

Second Edition

Marketing

Real People

Real Choices

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Michael R. Solomon
Elnora W. Stuart



Marketing

Real People, Real Choices

Second Edition

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To Gail, Amanda, Zachary, and Alexandra—my favorite market segment
—M.S.

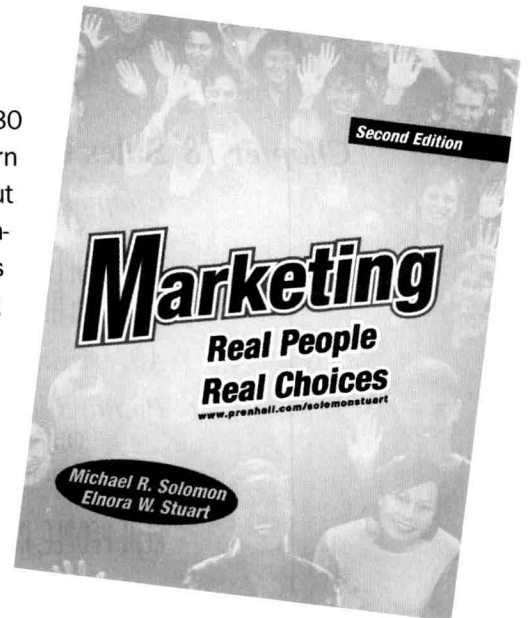
To Sonny, Patrick, and Marge
—E.S.

Preface

Marketing: Real People, Real Choices, Second Edition
By Michael R. Solomon (Auburn University)
and Elnora W. Stuart (Winthrop University)

“**A**s professors of marketing for a combined 30 years, we have learned that students learn best when the material speaks to them about their world. We’ve written this textbook as a fresh alternative to other texts on the market—a text that shows students the people behind marketing, in companies big and small. Below we share our ‘marketing plan’ as a preface for this Second Edition with you.”

Mike and Elnora



Marketing Plan

(1) S I T U A T I O N A N A L Y S I S

They say you can’t judge a book by its cover. We don’t agree. Take a look at ours. Unusual? Memorable? Hard to get approved by our publisher? You bet. The operative word here is bold (and we’re not talking about the laundry soap). With this second edition of *Marketing: Real People, Real Choices*, we decided to start by making a bold claim:

No other text will bring your students closer to doing real world marketing.

Bold stuff. But we can back it up. We’re going to bring your students inside real world companies such as MTV Europe, Intel, and Marriott through our *Real People, Real Choices* vignettes, our end-of-chapter cases, and in our example material.

But there’s more to marketing than learning how large established companies market their products. With the huge range of exciting companies exploding into this Web world, chances are that your students will find themselves in the trenches of small, new, bold firms. They need to be ready.



For instance, we’ll take you inside (and online) with Computer Friendly Stuff (CFS), a small Chicago toy and software company that just began its third year of business. At CFS, and other companies, we’ll meet marketers and examine the choices they made—good and bad.

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(2) MISSION AND OBJECTIVES

We are going to help you teach your students marketing. No surprises there. We'll cover the "Four P's," we'll discuss the new era of social and environmental awareness, the technical revolution, integrated marketing communications, and globalization. The boldness will be in our approach, which is evident in our changes to the Second Edition. Our objectives for the Second Edition were to add an entrepreneurial element, more Internet material, and to give the text an attitude. Here's an overview of what we've brought to this edition:

- We've added **nine new Real People Real Choices vignettes** on marketers from forward-thinking organizations such as the Lambesis advertising agency, Kodak, and the Carolina Panthers Football team.
- We've added an **end-of-part running case** (six in all) on an exciting small Chicago entrepreneurial firm, *Computer Friendly Stuff (CFS)*. Each semester, students can help CFS do real marketing via the Internet. Our new **Marketing Plan Appendix** is CFS' actual marketing plan, and our new CD and videos tie to CFS as well. (See the Supplements section of this plan.)
- We've added a feature to each chapter called **Spotlight on Real People**, which gives students the entrepreneur's angle to the chapter material.
- We've added **Real People, Bad Choices?**—a feature that highlights ethical dilemmas pertaining to the discussion at hand.
- **We've shortened the book** and reduced the number of chapters from 19 to 18, by focusing on public relations, personal selling, and sales force management in one chapter and letting Chapter 16 cover promotion in depth. This makes for a more concise, contained treatment of the promotion mix.
- We've **enhanced the text visually** by adding figures and exhibits throughout.
- A commercial software marketing plan program, **Marketing PlanPro**, is new to this edition, too. It teaches students how to construct a marketing plan, using the *Computer Friendly Stuff* material as an example.
- There are now **Internet exercises** in the end-of-chapter material, as well as many new chapter-ending cases.
- We've also **expanded coverage of electronic commerce**. Chapter 15 is now titled *Retailing and Electronic Commerce*.

(3) TARGET MARKET AND POSITIONING

We've written a book that we think students will enjoy reading on their own because it uses companies they know, including up-and-coming companies, and it speaks in a conversational—sometimes funny—style. Students who read the First Edition said it was one of the few textbooks they really wanted to read. We've built on that core competency by adding more of what students like—cool information on cool products and the real people who market them.

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(4) OUR PRODUCT

Marketing: Real People, Real Choices, 2/E is much more than just a textbook. It is a fully integrated learning tool that will help you to get your students excited about marketing. And it will challenge them by putting them in the decision-making hotseat.

REAL PEOPLE, REAL CHOICES

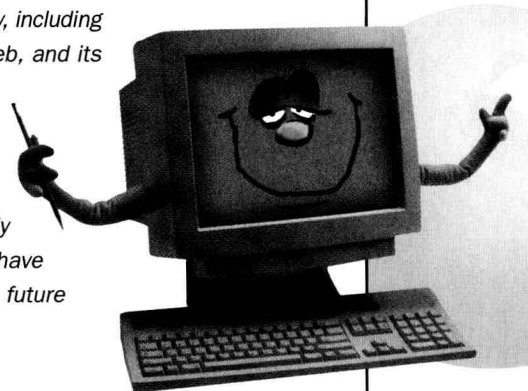
Our **Real People, Real Choices** feature is more than just profiles of marketers and their accomplishments. We're going to take the students into the mind of the decision maker. The point is to have the students "live" with a marketing challenge. **First**, we'll draw the students in by introducing a successful marketer at the beginning of the chapter. Mid-chapter we'll present that marketer's dilemma and let the students mull over potential solutions. **Finally**, we'll discuss what people and why at the end of the chapter. Some chapters further explore the marketer's industry or competition in the end-of-chapter Internet exercises.



Dee Dee Gordon of Lambesis, the company that created the "L Report" (See chapter 5 for details)

COMPUTER FRIENDLY STUFF (CFS)

CFS is a small, Chicago-based computer toy company that has managed to carve out an international presence in its three years of existence. It has also survived a couple of close financial calls by the hair of its credit cards. The company tells its story, including its battle to compete with the global toy giants, its foray into the Web, and its creation of a sales force, in each of the text's six part-ending cases and in custom case videos. CFS has also given us its **actual marketing plan (Appendix A)**. Even more exciting is that students will have a chance to communicate with CFS online through the **Live Laboratory Internet exercise**. They will not only learn about the marketing decisions CFS has already made, they'll have a chance to use what they have learned to help CFS grow in the future (more about this later).



SPOTLIGHT ON REAL PEOPLE:

Aliah, Inc.

Big companies and consulting firms work hard and spend hard to transform knowledge into strategy. An entrepreneur named Aly Abulleil goes a step farther—he develops strategic planning software that captures emotions as well.

As a young planner with an Egyptian oil company, Abulleil worked on the mathematical concepts of game theory, which explores how conflicts in decision making can be resolved. After entering a Ph.D. engineering program at the University of Pittsburgh, he began to build a business, called Aliah Inc., to help middle management make decisions. His first client was Timken, a big maker of ball bearings in Pennsylvania. To combat a production problem the company was having, Abulleil analyzed the choices engineers were making. He broke every issue down into a series of questions, each with only two alternatives. The engineers not

only had to choose an option, they had to indicate how strongly they felt about their choice, which incorporated the intensity of managers' emotions. This approach was quite different from other planning programs.

The business was running on a shoestring, but his staff stuck with him—partly because they could see how the planning method worked in their own lives. For example, his technical chief used it to solve problems in his church, and his general manager relied on the software to help junior high kids set personal priorities. In 1996 everything changed: IBM adopted the software as a planning tool, and soon other major firms such as Boeing and Lubrizol were using it to develop strategy. Abulleil and his supporters plan to take Aliah public by 2002, with a share of the proceeds going to Pittsburgh charities.⁴⁴

1. How does Aliah help managers in the strategic planning process?
2. What role should emotions or intuition versus rational, objective analysis play in this process?
3. How can Aliah best convey its unique decision-making approach so that the company can increase its own market share among products and services to facilitate strategic planning? Are there other potential customers beyond corporate planners that might be convinced to use the software?

SPOTLIGHT BOXES

No book integrates an entrepreneurial focus as well as **Marketing: Real People, Real Choices, 2/E**. Each chapter contains at least one **Spotlight on Real People** box that features entrepreneurs and their products. Our global marketing chapter, for example, profiles a start-up company called **Getting Through Customs**, which offers information on countries and their customs to professionals conducting business overseas.

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OTHER TEXT STRENGTHS

These key strengths are joined by many others:

Relationship Marketing

It is surprising how many “traditional” marketers are only slowly coming around to the realization that satisfying people the first time and every time makes good business sense. **Marketing: Real People, Real Choices, 2/E** emphasizes throughout the text the importance of building long-term relationships with customers and business partners.

The New Era of Marketing

Marketing: Real People, Real Choices, 2/E emphasizes that good business is responsible business. The text singles out firms that conduct business ethically and that return value to society and to the environment. This is such a strong feature that one of the first chapters is devoted to the New Era (chapter 3), and every chapter features a box called **Real People, Bad Choices?** that highlights ethical issues.

Real People, Bad Choices?

Successful marketing strategies depend on understanding a firm's environment, and that means learning as much as you can about the competition. For example, former Staples Inc. chairman, Thomas G. Stemberg, had his wife apply for a job with rival Office Depot Inc.'s delivery-order center to confirm rumors that Office Depot was starting its own delivery service. The Boehringer Mannheim Corp. filed suit when Johnson & Johnson's Life Scan Inc. employees were caught eavesdropping on a sales meeting to learn about a new Boehringer product. How far should a company be allowed to go to learn about its competitors?

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Global Marketing Focus

The days when American companies could prosper by “doing their own thing” and not worrying about the rest of the world are gone. Today, even small American companies go global. **Marketing: Real People, Real Choices, 2/E** emphasizes the importance of a transnational perspective. Many of the corporate examples are non-American, as are a large number of the advertisements chosen to illustrate key points. And, of course, there is also an entire chapter on global marketing.

End-of-Chapter Questions, Problems, Applications, and Extensions

Extensive end-of-chapter material helps students understand chapter concepts and issues. A variety of exercises give students a chance to approach chapter concepts from different perspectives. **Testing Your Knowledge** questions and **Discussing Choices and Issues** questions expand their thinking on ideas expressed in the chapter. **Applying What You've Learned** questions ask students to take the role of the marketing professional and apply the chapter concepts to marketing decision situations. **Learning by Doing** asks students to go outside the classroom and learn more about the subject of the chapter by talking with marketing professionals, observing some phenomena in the marketplace, or conducting primary or secondary research. **Exploring the Web** exercises send students to the Web for a more in-depth look at chapter concepts while observing, first-hand, the ups and downs of Web-based marketing.

S U P P L E M E N T S

This is where we really get bold. Marketing: Real People, Real Choices, 2/E has four special supplements:

Principles of Marketing Video Library 2000

This video library helps students understand marketing concepts by seeing how real marketing is done. Students can picture themselves in a marketing role. Instructors can apply concepts with the immediacy of video. Video clips run approximately ten minutes each and cover firms as diverse as Yahoo!, NASCAR, the WNBA, Forum Shops, and the House of Blues.



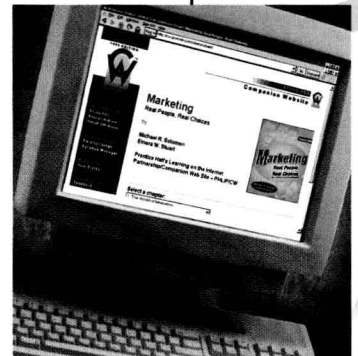
Computer Friendly Stuff Custom Case Videos:

Six case videos and an introductory video will bring you into the daily life of an exciting and fun computer toy and software startup company located in Chicago. Filmed especially for this text, and created in an MTV/Real-World Style, these are the most realistic and useful videos you've ever seen in a marketing course. Topics include global selling, pricing, packaging, new product development, Internet sales, sales force issues, and business-to-business marketing.



CW/PHLIP

This Web resource includes an electronic study guide for students, additional Internet exercises and links for students, and a complete array of teaching material (including downloadable versions of the Instructor's Manual and PowerPoint Slides) with bi-weekly updates during each semester. Instructors can use the syllabus builder to plan their courses. For those who want to learn or to teach with a large Web component, the CW/PHLIP site at www.prenhall.com/solomonstuart is the place to go.



CFS Live Laboratory

The most interactive section of Marketing: Real People, Real Choices, 2/E! Every semester, Computer Friendly Stuff—the real live company featured in the end-of-part cases in the text—will post a “burning” marketing issue on the Web. This will be an actual marketing issue that CFS is facing. With the issue will be a range of possible choices. Students will be asked to vote on the given choices, see how other students have voted, and offer alternative choices. By the middle of the semester, CFS will narrow the choices to the top three ideas and students will vote again. Near the end of the semester, CFS will make its decision, relate it to the vote, and explain why it acted as it did. Of course, because this is a live laboratory, real world events could alter the issue in an instant. Because CFS is investing real money and real labor in its decisions, students won't be seeing a simulation. Is there a better way to learn marketing?



Other supplements include an Instructor's Manual, Test Item File, Computerized Test Bank, Color Transparencies, PowerPoint Slides, and a Student Study Guide.

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(5) PRICE

Marketing: Real People, Real Choices is offered at a competitive price. Value-packing is our way of competing on price: Our text is available shrinkwrapped with a number of attractive free supplements, including:

- **The Internet—A New Marketing Tool, 1999-2000 Edition**
by Frost/Strauss—a short booklet that introduces students to the Web and offers individual and group exercises.
- **Hot Topics in Marketing**—a short booklet that contains six case studies of four to six pages in length on hot topics such as data mining, nostalgia mining, and on-line brokerages.

Our text is also available shrinkwrapped with the following supplements at a nominal charge:



- **Real Marketing CD-ROM**—contains video clips and written video cases for sixteen videos, together with a hot link to the Web site.
- **Marketing PlanPro CD-ROM**—a highly acclaimed program that enables students to build a marketing plan from scratch. This program has been chosen as the best commercially available marketing plan software. *Marketing PlanPro* also includes sample marketing plans.



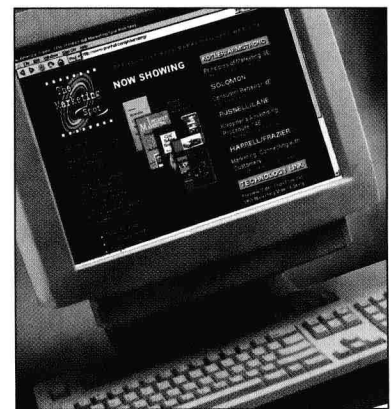
These four value-pack options put the emphasis on value.

(6) PLACE

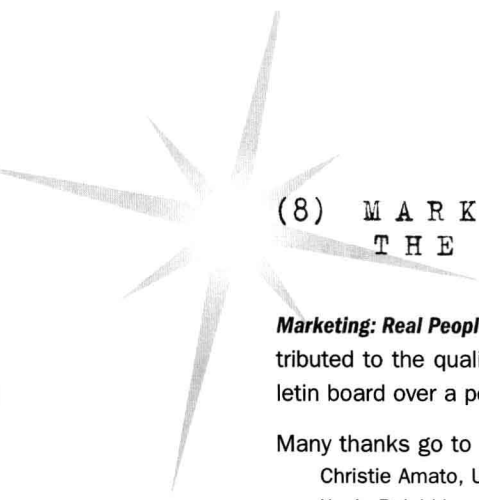
Portions of this learning package will be distributed in new ways as well as the old familiar ways. The Instructor's Manual and Powerpoint Slides can be obtained from the Web site (www.prenhall.com/solomonstuart), as can class management items such as a syllabus planner. Students can review the material with electronic study guides.

(7) PROMOTION

Marketing: Real People, Real Choices, 2/E will be promoted in a unique and innovative way through **The Marketing Spot** on the Internet. Professors can click on www.prenhall.com/phmarketing to sample the video package or other supplements, to find out more about the text, or to find out more about Web support. No busy signals, no voice mail, no waiting, no regular hours—professors can go to **The Marketing Spot** whenever they want.



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(8) MARKET RESEARCH —
THE FIFTH P: PEOPLE

Marketing: Real People, Real Choices, text and learning package, was carefully crafted. Many people contributed to the quality control process. An Electronic Advisory Panel participated in an Internet bulletin board over a period of several years while the book was being developed.

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Eighteen busy executives gave generously of their time as the "Real People, Real Choices" feature was written:

Steve Goldstein, Levi Strauss & Co.
Frank Cimermancic, Harley-Davidson
Joyce LaValle, Interface Americas
Peter Einstein, MTV Europe
Dee Dee Gordon, Lambesis
Rick Wertheimer, American Wool Council
Craig Weisbruch, National Gypsum
Sarah Burroughs, Burrell Communications Group
William Smith, Kodak
Dennis Carter, Intel

Charles Waddell, Carolina Panthers
Randy Poindexter, Bojangles'
Craig Lambert, Marriott Courtyard
Cecelia Gardner, First Union
Göran Carstedt, IKEA
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Suraj Commuri, University of Nebraska
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William Motz, Lansing Community College
Martin Myers, University of Wisconsin – Stevens Point
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Writing this book was a profound learning experience for both of us. We have experienced first-hand the ups and downs of the new product development process and the importance of teamwork and cooperation in crafting an innovative new market offering that will satisfy the needs of our readers. We hope instructors and students will enjoy the final product.

Michael R. Solomon
Auburn, Alabama

Elnora W. Stuart
Rock Hill, South Carolina



P R E S S R E L E A S E

Computer Friendly Stuff (CFS), an exciting young computer toy and software company operating out of a loft in Chicago, is in the business of creating things to make your computer more fun. In addition to selling their products in the United States and seven foreign countries, CFS already owns a registered trademark and has been featured on CBS This Morning, in the Chicago Tribune, and in BUZZ magazine. They are currently negotiating product licenses with Warner Brothers and the World Wrestling Federation and expect gross revenues to exceed \$400,000 in 1999, their second full year of sales.

Sounds good, doesn't it? And it's all true. My name is Chris Cole. I am the president of Computer Friendly Stuff and I love my job. The first thing I'm going to do is to let you in on a little secret: Things aren't *always* as they seem. For example, despite all of our success, we are still about 12 months away from being profitable. In fact, we just recently started paying ourselves salaries. Really *small* salaries—like, Ramen Noodles and Saltines salaries.

What's my point? I think it is really easy to be successful and then brag about how hard you struggled on your way to the top. How you owed everyone money. How you weren't sure about your decisions. Face it, everyone loves a "rags to riches" story. But what is tough, and more interesting, is to admit your problems while you're still roughing it. Like us.

So who are we? Basically, Computer Friendly Stuff makes fun toys and software for computers. Our first product (the little guy you see above) is a character we created called the "Original Computer Bug," or "CB." He is a soft figure that attaches to the side of your computer monitor and appears to have burst out from inside. He comes with a CD-ROM which contains screen savers, wallpapers, and animated cartoons showing him living inside your monitor. He keeps you company as you work—eating computer chips, cleaning the inside of your screen, and telling really lame computer jokes. We have developed a few other neat products, like Monitor Morphs, but we will tell you more about those later (don't want to ruin the fun).

I know what you're thinking. If we are still struggling, why are we in this book? I mean, we're the subject of six case studies, seven videos, real-time Web site updates, and the integrated marketing plan. Why not use a larger, more established company for this? Well, Prentice Hall and your authors chose us because they wanted to do something outside the norm. They wanted a young, exciting, living, breathing company. One that was honest. One that a student could identify with. One that was fighting the good fight against the evil toy conglomerates of the world. One that you could even pick up the phone and call (773-645-1349). Try it. Heck, I might even answer myself. (Of course, I hope I don't. I hope that by the time you read this we are a huge evil toy conglomerate and we have assistants relaying messages to us as we relax in Fiji.)

But assuming that doesn't happen right away, while you use this book, we will be here alongside you. As you read about us in end-of-part cases, you'll read about our many mistakes (we call them "learning opportunities") and our occasional successes. Reading our cases and watching our videos will be like watching MTV's *Real World* and CNN's *Moneyline* on a split-screen TV—goofy, realistic, frustrating, challenging, but hopefully, tough to walk away from. An added bonus is that you'll be able to participate in some of our marketing choices as they unfold by going to our web site and giving us your advice on the pressing issue of the moment. Think of us as your own personal marketing incubator—together, we're taking risks, making mistakes, doing great things, and learning a lot along the way.

Okay, I gotta run. Today is payday. You know what that means. Fresh supplies of Ramen noodles and Saltines. Life doesn't get any better.

Chris Cole
President
Computer Friendly Stuff



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