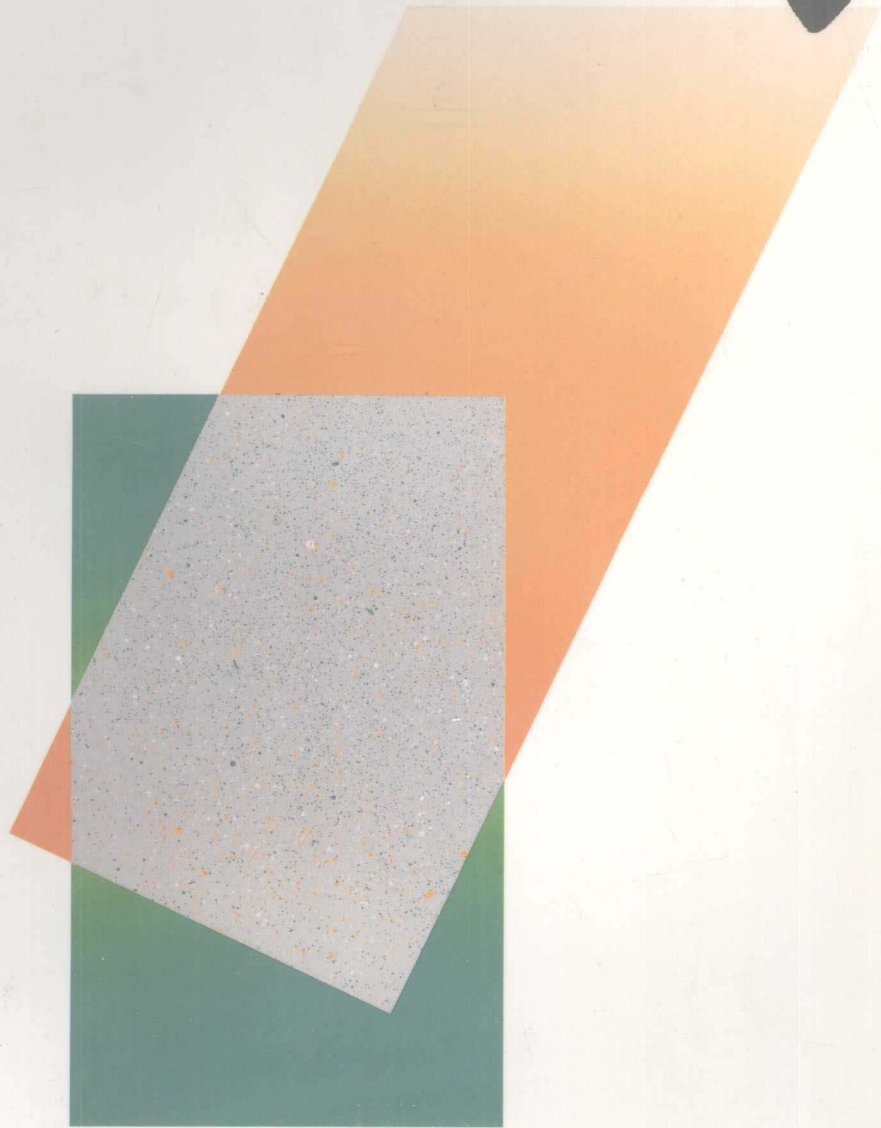


**STUDY GUIDE TO ACCOMPANY**

# *Marketing*



**COURTLAND L. BOVÉE**  
**JOHN V. THILL**

**STUDY GUIDE TO ACCOMPANY**

# *Marketing*

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## **STUDY GUIDE TO ACCOMPANY**

# *Marketing*

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## HOW THIS STUDY GUIDE WILL HELP YOU

This Study Guide will make you more successful in two important ways: it will help you make the best use of your limited time, and it will help you get a grip on all the important information in each chapter of the textbook. The subject of marketing contains a lot of important terms and concepts that your instructor is going to expect you to learn, and here's how the Study Guide will help:

1. Each chapter in the Study Guide starts off with a quick summary of the corresponding chapter in the textbook. The summary mentions all the key points in the chapter, and you can skim it quickly to make sure you're familiar with all the important topics. If you see something in the summary that you're not familiar with or don't understand, this is a good indicator that you need to study that particular part of the text a little more.
2. Along with the quick summary you'll find an outline of the chapter. Again, this is a memory check to make sure that you're aware of what's in the chapter. If something doesn't ring a bell, go back over that material.
3. The next section, "Major Concepts in this Chapter" goes over all the important topics from the chapter, re-explaining things, giving you new examples, trying different analogies, and so on. The purpose of this section is to let you see a different explanation for all the big issues, in case they didn't quite click when you read the textbook or listened to the discussion in class.
4. The "Chapter Checkpoint" is a chance to test yourself and see how well you're doing with the material in the chapter. The answers are at the end of each chapter here in the Study Guide. If you score well on this test, you're probably in pretty good shape. If you don't score as well as you'd like, the listing for each answer points you to the page in the text chapter where you can find more information.
5. "Key Term Matching" gives you the opportunity to test your memory of the key terms from the text (the words and phrases that are printed in bold). The key terms make up the vocabulary of marketing, so it's important for you to grasp the meaning of each one.
6. You can practice thinking about essay-style questions with the eight sample questions presented in "Think about These." At the end of each chapter here in the Study Guide, you'll find a brief listing of points you should've covered in your answer to each of the eight questions.
7. "Marketing on the Job" is a unique section that helps you apply the material from the chapter to marketing jobs you might have now or in the future. It highlights the key issues once again and reminds you to take them with you into the marketing profession. The 22 "Marketing on the Job" checklists in this Study Guide are a valuable resource in themselves.
8. Finally, the "Supplemental Exercises" section provides some additional material that some instructors might choose to use. It contains two more questions and another special project for the "Meeting a Marketing Challenge" simulation in each chapter, along with a second "Sharpen Your Marketing Skills" exercise. These can also be used for additional practice; your instructor has the answers to these.

We wish you the best with this course, and sincerely hope that the Study Guide and textbook meet your learning needs. Marketing is a very interesting, exciting, and challenging field, and we've worked hard to make that show through in these pages.

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# THE FOUNDATIONS OF MARKETING

## CHAPTER SUMMARY

This chapter introduces you to the world of marketing: what it means, who does it, and how it works.

The first section defines marketing and explains some fundamental concepts you need to be aware of. These include (1) the **exchange process**, the transfer of something of value (the product) in return for something else of value (usually money, but not always); (2) the idea of **needs** (fundamental demands that customers have, in the interest of safety, health, and so on) and **wants** (nonessential desires for comfort, entertainment, prestige, and so on); (3) **economic utility**, the value companies create when they design, produce, and deliver products; (4) **marketing myopia**, an emphasis on the products you create rather than on the customer problems you're trying to solve; (5) the **people in marketing**, including all of us at some point in our lives, and many people who market full-time; and (6) the field of **nonprofit marketing**, practiced by a wide variety of organizations ranging from homeless shelters to universities.

The second section describes the **evolution of marketing**, starting with the **production era**, followed by the **sales era**, and continuing with **marketing era**, in which more and more companies are gradually adopting the **marketing concept**, trying to combine long-term profitability, functional integration, and a focus on customer needs and wants. Also covered are corporate **marketing cultures** and a look at marketing in the future.

The third section introduces **marketing strategy**, your plan for deciding where and how you'll compete. The components of strategy are your **target market**, which is the group of customers who are the focus of your marketing efforts, and your **marketing mix**. The marketing mix is made up of four elements: **product** (what you offer to customers), **price** (what you ask for in return), **distribution** (the process of getting the product to customers, and **promotion** (communicating with customers about your company and your products).

## CHAPTER OUTLINE

Facing a Marketing Challenge at Nike

Chapter Overview

Marketing Defined

    The Exchange Process

    Needs and Wants

    Economic Utility

    Marketing Myopia

    Target Markets

    The People in Marketing

    Nonprofit Marketing

The Evolution of Marketing

    The Production Era

- The Sales Era
- The Marketing Era
  - Elements of the Marketing Concept
    - Sensitivity to Customer Needs and Wants
    - Long-Term Profitability
    - Functional Integration
  - Corporate Marketing Culture
- Marketing in the Future
- The Marketing Strategy
  - The Target Market
  - The Marketing Mix
    - Product
    - Price
    - Distribution
    - Promotion

## MAJOR CONCEPTS IN THIS CHAPTER

**Marketing:** Marketing is often misunderstood by today's consumers—and by many marketers as well. Some people think it is simply advertising or simply selling. But marketing is much more complex and diverse than any single activity. Some people think marketing is nothing more than tricking people into buying things they don't need. But an enlightened application of marketing, which you'll learn in this course, results in satisfied customers. This means customers who are healthier, happier, safer, more productive, more profitable, or otherwise better off as a result of buying products. Unethical and even illegal marketing certainly happens, but by learning how to do marketing properly, and influencing your future colleagues, you can help make sure that marketing continues to be a positive force in our economy.

**Marketing exchanges:** The idea of exchange is at the core of every marketing effort. Most exchanges are fairly obvious, such as when you pay a certain amount of money for the privilege of eating that yummy food in your college's cafeteria. You're giving something of value (your money) to the school in exchange for something else of value (food). In other cases, no money changes hands. For instance, when you see a TV commercial from the Partnership for a Drug Free America, the exchange doesn't involve money, but it is a marketing exchange nonetheless. The value offered by the PDFA is the promise of a safe, healthy life. In exchange for this, you have to give up something of value, which is the freedom to abuse drugs. Regardless of the product involved, the job of the marketer is to find out what customers are looking for in an exchange and how much they are willing to give in return.

**Marketing myopia:** This is one of the most common mistakes made in business today—and one of the most potentially devastating mistakes a company can make. In the medical world, myopia is a visual impairment in which the eye can't see the whole picture clearly because it can't focus on distant objects. In the marketing world, myopia, or nearsightedness, means that marketers aren't seeing the whole picture, either. They focus solely on the object directly in front of them—their products—and lose sight of the ultimate goal, which is satisfying customers' needs. While identifying customer needs and then creating products to satisfy them sounds rather obvious, there are still many companies out there that create a product *they* think the world needs and then try to convince the world to buy it. Marketing myopia is easier to catch than you might think. Most marketers have to devote so much attention to the machinery of business (technologies, finance, production, advertising, etc.) that it can be all too easy to lose sight of the customer. Staying focused on satisfying the customer is much like staying on a diet—it requires persistence and a full-time commitment.

**Markets and target markets:** All the potential customers for a given product make up its market. However, you won't always try to reach every single one of these potential customers. Some will live too far away,

some will be hopelessly in love with your competitors, and perhaps some will demand a higher level of service than you can give. Whatever the reason, in nearly every market, there will be some potential customers that just won't work for you. The ones that *will* work out make up your target market. But why can't you market your products to everybody, and ignore the non-customers? In fact, this approach was, and to some extent still is, the method of choice for many marketers. However, more and more companies are discovering that it is simply too inefficient and ineffective to market to the whole wide world when only a part of the world is interested. And that's the reason you care about target markets.

**Nonprofit marketing:** Many people view marketing as a means to sell something to somebody at a price high enough to provide an attractive profit for the marketer. However, the techniques commonly applied in for-profit marketing are being increasingly used by nonprofit organizations. There is still a "profit" in the nonprofit exchange, but that profit might be realized in the form of better public health, greater donations for a charitable cause, a reduction in unsafe behavior, or any of hundreds of other goals pursued by nonprofit marketers.

**The evolution of marketing:** As obvious as it seems, building a business around the idea of satisfying customer needs is a relatively new development. Of course, some companies have always done a good job of focusing on their customers, but in general, from the time of the Industrial Revolution until the Great Depression of the 1930s, companies tended to concentrate on the means and mechanisms of production. Consumers were hungry for the many revolutionary products created during this time (including such gadgets as electric lights, telephones, and automobiles), and if they weren't completely satisfied with a product, they often had to buy it and keep using it anyway because it might be the only thing available. However, as competition increased, and with it the availability of products, customers began to find themselves with choices in many product categories. Companies could no longer count on customers to scoop up whatever they happened to build, just because it was the only thing of its kind on the market.

**The marketing concept:** The marketing concept refers to the enlightened sort of marketing referred to earlier. It means doing the best for your customers while paying attention to your own objectives as well. Specifically, the marketing concept combines three elements: attention to your customers, an emphasis on your own long-term profitability, and the close integration of all the functions in your company. Paying attention to your customers means that you understand their needs and expectations first, then you develop products and programs that meet those needs. The emphasis on long-term profit means that you avoid expedient marketing moves that might help in the immediate future but hurt in the distant future. (For example, you could cut the price in half on your current product, which might help you sell more. However, the reduced revenue might also hinder your ability to create your next product, which will hurt you over the long haul.) Finally, functional integration means that all the departments in your company are working together to meet customer needs, rather than pursuing their own objectives.

**Marketing culture:** When you move into your first marketing job, it won't take you long to figure out what sort of culture exists in the organization. Some firms are in love with their technologies or their engineering skills and others are quite proud of their reputations or riches. But in a firm with a true marketing culture, the people, processes, and policies will all be focused on satisfying customers. In such a firm, technology, sales expertise, finances, and all the other corporate gadgetry play supporting, not leading, roles in the pursuit of customer satisfaction.

**Marketing strategy:** An executive at TRW has a great definition for marketing strategy: it's where and how you will compete. The "where" is your target market, and the "how" is your marketing mix.

**The marketing mix:** The marketing mix is the collection of "tools" you have at your disposal as a marketer. You use these tools—product, price, distribution, and promotion—to meet your marketing objectives. The more effectively you can use your marketing mix, relative to your competitors, the greater chance you have for success.



## CHAPTER CHECKPOINT

Chapter Checkpoint is a quick self-exam that gives you some idea of how well you're doing with the material in this chapter. If you score well on this, you're probably in pretty good shape with the chapter in general. However, if you don't do quite as well as you'd like on this little exam, continue studying the material. The answers can be found at the end of this chapter.

### TRUE-FALSE

Directions: Indicate whether each statement is True or False.

1. \_\_\_\_ Selling and marketing are not the same thing.
2. \_\_\_\_ Musical compositions, political beliefs, and advertising space are examples of tangible products.
3. \_\_\_\_ Marketers of intangible products must convey their products' benefits without physical examples of the products.
4. \_\_\_\_ A marketing exchange is impossible if either party is not free to reject or accept any offer from the other party.
5. \_\_\_\_ Some marketers consider wants to be specific fulfillments of general needs.
6. \_\_\_\_ Economic utility is the inherent ease with which target markets can be identified.
7. \_\_\_\_ Production utility allows buyers to use or abuse products as they see fit.
8. \_\_\_\_ A company that views itself as a producer of products rather than as fulfillers of customer needs and wants is suffering from functional disintegration.
9. \_\_\_\_ The market for Colgate toothpaste includes everyone who is currently buying and using Colgate toothpaste as well as everyone who is using some other brand of toothpaste because they want healthy teeth and gums.
10. \_\_\_\_ A Kansas retail store that hires sales clerks who speak Spanish is trying to reach a Hispanic market. This is an example of the use of geographic marketing.
11. \_\_\_\_ Major sports figures such as Ken Griffey, Jr., Bo Jackson, and Michael Jordan are all marketers.
12. \_\_\_\_ Profit and nonprofit organizations have the same marketing goals and use the same marketing methods.
13. \_\_\_\_ The production era was characterized by the existence of sellers' markets.
14. \_\_\_\_ The marketing concept stresses short-term profitability.
15. \_\_\_\_ Nonprofit organizations are never concerned with profit.
16. \_\_\_\_ Mass marketing is being replaced by "micromarketing" in many industries.
17. \_\_\_\_ Ethics will have a major impact on marketing during future decades.

18. \_\_\_\_ The first step in developing a marketing strategy is to research the market thoroughly.
19. \_\_\_\_ Managers have very little control over the marketing mix.
20. \_\_\_\_ A product is actually a “bundle of value” that meets customers’ expectations.
21. \_\_\_\_ Marketers of intangibles do not have target markets.
22. \_\_\_\_ As an element of the marketing mix, the sole function of price is to generate revenues.
23. \_\_\_\_ Distribution activities include transportation, storage, processing orders, and keeping track of finished-product inventory.
24. \_\_\_\_ Organizational marketers seldom, if ever, use the promotional element of the marketing mix.
25. \_\_\_\_ Firms that market intangible products rely heavily on the promotional element of the market mix.

### **MULTIPLE CHOICE**

**Directions:** Read each statement or question carefully, then choose the BEST answer from the choices given. There is only one BEST answer.

26. Which of the following misleading notions has resulted in a confusion over the definition of marketing?
  - A. goods, services and ideas can all be marketed
  - B. marketing is the process of planning and executing a marketing strategy
  - C. marketing creates exchanges
  - D. nonprofit organizations engage in marketing
  - E. selling and marketing are virtually the same thing
27. “Giving something of value in return for something of value” is the definition of:
  - A. marketing myopia
  - B. selling
  - C. a marketing exchange
  - D. transactional interchange
  - E. tangible marketing
28. Which of the following is an example of a tangible product?
  - A. computer software
  - B. blue jeans
  - C. tax preparation
  - D. musical compositions
  - E. advertising space
29. How do tangible products differ from intangible products?
  - A. tangible products have physical dimensions
  - B. tangible products usually affect only one of the senses
  - C. pricing is the most important consideration with tangible products
  - D. promotion is never used with tangible products
  - E. marketers of tangible products must convey the products’ benefits
30. Which of the following is a condition that must exist in order for an exchange to take place?
  - A. each party involved must have something that interests the other party
  - B. at least three parties must be involved
  - C. money must be involved
  - D. the acceptance of any offer is guaranteed
  - E. no more than six parties may be involved in any exchange

31. What is economic utility?
  - A. it is the method used to combine the various elements of promotion to effectively communicate with target audiences
  - B. it is a marketer's inherent ability to appeal to its target market
  - C. it is the ease with which tangible and intangible products can be distinguished from each other
  - D. it is a product's inherent ability to satisfy a user's needs or wants
  - E. it is the ease with which an exchange can be made
32. What kind of utility is created when IBM manufactures a microcomputer?
  - A. time
  - B. production
  - C. form
  - D. possession
  - E. place
33. What kind of utility is created by a *USA Today* newspaper box in a hotel lobby or in an airport terminal?
  - A. time
  - B. product
  - C. form
  - D. possession
  - E. place
34. If Rentz Electric Company were to view itself as simply a producer of electricity rather than as a satisfier of customer needs, it could be said to be operating under which of the following conditions?
  - A. self-sufficiency
  - B. marketing myopia
  - C. form utility
  - D. transactional interchange
  - E. possession utility
35. Which of the following characteristics of customers would NOT be used by marketers to define demographic markets?
  - A. age of customer
  - B. income of customers
  - C. customer gender
  - D. lifestyles
  - E. ethnic backgrounds
36. Which of the following is an example of an organization that might use nonprofit marketing?
  - A. United Way Airlines
  - B. the American Red Cross
  - C. United Parcel Service (UPS)
  - D. Disneyworld
  - E. *Better Homes & Garden* magazine
37. Which of the following was characteristic of markets during the production era?
  - A. a sellers' market
  - B. a buyers' market
  - C. an emphasis on ethical issues
  - D. supply of goods exceeded demand
  - E. companies emphasized promotional activities
38. During which of the eras of marketing evolution did manufacturers believe that success lay in outselling the competition?
  - A. the production era
  - B. the marketing era
  - C. the customer era
  - D. the competitive era
  - E. the sales era

39. Which of the following conditions describes a buyers' market?
- A. manufacturers de-emphasize promotion
  - B. demand for products exceeds supply
  - C. supply overwhelms demand
  - D. ethical issues decrease in importance
  - E. manufacturers focus on production
40. Which of the following terms represents the cooperation between various organizational departments that is necessary for the successful implementation of the marketing concept?
- A. chain of command
  - B. departmentalization
  - C. functional integration
  - D. marketing hierarchy
  - E. micromarketing
41. Which of the following terms describes the environment that exists at companies that put the customer first and that emphasize market-sensitive management?
- A. an ethical environment
  - B. a sales-orientation
  - C. an international culture
  - D. a production-orientation
  - E. a marketing culture
42. A small bakery in Northern California sells to a very specific segment of the market that prefers eating a particular rhubarb muffin that has limited availability. What type of marketing is this company performing?
- A. mass marketing
  - B. micromarketing
  - C. futuristic marketing
  - D. macromarketing
  - E. homogeneous marketing
43. Which of the following terms represents the overall plan for choosing a target market and succeeding within it through product, pricing, distribution, and promotional choices?
- A. organizational development
  - B. marketing strategy
  - C. goal setting
  - D. marketing tactics
  - E. marketing culture
44. Which of the following is NOT an element of the marketing mix of any organization?
- A. production
  - B. distribution
  - C. promotion
  - D. product
  - E. price
45. Which of the following terms relates most closely to how a product meets the expectations of customers?
- A. noneconomic value
  - B. intangibility
  - C. bundle of value
  - D. marketing strategy
  - E. marketing myopia
46. Which of the following images does Waterford crystal create by pricing its products at the high end of the pricing spectrum?
- A. a heterogeneous image for its products
  - B. a mass market image for its products
  - C. an exclusive image for its products
  - D. a nonpublic image for its products
  - E. a predatory image for its products

47. Which of the following terms describes all those activities used by the Coca-Cola Company to move its soft drinks from local producers to its consumers?
- warehousing
  - the creation of time utility
  - market channeling
  - distribution
  - the creation of form utility
48. Which of the following is NOT one of the categories of promotion?
- public relations
  - advertising
  - personal selling
  - sales promotion
  - product imaging
49. The financial support that Mobil Oil Company gives to the Public Broadcasting System (PBS) is an example of which type of promotional activity?
- public relations
  - advertising
  - personal selling
  - sales promotion
  - product imaging
50. Coupons, cash rebates, premiums, consumer sweepstakes, and free samples are examples of which type of promotional activity?
- public relations
  - advertising
  - personal selling
  - sales promotion
  - product imaging

### KEY TERM MATCHING

- |                              |  |
|------------------------------|--|
| 1 _____ buyers' market       | a) The process of developing and exchanging ideas, goods, and services using the principles of pricing, promotion, and distribution  |
| 2 _____ customer orientation | b) The transfer between two or more parties of tangible or intangible items of value   |
| 3 _____ distribution         | c) A good, service, or idea for which customers will exchange money or something else of value (in its broadest sense, a product includes all the accessories and support services that combine to meet customers' expectations) |
| 4 _____ exchange             | d) Tangible products that customers can evaluate by touching, seeing, tasting, or hearing  |
| 5 _____ form utility         | e) Intangible products that offer financial, legal, medical, recreational, or other benefits to the consumer   |
| 6 _____ goods                | f) Concepts, philosophies, or images that can be exchanged in the marketplace  |
| 7 _____ ideas                | g) The ability of a product to satisfy the customer's wants or needs   |
| 8 _____ market               | h) The value created by shaping raw materials and components into products   |
| 9 _____ marketing            | i) The value of providing products when customers want them  |
| 10 _____ marketing concept   | j) The value of providing products where customers want them   |
| 11 _____ marketing culture   | k) The value of owning a product and controlling its use   |
| 12 _____ marketing era       | l) Product orientation without regard for customer benefits  |
| 13 _____ marketing mix       | m) The customers and potential customers who want or need a product and who are willing and able to exchange something for it  |
| 14 _____ marketing myopia    |  |
| 15 _____ marketing strategy  |  |
| 16 _____ place utility       |  |
| 17 _____ possession utility  |  |
| 18 _____ price               |  |
| 19 _____ product             |  |
| 20 _____ production era      |  |
| 21 _____ promotion           |  |
| 22 _____ sales era           |  |
| 23 _____ sellers' market     |  |

- 24 \_\_\_\_\_ services  
25 \_\_\_\_\_ target market  
26 \_\_\_\_\_ time utility  
27 \_\_\_\_\_ utility

- n) The market you've selected as the focus of your marketing program; it covers the potential customers you think are most likely to need or want your product
- o) The period extending from the Industrial Revolution to about 1930, during which companies focused on perfecting their manufacturing techniques
- p) A market condition in which the demand for products exceeds the supply
- q) The period from approximately 1930 to 1950, during which companies focused on promoting and distributing their products
- r) The period that began in the 1950s and continues today, during which companies formed marketing departments, began to pay attention to customer wants and needs, and started to implement the marketing concept.
- s) A market condition in which supply exceeds demand
- t) The concept of maximizing long-term profitability while integrating marketing with other parts of the company and meeting customer needs and wants
- u) A management philosophy that places the customer at the center of everything the company does
- v) A corporate culture geared toward customer satisfaction through marketing concepts and procedures
- w) The overall plan for marketing a product that includes selecting and analyzing a target market and creating and maintaining a marketing mix
- x) The four key elements of marketing strategy: product, promotion, distribution, and price
- y) The value, usually in monetary terms, that sellers ask for in exchange for the products they are offering
- z) The process of moving products from the producer to the consumer, which may involve several steps and the participation of multiple companies
- aa) A variety of techniques, including advertising, sales promotion, public relations, and personal selling, that are used to communicate with customers and potential customers

## THINK ABOUT THESE

These essay questions give you some idea of the kind of essay questions that you might encounter in an exam (depending on your instructor, of course). By developing answers to these sample questions, you can develop the skills required to analyze the chapter material and present your thoughts. Some things you should think about when answering each of these questions can be found at the end of this chapter, but try answering them first on your own to see how well you've grasped the material.

51. Explain the difference between tangibles and intangibles. Give an example of each.

52. Identify the five conditions necessary for a successful exchange to occur.
53. Explain the difference between a want and a need. Give an example of each.
54. What kind of utility is being created by a cafe that provides you with food and drink at any time of the day or night? Explain.
55. How can you recognize a company that is suffering from marketing myopia?
56. Explain the difference between demographic markets and product markets.
57. What must marketers do to apply the marketing concept?

58. Identify the four main categories of promotion and give an example of each.

## **MARKETING ON THE JOB**

Here's a checklist to help you apply the material in Chapter 1 to marketing positions you might eventually hold in a company or nonprofit organization:

1. Understand both sides of your marketing exchange—what it is you're offering customers and what you expect them to give up in return.
2. Understand the value or "economic utility" you offer your customers.
3. Search for ways to increase the value you offer your customers.
4. Have a clearly defined target market in mind.
5. In nonprofit marketing, make doubly sure that you understand the exchange.
6. Give yourself an "eye exam" to make sure you haven't caught marketing myopia.
7. Work toward a complete implementation of the marketing concept.
8. Make sure all the pieces of your marketing mix are geared toward satisfied customers and increased profitability.

Other important notes you'd like to keep regarding this chapter:

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## SUPPLEMENTAL EXERCISES

This section contains additional exercises that you can use to test and develop your marketing insight.

### Meeting a Marketing Challenge at Nike

1. Another competitor entering the children's shoe market is KangaROOS USA, best known for the pockets in its adult sports shoes. The first ad used by KangaROOS in the kids market was "ROOS: Shoes for your feet, pockets for your stuff." Although Nike has no pockets in its kid's shoes, you feel the high-performance fashion statement made by Nike shoes will attract kids. You know you need to open up your thinking and consider all kinds of product possibilities, however. Evaluate the following new product ideas. Which one has the greatest chance of success?
  - a. Develop a longer-lasting sports-style shoe for kids, with double soles and reinforced toes to keep the shoes intact long after competitive products have worn out. Don't worry if they look a little goofy; the important thing is to make sure they last a long time.
  - b. Manufacture current top sellers from the adult line in smaller sizes for kids, making adjustments for differences in children's feet. This will work because younger kids like to copy the styles worn by adults, and they'll feel grown-up in their miniature Nikes.
  - c. For dress-up occasions, create a new line of fancier Nike athletic shoes in leather with fashion accents. These shoes would meet the parent's desire to have their children looking half-way presentable and the child's need to be comfortable and fashionable.
  - d. Just wait and copy whatever KangaROOS USA does. Let them spend all their money on marketing research and product design. After they introduce new shoes, wait and see whether the shoes are successful. If a particular model of shoe does take off, copy the design and come out with your own version. Of course, you'll have to make sure you don't violate any trademarks or patents, but this strategy eliminates all the risk.
2. Because Nike products are manufactured overseas, transportation to Nike warehouses and on to retail outlets is a complex process. Nike is about to launch a new line of children's shoes, based on advanced sole technology. You've been asked to consider several ways of capitalizing on the long journey (from factory to port to warehouse to store) in order to make this product introduction a newsworthy event. Which of these ideas would be most likely to catch the attention of reporters?
  - a. Plan an elaborate trip for the first pair of shoes and follow them from overseas to U.S. port and finally onto the store shelves, where the pair will be bought by a specially selected child celebrity. Invite reporters to share the journey with the shoes, giving them a tiny glimpse of the new manufacturing process and the special transportation arrangements (a chartered train, ship, or plane) to speed the product to its destination. This method is similar to the way the first bottles of French wine from a new vintage are introduced in America, and it can build excitement if handled with pomp.
  - b. Use great secrecy in shipping the first pair and invite the media to an unveiling, with much fanfare, at company headquarters. Simultaneously, present the product line to representatives of the major retail chains who stock Nike, providing fancy ceremonies across the country. Like a new car model year, the unveiling can build interest in advance and focus interest on the product for weeks before the product is introduced.
  - c. For retail dealers, prepare a videotape that shows Phil Knight introducing the new shoes and explaining how the new technology works. The tape should follow the first pair during the manufacturing process and into the package, showing the many steps in producing this quality product. Distribute this tape to television stations, as well, encouraging its use in news shows.
  - d. Develop a board game, which can also be translated into a video game, called "Race With Nike." The object of the game is to be the first to deliver the new Nike kid's shoes to the local store. Design the game board like a map, with game pieces in the shape of the new shoes, and have players race from the plant to the port and then overland or by plane to the store. Give free copies of this game to the media and make them available in shoe stores across the country.