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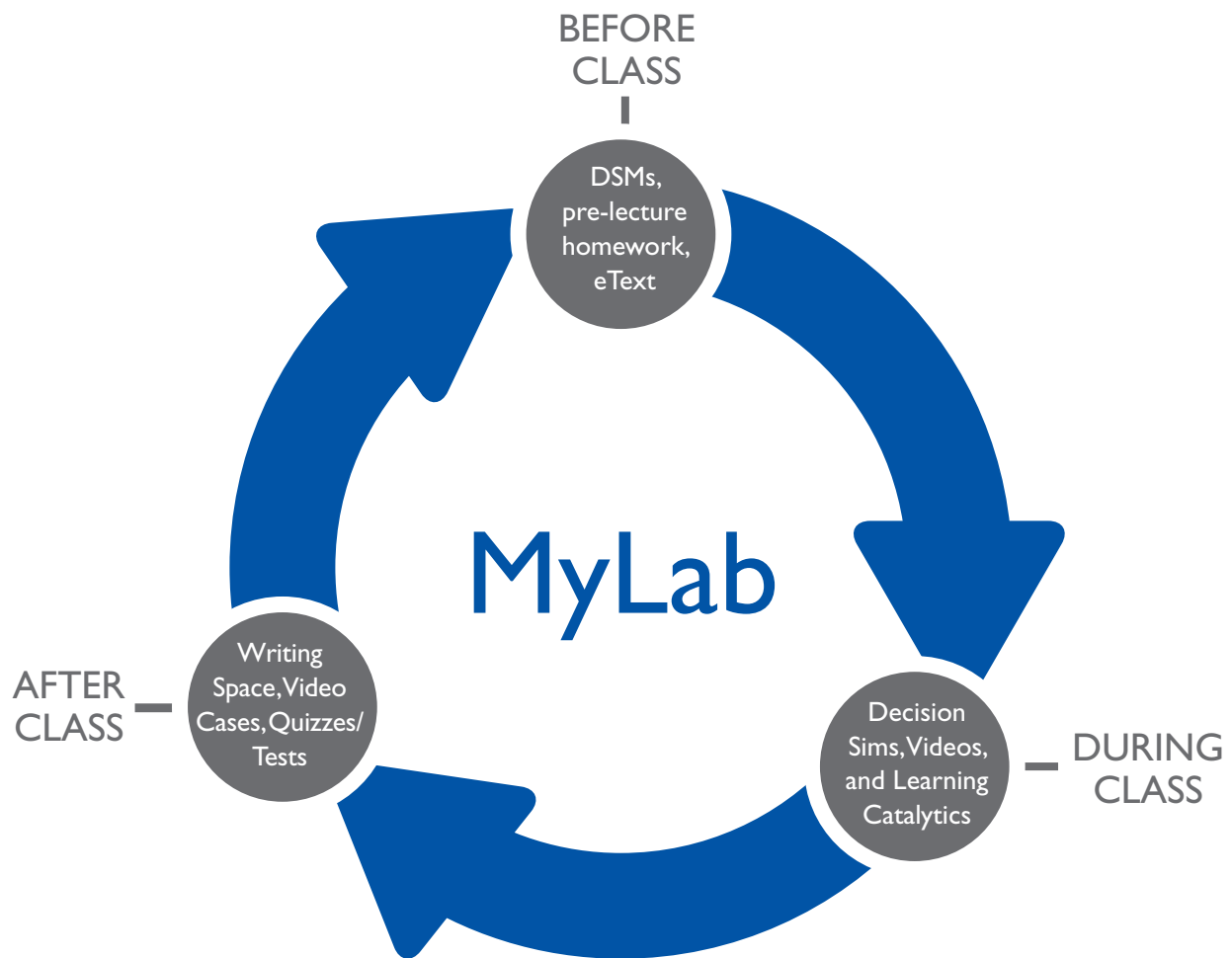
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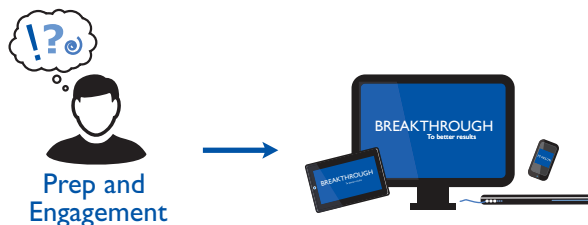
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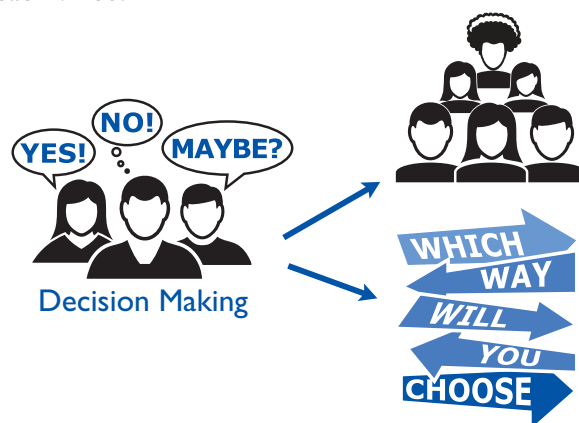
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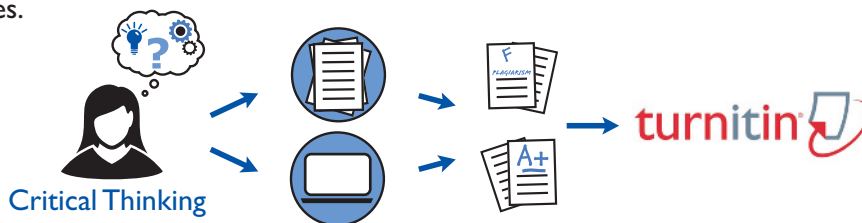


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# Marketing

An Introduction Thirteenth Edition  
Global Edition

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University of North Carolina

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**To Kathy, Betty, Mandy, Matt, KC, Keri,  
Delaney, Molly, Macy, and Ben; Nancy, Amy, Melissa, and Jessica**




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# About the Authors

As a team, Gary Armstrong and Philip Kotler provide a blend of skills uniquely suited to writing an introductory marketing text. Professor Armstrong is an award-winning teacher of undergraduate business students. Professor Kotler is one of the world's leading authorities on marketing. Together they make the complex world of marketing practical, approachable, and enjoyable.

 **GARY ARMSTRONG** is Crist W. Blackwell Distinguished Professor Emeritus of Undergraduate Education in the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. He holds undergraduate and master's degrees in business from Wayne State University in Detroit, and he received his Ph.D. in marketing from Northwestern University. Dr. Armstrong has contributed numerous articles to leading business journals. As a consultant and researcher, he has worked with many companies on marketing research, sales management, and marketing strategy.

But Professor Armstrong's first love has always been teaching. His long-held Blackwell Distinguished Professorship is the only permanent endowed professorship for distinguished undergraduate teaching at the University of North Carolina at Chapel Hill. He has been very active in the teaching and administration of Kenan-Flagler's undergraduate program. His administrative posts have included Chair of Marketing, Associate Director of the Undergraduate Business Program, Director of the Business Honors Program, and many others. Through the years, he has worked closely with business student groups and has received several UNC campuswide and Business School teaching awards. He is the only repeat recipient of the school's highly regarded Award for Excellence in Undergraduate Teaching, which he received three times. Most recently, Professor Armstrong received the UNC Board of Governors Award for Excellence in Teaching, the highest teaching honor bestowed by the 16-campus University of North Carolina system.

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Professor Kotler was named the first recipient of four major awards: the *Distinguished Marketing Educator of the Year Award* and the *William L. Wilkie "Marketing for a Better World" Award*, both given by the American Marketing Association; the *Philip Kotler Award for Excellence in Health Care Marketing* presented by the Academy for Health Care Services Marketing; and the *Sheth Foundation Medal for Exceptional Contribution to Marketing Scholarship and Practice*. He is a charter member of the Marketing Hall of Fame, was voted the first Leader in Marketing Thought by the American Marketing Association, and was named the Founder of Modern Marketing Management in the Handbook of Management Thinking. His numerous other major honors include the Sales and Marketing Executives International *Marketing Educator of the Year Award*; the European Association of Marketing Consultants and Trainers *Marketing Excellence Award*; the *Charles Coolidge Parlin Marketing Research Award*; and the *Paul D. Converse Award*, given by the American Marketing Association to honor "outstanding contributions to science in marketing." A recent *Forbes* survey ranks Professor Kotler in the top 10 of the world's most influential business thinkers. And in a recent *Financial Times* poll of 1,000 senior executives across

the world, Professor Kotler was ranked as the fourth “most influential business writer/guru” of the twenty-first century.

Dr. Kotler has served as chairman of the College of Marketing of the Institute of Management Sciences, a director of the American Marketing Association, and a trustee of the Marketing Science Institute. He has consulted with many major U.S. and international companies in the areas of marketing strategy and planning, marketing organization, and international marketing. He has traveled and lectured extensively throughout Europe, Asia, and South America, advising companies and governments about global marketing practices and opportunities.



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In March 2014, Dr. Opresnik was appointed Chief Research Officer at Kotler Impact Inc., Phil Kotler’s internationally operating company. In addition, he was appointed Chief Executive Officer of the Kotler Business Program, an initiative to enhance marketing education worldwide via online and offline learning with Pearson as global educational partner. As President of his firm Opresnik Management Consulting, he works for numerous institutions, governments, and international corporations, including Google, Coca-Cola, McDonald’s, SAP, Shell International Petroleum Co. Ltd., Procter & Gamble, Unilever, L’Oréal, Bayer, BASF, and Adidas. More than 100,000 people have benefited from his work as a coach in seminars on marketing, sales, and negotiation and as a speaker at conferences all over the world, at locations such as St. Gallen, Berlin, Houston, Moscow, Kuala Lumpur, London, Paris, Dubai, and Tokyo.

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# Preface

## The Thirteenth Edition of *Marketing: An Introduction!*

### Fresh. Proven. Practical. Engaging.

These are exciting times in marketing. Recent surges in digital technologies have created a new, more engaging, more connected marketing world. Beyond traditional tried-and-true marketing concepts and practices, today's marketers have added a host of new-age tools for engaging consumers, building brands, and creating customer value and relationships. In these digital times, sweeping advances in “the Internet of Things”—from social and mobile media, connected digital devices, and the new consumer empowerment to “big data” and new marketing analytics—have profoundly affected both marketers and the consumers they serve.

More than ever, the 13th edition of *Marketing: An Introduction* introduces the exciting and fast-changing world of marketing in a fresh yet proven, practical, and engaging way.

### Marketing: Creating Customer Value and Engagement in the Digital and Social Age

Top marketers share a common goal: putting the consumer at the heart of marketing. Today's marketing is all about creating customer value and engagement in a fast-changing, increasingly digital and social marketplace.

Marketing starts with understanding consumer needs and wants, determining which target markets the organization can serve best, and developing a compelling value proposition by which the organization can attract and grow valued customers. Then, more than just making a sale, today's marketers want to *engage* customers and build deep customer relationships that make their brands a meaningful part of consumers' conversations and lives.

In this digital age, to go along with proven traditional marketing methods, marketers have a dazzling set of new online, mobile, and social media tools for engaging customers anytime, anyplace to jointly shape brand conversations, experiences, and community. If marketers do these things well, they will reap the rewards in terms of market share, profits, and customer equity. In the 13th edition of *Marketing: An Introduction*, you'll learn how *customer value* and *customer engagement* drive every good marketing strategy.

*Marketing: An Introduction* makes learning and teaching marketing more productive and enjoyable than ever. The 13th edition's streamlined approach strikes an effective balance between depth of coverage and ease of learning. The 13th edition builds on proven content developed over 12 previous editions, yet it has been thoroughly revised to provide the freshest insights into current marketing concepts and practices.

The 13th edition remains highly approachable, with an organization, writing style, and design well suited to beginning marketing students. Its learning design—with integrative features at the start and end of each chapter plus insightful author comments throughout—helps students to learn, link, and apply important concepts. The text presents the practical side of marketing, with engaging examples and illustrations throughout that help to bring marketing to life. And when combined with MyMarketingLab, our online homework and



personalized study tool, *Marketing: An Introduction* ensures that students will come to class well prepared and leave class with a richer understanding of basic marketing concepts, strategies, and practices.

## What's New in the 13th Edition?

Once again, we've thoroughly revised *Marketing: An Introduction* to provide the freshest coverage of the latest trends and forces that affect marketing. We've poured over every page, table, figure, fact, and example in order to keep this the best text from which to learn about and teach marketing. The new edition provides substantial new content, expanded coverage, and fresh examples throughout each chapter.

- The 13th edition adds fresh coverage in both traditional marketing areas and on fast-changing and trending topics such as customer engagement marketing, mobile and social media, big data and the new marketing analytics, omni-channel marketing and retailing, customer co-creation and empowerment, real-time customer listening and marketing, building brand community, marketing content creation and native advertising, B-to-B social media and social selling, tiered and dynamic pricing, consumer privacy, sustainability, global marketing, and much more.
- This new edition continues to build on its *customer engagement* framework—creating direct and continuous customer involvement in shaping brands, brand conversations, brand experiences, and brand community. New coverage and fresh examples throughout the text address the latest customer engagement tools, practices, and developments. See especially Chapter 1 (refreshed sections on *Customer Engagement and Today's Digital and Social Media* and *Consumer-Generated Marketing*); Chapter 4 (big data and real-time research to gain deeper customer insights); Chapter 5 (creating social influence and customer community through digital and social media marketing); Chapter 8 (customer co-creation and customer-driven new-product development); Chapter 11 (omni-channel retailing); Chapter 12 (marketing content curation and native advertising); Chapter 13 (salesforce social selling); and Chapter 14 (direct digital, online, social media, and mobile marketing).
- No area of marketing is changing faster than *online, mobile, social media, and other digital marketing technologies*. Keeping up with digital concepts, technologies, and practices has become a top priority and major challenge for today's marketers. The 13th edition of *Marketing: An Introduction* provides thoroughly refreshed, up-to-date coverage of these explosive developments in every chapter—from online, mobile, and social media engagement technologies discussed in Chapters 1, 5, 12, and 14 to “real-time listening” and “big data” research tools in Chapter 4, real-time dynamic pricing in Chapter 9, digitizing the in-store retail shopping experience in Chapter 11, and social selling in Chapter 13. A Chapter 1 section on *The Digital Age: Online, Mobile, and Social Media Marketing* introduces the exciting new developments in digital and social media marketing. Then a Chapter 14 section on *Direct, Online, Social Media, and Mobile Marketing* digs more deeply into digital marketing tools such as online sites, social media, mobile ads and apps, online video, email, blogs, and other digital platforms that engage consumers anywhere, anytime via their computers, smartphones, tablets, Internet-ready TVs, and other digital devices.
- The 13th edition continues to track fast-changing developments in *marketing communications* and the creation of *marketing content*. Marketers are no longer simply creating integrated marketing communications programs; they are joining with customers and media to curate customer-driven marketing content in paid, owned, earned, and shared media. You won't find fresher coverage of these important topics in any other marketing text.
- The 13th edition of *Marketing: An Introduction* continues to improve on its *innovative learning design*. The text's active and integrative presentation includes learning enhancements such as annotated chapter-opening stories, a chapter-opening objective outline, explanatory author comments on major chapter sections and figures, and Marketing at Work highlights that provide in-depth examples of marketing concepts and practices at

work. The chapter-opening layout helps to preview and position the chapter and its key concepts. Figures annotated with author comments help students to simplify and organize chapter material. New and substantially revised end-of-chapter features help to summarize important chapter concepts and highlight important themes, such as *marketing ethics*, *financial marketing analysis*, and *online, mobile, and social media marketing*. This innovative learning design facilitates student understanding and eases learning.

- The 13th edition provides 16 new end-of-chapter company cases by which students can apply what they learn to actual company situations. It also features 16 brand-new video cases, with brief end-of-chapter summaries and discussion questions. Finally, all of the chapter-opening stories, Marketing at Work highlights, and end-of-chapter features in the 13th edition are either new or substantially revised.

## Five Major Customer Value and Engagement Themes

The 13th edition of *Marketing: An Introduction* builds on five major customer value and engagement themes:

- 1. *Creating value for customers in order to capture value from customers in return.***  
Today's marketers must be good at *creating customer value*, *engaging customers*, and *managing customer relationships*. Outstanding marketing companies understand the marketplace and customer needs, design value-creating marketing strategies, develop integrated marketing programs that engage customers and deliver value and satisfaction, and build strong customer relationships and brand community. In return, they capture value from customers in the form of sales, profits, and customer equity.  
This innovative *customer value and engagement framework* is introduced at the start of Chapter 1 in a five-step marketing process model, which details how marketing *creates* customer value and *captures* value in return. The framework is carefully developed in the first two chapters and then fully integrated throughout the remainder of the text.
- 2. *Customer engagement and today's digital and social media.*** New digital and social media have taken today's marketing by storm, dramatically changing how companies and brands engage consumers and how consumers connect and influence each other's brand behaviors. The 13th edition thoroughly explores the contemporary concept of *customer engagement marketing* and the exciting new digital and social media technologies that help brands to engage customers more deeply and interactively. It starts with two major Chapter 1 sections: *Customer Engagement and Today's Digital and Social Media* and *The Digital Age: Online, Mobile, and Social Media Marketing*. A refreshed Chapter 14 on *Direct, Online, Social Media, and Mobile Marketing* summarizes the latest developments in digital engagement and relationship-building tools. Everywhere in between, you'll find revised and expanded coverage of the exploding use of digital and social tools to create customer engagement and build brand community.
- 3. *Building and managing strong, value-creating brands.*** Well-positioned brands with strong brand equity provide the basis upon which to build customer value and profitable customer relationships. Today's marketers must position their brands powerfully and manage them well to create valued brand experiences. The 13th edition provides a deep focus on brands, anchored by a Chapter 7 section on *Branding Strategy: Building Strong Brands*.
- 4. *Measuring and managing return on marketing.*** Especially in uneven economic times, marketing managers must ensure that their marketing dollars are being well spent. In the past, many marketers spent freely on big, expensive marketing programs, often without thinking carefully about the financial returns on their spending. But all that has changed rapidly. "Marketing accountability"—measuring and managing marketing return on investment—has now become an important part of strategic marketing decision making. This emphasis on marketing accountability is addressed in Chapter 2,

Appendix 3: *Marketing by the Numbers*, and end-of-chapter *Marketing by the Numbers* features and throughout the 13th edition.

5. ***Sustainable marketing around the globe.*** As technological developments make the world an increasingly smaller and more fragile place, marketers must be good at marketing their brands globally and in sustainable ways. New material throughout the 13th edition emphasizes the concepts of global marketing and sustainable marketing—meeting the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. The 13th edition integrates global marketing and sustainability topics throughout the text. It then provides focused coverage on each topic in Chapters 15 and 16, respectively.

## An Emphasis on Real Marketing and Bringing Marketing to Life

*Marketing: An Introduction*, 13th edition, takes a practical marketing management approach, providing countless in-depth, real-life examples and stories that engage students with marketing concepts and bring modern marketing to life. In the 13th edition, every chapter has an engaging *First Stop* opening story plus *Marketing at Work* highlights that provide fresh insights into real marketing practices. Learn how:

- Netflix uses “big data” to personalize each customer’s viewing experience. While Netflix subscribers are busy watching videos, Netflix is busy watching *them*—very, very closely.
- Nestlé has set up a customer-driven new product development process for finding and growing new market offerings while living up to its vision to make its products tastier and healthier.
- Emirates became a lifestyle brand by changing the way it reached out to customers. It framed itself as connecting peoples and cultures, creating meaningful experiences.
- Ferrero successfully analyzes and uses marketing information and customer insights to better tailor its offerings to the local market.
- Philips has realized that assessing multiple factors for change is vital to the understanding of current and probable future shifts in a marketing environment that is continuously shifting.
- Lenovo’s global success is rooted in its deep and sound understanding of customers and its ability to build profitable relationships. Its business model is thus built on customer satisfaction, innovation, and operational efficiency.
- The LEGO Group’s marketing research helped the brand to return to its roots and re-defined its overall positioning strategy and value proposition.
- Marketers are now using real-time online, mobile, and social media marketing to engage customers in the moment, linking brands to trending topics, events, causes, personal occasions, or other happenings in their lives.
- Samsung’s passion for creating superb online customer experiences has made it a poster child for direct and digital marketing.
- Dove became the trendsetter and a breath of fresh air in the beauty industry thanks to a game-changing integrated advertising strategy.
- Knorr launched a campaign with the aim of positioning itself as a supplier of high-class products which taste good and are made of natural ingredients.
- Cosmetics maker L’Oréal has become the “United Nations of Beauty” by achieving a global-local balance that adapts and differentiates brands in local markets while optimizing their impact across global markets.

Beyond such features, each chapter is packed with countless real, engaging, and timely examples that reinforce key concepts. No other text brings marketing to life like the 13th edition of *Marketing: An Introduction*.

## Learning Aids That Create Value and Engagement

A wealth of chapter-opening, within-chapter, and end-of-chapter learning devices help students to learn, link, and apply major concepts:

- **Integrated Chapter-Opening Road Maps.** The active and integrative chapter-opening spread in each chapter features an *Objective Outline* that outlines chapter contents and learning objectives, a brief *Previewing the Concepts* section that introduces chapter concepts, and a *First Stop* opening vignette—an engaging, deeply developed, illustrated, and annotated marketing story that introduces the chapter material and sparks student interest.
- **Marketing at Work highlights.** Each chapter contains two carefully developed highlight features that provide an in-depth look at real marketing practices of large and small companies.
- **Author comments and figure annotations.** Throughout each chapter, author comments ease and enhance student learning by introducing and explaining major chapter sections and figures.
- **Reviewing and Extending the Concepts.** Sections at the end of each chapter summarize key chapter concepts and provide questions, exercises, and cases by which students can review and apply what they've learned. The *Chapter Review and Critical Thinking* section reviews major chapter concepts and links them to chapter objectives. It provides a helpful listing of chapter key terms by order of appearance with page numbers that facilitate easy reference. Finally, it provides discussion questions and critical thinking exercises that help students to keep track of and apply what they've learned in the chapter.

The *Minicases and Applications* section at the end of each chapter provides brief *Marketing Ethics; Online, Mobile, and Social Media Marketing; and Marketing by the Numbers* applications cases that facilitate discussion of current issues and company situations in areas such as mobile and social marketing, ethics, and financial marketing analysis. It also includes a *Video Case* section that contains short vignettes with discussion questions to be used with a set of short videos that accompany the 13th edition. An end-of-chapter *Company Cases* section identifies which of the company cases found in Appendix 1 are best for use with each chapter.

- **Company Cases.** Appendix 1 contains 16 all-new company cases that help students to apply major marketing concepts to real company and brand situations.
- **Marketing Plan appendix.** Appendix 2 contains a sample marketing plan that helps students to apply important marketing planning concepts.
- **Marketing by the Numbers appendix.** An innovative Appendix 3 provides students with a comprehensive introduction to the marketing financial analysis that helps to guide, assess, and support marketing decisions. An exercise at the end of each chapter lets students apply analytical and financial thinking to relevant chapter concepts and links the chapter to the Marketing by the Numbers appendix.
- **Careers in Marketing.** Appendix 4 helps students to explore marketing career paths open to them and lays out a process for landing a marketing job that best matches their special skills and interests.

More than ever before, the 13th edition of *Marketing: An Introduction* creates value and engagement for you—it gives you all you need to know about marketing in an effective and enjoyable total learning package!

## A Total Teaching and Learning Package

A successful marketing course requires more than a well-written book. Today's classroom requires a dedicated teacher, well-prepared students, and a fully integrated teaching system. A total package of teaching and learning supplements extends this edition's emphasis on creating value and engagement for both the student and instructor. The following aids support *Marketing: An Introduction*, 13th edition.

## Instructor Resources

At the Instructor Resource Center, [www.pearsonglobaleditions.com/Armstrong](http://www.pearsonglobaleditions.com/Armstrong), instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit <http://247.pearsoned.com> for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- **Instructor's Resource Manual**
- **Test Bank**
- **TestGen® Computerized Test Bank**
- **PowerPoint Presentation**

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