \_\_\_\_\_ from individual consumers to small and medium businesses to large enterprises."
  - b) How has it obtained this position?
  - c) History
    - i) The 1980's
    - ii) The 1990's
    - iii) The 2000's
  - d) HP has been successful by finding \_\_\_\_\_ them with appropriate products and services!!
  - e) FUTURE CHALLENGES:
  
- II. Markets
  - a) \_\_\_\_\_ -- Groups of customers with different wants, buying preferences or product-use behavior
    - i) For example, what do YOU look for in a vacation?
  
  - b) \_\_\_\_\_ – A market segment for which the seller chooses to design a marketing mix
  - c) Market Segmentation – The PROCESS of identifying and describing \_\_\_\_\_ target markets
    - i) Market Segmentation involves \_\_\_\_\_ into groups, or segments, that:
      - (1) Have common needs, and
      - (2) Will respond similarly to a marketing action.

- ii) We need to target our market segment by “positioning” our offer; BUT first we need to define and describe the target market in detail.

### III. Market Segmentation (another view)

- a) The process of dividing the total market for a good or service into several smaller, internally homogenous (i.e., \_\_\_\_\_) groups.

- i) Members of each group are similar with respect to the factors that influence demand

(1) For example 3 types of cars:

(a)

(b)

(c)

- b) Segmentation Benefits and Challenges

- i) More efficient use of marketing resources

(1) Example

- ii) Can help to create rapid growth

(1) Example

- iii) Challenges – Be Careful

(1) Too much complexity can frustrate consumers

(a) Example:

### IV. Process of Market Segmentation

- a) Identify \_\_\_\_\_ within a \_\_\_\_\_

- i) Market research is used to explore this with CURRENT and POTENTIAL consumers.

- ii) Cell phone Example -- What do people want in a cell phone?

(1) Texting?

(2) Web access

(3) Gaming Apps

(4) Camera (or video?)

(5) Music





- (6) Fashion
- (7) Simple, low-tech
- (8) "Don't Care"
- (9) Business Users
- (10) For \_\_\_\_\_!

b) Identify the Characteristics that define the segment (what do prospective segments share that make them different from other segments with different needs/wants/desires?)

Example: Occupations and boots

- c) Determine the \_\_\_\_\_ of the segment and how well they are being \_\_\_\_\_ by current offerings
  - i) How large is the segment in terms of numbers, demand, and dollars (i.e., potential sales)?
  - ii) How \_\_\_\_\_ is their need (how dissatisfied are they with their current options)?
  - iii) How \_\_\_\_\_ is the existing competition?
  - iv) FORECASTS can help to determine which segments are worth pursuing!
    - Note: See the textbook Chapter 8 for "sales forecasting techniques" that may be very valuable here.
- d) This should allow us to determine the size of the segment, the urgency of the need, and the strength of the competition...so, \_\_\_\_\_  
 \_\_\_\_\_ help determine whether or not this segment seems to be appealing for us

V. Market Segmentation Conditions that indicate a useful segment

- a) The segment is Measurable and we can \_\_\_\_\_ data about the segment

Example:

- b) Is the segment \_\_\_\_\_?

e.g., The Cleveland Plain Dealer:

- c) Is the segment \_\_\_\_\_ to be profitable for us?
  - i) Creating a new product/service, advertising it, distributing it, facing down competition is all \_\_\_\_\_.
  - ii) Is there enough size, demand, and sales to provide the \_\_\_\_\_ we will need?
  - iii) In some cases, we can be successful by treating EACH customer as a separate segment through \_\_\_\_\_.

Examples:

#### VI. Market Segmentation – Grouping Buyers into Segments

- a) Based on the Customer's reason for \_\_\_\_\_?
  - i) \_\_\_\_\_ -- For personal use = Final Consumer
  - ii) \_\_\_\_\_ -- To use in the organization, to resell, or to make other products

--Black and Decker and DeWalt Example:

Video: Felber on Market Segmentation at Felber & Felber

- (a) Felber & Felber has focused on the \_\_\_\_\_ segment
- (b) There are many manufacturing companies doing well
- (c) Felber & Felber only needs a few of these to FOCUS on with their specialties
- (d) Green Marketing and Early Stage Clients
- (e) They apply what they learned from other clients to this segment

However, while useful, this is too broad...so look at Consumer Market segmentation....

- b) Bases for Segmenting Consumer Markets (from the figure):
  - i) Geographics (Region, Size, Urban-rural, Climate)

- ii) Demographic (Income, age, gender, family life cycle, social class, education, occupation, ethnic background)
- iii) Psychographics (e.g., VALS)
- iv) Behavioral segmentation (Benefits desired, usage rates)
- v) Usage Rate

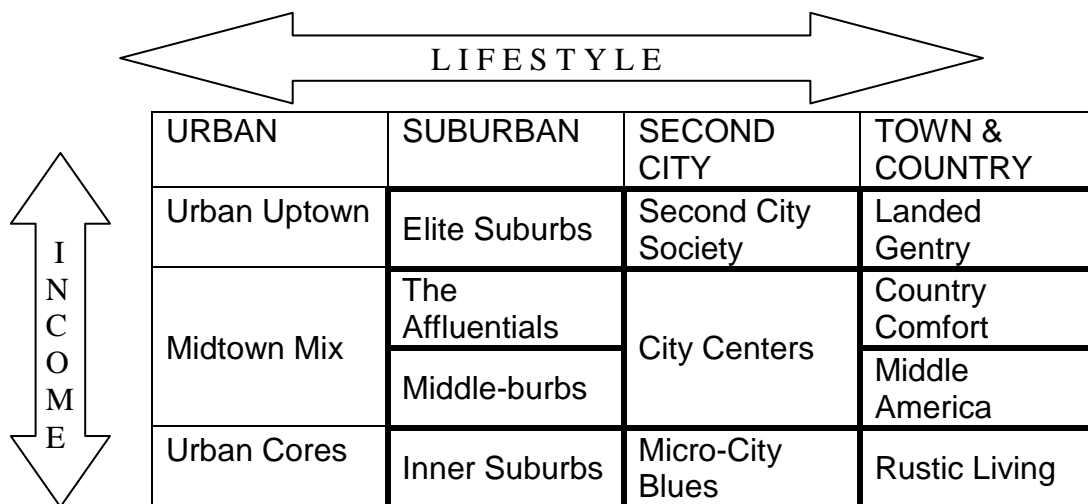
Examples:

(1) \_\_\_\_\_ (by Age )

(2) Psychographic Segmentation

(a) As the American population becomes more diverse and affluent, demographic researchers are changing the way they define segments of American society.

(b) \_\_\_\_\_ has defined 14 distinct groups of consumers based on recent Census and consumer data that emphasize income, age, and lifestyles. Segments of each group buy the same types of cars, read the same magazines, and watch the same television shows.



- Claritas' 14 segments are divided into 66 smaller clusters.

For more, see: USA Today – Who We Are: Redefining our demographics

<http://www.usatoday.com/news/graphics/whoweare/flash.htm>  
<http://www.claritas.com/MyBestSegments/Default.jsp>

- Useful for direct-mail promotions, retail outlet selection, decisions about the mix of products/brands to offer in the area.

### (3) Behavioral Segmentation

- (a) \_\_\_\_\_ is an “ideal” approach, but often hard to measure
  - (i) Example: What are the benefits of wearing clothing that has label on the outside?
  - (ii) Citicard example:

### (4) Usage Rate

- (a) Non-users
- (b) Light users, medium users, heavy users
  - (i) Best Buy Example:

## VII. “Traditional” Target Market Strategies

- a) \_\_\_\_\_ (mass-market, undifferentiated market, one size fits all)
  - i) Use a \_\_\_\_\_ for everyone – A “shotgun” approach.... VERY UNCOMMON; perhaps some \_\_\_\_\_
  - ii) Potential Advantages;
    - (1) Lower \_\_\_\_\_, and
    - (2) Easy to \_\_\_\_\_
- b) \_\_\_\_\_ Strategy
  - i) Product differentiation involves using different elements of the marketing mix to help consumers see the product as being different from the competition, and “better” for the consumer
  - ii) Apple example:

- c) Single-Segment Strategy (\_\_\_\_\_)
- i) Create a single marketing mix which targets a single, well defined group
  - ii) Can be a good way to \_\_\_\_\_ in the broader market
- (1) Examples

iii) The marketer can earn a reputation as an \_\_\_\_\_ or a \_\_\_\_\_ in this \_\_\_\_\_ market

iv) Niche markets are often (though not always) relatively \_\_\_\_\_

(a) Example:

v) So, this is one way for a firm with \_\_\_\_\_ to be competitive!

vi) CAUTION: A danger of this approach is that you are \_\_\_\_\_

(1) Example

d) \_\_\_\_\_

i) Identify MULTIPLE segments, and develop, market, and manage MULTIPLE marketing mix offering attempting to satisfy the needs, wants, and desires of EACH segment with a “\_\_\_\_\_” marketing mix.

e.g., Bayer HealthCare Products

ii) Advantages:

(1) Eliminate or reduce \_\_\_\_\_

(2) Become \_\_\_\_\_

iii) Disadvantages:

(1) Higher \_\_\_\_\_

(2) Higher \_\_\_\_\_

(3) Higher \_\_\_\_\_

(4) SO,

For example it is estimated that \_\_\_\_\_

\_\_\_\_\_

Examples: Gap Clothing Segmentation and Jeans segmentation

e) Example: Muller on Segmentation at Timken

i) Primarily by industry

(1) Primary metals

(2) Wind energy

(3) Power generation

(4) Cement

(5) Automotive

(6) Off highway construction vehicles

ii) And then **further** with micro segmentation

(1) Short lead time

(2) Longer life

(3) More productivity

iii) Challenge to discover the segment's needs and to create a mix for each

f. Example: Bayer Consumer Products Example

([http://www.consumercare.bayer.com/scripts/pages/en/our\\_brands/index.php](http://www.consumercare.bayer.com/scripts/pages/en/our_brands/index.php))

i) Background

(a) Employees: 6,600

- (b) Activities in more than 100 countries
- (c) Sales: Over EUR 2 billion
- (d) More than 170 brands worldwide
- (e) Global Headquarters: Morristown, NJ
- (f) Bayer HealthCare's OTC brands are manufactured around the globe in Europe, North America and Latin America, as well as in Asia.

(2) \_\_\_\_\_ Major Segments

- (a) Analgesics: Bayer Aspirin, Aleve, Aktren, and Midol
- (b) Gastrointestinal: Alka-Seltzer, Lefax, Phillips Milk of Magnesia, Rennie, and Talcid
- (c) Dermatological: Bepanthen, Bepanthol, Canesten
- (d) Cough and cold remedies: Alka-Seltzer Plus, Aleve Cold & Sinus, and Tabcin
- (e) Multivitamins and dietary supplements: Berocca, One-A-Day, Flintstones (complete, gummies, plus, my first Flintstones)

(3) Two Major Segments within \_\_\_\_\_

- (a) Aspirin Regimen
- (b) Aspirin for Pain Relief  
<http://www.bayeraspirin.com/products/products.htm>
- (c) Multiple offerings within each segment

VIII. Selecting a Target Market – Guidelines

- a) BEFORE selecting a segmentation strategy, determine the \_\_\_\_\_ of the segments.
- b) Is the segment's needs \_\_\_\_\_ with the company's goals
  - i) Example:
- c) A good \_\_\_\_\_ with the company's resources
  - i) Example:
- d) \_\_\_\_\_ that justify the investment
  - i) The segment must be \_\_\_\_\_
  - ii) The segments should be expected to \_\_\_\_\_
  - iii) We can reach the segment at a \_\_\_\_\_
    - (1) Example:

e) Competitors are \_\_\_\_\_

## IX. Positioning the Product

a) Creating and maintaining in the minds of target market consumers a particular image relative to competing products

i) Example:

(1) The NAME

(2) Its ads

(3) The dentist recommendations

b) Consumers often form mental “\_\_\_\_\_” for brands that will simplify their decision making – we want to \_\_\_\_\_

c) Three steps to Positioning a product

i) Select a \_\_\_\_\_ based on what is important to the target consumers.

-- Answer the question, “What will you do for me that \_\_\_\_\_?”

Dove:

ii) Design the \_\_\_\_\_ that conveys the position

--Done well, this embodies your “\_\_\_\_\_” (USP).

--Your USP \_\_\_\_\_ your product from the competitors, on a feature that is \_\_\_\_\_ to consumers.

--Examples are having the lowest cost, the highest quality or being the first-ever product of its kind.

--A USP could be thought of as “what you have that \_\_\_\_\_ don’t” (that is of importance to your consumers).



- iii) Coordinate ALL \_\_\_\_\_ to convey the position to the target consumers

Examples:

- \_\_\_\_\_ : "Expect more. Pay less."
- U.S. \_\_\_\_\_ : "The toughest job you'll ever love."
- \_\_\_\_\_ : "Melts in your mouth, not in your hand."
- \_\_\_\_\_ : "The World on Time" and "When it absolutely, positively has to get there overnight."
- \_\_\_\_\_ : "The Miracles of science."
- \_\_\_\_\_ Jewelers: "Every kiss begins with \_\_\_\_\_."

- d) The Perceptual Map as a product positioning tool
  - i) Step 1 -- Analyze the Map and select the \_\_\_\_\_
  - ii) Step 2 -- Design the dimension or the product feature that most effectively conveys the \_\_\_\_\_
  - iii) Step 3 -- Coordinate the marketing mix components to convey a consistent position to the target audience
  - iv) Of course, this can only work if it is a "good" segment and all the segmentation criteria are met!

#### X. Positioning Errors

- a) \_\_\_\_\_
  - i) Failing to position the brand very well.
    - (1) Examples:
- b) \_\_\_\_\_
  - i) Giving buyers too narrow a picture of the company.
    - (1) Example
- c) \_\_\_\_\_
  - (1) Claiming two or more contradicting benefits OR changing positions often
  - (2) Leaving buyers with a confused image of a company.
    - (a) Example

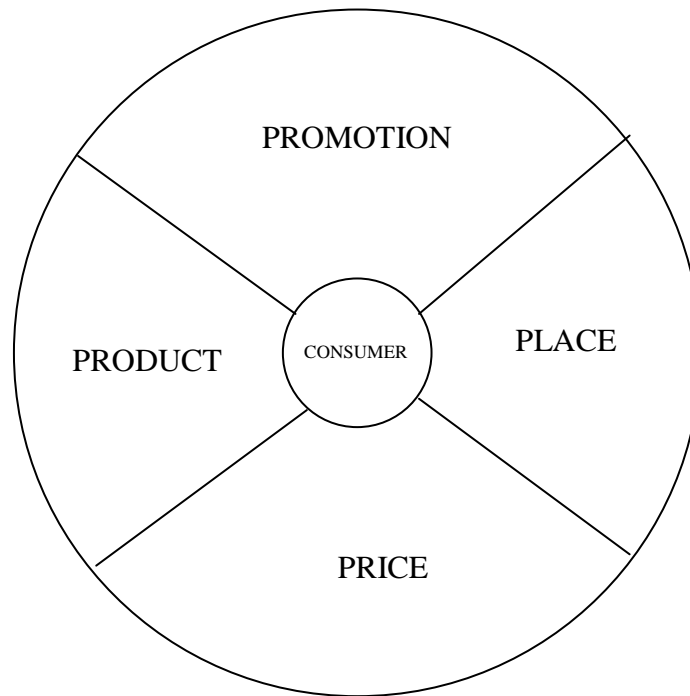
#### XI. Basic Positioning Platforms (and examples)

- a) Premium Positioning or status symbol
- b) Value for money

- c) Friend / family values /warmth
- d) Problem Solver
- e) "Fun"
- f) Trendy / stylish
- g) Role model/ user imagery (reliability, trust, quality, premium); Celebrity endorsements
- h) Anti-establishment / rebel
- i) Technology leader / Innovation
- j) Service Leader
- NOTE: It would be simplistic to look at these platforms as independent and exclusive. Many brands can (and do) span more than one platform.

## Chapter 10 -- Developing New Products and Services

### The Marketing Mix



#### I. New Products? Who needs 'em?

Examples:

- Thomas Watson, chairman of IBM, 1943
- Thomas Edison, 1922
- Ken Olson, chairman and founder of Digital Equipment Corp., 1977
- Daryl F. Zanuck, president of 20<sup>th</sup> Century Fox, 1946
- Harley-Davidson 2014

#### II. Great New Ideas are the cornerstone of business success

##### a) Price Waterhouse Coopers

- 50% or more of plausible business ideas come from customers, competitors, and suppliers.
- The rest? \_\_\_\_\_
- The Challenge!**
  - How can we stimulate \_\_\_\_\_ to make suggestions? and,
  - How can we \_\_\_\_\_ to find promising ideas?

##### b) Imaginatik – Innovation Central

### III. Understanding the terms

a) What is a “product”?

- i) A set of \_\_\_\_\_
- ii) May be a \_\_\_\_\_
- iii) Which provide satisfaction of \_\_\_\_\_ in the form of \_\_\_\_\_ .
- iv) And is exchanged for \_\_\_\_\_ (or some other unit of value).

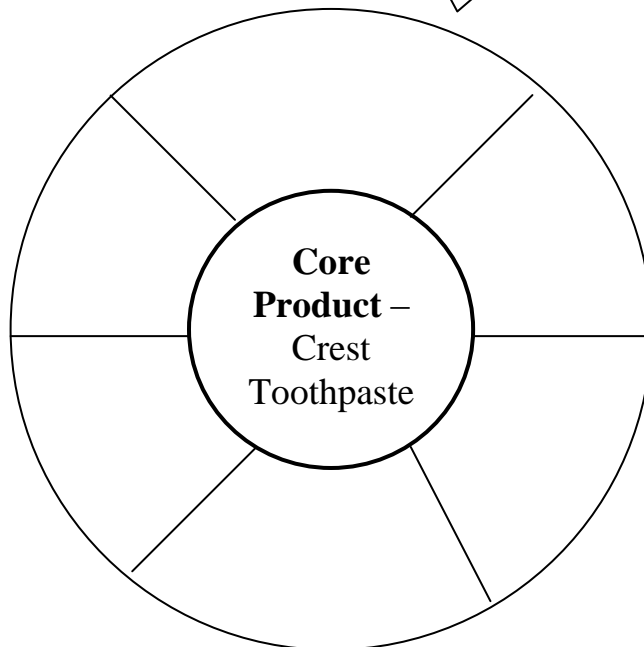
b) The “Total Product”

- i) A Broad spectrum [bundle] of tangible and intangible benefits
- ii) Primary Characteristics:
  - (1) Basic features of the \_\_\_\_\_
- iii) Auxiliary Dimensions \_\_\_\_\_
  - (1) Example: Crest Complete

III.



Auxiliary Dimensions



Essential Core Benefits

## Understanding the terms

### c) Product Line

i) A group of closely related products that \_\_\_\_\_:

- (1) a class of needs,
- (2) are used together,
- (3) are sold to the same customer group,
- (4) are distributed through the same type of outlets,
- (5) or fall within a given price

ii) EXAMPLE: Product Lines at Church & Dwight Co. Inc.

(1) Personal Care lines:

- (a) Antiperspirants & Deodorant
- (b) Eye Care
- (c) Fertility
- (d) Hair Removal
- (e) Nasal Care
- (f) Oral Care Products
- (g) Ovulation
- (h) Wound Wash

(2) Household Product lines:

- (a) Baking Soda
- (b) Deodorization
- (c) Fabric Care
- (d) Household Cleaners
- (e) Pet Care Products
- (f) Wood Care

### d) Product Mix

i) The number of \_\_\_\_\_ offered by a company.

### e) Width of Product Mix

i) The number of product lines carried (Church & Dwight is broad; Spyder Paintball is narrower)

### f) Depth of Product Mix

i) Average Number of Products in \_\_\_\_\_.

g) Consistency of Product Mix

i) How similar are our product lines?

ii) PRODUCT MIX EXAMPLE:



<b>Hair Care</b>			
Shampoo			
Conditioner			
Treatment			
Stylers			



<b>Vitamins</b>	<b>Beauty</b>	<b>Diet</b>	<b>Grocery</b>
Herbals	Bath & Body	Fitness & Yoga	Beverages
Minerals	Tools	Monitors	Candy
Multi	Hair Care	Supplements	Cleaning
Supplements	Makeup	Weight Loss	Laundry

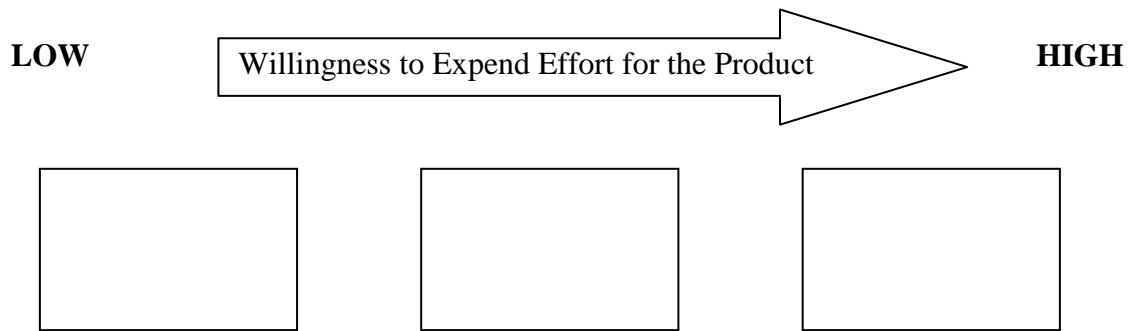
#### IV. Classifying Products

##### a) Consumer Goods

- i) products purchased by the \_\_\_\_\_ consumer.
- ii) Based on Durability/Tangibility Classification (goods-services continuum)



##### iii) Based on CONSUMER'S Interest



Examples:

##### iv) CONVENIENCE PRODUCTS

###### (1) Characteristics:

- (a) Relatively Inexpensive
- (b) Purchase is regular and recurring
- (c) Little Thinking Involved
- (d) Minimal Shopping Effort
- (e) Bought a most convenient location
- (f) "Staple" products, like groceries, and
- (g) Impulse purchases (candy bar?)

###### (2) STRATEGY:

- (a) Make available in every possible place

- (b) Must be visible inside the store
  - (c) Distribution is a major marketing mix factor
  - (d) Easy substitution by similar brands (consumer will accept another brand)
  - (e) Extensive advertising is used
- v) Shopping Products
- (1) CHARACTERISTICS:
- (a) Product comparisons occur
  - (b) Consumer seek information
  - (c) Decisions are based on thought
  - (d) Relatively higher prices
  - (e) Often technology or fashion oriented
  - (f) Monetary & social risks
  - (g) Brand loyalty may be found
- (2) STRATEGY:
- (a) Selective distribution
  - (b) Consumers will seek products in less visible locations
  - (c) Product attributes and Quality are important
  - (d) Product differentiation is possible
- vi) Specialty Products
- (1) CHARACTERISTICS:
- (a) Substitutes are not accepted
  - (b) Infrequently purchased
  - (c) Extensive Search
  - (d) Brand loyalty may be strong
  - (e) Loyalty to retailer may be as important as brand selection
  - (f) May travel great distances to acquire
- (2) STRATEGY:
- (a) Limited distribution
  - (b) Consumers will seek products regardless of location
  - (c) Extensive product and price differentiation
  - (d) Strong brand image



vii) Unsought Products

(1) CHARACTERISTICS:

- (a) Consumer does not know about or does not want the product (initially)
- (b) Interest is likely caused by a “sudden or unexpected problem” (rain = umbrella; death = funeral plot)
- (c) The consumer is not likely to be loyal and will accept substitutes

(2) STRATEGY:

- (a) Limited distribution
- (b) Need to advertise so consumers are aware when the need arises
- (c) May require persistent and aggressive advertising and selling approach

Example: Spectrum Brands Segmented based on Consumer Markets

b) \_\_\_\_\_

- i) Products that assist directly or indirectly in providing products for resale. Also called *B2B goods*, *industrial goods*, or *organizational goods*.
  - (1) **Manufactured materials and component parts:** (electrical resistors, screws, electric motors, computer chips, spark plug)
  - (2) **Process materials (raw materials):** used in production, become part of finished product (chemicals, wood, wheat, cotton)
  - (3) **Installations:** primary production equipment and major capital items (buildings, computer hardware, assembly lines, oil drilling rig)
  - (4) **Accessory equipment:** (Copiers, office equipment, cell phone, hand tools)
  - (5) **Maintenance, Repair, and Operating Supplies:** facilitate routine operations (writing paper, staples, tape, Post-it notes)
  - (6) **Services:** intangible product provided by others to facilitate the firm’s production and operation (maintenance, repairs, trucking, security service, legal advice, consulting)

## V. Product Development

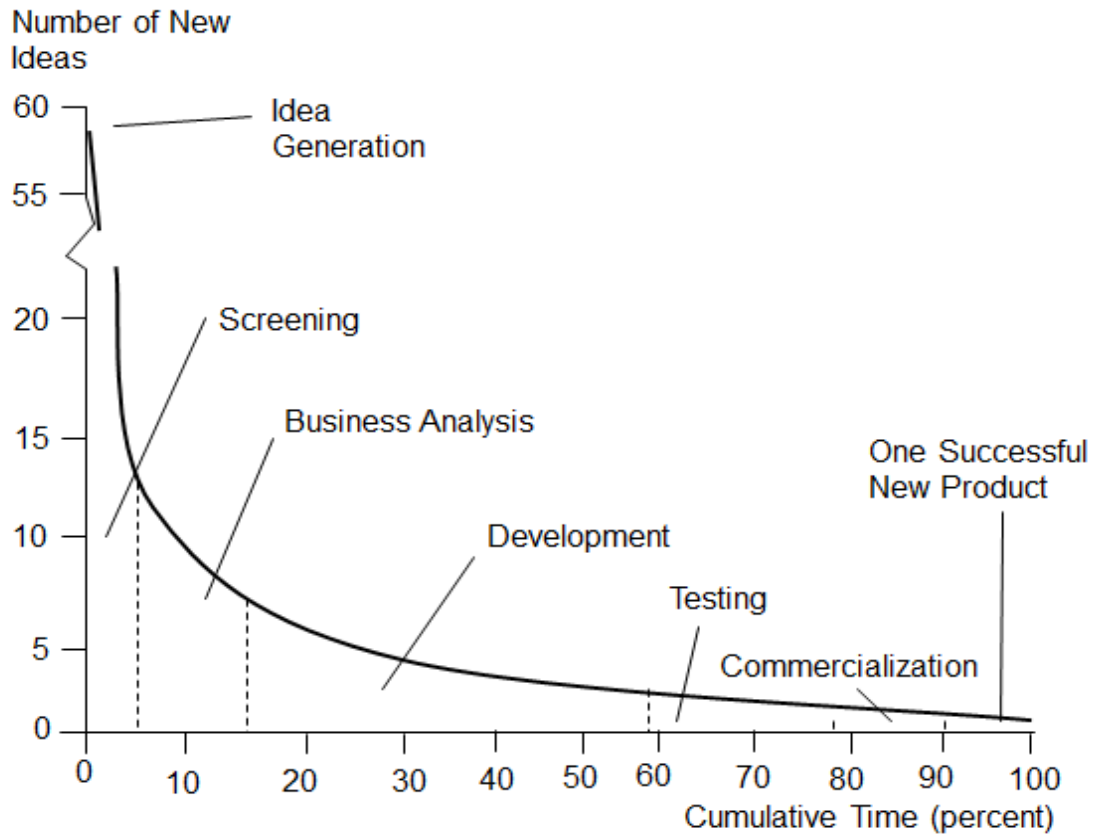
- a) The development of \_\_\_\_\_
- b) The continuous improvement of \_\_\_\_\_
- c) WHY bother?
  - i) Any company that does not innovate will eventually be crushed by competition or abandoned by its consumers
  - ii) “ \_\_\_\_\_!”
  - iii) EXAMPLE: Innovation at two very different companies
    - (1) GOOGLE
      - (a) Ideas come from everyone in the company – even the finance team.
      - (b) Open information on every project – every idea, every deadline.
      - (c) Favor intelligence over experience.
      - (d) Employees get a free day each week to innovate – 50 percent of new products come from this time.
      - (e) Don't politic for your idea, use data – eliminate 'I like' for real data.
      - (f) Give people a vision, rules how to get there and deadlines – creativity loves constraints.
      - (g) Simple to use and easy to love – the money will follow this.
    - (2) **Whirlpool**
      - (a) Stick with it – it can take up to six years to attain a big payback.
      - (b) Innovation alone is not enough – need operational excellence as well.
      - (c) Be highly practical – inventions have to be something someone will buy.
      - (d) At Whirlpool, sales from new product ideas less than 5 years old were less than \$30 million; today they are more than \$1.2 billion!!

## VI. Differing Perspectives of New Products

- a) Newness Compared with Existing Products –  
“ \_\_\_\_\_”
- b) Newness in Legal Terms—for \_\_\_\_\_  
\_\_\_\_\_ after “regular distribution”
- c) Management perspective:
  - i) New-to-the-world products (true innovation)

- (1) High Risk
- ii) Product category extensions
  - (1) Diversification into an established market for an existing product--  
 BUT, \_\_\_\_\_  
 \_\_\_\_\_
- iii) Product line extensions
  - (1) Additions to \_\_\_\_\_
- d) Consumer Perspective:
  - i) \_\_\_\_\_ innovations
    - (1) Variations of existing products
    - (2) No behavior changes or new learning
    - Example:
  - ii) \_\_\_\_\_ innovations
    - (1) Improvement of existing products
    - (2) Minor behavior changes, some new learning
    - Example:
  - iii) \_\_\_\_\_ innovations
    - (1) New function
    - (2) Major behavior changes and education needed
    - Example

VII. What it takes to launch ONE commercially successful new product

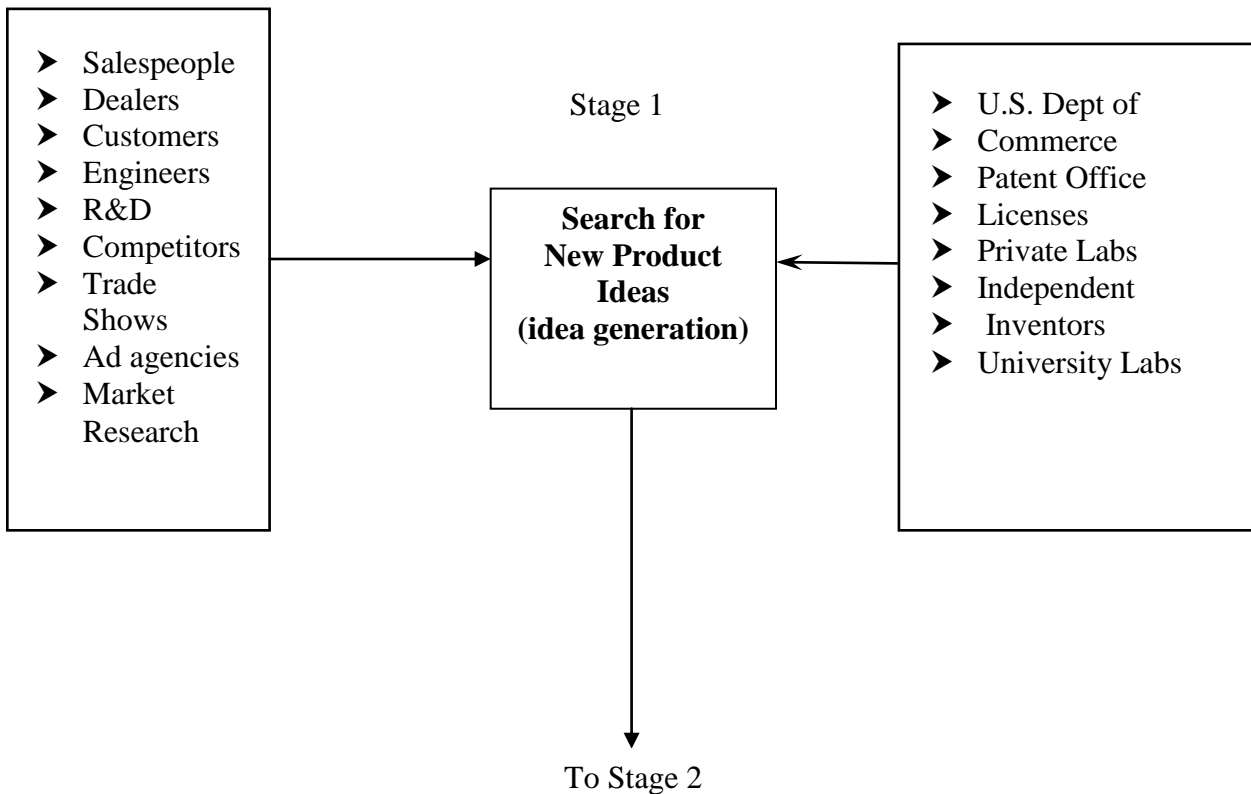


Adapted from Rouse, Allen, and Hamilton 1985

### VIII. Characteristics of Success for a New Product

- a) \_\_\_\_\_
  - i) An enhanced bundle of benefits
- b) \_\_\_\_\_
  - i) Similar usage or consumption, patterns, and values
- c) \_\_\_\_\_
  - i) Opportunity for buyer testing through sampling or divisibility
- d) \_\_\_\_\_
  - i) Buyers see the newness
- e) \_\_\_\_\_
  - i) Complexity is a disadvantage which slows diffusion
- f) A good marketing mix, well executed

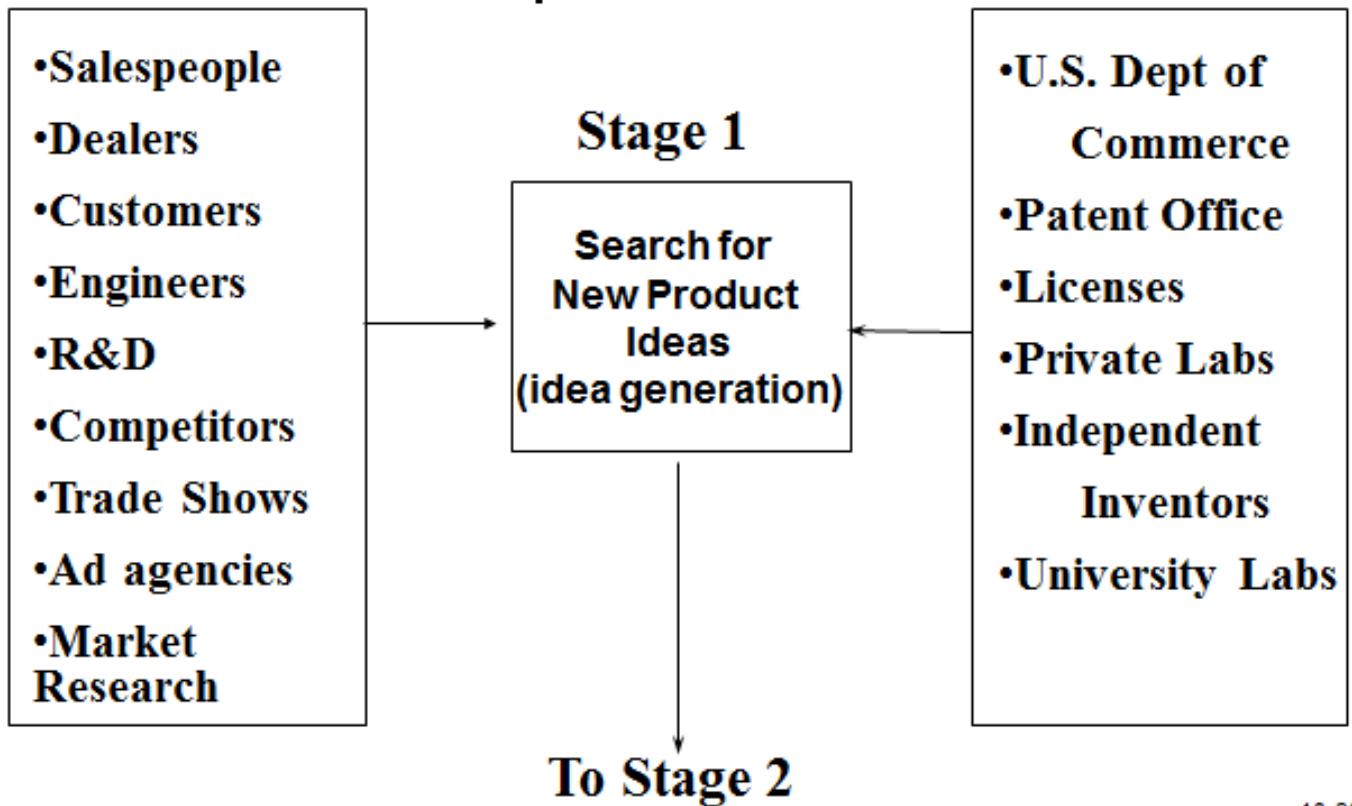
## IX. Stages in the New-Product Development Process



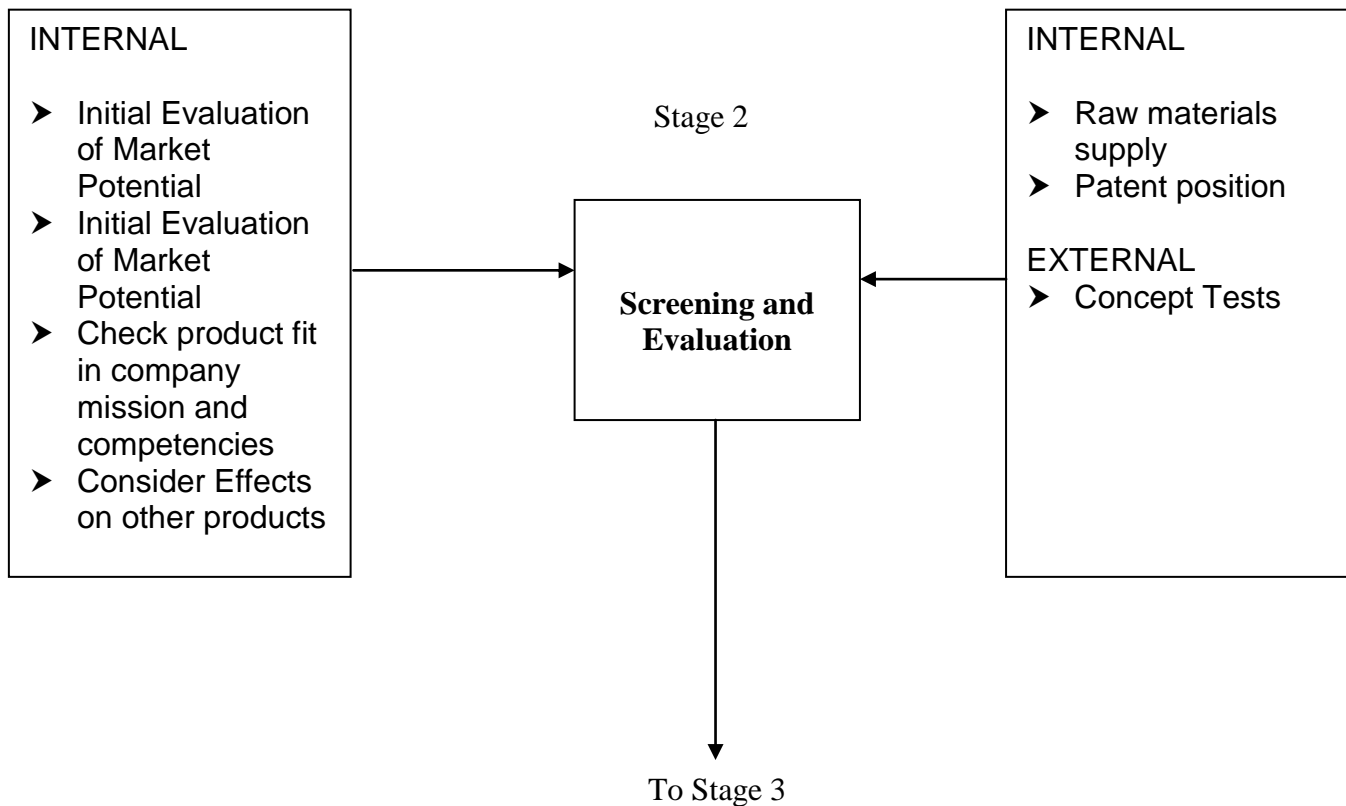
Video: Fred Hunt on a New Product Idea for at Sherman-Williams

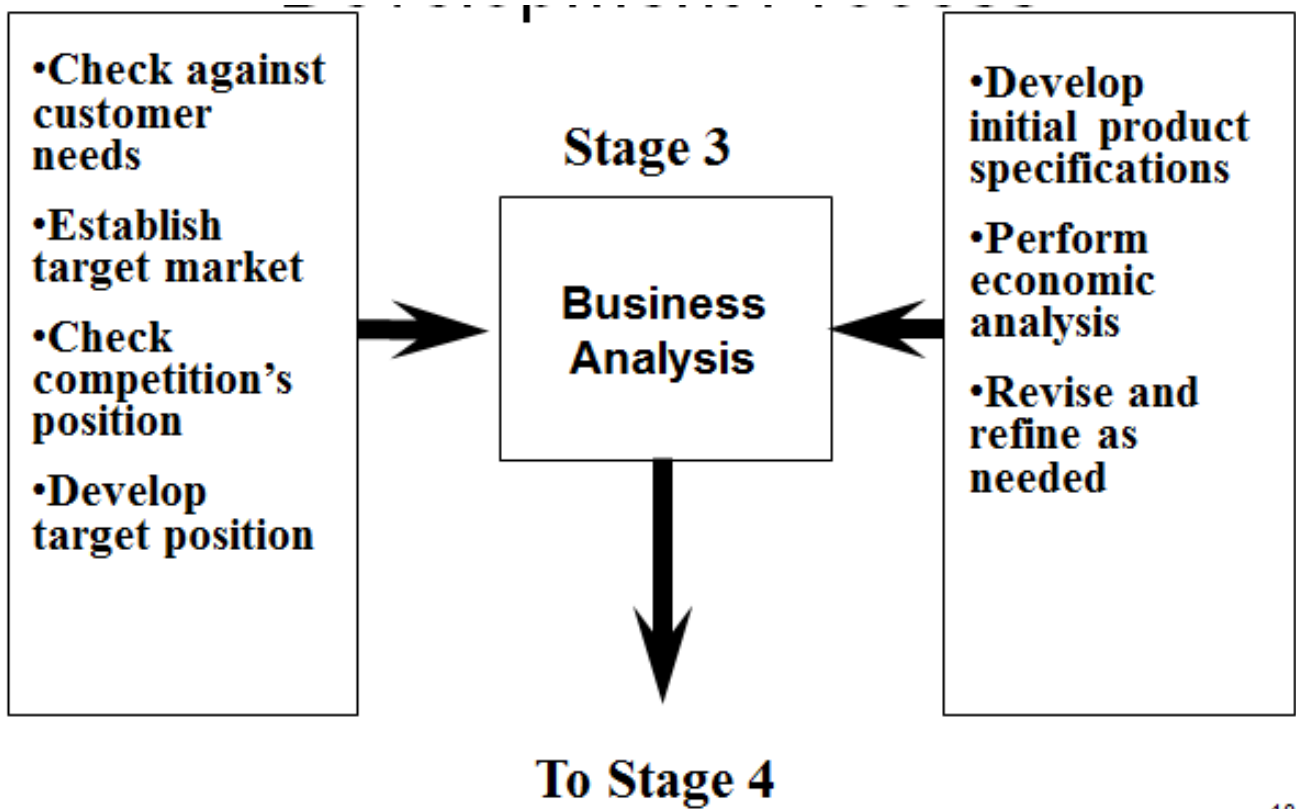
- a) Marketing is very much focused on the \_\_\_\_\_
- b) At Sherwin-Williams we \_\_\_\_\_
- c) How the conversation resulted in \_\_\_\_\_
- d) We know that our “do-it-yourself consumer is mostly \_\_\_\_\_
- e) She knows what she wants and she makes \_\_\_\_\_
- f) She was doing the actual \_\_\_\_\_
- g) BUT, she has a few things that she was \_\_\_\_\_
- h) SO, we did some \_\_\_\_\_ to watch what she was doing when she got the product home.
- i) We found that she had problems with (a) \_\_\_\_\_  
(b) \_\_\_\_\_ and (c) \_\_\_\_\_
- j) We thought about the innovative idea of making the process \_\_\_\_\_.
- k) From this came the \_\_\_\_\_ paint can.
- l) It has a Wide handle, a Twist Off Top, and a Spout!!

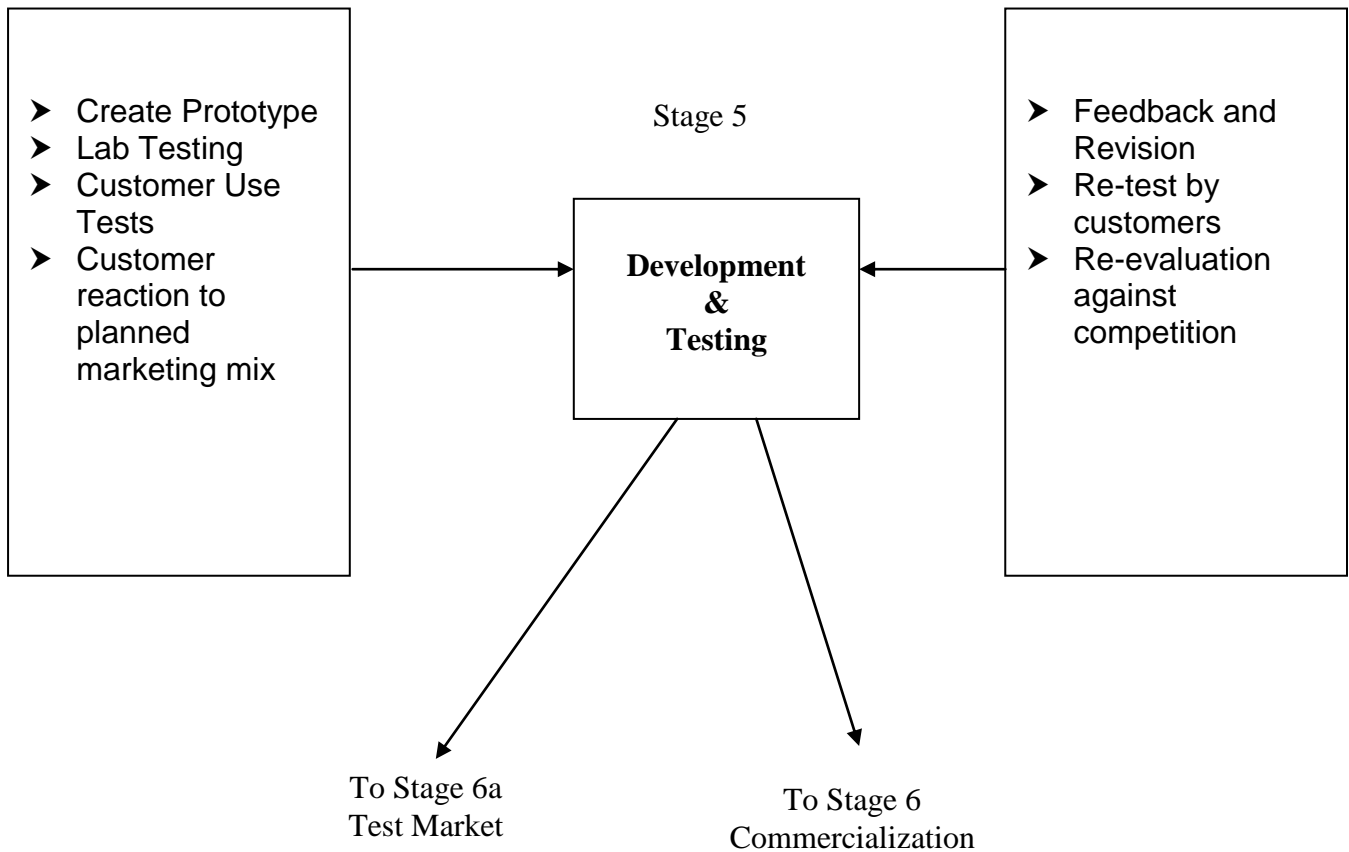
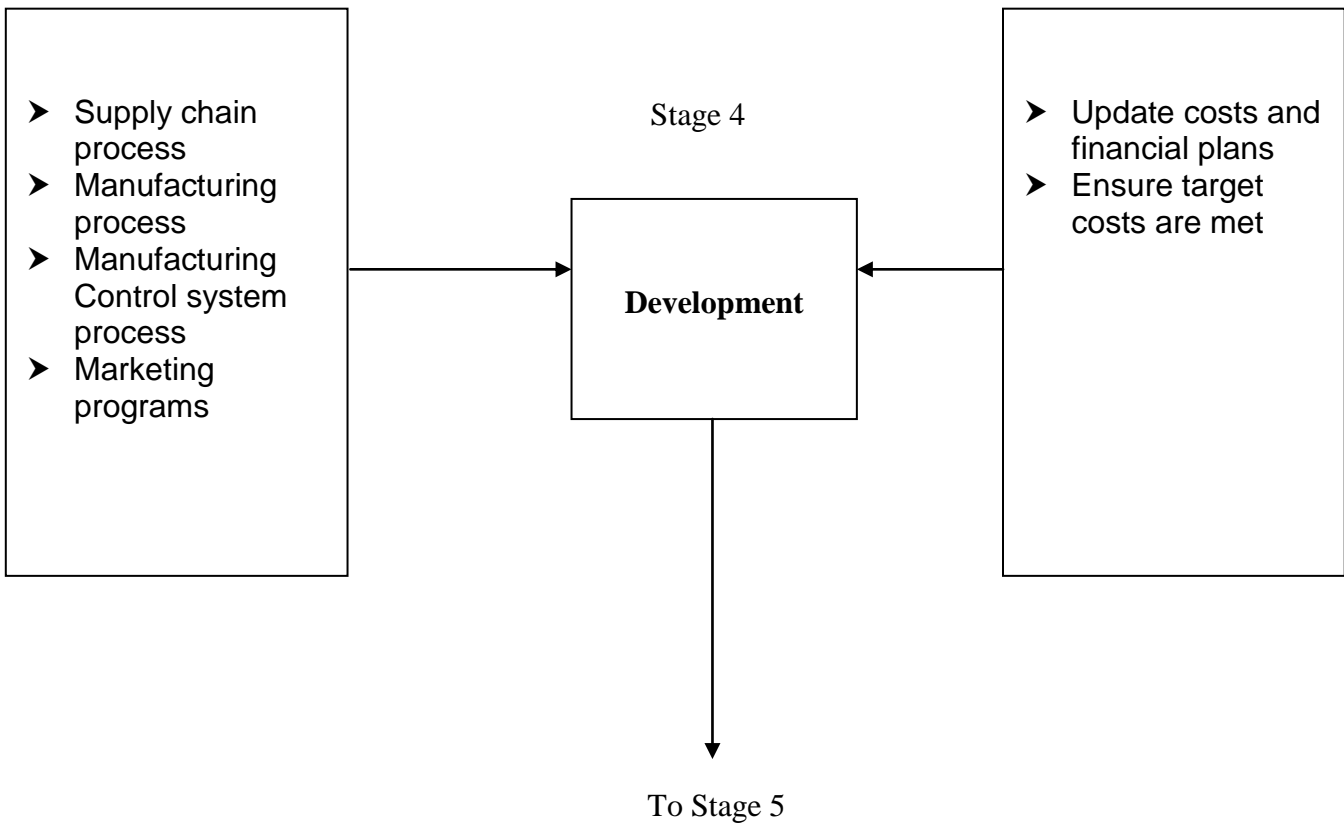
m) A Classic Story of



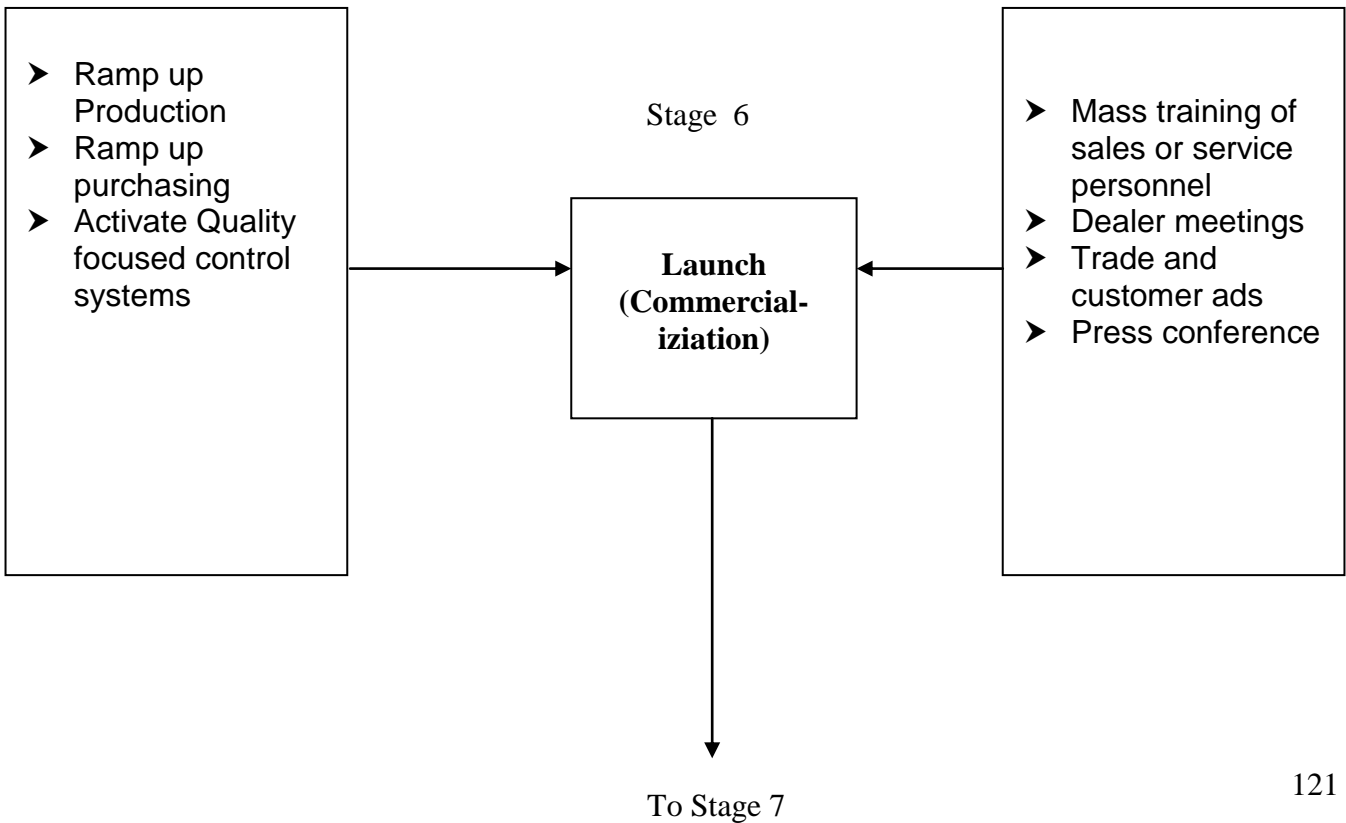
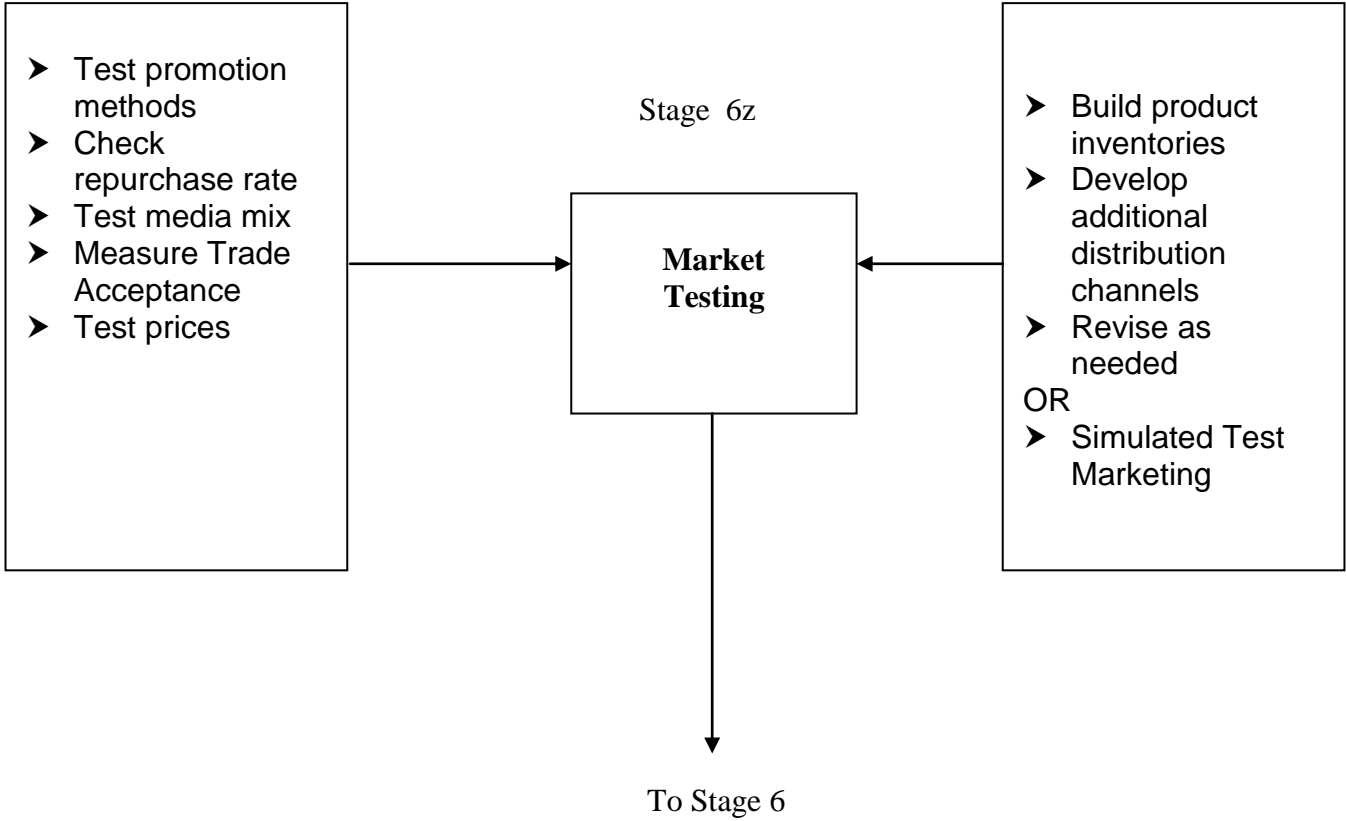
10 38

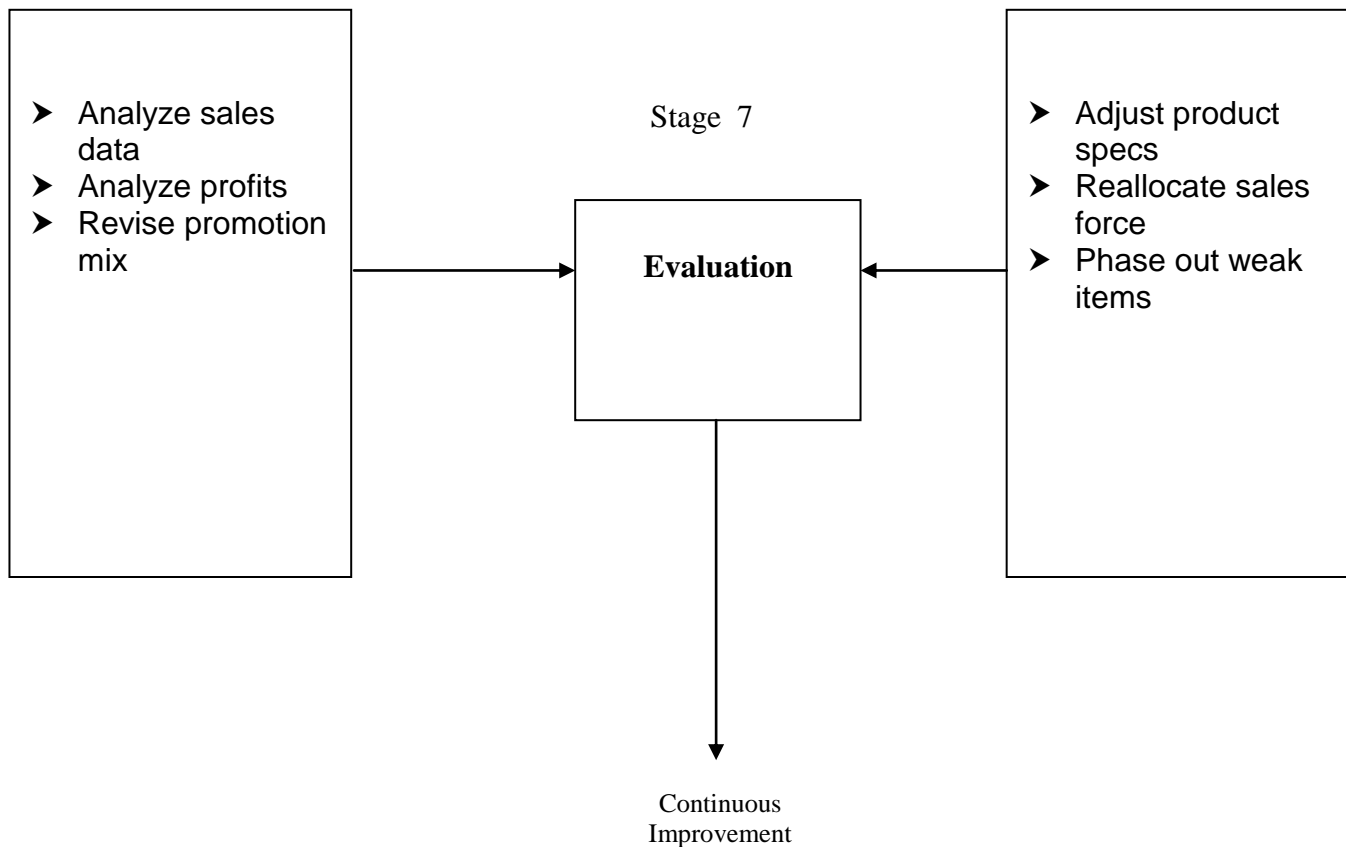












#### X. Why New Products Fail

- a) No Competitive \_\_\_\_\_
- b) \_\_\_\_\_ Reaction
- c) Badly \_\_\_\_\_
- d) Poor Quality
- e) Does Not Deliver Promised \_\_\_\_\_
- f) Too Little Marketing Support (SYNERGY!)
- g) Low Perceived \_\_\_\_\_
- h) Bad Estimates of Market Potential (or other marketing research errors)
  - i) --Forecasts are dangerous, especially those about the future!!!
  - j) Poor estimates of Production &/or Marketing Costs
  - k) Poor Selection of Marketing Channels
- k) Rapid Change in the Marketing Environment

#### XI. ...so Research, Research, RESEARCH!!

- Thinking about research and sample size...
  - <http://www.robertniles.com/stats/sample.shtml>

## Chapter 11 -- Managing Successful Products, Services, and Brands

### I. Introduction – Starbucks

a) The Early Years

b) Growth

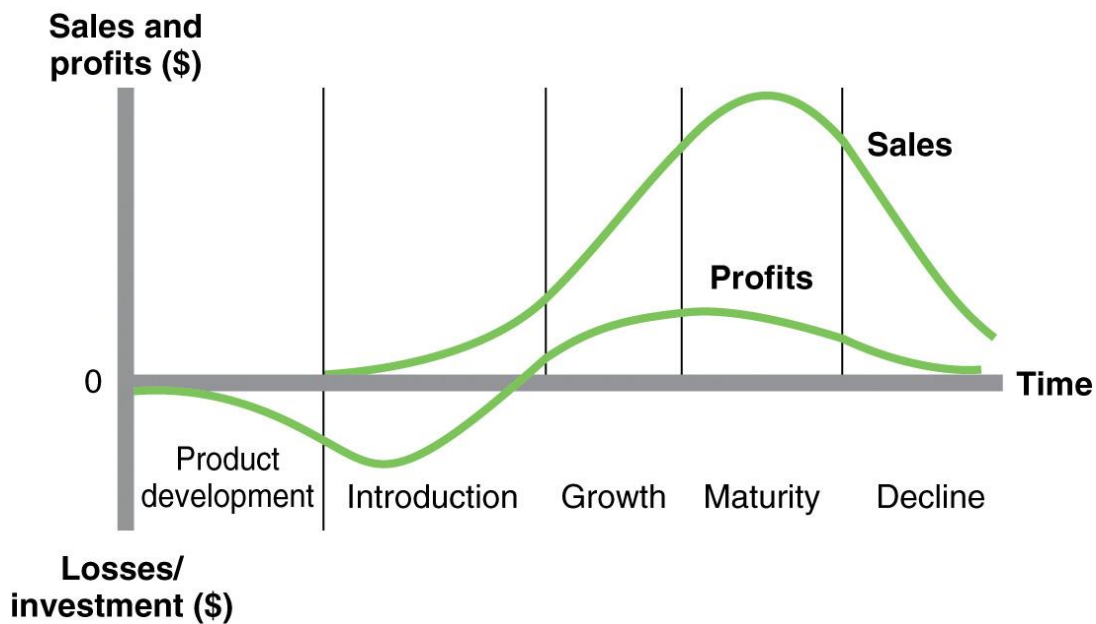
c) Managing the product and brand extensions.

d) Starbucks Logos

e) Starbucks Competition

II. The POINT: Changing \_\_\_\_\_ AND \_\_\_\_\_  
REQUIRE marketers to actively and successfully \_\_\_\_\_ their  
products and brands!

### III. Product Life Cycle



- a) The PLC shows the \_\_\_\_\_ over an extended period of time for all brands comprising a generic product category.
- b) PLC and profit curves varies from product category to another, but above is the \_\_\_\_\_ that we often see.
- c) Note the \_\_\_\_\_ profits. Sales are needed to offset product development costs
- d) As we move through the PLC, we must increase advertising and selling efforts and cut prices in face of \_\_\_\_\_.
- e) Deciding when to enter a market can IMPACT \_\_\_\_\_.

#### IV. PLC Characteristics and Implications

<b>a) Characteristics</b>	<b>Introduction</b>	<b>Growth</b>
b) Customers	Innovators	To the masses
c) Competition	Little	Increasing
d) Sales	Low	Rapid Growth
e) Profits	None	Strong & then peak
<b>a) Marketing Implications</b>		
b) Overall Strategy	Market Development	Penetration
c) Costs	High per unit	Declining
d) Product Strategy	Undifferentiated	Improved features
e) Pricing Strategy	High	Lower over time
f) Distribution Strategy	Scattered	Intensive
g) Promotional Strategy	Awareness	Brand Preference

a) <b>Characteristics</b>	<b>Maturity</b>	<b>Decline</b>
b) Customers	Mass market	Loyal Customers
c) Competition	Intense	Decreasing
d) Sales	Slow	Declining
e) Profits	Declining	Low/none

**a) Marketing Implications**

Overall Strategy	Defensive	Efficient or exit
b) Costs	Stable	Low
c) Product Strategy	Differentiated	Pruned line
d) Pricing Strategy	Lowest	Increasing
e) Distribution Strategy	Intensive	Selective
f) Promotional Strategy	Brand Loyalty	Reinforcement

g) WHY do brands decline?

- i) Better or \_\_\_\_\_
- ii) The need \_\_\_\_\_
- iii) Most competitors abandon the market, BUT
- iv) Some can develop small successful niche businesses.

V. Length of Product Life-Cycle

a) The PLC diagram suggests that stages are of \_\_\_\_\_ length (this may not be accurate)...certainly \_\_\_\_\_

Examples

- i)
- ii)
- b) Extended introduction stage
- c) Fad
- d) Indefinite Maturity stage

e) The Product Life Cycle is getting shorter for most products due to:

- i) \_\_\_\_\_ (“me-too”)
- ii) Technology advances
- f) The Product Life Cycle can be affected by
  - i) The Product Category and \_\_\_\_\_
  - (1) Example

ii) Differences in \_\_\_\_\_

(1) Example

VI. Product Life-Cycle Management

Successful marketers need to do well at:

- a) \_\_\_\_\_ the PLC for their product, and
- b) Recognize what stage they are in and \_\_\_\_\_ to it.
  - i) ISSUES: When to enter?
- c) Entry Strategies
  - i) When is there a Pioneering Advantage?
  - ii) An imitation strategy may be better!
- d) Managing on the Rise
  - i)
- e) Managing During Maturity
  - i)
- f) Surviving the Decline
  - i)
    - (1) During the decline stage firms may:
      - (a) Ensure that marketing and production programs are \_\_\_\_\_ as possible,
      - (b) Prune \_\_\_\_\_ sizes and models which decreases sales but increases profits,
      - (c) Run out the product to squeeze out final profits, or
      - (d) \_\_\_\_\_ (best and toughest route)

VII. Brands

- a) The word “brand” is comprehensive
- b) Brands are used both to \_\_\_\_\_ the seller and to \_\_\_\_\_ the product from competition.
- c) Brand Name --Words, letters, numbers that can be vocalized
  - i) Examples
- d) Brand Mark – Symbol, design, color, lettering
  - i) Examples

e) Trade Mark – The Legal Protection of a brand

Companies Protect their Brands

- i) Example
- f) Leading Brands

i) Examples

--Why Brand?

- g) Reason for Branding from the consumer perspective
  - i) Brands make it easy to \_\_\_\_\_ goods or service
  - ii) Brands help assure consumers of \_\_\_\_\_.
  - iii) Brands make shopping \_\_\_\_\_.
- h) Reason for Branding from the marketer's (seller's) perspective
  - i) Brands provide a \_\_\_\_\_ for promotion.
  - ii) Brands allow for recognition and \_\_\_\_\_
  - iii) Brands help to reduce the importance of \_\_\_\_\_
- i) Are the benefits worth it??

(1) Example

j) Interbrands's -- Best Global Brands 2011

(<https://www.youtube.com/watch?v=G2v4Y0ODDg4>)

(also see **Best Global Brands Summit 2009** <http://www.youtube.com/watch?v=8f2crqgTgII> )

Top Global Brands 2011	Top Global Brands 2012	Top Global Brands 2013	Top Global Brands 2014
1. Coca Cola	1. Coca Cola	1. Apple	1. Apple
2. IBM	2. Apple	2. Google	2. Google
3. Microsoft	3. IBM	3. CocaCola	3. CocaCola
4. Google	4. Google	4. IBM	4. IBM
5. GE	5. Microsoft	5. Microsoft	5. Microsoft

- k) Why aren't ALL products branded?
  - i) Branding brings responsibilities that some companies do not want:
    - (1) Brands require expensive \_\_\_\_\_
    - (2) Brands require maintenance of \_\_\_\_\_
    - (3) Branding does not make sense if the product cannot be physically \_\_\_\_\_

VIII. Selecting a Brand Name

- a) Good Brand name
  - i) Contributes to the product's success
- b) The Challenge
  - i) Finding a \_\_\_\_\_

- ii) Running out of name possibilities as \_\_\_\_\_ products are launched a year!
- iii) Many dictionaries only have 50,00 words
- c) Solutions?
  - i) Combine \_\_\_\_\_
  - ii) Use \_\_\_\_\_
- d) A Good Brand name should suggest the \_\_\_\_\_ or use of the product
  - (1) Example:
  - ii) Should be \_\_\_\_\_ to pronounce, spell, and remember
    - (1) Example:
  - iii) Should be \_\_\_\_\_
    - (1) Example:
  - iv) Should be adaptable to product line \_\_\_\_\_
    - (1) Example
  - v) Can be registered and legally protected

#### IX. Protecting a Brand Name

- a) Product counterfeiting
  - i) Intellectual Property Theft costs companies \_\_\_\_\_ and costs 750,000 jobs in the U.S.  
Examples:
  - ii) Product Counterfeit Example:
- b) Generic Use of the name
  - i) Becoming generic  
Examples
    - (1) No simple \_\_\_\_\_, and
    - (2)
  - ii) Protect by:
    - (1) Indicate \_\_\_\_\_
    - (2) Use brand with \_\_\_\_\_, and
    - (3) \_\_\_\_\_
- c) Online Brand Monitoring
  - i)



- ii) Warning signs of Brand Counterfeiting behavior:
  - (1) \_\_\_\_\_ below acceptable levels
  - (2) Lack of good contact information
  - (3) \_\_\_\_\_ service and warranty information
  - (4) Inaccurate product descriptions
  - (5) Products sold on sites not registered to the seller
  - (6) Sites with unsecured transactions

## X. Producer's Branding Strategies

### a) Producer's Own Brand

- i) Done by \_\_\_\_\_, well financed, and well \_\_\_\_\_ firms

Examples:

### b) Branding of Fabricating Parts and Materials

- i) The producer attempts to develop a market preference for its branded parts or materials
  - (1) Works when the product is also a \_\_\_\_\_ that is bought for replacement.
  - (2) OR when the part is \_\_\_\_\_

### c) Producing Middlemen's Brands (Private Label)

- i) A widespread strategy \_\_\_\_\_
- ii) The hope is that the \_\_\_\_\_ brands will appeal to loyal customers, while the cost conscious will buy the less expensive \_\_\_\_\_

## XI. Middlemen's Branding Strategies

- i) The middleman may choose to only carry only the \_\_\_\_\_ Brands
  - (1) Avoids the Branding Responsibilities
- ii) May choose to carry BOTH the Producer and \_\_\_\_\_ brands.

Example:

- (1) The hope is to create \_\_\_\_\_ and to create better profit margins!
- (2) \_\_\_\_\_ say they plan to place more emphasis on private label brands.
- iii) Manufacturer Responses:

- (1) Cutting prices
- (2) Convincing consumers of their brand superiority
- (3) Pruning product lines
- (4) This sets up the “Battle of the Brands”

XII. Strategies Used by both Producers and Middlemen

- a) Branding within a product mix
  - i) A \_\_\_\_\_ for each product
  - ii) \_\_\_\_\_ The company name combined with a product .
- b) Branding for Market Saturation
  - i)

Example
- c) Co-branding
  - i) Two or more brand names on \_\_\_\_\_
  - ii) Dangers
    - (1) Overexposure
    - (2) Risk to both brands if \_\_\_\_\_

XIII. Brand Equity

- a) The value a brand adds to a product over \_\_\_\_\_
    - i) Examples:
  - b) Brand Equity provides a number of benefits:
    - i) It provides a \_\_\_\_\_ to buy
    - ii) It is a \_\_\_\_\_ to competition
    - iii) Facilitates international \_\_\_\_\_
    - iv) Helps product survive a crises
  - c) Brand Equity does have limits
- Example:

XIV. Trademark or Brand Licensing

- a) Owner grants permission to other firm to use the brand name and brand mark on products
  - i) Benefits to owner

- (1) \_\_\_\_\_ and
- (2) Brand \_\_\_\_\_
- ii) Benefits to Licensee
  - (1) Improved likelihood of new product success
  - (2) Reduced marketing costs
- XV. Packaging – CNBC “The Entrepreneurs” example
  - a) Jason Osborn and Jason Wright
    - i) “If the next guy can do it, I can do it better!”
  - b) The “back story”
  - c) The product needs a name
    - i) They came up with 20 or 25 names
    - ii) They pick “FEED.”
      - (1) It describes the product.
      - (2) It is simple.
      - (3) It stands out from the 1000’s of other products.
  - d) The beginnings of a new brand are born
  - e) The product gets “rave reviews.”
  - f) Now, growing their business involves several steps:
    - i) Writing a business plan,
    - ii) Getting a loan,
    - iii) Incorporating
    - iv) AND
    - v) More sophisticated packaging
  - g) Now it is time to give the brand a STRONGER IDENTITY
    - i) You have 1 second to get the customer’s attention
    - ii) You want your brand BIG and MEMORABLE.
    - iii) Goal: To SIMPLIFY the packaging
  - h) Consult a “Branding and Identity Expert”
    - i) What is working and what is not?
    - ii) Problems:
      - (1) Hard to read
      - (2) Busy
      - (3) Image is vague

- iii) It IS legible
- i) The NEW package:
  - i) Simple.
  - ii) Keeps true to the product idea.
  - iii) It showcases the product well.
- j) **NOMINATED FOR AN AWARD FOR THE PACKAGING!**
- k) And the **WHOLE FOODS** chain becomes interested!!

## Chapter 12 -- Services Marketing

### Introduction

“Ruby Tuesday Blows up Wrong Restaurant”

### The Point

In SERVICES marketing, the “casual dining segment” HAS become a “sea of sameness!”

The industry is not longer providing customers with “Value.”

### Taco Bell:

I. Services are a Major Factor in the U.S. economy in dollars and in jobs

a) Over \_\_\_\_\_ and \_\_\_\_\_ million jobs!

See Figure 12-1 page 300.

II. SERVICES Defined

a) Services are the \_\_\_\_\_ or \_\_\_\_\_ that an organization provides to consumers in exchange money or something else of value.

III. Increase in Services Influenced by:

a) Organizations' focus on productivity and profits

i)

b) Consumers' \_\_\_\_\_

i) Personal Shoppers

ii) Take out food

iii) House and lawn care

#### IV. Affecting virtually all industries:

- a) Location--ATMs, branch outlets, branch warehouses, JIT delivery
- b) Longer Business Hours
- c) Better trained sales and service people
- d) One-stop shopping
- e) Improved customer service systems (personal, phone, on-line)
- f) More information available--before, during, and after the sale
- g) ADDS VALUE beyond issues of price and product quality

#### V. THE UNIQUENESS OF SERVICES

##### a) Four I's of Services

i) \_\_\_\_\_

(1) Services cannot be

(2) SO it is harder to

(3) Communications must make these

(4) Setting Price can be hard

ii) \_\_\_\_\_

(1) Lack of standardization;

(2) inconsistent delivery and quality depending

- (3) Minimize by employee selection, training, and
- (4) service performance standards.

iii) \_\_\_\_\_

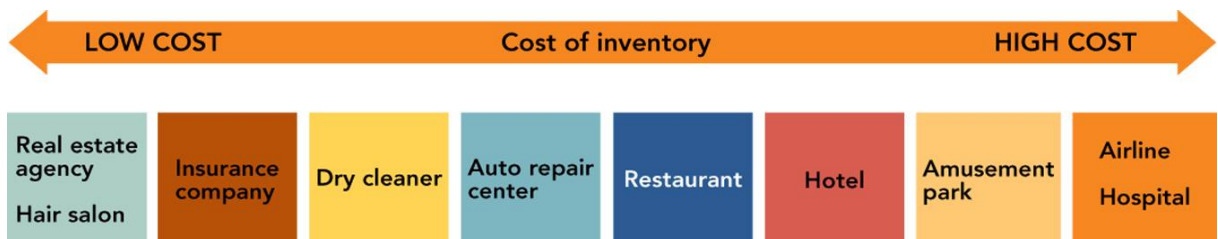
- (1) Simultaneous production and consumption means
  - (a) consumers are a part of the service process;
  - (b) We must manage the interaction for customer satisfaction;
  - (c) educate consumers about the service process and their role in it.

iv) \_\_\_\_\_

- (1) Services cannot be inventoried, so it is hard to balance capacity and demand;
- (2) cannot return service for credit or exchange;
- (3) need to manage demand in peak periods; use capacity in off-periods
- (4) Idle production capacity

Example: **JetSuite**

VI. Inventory carrying costs of services depend on the cost of employees and equipment



## VII. Levels of Service

### a) Core/Primary Services

- i) The major activity of a business (or nonprofit organization).

(1) Example: Investment Services provide the use of a brokerage account to buy and sell stocks

(a)

(b)

### b) Ancillary Services

- i) Expected or optional supplements to the primary purchase.

(1)

(2)

- ii) Ancillary Services expected in B2B marketing

(1)

(2)

(3)

## VIII. Service as Value

### a) Consumers & Organizational Buyers want:

- i) Quality products
- ii) Right price
- iii) Qualified Sales/Service personnel
- iv) Maximum benefits
- v) Minimum effort
- vi) Low wait times



vii) In other words, they demand \_\_\_\_\_!

(a) Example: The Casual Dining Industry stopped providing “value”

(b) Casual Dining restaurants provide full-service, alcoholic beverages, and CHECK AVERAGES from \$10 to \$23 per person.

(c) COMPETITION from “fast-casual” chains are stealing customers

(d) Fast-casual chains have no waiters and higher quality food than fast food chains.

(i)

(ii)

(iii)

(iv)

(v)

## IX. VALUE...

a) ...an intangible concept often defined in terms of

i) exceptional \_\_\_\_\_

ii) exceptional \_\_\_\_\_

iii) value-based \_\_\_\_\_

(a) Example: Casual chains learn from recession

(i) During the recession many consumers pulled back on their discretionary spending, which meant eating out at restaurants less frequently if at all.

(ii) While economic conditions have begun to improve in the U.S., many consumers are still watching their wallets - preferring to eat at less expensive casual dining chains over pricier upscale restaurants.

(iii) Restaurant operators were poorly positioned heading into the recession in 2008 because they had too restaurants.

- (iv) But the dining chains learned. 30,000 restaurants have closed since then and companies focused more on improving their menus, service and the atmosphere at their storefronts.
- (v) In 2007, the industry's mentality was "build it and they will come," but today successful restaurant companies are driven by a guest-centric planning process.
- (vi) That is, casual chains are returning to a "value service proposition."

## X. Competitive Positioning

a) Service Image is conveyed by the firm's "service products."

i) The dimensions used should be those valued by the customers.

(1) Example: What DO consumers want in Casual Dining?

(a) Stand for something UNIQUE

(i) Cheesecake Factory

1.

(ii) Outback

1.

(iii) Olive Garden

1.

(b) Lower Prices

(c) BETTER FOOD

(i) Casual dining was initially successful because it provided better food quality than fast food, at a very reasonable price

(ii) Recently, fast food's quality has gone UP with prices rising only slowly

(iii) BUT, casual dining's price have risen while food quality and innovation has stagnated!

(iv) RUBY TUESDAY is upgrading its food, but it prices are still pretty high.

(d) IMPROVED SERVICE

1. Slow service
2. Discourteous staff
3. Are NOT what consumers are looking for!
  - a. Chili's is trying to cut 15 minutes from its 45-minute lunch by testing BlackBerry's that connect directly from the server to the kitchen.
  - b. Chili's is also improving its employee hiring practices
  - c. And the staff is wearing more professional looking aprons

(e) Better looking stores

1. Most stores are 20-years old!
  - a. Ruby Tuesday has redesigned all of its company-owned stores with contemporary designs and lighter colors.
  - b. Lone Star is replacing concrete floor with wood and is installing oak tables.
2. Get kid-friendly
  - a. Families are a big part of the casual dining industry's market
  - b. Could restaurants have kid playgrounds? Loaner hand held video games?

XI. Service Leadership or Follow the Leader?

- a) Will you set the service standard or wait for competitors to set the standard and then follow their lead?
  - i) Example:

XII. Benefits of Exceptional Customer Service

- a) Exceptional Customer Service can \_\_\_\_\_ from Competitors
  - i) Services attract & keep customers
  - ii) Services and recover lost sales
  - iii) Service quality is related to customer satisfaction

iv) Customer Service usually leads to a profitable ROI in the long term

### XIII. HOW CONSUMERS PURCHASE/EVALUATE SERVICES

#### a) The Purchase Process

i) \_\_\_\_\_ Properties

(1) What consumers can judge prior to the purchase

(a) Price, location, appearance of physical facilities, paperwork, interactions with the service provider's staff

ii) \_\_\_\_\_ Properties

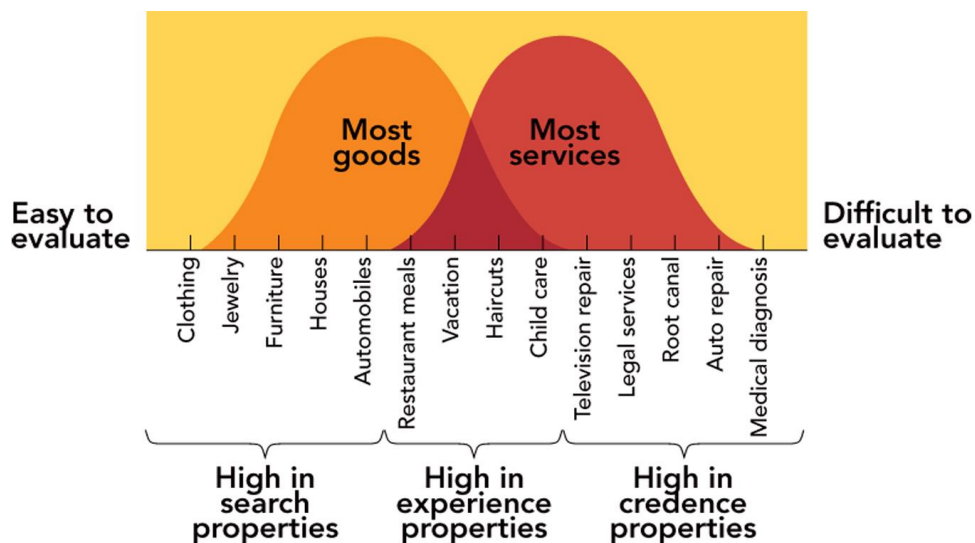
(1) Attributes discernable only during or after the service experience

(a) Physical comfort; staff concern

iii) \_\_\_\_\_ Properties

(1) Attributes inferred from a subjective evaluation of the entire process.

XIV. Consumers use search, experience, and credence properties to evaluate services (Figure 12-5. Page 308)



--Exceptional Customer Service Seminar

XV. The Service Design Process

- a) Customer Targets
  - i) What do they want?
- b) Nature of the Service
  - i) Complex (medicine, investments) = substantial support services and highly qualified customer contact people
- c) Pricing?
  - i) Who is the target?
    - (1) How much and how often do they buy?
  - ii) What is the type of service?
  - iii) Can a fee be “justified?”
- d) Pricing--Costs
  - i) Wages
  - ii) Physical facilities
  - iii) Technology & Equipment
  - iv) Honoring warranties and guarantees
- e) Degree of Complexity/Uncertainty
  - i) When complex, customers may need extensive sales assistance, demonstrations, service guarantees, after sale assistance, pre-purchase information
- f) Marketer's Resources

- i) Smaller marketers may need to outsource some customer services to save costs (pros and cons to this).
- ii) When to use customer service outsourcing ([http://www.buyerzone.com/marketing/call\\_center/tmm-customer-service-outsourcing.html](http://www.buyerzone.com/marketing/call_center/tmm-customer-service-outsourcing.html))
  - (1) Significant growth
  - (2) Save money
  - (3) Testing and learning
  - (4) Variable volume
  - (5) Business model shifts
- g) Number of Services
  - i) Focus on services which make a difference in consumers' purchase decisions
  - ii) Remember, customers may be willing to pay some or all of the cost of desired services
- h) Level of Service
  - i) Full service to self-serve?
    - (1) What does your market/target customer call for?
    - (2) What can you support?

#### XVI. Service Delivery

- a) Top-management commitment
- b) Treat EMPLOYEES as Internal Customers
- c) View Service as a "Performance"
- d) Ensure Service Recovery

- i) When errors occur---fix 'em!

## XVII. Successful Service Recovery

- a) Know the costs of \_\_\_\_\_
  - i) For every customer who bothers to complain, there are \_\_\_\_\_
  - ii) The average “wronged” customer will tell \_\_\_\_\_
  - iii) 91% of unhappy customers will never purchase services from you again.
  - iv) It costs about \_\_\_\_\_ as much to attract a new customer as it costs to keep an old one.
  - v) Each one of your customers has a circle of influence of 250 people or potential customers who hear bad things about you!
    - (1) Example: Two Outback Steakhouse EX-customers have not been back since a server and a manager argued with them very publically about how a steak was cooked!!
- b) Listen to the customer--get them to talk
- c) Anticipate potential failures
- d) Act fast
- e) Train employees
- f) Empower the front line
- g) Close the Loop--get back to the customer

### Video: Chef Ramsey's Cardinal Rule

1. Chef Ramsey helps a restaurant by revamping the menu and the layout.
2. The owners book TWO seatings for mother's day.

- a) A table of 19, 15, 14 all coming at the same time!
- b) The Kitchen is overwhelmed!
- 3. The owner's must learn a "\_\_\_\_\_."
- 4. Put the \_\_\_\_\_, make them feel really special, and build a sense of \_\_\_\_\_!
- 5. These customers have waited 1.5 hours!
- 6. Remember, "Unhappy customers \_\_\_\_\_!!"
- 7. An excellent lesson whether selling a Service OR a product!!