

Part 1 – Marketing – Let’s Get Started

CHAPTER 1: An Overview of Marketing

This chapter begins with the learning outcome summaries, followed by a set of lesson plans for you to use to deliver the content in Chapter 1.

- [Lecture](#) slides(for large sections) on page 3
- [Company Clips](#) (video) on page 4
- [Group Work](#) (for smaller sections) on page 5
- [Review and Assignments](#) begin on page 6
- √ [Review/Discussion questions](#)
- √ [Application questions](#)
- √ [Application exercise](#)
- √ [Ethics exercise](#)
- √ [Video assignment](#) – Method–Live Clean
- √ [Case assignments](#) – Harmonix
- [Great Ideas](#) for Teaching Marketing from faculty around the country begin on page 12

1 Define the term "marketing"

Marketing refers to the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing in its broadest sense in an organizational activity that crosses departmental boundaries.

2 Describe four marketing management philosophies

Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. These philosophies are commonly referred to as production, sales, marketing, and societal marketing orientations.

The **production orientation** focuses on internal capability of the firm, which is best reflected by the questions, "What can we do best?" "What can our engineers design?" rather than by asking, "What do our customers need and want?" "How best can we provide solutions to our customers?"

A **sales orientation** assumes that buyers resist purchasing items that are not essential and that consumers must be persuaded to buy through aggressive sales techniques.

The **marketing orientation** is based on the "marketing concept" that meeting customers' needs and wants through innovative products and services while meeting organizational goals is the best approach.. Responsiveness to customer wants is the central focus of the marketing orientation.

The **societal marketing** orientation holds that the firm should strive to satisfy customer needs and wants while meeting organizational objectives and preserving or enhancing both the individual's and society's long-term best interests.

3 Discuss the differences between sales and market orientations

Selling Orientation

Organization's focus is inward on the firm's needs
Business is defined by its goods and services offered
Product is directed to everybody
Primary goal is profit through maximum sales volume
Goals are achieved through intensive promotion

Marketing Orientation

Focus is outward on the wants and preferences of customers
Business is defined by benefits sought by customers
Product is directed to specific groups (target markets)
Primary goal is profit through customer satisfaction
Goals are achieved through coordinated marketing

4 Describe several reasons for studying marketing

Marketing provides a delivery system for a standard of living, which is a monumental task in a society such as Canada, where a typical family consumes 2.3 tonnes of food per year.

No matter what an individual's area of concentration in business, the terminology and fundamentals of marketing are important for communicating with others in the firm.

Between one-fourth and one-third of the entire civilian workforce in Canada performs marketing activities. Marketing offers career opportunities in areas such as professional selling, marketing research, advertising, retail buying, distribution management, product management, product development, and wholesaling, as well as in nonbusiness organizations.

As consumers of goods and services, all of us participate in the marketing process every day. By understanding marketing, one can, at the very least, become a more sophisticated consumer.

TERMS

customer satisfaction
customer value
empowerment
exchange

market orientation
marketing
marketing concept
production orientation

relationship marketing
sales orientation
societal marketing orientation
teamwork

LESSON PLAN FOR LECTURE

Brief Outline and Suggested PowerPoint Slides

Slides are available at www.icanmktg2.com.

Learning Outcomes and Topics	PowerPoint Slides
1 Define the term “marketing.” 1.1 What Is Marketing?	2: An Overview of Marketing 3: Learning Outcomes 4: What Is Marketing? 5: Marketing... 6–8: What Is Marketing? 9: Exchange
2 Describe four marketing management philosophies 2.1 Marketing Management Philosophies	10: Marketing Management Philosophies 11. The Four Marketing Management Philosophies 12 & 13: Production Orientation 14 & 15: Sales Orientation 16: Market Orientation—Marketing Concept 17: Achieving a Marketing Orientation 18: A Market Orientation 19: Societal Marketing Orientation
3 Discuss the differences between sales and market orientations 3.1 Differences Between Sales and Market Orientations	20 & 21: Difference Between Sales and Marketing Orientation 22–24: Organization’s Focus 25 & 26: Relationship Marketing 27: The Firm’s Business 28: To Whom the Product Is Directed 29: Firm’s Primary Goal 30: Tools
4 Describe several reasons for studying marketing 4.1 Why Study Marketing?	32 & 33: Why Study Marketing? 34– 37: Good Career Opportunities 38: Your Turn 39: Your Turn

Suggested Homework:

- The end of this chapter contains assignments for the Company Clip video, [Method—Live Clean](#); the [Harmonix](#) case.
 - The end of this chapter also contains numerous [Great Ideas](#) that can be assigned or used as the basis for longer investigations into marketing.
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LESSON PLANS FOR COMPANY CLIPS VIDEO

Company Clip

Segment Summary: Method—Live Clean

This video segment describes how Method, the innovative branding concept in household cleaning, was conceived by roommates Eric Ryan and Adam Lowry during the drive to a ski lodge. Eric had been thinking of ways to introduce design to the home care industry (i.e., cleaning products) and began talking about his vision to Adam. A chemical engineer from Stanford University with a degree in environmental science, Adam was the perfect sounding board. He soon realized that he could use his expertise to create naturally derived, biodegradable formulas for the beautiful products Eric had in mind.

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

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

PRE-CLASS PREP FOR YOU:		PRE-CLASS PREP FOR YOUR STUDENTS:	
<ul style="list-style-type: none"> Preview the Company Clips video segment for Chapter 1. This exercise reviews concepts for LO1, LO2, and LO3. Review your lesson plan. Make sure you have all of the equipment needed to show the video to the class, including the DVD and a way to project the video. 		<ul style="list-style-type: none"> Have students familiarize themselves with the following terms and concepts: marketing, production orientation, marketing concept, market orientation, and societal marketing orientation. Review the Method website with the terms and concepts in mind: www.methodhome.com 	
VIDEO REVIEW EXERCISE			
ACTIVITY			
Warm Up		Begin by asking students: “What is marketing?”	
In-Class Preview		<ul style="list-style-type: none"> Segue into a discussion of the marketing concept and the four marketing management philosophies. Write the four marketing philosophies on the board. Take an informal class poll to see which model resonates most with students. Ask students, while writing it on the board: “What does a firm need to succeed in competitive markets?” While listening to students’ insights, write the following points on the board. <ul style="list-style-type: none"> - a clear understanding of what customers want - focus to produce what the customer wants, rather than on what management thinks should be produced 	

	Write the following viewing questions on the board, or simply prompt students to think about them as they watch the video.
Viewing (solutions below)	<ul style="list-style-type: none"> • Is Method best described as having a market orientation or a societal-marketing orientation? • How does Method implement the marketing concept?
	<ul style="list-style-type: none"> • Have students break into groups of up to four and have each group brainstorm a marketing concept for one product, including their intended customer and marketing philosophy. • Outside of class, have students individually create a marketing concept for one product. Have them compose a brief paragraph discussing how they found out what the customer wanted (to be turned in later).
Assigning	<ul style="list-style-type: none"> • Company Clip Video Assignments can be distributed to students after they view the video. These assignments and their solutions are located at the end of this chapter. • Video assignments are also assignable in CourseMate where students can email their answers to the instructor.

Solutions for Viewing Activities:

1. Is Method best described as having a market orientation or a societal-marketing orientation?

The company, Method, would be best described as having a societal marketing orientation because Method takes the basic market orientation focus—what do customers want and need—and adds an societal, environmental focus—how can we benefit society?

2. How does Method implement the marketing concept?

Method implements its marketing concept by satisfying its customers' needs and desires and in turn, finding a market niche for its products. The company does this by recognizing that their customer demographic wants a household or personal cleaning product that promises to be attractive, efficacious, and safe, and is willing to pay more for a premium product that delivers on that promise.

LESSON PLAN FOR GROUP WORK

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

Activity #1

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

Task

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

Outcomes

Invariably, the “producers” do not produce what the “consumers” had in mind. Products and concepts may come close, but they are never identical. Class discussion is typically spontaneous. Students laugh at the results. “Producers” complain that they were not given instructions as to what the “consumers” wanted and “consumers” defend themselves by stating they were never asked. The professor can then direct discussion depending on whether orientation or new product development is the focus of the class.

Activity #2

The objective of this exercise is to get students to think about what may be involved in marketing a product. They should construct plans that list the major variables in the marketing mix, such as price, distribution mechanism, the product itself, and various promotional activities, including but not limited to advertising. This activity will emphasize that marketing is not just advertising.

First, divide the class into small groups of 4 or 5 people. Then ask students to assume that they have just purchased a tennis racquet factory that has been shut down for the past few years. The automated equipment and computer system are in excellent shape, and the personnel needed to run the factory are readily available. But before jumping into production, what questions need to be asked and answered? What plans need to be made? Which of these plans concern marketing?

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

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

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

REVIEW/DISCUSSION QUESTIONS

1. **What is the CMA? What does it do? How do its services benefit marketers? www.the-cma.org**

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

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

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

3. **Referring to Peter Drucker's quote—"the aim of marketing is to know and understand the customer so well, that the product or service fits him and sells itself"—discuss the value in investing in employees as demonstrated by the example in the text of the Virgin Group.**

An investment in employees creates employees that are empowered to engage with customers in a positive fashion. Such engagement will result in employees knowing customers on an intimate level. This then will result in employees that can ensure the company understands their customer so well that the ultimate product that is created is does in fact sell itself.

4. **Can a multinational corporation practice different marketing orientation in different countries? Why would an MNC do it? What are the pros and cons of such a strategy?**

Absolutely it can. Provided the multinational company has invested in market research to understand the culture and the people in the country they are operating in they can do as a marketing oriented company would and that is strive to satisfy customer wants and needs while meeting organizational objectives. They can achieve this by providing customer value, enhancing customer satisfaction, training staff to be customer oriented so relationships are built. A multinational should like all marketing oriented companies, should utilize market segmentation to create groups of people with similar needs and wants thereby enhancing the opportunity to satisfy those segments with the right product at the right time. Such a strategy will ensure a higher likelihood of success but may cost more in time and money to implement.

APPLICATION QUESTIONS

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

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

2. **The chairman of the board of Ford Motor Company remarked, “If we aren’t customer-driven, our cars won’t be either.” Explain how this statement reflects the marketing concept.**

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

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

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

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

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

5. **How does MADD (Mothers Against Drunk Driving) market itself? What kind of information does its website at www.MADD.ca provide about drinking and driving? Review the website and write a short report on what MADD is or isn’t doing right.**

Students’ answers will vary; however, the purpose of this assignment is to share with the students that marketing is not limited to business organizations. Marketing concepts can be and are successfully used in a not-for-profit sector too.

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

Students’ answers will vary, but they should include a discussion of market orientation to the success of the firm, and the role of employees in the delivery of customer value. Students from this exercise will also learn that the role of marketing extends beyond offering a product and service to marketing persons, ideas, and even places.

APPLICATION EXERCISE

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

Activities

1. Visit your local grocery store and go through the cereal, snack-food, and dental hygiene aisles. Go up and down each aisle slowly, noticing how many different products are available and how they are organized on the shelves.
 2. Count the varieties of product in each product category. For example, how many different kinds of cereal are on the shelves? How many different sizes? Do the same for snack food and toothpaste.
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3. Now try to find a type of product in the grocery store that does not exhibit such variety. There may not be many. Why do you think there are enough kinds of cereals to fill an entire aisle (and then some), but only a few different types of, say, peanut butter? Can this difference be explained in terms of marketing management philosophy (peanut butter manufacturers do not follow the marketing concept) or by something else entirely?
4. Have you ever wanted to see a particular kind of cereal or snack food on the shelf? Think of product varieties (like grapefruit-flavored toothpaste or peanut butter-covered popcorn) that you have never seen on the shelf but would be interested in trying if someone would make it. Write a letter or send an e-mail to an appropriate company, suggesting that it add your concept to its current product line.

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

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

ETHICS EXERCISE

In today's business environment, ethics are extremely important. In recent years, there have been numerous scandals and trials stemming from a lack of ethical judgment. For this reason, we are including an ethical exercise in every chapter. A brief scenario will present you with a situation in which the right thing to do may or may not be crystal clear, and you will need to decide the ethical way out of the dilemma. To help you with these decisions, we will always refer you back to the CMA's Code of Ethics, found online at www.the-cma.org. This will give you a resource for the exercise and will also help reinforce the ethical standards that marketers should uphold.

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

Questions

1. **What should Rani Pharmaceuticals do?**

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

2. **Does the CMA Code of Ethics address using customer information by multiple divisions of the same company in its Code of Ethics? Go to www.the-cma.org and review the code. Then, write a brief paragraph on how the CMA Code of Ethics relates to Rani Pharmaceutical's dilemma**

The CMA Code of Ethics does not provide specific guidelines for the use of information across an organization. However, the CMA Code of Ethics and Standards of Practice covers a very wide range of issues relating to data collection, telemarketing, and promotional contests, for example. This can be done as a group activity or as an individual assignment.

COMPANY CLIP VIDEO ASSIGNMENT: Method—Live Clean

This video segment describes how Method, the innovative branding concept in household cleaning, was conceived by roommates Eric Ryan and Adam Lowry during the drive to a ski lodge. Eric had been thinking of ways to introduce design to the home care industry (i.e., cleaning products) and began talking about his vision to Adam. A chemical engineer from Stanford University with a degree in environmental science, Adam was the perfect sounding board. He soon realized that he could use his expertise to create naturally derived, biodegradable formulas for the beautiful products Eric had in mind.

Questions

- 1. Eric refers to the partnership between him and Adam as one that works because it is a combination of “art and science.” Marketing has often been referred to as just that—an art and a science. Using Method’s rise to fame as your example, describe what marketing is, referencing the concept of the art and science. LO1**

Marketing is a philosophy, an attitude, a perspective, and a management orientation that stresses customer satisfaction. Also marketing comprises the activities and set of processes used to implement this philosophy. Often the ability to understand the consumer and to translate that understanding into a product that offers satisfaction is an art. Eric has this ability. He sees consumers as more than two-dimensional. He sees that they want an emotional connection with their products. He recognizes that they don’t buy attributes “Maxwell House—consistency”; rather they buy benefits—“Starbucks – a moment of luxury” This benefit can then be translated to a number of different categories. Adam on the other hand has the ability to take this benefit proposition and turn it into a product/product line that delivers on quality but that also can create the emotional connection.

- 2. Does Method have a societal marketing orientation, or is it just a market-oriented company that integrates a number of environmental practices into its operation? LO2**

Clearly the Method brand and the organization behind Method are demonstrating a dedication to a marketing orientation. The company is focusing on satisfying customer wants and needs while meeting organizational objectives. They continue to delight the consumer with the packaging, the efficacy, the price, and the availability of Method. In addition, Method has a clear mandate to create products that are good for the environment. In this sense then they have also embraced the “societal marketing concept.”

- 3. A key element that differentiates a sales orientation from a marketing orientation is the “organization’s focus,” in particular the focus on customer value and customer satisfaction. Describe what is meant by both customer value and customer satisfaction using Method as the example. LO3**

Customer value is the relationship between the benefits sought by the consumer and the sacrifice necessary to obtain the benefit. Marketers that deliver on customer value offer products that perform, earn customer trust, avoid unrealistic pricing, give customers the facts, offer an organization-wide commitment to service and after-sales support, and partner with consumers to co-relate experiences. Should customer value be offered, customer satisfaction will occur. Method began with the desire to increase customer value in the cleaning category. They produce products that always deliver on quality but offer more. They are dedicated to interacting with the customer to improve their current line-up of products and to offer unique and innovative products in the category.

(These video questions are assignable in CourseMate where students can email their answers to the instructor.)

CASE ASSIGNMENT: Harmonix

Harmonix: Embrace Your Inner Rock Star

A few years ago you had probably never heard of Harmonix, and you may still not know who they are, but you have likely heard of one of their most successful products, Guitar Hero. In 2005 Harmonix, the videogame design studio, released Guitar Hero, which subsequently became the fastest videogame in history to top \$1 billion in North American sales. The game concept focuses on a plastic guitar-shaped controller. Players press coloured buttons along the guitar neck to match a series of dots that scroll down the TV in time with music from famous rock tunes. Players score points based on their accuracy. Just two years later, Harmonix released Rock Band, adding drums, vocals, and bass guitar options to the game. Rock Band has sold over 3.5 million units with a \$169 price tag (most videogames retail at \$50 to \$60). Between the launch of Guitar Hero and Rock Band, Harmonix's founders sold the company to Viacom for \$175 million. The terms of the sale allowed Harmonix to retain operational autonomy while providing them greater budgets for product development and licensing music for their games. Harmonix's success, however, did not come overnight.

The company was founded by Alex Rigopulos and Earn Egozy in 1995, and focused on some demo software they had created in grad school and a company vision of providing a way for people without much musical training or talent to experience the joy of playing and creating music. The founders believed that if people had the opportunity to create their own music, they would jump at the chance. Their software, which they eventually dubbed The Axe, provided basic music composition tutorials and allowed participants to use a joystick to improvise solos along to popular music tracks. They attempted to market their creation through an interface with Japanese karaoke machines, a demo package deal with Intel, and even an exhibition at Disney's Epcot. And while the software always proved technically impressive, people generally expressed little initial interest in trying it out, or else it just didn't seem like they were having much fun.

In 2000, Rigopulos and Egozy hit on a concept that would engage consumers, and Harmonix became a videogame company. The Axe software provided an improvisation program with no set goal, whereas most videogames are designed with a purpose and offer competition, which helps engage, direct, and motivate players. At the time, the market for music-based games had not fully developed, but especially in Japan, rhythm-based games, in which players tapped different combinations of buttons in time with a beat or a tune, were becoming increasingly popular. Harmonix created two games, Frequency and Amplitude, in which players hit buttons along with a beat, unlocking tracks for different layers of instruments in a song. Neither of the games proved especially successful, however, as both were very complex and the expense of generating initial interest proved too high for their publisher, Sony, to continue funding them.

Harmonix finally found some success with its 2004 release of Karaoke Revolution, in which players used a microphone or headset peripheral to score points singing along to pop songs. It allowed gamers to play the role and be a part of the music. In 2005, a new but relatively successful peripheral videogame control

Questions

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

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

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

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

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

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

Additional Example

According to the top global barter industry group, the International Reciprocal Trade Association (IRTA), barter is increasing accepted by businesses globally, as evidenced by a 20% increase in the IRTA membership. Approximately \$12 billion in goods and services are exchanged annually through companies all over the world. Usually, businesses participating in barter become members of a commercial exchange or trade exchange. As members they earn trade credits (instead of cash) and use those credits to purchase goods and services from other members, such as printing, travel, office expenses, equipment, remodelling, and so on. For example, a growing barter practice for hotels involves providing accommodation and/or other services in exchange for external services, such as advertising. Commercial barter exchanges report their clients' sales to the Canadian Revenue Agency. Bartering is also being used by individuals to obtain goods and services for personal consumption; as a result, it is becoming a widespread modern practice.

Sources: <http://www.u-exchange.com/barteringcanada>; International Reciprocal Trade Association, online at www.irta.com, accessed February 8, 2012.

(Instructors are free to create their own questions for this additional example.)

GREAT IDEAS FOR TEACHING CHAPTER 1

GREAT IDEA #1

HOW SHOULD SERVICE MAKE YOU FEEL AND WHY IS THAT IMPORTANT?

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

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

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

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

- Who did you help and what exactly did you do for them?
 - Did they really need the help? Why?
 - What would their situation have been like if you had not helped them?
 - How was their situation changed because you did help them? Was the change in situation worth the effort it took? Why?
 - How did your helping them make them feel and how could you tell?
 - How did helping in this situation make you feel and how do you feel about it now? Why?
 - Was this an unusual experience for you? Why?
 - Was what you did complicated or difficult?
 - Do you think service in general would be better if service providers could feel about their jobs the way you felt after you helped in this situation? Why?
 - How could managers of customer service providers help their employees realize the intrinsic benefits that can result from really serving another person?
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GREAT IDEA #2

DISCUSSION BOARD TOPICS TO ENCOURAGE PARTICIPATION

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

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

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

Each question has three parts:

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

The following example is for Chapter 1 of Lamb, Hair, and McDaniel's Essentials of Marketing text. The three parts have been separated here so that they are more readily visible.

1. Four competing philosophies strongly influence an organization's marketing activities. These philosophies are commonly referred to as the production, sales, market, and societal-marketing orientations.
 2. Review these four philosophies on pages 4 to 6 of your text.
 3. Then describe an experience you've had recently as a customer or employee that illustrates one of these philosophies.
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GREAT IDEA #3

RELATIONSHIP MARKETING MADE EASY

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

GREAT IDEA #4

EFFECTIVE STRATEGIES USING A UNIVERSAL MARKETING STRUCTURE

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

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

Because 5 times as many people read the headline as the rest of the piece, the greatest effort and thought should go into creating the headline.	The Structure of a Good Ad (or any marketing piece) follows the UMS™. Headline —Contains the main message(s) of the piece or hooks the reading info reading the main message(s). Studies show that 5 times as many people read or pay attention to the headline as the rest of the piece.
Body text should not be thought of as filler. It should be limited to what is essential to explain your main messages and to tell a good story. A good rule of thumb is when in doubt, cut it out.	Body Text —Supports, clarifies, and explains the headline for those readers who want more information. concentrates on benefits over features since (1) benefit are what really matter to the reader, (2) the ad does not have enough space or time to do justice to all product features, and (3) the best most ads can hope for is to begin the courtship rather than prompt the marriage (if I love at first sight, all the better, but this does not typically happen with high-tech or more expensive products).
Last point left with the reader—should include the main message.	Close —Reinforces the headline (the main point(s) of the ad), ends the ad, solicits action, and provides system for measuring response.
Similar to your signature on a letter or petition.	Signature — Proudly takes responsibility for the ad by signing the company's name/logo and/or attaching its corporate slogan. It also graphically helps to frame the
A picture Is worth a 1,000 words. Make sure the words	Photo/Graphic —Reinforces the headline and main points of the piece. Makes the product more tangible

rather than detract from your main message(s).	and shows it in the best light possible (a picture can be worth a 1,000 words, so make sure the words are good rather than bad), and serves to break up the text so that it is easier to read.
The best message(s) can be lost forever and never read if the format isn't good. Even if they are read, bad formats dilute or work against them.	Forma —Facilitates reading the ad. Allows busy readers to quickly pick out the main point(s) without reading the entire ad. Makes the ad attractive and inviting to read.
	Intangibles —Creativity and uniqueness. They give the ad something special that makes the ad more attractive, entertaining, and enjoyable to read.

Marketing Principles

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

The 5P's

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

Keeping Corporate Image and Positioning of the product separate proved important to Proctor & Gamble when rumour circulated that their Corporate logo is a Satanic symbol.

Not keeping them separate proved to be a problem for Suzuki with negative reports about Samurai, and for Dow Corning with reports of breast implant leakage.

Corporate Image, Unlike positioning, which relates to the image of the company.

While positioning and corporate image are closely related and affect each other, they should be considered separately. If they are not, the following problems could result:

- (1) A tarnished company image could adversely affect sales of the product and vice versa (Suzuki, Audi, Sears).
- (2) A strong identification with one product will limit the company's ability to sell other products (Clorox, IBM, Xerox).

Marketing Information System (includes Market Research)

Market Intelligence – Complaints, compliments, competition, market needs, and wants.

Measure Performance – performance of marketing strategies, programs, ads, marketing pieces, etc.

Corrective Action – Take action to improve performance.

GREAT IDEA #5

MARKETING IN ACTION

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

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

This course was offered for 2 hours of either undergraduate or graduate credit (with Fundamentals of Marketing as a prerequisite.) The students stayed in the Dallas area Monday through Friday in January between semesters. Upon returning to the university, students were required to write thank you notes to each of the organizations and to take a final exam. One of the questions, naturally, was “Marketing is selling. Discuss.” It was evident from the student’s responses that they had clearly learned that marketing is much more than selling.

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

It should be noted that the first time such a course is offered, a great deal of time and planning must be devoted to the development of the course. The authors found that the process of simply contacting the appropriate individuals, much less completing the details with these individuals, requires an extensive number of telephone calls, faxes, emails, etc. In order to ensure the efficient coordination of the class, it is highly recommended that instructors allow roughly 6 months for development prior to the beginning of the course. For future iterations of the course, less time is likely to be required; however, the authors advise against continually asking the same organizations to participate due to the commitment of time and human resources required of the organizations involved.

GREAT IDEA #6

AN ASSIGNMENT THAT TIES THE PRINCIPLES OF MARKETING COURSE TOGETHER

The purpose of this assignment is to cause students to connect the different parts of the Principles of Marketing course. The assignment is a 3-to-5 page paper. It begins with identification of a target market and ends with the student assuming the role of marketing consultant making suggestions for ways to improve the effectiveness of the marketing mix being used to attract it. Feedback from students is overwhelmingly positive and indicates that completing the assignment really helps them to “put it all together.” My written instructions to the students are as follows:

1. Choose an organization that does marketing. Make it easy on yourself and choose an organization that you can observe the marketing efforts of and are familiar with. If you choose a very large organization that markets many different products, focus your paper on one product or product line. For example, if you choose Chevrolet, do not address trucks (or even a particular model of truck), or Corvettes. You may choose any organization you wish, as long as it is in good taste and markets something. If you have trouble choosing an organization, go to the mall, surf the net, or look in the yellow pages, you are surrounded by marketing organizations.

2. After choosing an organization, your next step is to **identify and describe the target market** for the products(s) about which you are writing. Do not say something like “young, mid-to-upper-class women who wash their hair” and consider the target market identified and described. Try to **pinpoint the thing(s) that make(s) the target market respond to the firm’s marketing mix in ways that are different from people who are not members of it**. For example: “young mid-to-upper-class women who wash their hair, perceive that they might have a dandruff problem, who are motivated by prestige and glamour, who like to pamper themselves and are willing to pay a little extra to do it.” A good statement lets you say who is in the target market and who is not. It is very difficult to do a good job on this paper if you do a poor job of defining the target market. I will look at your definition of the target market if you like.
 3. After discussing the target market you should discuss the marketing-mix (4 P’s) the firm is using to attract the chosen target market. You should **describe** each of the 4 P’s, then **discuss** and analyze how each one is being used to attract members of the target market. You should also **address the synergy** of the 4 P’s together, especially if you see that one, or more, does not fit the others.
 4. After discussing the firm’s marketing-mix you should assume the role of marketing consultant and **make specific suggestions** for improving the firm’s effectiveness. These suggestions can be in the form of changes to any part of the current marketing-mix to fix problems you identified. If you did not identify problems you should make suggestions for additional marketing activities. **It is important that you say why you make the suggestion and how it will result in better appeal to the target market. These suggestions should be specific and not generic.** Generic suggestions are ones like: “advertise more” or “improve the sales force.” Specific suggestions are ones like: “improve effectiveness of the sales force by starting a training program that emphasizes closing and presentation skills.” Remember that your suggestions should be addressed at specific problems or opportunities so that you can justify them.
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GREAT IDEA #7

LEMONADE FROM LEMONS MARKETING—CONSUMERISM EXERCISE

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

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

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

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