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Marketing



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mar·ket·ing

Marketing is the activity, set of institutions, and processes for creating, *capturing*, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

The definition of marketing, established by the American Marketing Association, October 2007.

Marketing

Fifth Edition

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MARKETING, FIFTH EDITION

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This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 DOW / DOW 1 0 9 8 7 6

ISBN 978-0-07-772902-8

MHID 0-07-772902-1

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Cover Image: *Shutterstock © amalia19*
Compositor: *Aptara®, Inc.*
Typeface: *10/12 Palatino LT Std*
Printer: *R. R. Donnelley*

Section/chapter opener coffee image: *Jonelle Weaver/Getty Images*

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Library of Congress Cataloging-in-Publication Data

Grewal, Dhruv.

Marketing / Dhruv Grewal, PhD, Babson College, Michael Levy, PhD, Babson College.—Fifth Edition.

pages cm

ISBN 978-0-07-772902-8 (alk. paper)—ISBN 0-07-772902-1 (alk. paper)

1. Marketing. I. Levy, Michael, 1950- II. Title.

HF5415.G675 2016

658.8—dc23

2014046046

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To our families for their never-ending support.

To my wife Diana; and my children, Lauren and Alex;
and my uncle and aunt, Anji and Jeet Seth.

—**Dhruv Grewal**

To my wife, Marcia, and daughter, Eva.

—**Michael Levy**

about the authors



Dhruv Grewal

Dhruv Grewal, PhD (Virginia Tech), is the Toyota Chair in Commerce and Electronic Business and a professor of marketing at Babson College. He is listed in *The World's Most Influential Scientific Minds*, Thompson Reuters 2014 (only eight from the marketing field and 95 from economics and business are listed). He was awarded the 2013 university-wide Distinguished Graduate

Alumnus from his alma mater, Virginia Tech, the 2012 Lifetime Achievement Award in Pricing (AMA Retailing & Pricing SIG), the 2010 Lifetime Achievement Award in Retailing (AMA Retailing SIG), the 2010 AMS Cutco/Vector Distinguished Educator Award, the 2010 Lifetime Achievement Award in Retailing (AMA Retailing SIG), and in 2005 the Lifetime Achievement in Behavioral Pricing Award (Fordham University, November 2005). He is a Distinguished Fellow of the Academy of Marketing Science. He was ranked first in the marketing field in terms of publications in the top-six marketing journals during the 1991–1998 period and again for the 2000–2007 period. He ranked eighth in terms of publications in *JM* and *JMR* during the 2009–2013 period and ranked seventh in terms of publications in *Journal of Public Policy & Marketing* for the period 1992–2001. He was also ranked first in terms of publications and third in citations for pricing research for the time period 1980–2010 in 20 marketing and business publications. He has served as VP, research and conferences, American Marketing Association Academic Council (1999–2001), and as VP, development for the Academy of Marketing Science (2000–2002). He was co-editor of *Journal of Retailing* from 2001 to 2007. He co-chaired the 1993 Academy of Marketing Science Conference, the 1998 Winter American Marketing Association Conference, the 2001 AMA doctoral consortium, the American Marketing Association 2006 Summer Educators Conference, the 2011 DMEF research summit, and the 2012 and 2015 AMA/ACRA Retailing Conference.

Professor Grewal has published over 120 articles in journals such as the *Journal of Retailing*, *Journal of Marketing*, *Journal of Consumer Research*, *Journal of Marketing Research*, *Journal of Consumer Psychology*, *Journal of Applied Psychology*, and *Journal of the Academy of Marketing Science*, as well as other journals. He currently serves on numerous editorial review boards, such as the *Journal of Retailing*, *Journal of Marketing*, *Journal of Consumer Psychology*, *Journal of the Academy of Marketing Science*, *Academy of Marketing Science Review*, *Journal of Interactive Marketing*, *Journal of Business Research*, and *Journal of Public Policy & Marketing*. He has over 21,000 citations based on Google scholar.

He has won a number of awards for his teaching: 2005 Sherwin-Williams Distinguished Teaching Award, Society for Marketing Advances; 2003 American Marketing Association Award

for Innovative Excellence in Marketing Education; 1999 Academy of Marketing Science Great Teachers in Marketing Award; Executive MBA Teaching Excellence Award (1998); School of Business Teaching Excellence Awards (1993, 1999); and Virginia Tech Certificate of Recognition for Outstanding Teaching (1989). He has won numerous awards for his research: William R. Davidson JR Best Paper Awards 2010 and 2012, Luis W. Stern Award 2011 (AMA IO Sig), William R. Davidson Journal of Retailing Honorable Mention Awards 2010 and 2011, Babson College Faculty Scholarship Award (2010), University of Miami School of Business Research Excellence Award for the years 1991, 1995, 1996, and 1998, Best Services Paper Award (AMA Services SIG 2002), Stanley C. Hollander Best Retailing Paper (AMS 2002 and 2008) and M. Wayne DeLozier Best Conference Paper (AMS 2002 and 2008). He also received Best Reviewer Awards (*Journal of Retailing* 2008, *Journal of Marketing* 2014) and a Distinguished Service Award (*Journal of Retailing* 2009).

Professor Grewal has taught executive seminars and courses and/or worked on research projects with numerous firms, such as Dell, ExxonMobil, IRI, Radio Shack, Telcordia, Khimetrics, Profit-Logic, McKinsey, Ericsson, Motorola, Nextel, FP&L, Lucent, Sabre, Goodyear Tire & Rubber Company, Sherwin-Williams and Asahi. He has delivered seminars in the United States, Europe, Latin America, and Asia. He has also served as an expert witness or worked as a consultant on numerous legal cases.



Michael Levy

Michael Levy, PhD (Ohio State University), is the Charles Clarke Reynolds Professor of Marketing and director of the Retail Supply Chain Institute at Babson College. He received his PhD in business administration from The Ohio State University and his undergraduate and MS degrees in business administration from the University of Colorado at Boulder.

He taught at Southern Methodist University before joining the faculty as professor and chair of the marketing department at the University of Miami.

Professor Levy was recognized for 25 years of dedicated service to the editorial review board of the *Journal of Retailing* in 2011. He won the McGraw-Hill Corporate Achievement Award for Grewal–Levy *Marketing 2e* with Connect in the category of excellence in content and analytics (2010); Revision of the Year for *Marketing 2e* (Grewal–Levy) from McGraw-Hill/Irwin (2010); the Babson Faculty Scholarship Award (2009); and the Distinguished Service Award, *Journal of Retailing* (2009) (at winter AMA). He was rated as one of the best researchers in marketing in a survey published in *Marketing Educator* (Summer 1997). He has developed a strong stream of research in retailing,

business logistics, financial retailing strategy, pricing, and sales management. He has published over 50 articles in leading marketing and logistics journals, including the *Journal of Retailing*, *Journal of Marketing*, *Journal of the Academy of Marketing Science*, and *Journal of Marketing Research*. He has served on the editorial review boards of the *Journal of Retailing*, *Journal of the Academy of Marketing Science*, *International Journal of Physical Distribution and Materials Management*, *International Journal of Business Logistics*, *ECR Journal*, *European Business Review*, and has been on the editorial advisory boards of *European Retail Research* and the *European Business Review*. He is co-author of *Retailing Management*, 9e (2014), the best-selling

college-level retailing text in the world. Professor Levy was co-editor of the *Journal of Retailing* from 2001 to 2007. He co-chaired the 1993 Academy of Marketing Science conference and the 2006 summer AMA conference.

Professor Levy has worked in retailing and related disciplines throughout his professional life. Prior to his academic career, he worked for several retailers and a housewares distributor in Colorado. He has performed research projects with many retailers and retail technology firms, including Accenture, Federated Department Stores, Khimetrics (SAP), Mervyn's, Neiman Marcus, ProfitLogic (Oracle), Zale Corporation, and numerous law firms.

New to the Fifth Edition

Some exciting new additions to the Fifth Edition!

Chapter 1, Overview of Marketing, starts with a discussion of Starbucks' success and the role of marketing in it. There is a new Superior Service box on how the Sol Wave House is incorporating twitter to enhance customers' experience there. A new Social and Mobile Marketing box that discusses how companies are partnering with social media sites such as Twitter and Facebook appears in this chapter. There is a new Adding Value on new innovations in the "smart" market. Also, a new Ethical and Societal Dilemma box on how firms are using the location technology in smartphones has been added. Finally, we conclude with a new case study highlighting Starbucks' growth strategy, a nice tie-back to the opener and the cover concept.

CHAPTER 1



OVERVIEW OF MARKETING

LEARNING OBJECTIVES

- LO1 Define the role of marketing in organizations.
- LO2 Describe how marketers create value for a product or service.
- LO3 Understand why marketing is important both within and outside the firm.

Showing a remarkable flair for understatement, the CEO of Starbucks, Howard Schultz, recently admitted, "We have a lot going on."¹ Let's think about all the things Starbucks is doing at the moment, in its attempt to market itself as an appealing product and service provider for all its customers, both current and potential.

Its ubiquitous stores—from the long-standing locations in U.S. cities and towns to international expansion into a vast range of new nations—are easy to locate and visit. A recent count showed that the chain maintains more than 20,000 stores, spanning 62 countries.² By making sure its stores, with their familiar siren logo, are easy to find, Starbucks guarantees that most people can readily find a place to get their coffee fix. For the vast majority of buyers,

an addictive Salted Caramel Mocha, or just a great black coffee, is convenient to find and very familiar. Starbucks vigorously competes with the McDonald's, Dunkin' Donuts, and independent houses. Not too long ago, McDonald's was not a competitor in the coffee market because all it sold was plain coffee. But when it started promoting its McCafé, Starbucks was quick to respond, to make sure it stayed the lead. Starbucks' "coffee war" with Dunkin' Donuts is famous in the areas in which they compete head-to-head, although each chain has its geographic stronghold: Dunkin' in the East and Starbucks in the West.³ Independent coffeehouses and smaller regional chains, many as being more hip and less commercial, also usually nip at Starbucks' heels.

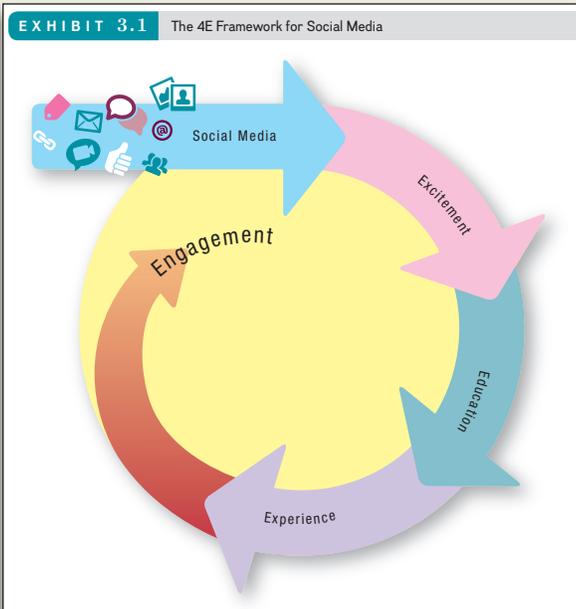


Starbucks continues to innovate and expand with a variety of products, making them available in various locations beyond its own stores. Unsatisfied with dominating just the coffee market, it added Tazo teas to its product line early in its history, more recently it purchased the Teavana chain of tea stores.⁴ In addition, it purchased the Evolution Fresh line of fresh juices, sells bags of its own brand of ground coffee and whole beans, as well as coffee-flavored ice cream in not only its own stores but also in grocery stores. But the expansion is not limited to beverages. For example, Starbucks' latest

collaboration with Danone, the yogurt company, is developing a new line of dairy products called Evolution Fresh to sell in various outlets.⁵

There are plenty of jokes about how Starbucks manages to charge upwards of \$5 for a jolt of caffeine, but a quick glance at its marketing methods and strategies helps explain why it can do so. The products it sells are appealing to customers and fulfill their needs; they taste good, are available readily and conveniently, and offer the benefit of helping them wake up to start their day (or stay awake for a long night of studying). Thus the exchange of money for

EXHIBIT 3.1 The 4E Framework for Social Media



Chapter 2, Developing Marketing Strategies and a Marketing Plan, begins with a comparison between Nike vs. adidas that weaves throughout the chapter. We introduce a new Adding Value box highlighting how online retail meets brick and mortar: Tesco’s HomePlus virtual stores. There is a new Ethical and Societal Dilemma addressing the safety concerns for factory workers in the garment industry. Finally, a new case study highlighting the yogurt wars—Pinkberry versus Red Mango—closes this chapter.

Chapter 3, Social and Mobile Marketing, starts by highlighting the success Gatorade has experienced with its innovative Social Media Mission Control Center. We introduce a new 4E framework visual in Exhibit 3.1. There is a new Social and Mobile Marketing box on how Lexus and Jimmy Fallon launched an original campaign that engaged viewers via social media. Exhibit 3.2 uses new examples to illustrate different social media campaigns. We introduced a description of Instagram in the Media-Sharing Sites section. The Going Mobile and Social section was redesigned to describe the seven primary motivations for mobile

app usage (Exhibit 3.4) and the different App pricing models. A new Exhibit 3.5 illustrates Apple App Store revenue by app category pricing models. We conclude this chapter with a new case study: Images, Sales, Brands: How Red Bull Uses Various Social Media Techniques to Achieve All Its Objectives.

We start **Chapter 4**, Marketing Ethics, by highlighting ethical concerns with computer cookies used by marketers to track customers’ web activity. Exhibit 4.5 highlights the CRS programs for 10 major companies. We end the chapter with a new case study examining the ethical concerns related to new technologies designed for young children.



Social & Mobile Marketing 3.1 Late-Night Laughs to Order¹

Social media appear to have brought us full circle. In the early days of television, nearly all the advertisements were live. Then taping became the main method. But as recent technologies have made it easy for viewers to speed past or completely skip the advertising messages, some marketers are revisiting the idea of live advertising. This isn't the same old notion though. By recombining an idea from broadcast media with new functionalities enabled by social media, marketers seek to ensure that viewers are not only interested in the new content but even might determine it.

A Lexus-sponsored program, “It’s Your Move After Dark,” ran on *Late Night with Jimmy Fallon* over the course of four weeks. During the first commercial break on each Thursday’s show, a Lexus advertisement prominently displayed a hashtag. By linking to it, viewers could submit their ideas for commercials. Then in a later advertising break during the same show, an improvisational comedy troupe acted out the chosen ideas. The acting troupes—Fun Young Guys, Magnet Theater Touring Company, MB’s Dream and Stone Cold Fox—were all from New York, well known for their comedy. In actuality, their performances took place under the Brooklyn Bridge, adding to the vibrancy and reality of the setting.

To appeal to the widest audience of Fallon fans possible, separate advertisements were chosen and enacted for the East and West Coast broadcasts. The submissions came through a wide variety of media channels, including Facebook, Twitter, and Tumblr. Such ready access, real-time

interactivity, and potential influence—together with the promise of funny, totally new advertising content and perhaps even a live, on-air goof—promised that Fallon’s youthful, edgy audience wanted to tune in to the commercials, as much as they did to the show.

The advertisements are not the only way Fallon has relied on social media to connect with his audience of course. He has nearly 10 million Twitter followers, and on a regular basis he challenges them to post the funniest, silliest, or craziest responses to topics he provides, such as “#howigotfired,” “#whydontheymakethat,” and “#awkwarddate.” The best contributions are highlighted on Fallon’s Twitter feed but also might make it onto the network broadcast, as he reads out his favorite bits. That is, the consumers of his content also provide some of that content.

On the flip side, content from the traditional television channel constantly makes it onto social media sites. Excerpts from Fallon’s shows are some of the most popular YouTube videos, including a skit in which President Barack Obama “slow jams” the news, a sing-along with Carly Rae Jepson and the Roots of “Call Me Maybe” using found materials as instruments, and of course, any skits featuring his pal Justin Timberlake.

As Fallon moves from *Late Night* to the *Tonight Show*, he promises that such tactics and antics will continue. As long as he keeps his viewers excited and willing to contribute and engage with him, his social media dominance appears likely to persist, regardless of what time he appears on people’s televisions.



In an innovative campaign, Jimmy Fallon viewers could submit ideas for Lexus commercials via Twitter and see an improvised version later in the night on the show.



Adding Value 5.2 Transforming Grocery Stores into Health Providers^{iv}

Increasing numbers of supermarkets now feature a new type of employee who floats among aisles, offering advice and suggestions for shoppers. By keeping a registered dietitian on staff, various grocery chains seek to meet their customers' demands for more information about healthy choices, as well as expand their roles in their customers' lives.

Dietitians have long been members of grocery store corporations, but usually they sat in corporate offices and informed executives on product decisions. Moving down the supply chain and into stores, today's dietitian staff advise consumers directly about the products they see on the shelves of their local store. A parent whose child suffers severe food allergies can ask about safe options. A consumer struggling with weight can learn about the best options for reducing calories and fat. And environmentally conscious buyers can determine the difference between "all-natural" and "organic" (the former claim is unregulated; the latter means the product has passed a series of stringent tests).

The Food Marketing Institute recently determined that about one-third of grocery store chains—including Hy-Vee, Safeway, and Wegmans—have added dietitians at the retail level, whereas 86 percent keep one on staff at the corporate level. In addition, predictions suggest that the number of retail dietitians will double in coming years.

Much of the advice dietitians offer to shoppers in stores is free, though some stores also offer more extensive consultations for a fee. Furthermore, the stores use their recommendations



Grocery stores, including Coborn's, provide a NuVal ranking from 1 to 100 for each product. Higher scores reflect more nutritious food choices.

to promote certain products as "dietitians' picks," highlighted by shelf signs and promotions.

For example, Safeway's new "Simple Nutrition" program highlights 22 separate potential health benefits associated with the various products on its shelves. A third-party organization also has established a NuVal ranking system that assigns each product a nutrition value score, from 1 to 100. The scores reflect more than 30 criteria, such as cholesterol, sugar, and sodium levels, as well as the amount of calcium or protein provided.

Chapter 5, Analyzing the Marketing Environment, begins with a discussion of a how hotels are responding to new customer needs—for example, by offering increasingly extensive accommodations for pets. A new Social and Mobile Marketing box discusses the discrepancies between where marketers are devoting their media budget and what types of media Millennials actually interact with. A new Adding Value box pertaining to how marketers successfully and unsuccessfully use gender-based marketing strategies has been added. There is also a new Adding Value box discussing a recent trend in grocery stores to have in-house dietitians highlight healthy food options. A new Ethical and Social Dilemma box pertaining to the use of palm oil in General Mills' products has been added. A new Social & Mobile Marketing box on the 2014 Consumer Electronics Show (CES) is also presented.

Chapter 6, Consumer Behavior, begins with discussing Google Glasses and other wearable technologies. The following new boxes are added: Ethical and Societal Dilemma on how Google is punishing companies that use questionable techniques to improve their search engine optimization; Social and Mobile Marketing on the new health-related apps; Superior Service on the success of H-E-B supermarkets; and another new Social and Mobile Marketing box on how Sephora implements cross-channel marketing.

Chapter 7, Business-to-Business Marketing, starts with an interesting discussion on how 3D printing could potentially change B2B marketing. A new Superior Service on applications of IBM's Watson computer was added. The chapter ends with a new case study on how Levi Strauss & Co. buys materials to manufacture jeans.

Chapter 8, Global Marketing, has a new opener highlighting Coca-Cola's efforts to expand its market share in India. The Choosing a Global Marketing Strategy section has been restructured around the three primary strategies companies employ. New boxes include an Ethical and Societal Dilemma about how Chinese regulations have changed car-buying trends; a Social and Mobile Marketing box that compares and contrasts Facebook's strategies for entering Brazil and China; an Adding Value box examining Starbucks' entrance into the Indian market; another Adding Value box contrasting Ford's and Chevy's strategies to bring their American muscle cars into the global market; and a Superior Service describing the success of Alibaba. Finally, there is a new case study at the conclusion of this chapter that highlights the globalization of McDonald's.

Chapter 9, Segmentation, Marketing, and Positioning, opens with how Netflix targeted different segments in regards to its new original shows. New boxes include a Social and Mobile Marketing box highlighting Facebook's struggle to remain relevant while gaining popularity among an older audience; a Superior Service on how

CHAPTER 8



GLOBAL MARKETING

LEARNING OBJECTIVES

- LO1 Describe the components of a country market assessment.
- LO2 Understand the marketing opportunities in BRIC countries.
- LO3 Identify the various market entry strategies.
- LO4 Highlight the similarities and differences between a domestic marketing strategy and a global marketing strategy.

Reviewing the tumultuous history and modern operations of Coca-Cola in India is like taking a quick survey of global marketing issues. From early failures to notable impacts on local regulations to joint efforts to growth efforts, the story of how this global brand has sought to make its mark in this developing nation is instructive.

When Coke first thought to move into India in 1970s, it confronted a critical cultural difference between its home base and this foreign market. India was officially closed to foreign investment at the time, which meant that to enter, Coke would have to find an equal Indian partner. Such a joint venture partnership would have required it to share its famously protected, secret formula



for making its carbonated beverage. It was totally unwilling to do so, thus it left for more than 20 years.

But as many developing nations have, India liberalized its economy, opening it to more foreign investments and offering more opportunities for foreign companies to enter. Accordingly, Coca-Cola came back in the mid-1990s,¹ but only a few years after its primary rival Pepsi had established a strong base there. To ensure its competitiveness and expand its coverage of the Indian consumer market, Coke bought four local soda brands from the Indian company Parle, so that it gained about 60 percent of the market, far outpacing Pepsi's 30 percent. Yet Coke itself is not the most popular carbonated drink. That distinction belongs to Thums Up, one of the Indian brands Coca-Cola purchased.²

Thus, Coke still faces some critical problems in the Indian market. In particular, people just don't drink that much Coke. Whereas the average global consumer drinks 92 bottles of Coke each year, the average

How the World Buys Its Coke

2011 per capita consumption of 8-ounce servings of Coke beverages in select countries



Source: Coca-Cola

Coke is a top global brand. However, its typical customer in India only buys 12 bottles per year, compared to 728 in Mexico, making India a country with enormous growth potential.

airline companies are using the data they collect to improve customer experiences; an Ethical and Societal Dilemma box discussing the ethical issues regarding loyalty programs; an Adding Value examining the cancellation of the show *Longmire*; and another new Adding Value box discussing *Self* magazine's repositioning strategy.

Chapter 10, Marketing Research, begins with a discussion about the marketing research Disney undertakes to better serve its customers. The Internal Secondary Data section now includes information regarding big data. There are several new boxes including a Superior Service examining the pros and cons of McDonald's extending its breakfast hours; a Social and Mobile Marketing highlighting the difficulties Nielsen is facing because of new trends in television watching behavior; another Superior Service illustrating the accuracy of Google Analytics in regard to the success of movies; and a new Ethical and Societal Dilemma discussing the ethical concerns surrounding the use of mannequins equipped with recording tools.

Chapter 11, Product, Branding, and Packaging Decisions, begins with a new opener on Red Bull's branding strategy. A new Ethical and Societal Dilemma box about Coca-Cola's promise to stop advertising to children has been added. This chapter also includes a new Adding Value box regarding American Airlines' rebranding strategy.

Chapter 12, Developing New Products, begins with another discussion of the applications of 3D printing, this time in regard to the development of innovative new products across various industries. The chapter concludes with a new case study analyzing the launch of Google Glass.

Chapter 13, Services: The Intangible Products, includes an opening vignette that describes how companies like Samsung and Seamless food delivery service are using Twitter to provide excellent customer service. A new Social and Mobile Marketing box discusses how American Express connects its customers with deals via its Twitter account and TripAdvisor.

Chapter 14, Pricing Concepts for Establishing Value, describes pricing concepts using new examples from Procter & Gamble (opening vignette) and Disney and Universal theme parks (Superior Service box). The influence of the Internet and economic factors on pricing are now integrated throughout the chapter and book. The chapter ends with a new case study on Planet Fitness.

Chapter 15, Strategic Pricing Methods, opens with an examination of McDonald's unsuccessful launch of its Mighty Wing product line and the general effect that McDonald's has on market prices. New examples in this chapter include an Adding Value box describing how various companies are changing the meaning of value options to refer to the benefits they offer; another Adding Value box discussing Walmart's expansion into the organic food market; and a new Ethical and Societal Dilemma box highlighting instances of price fixing in the candy industry.

Chapter 16, Supply Chain and Channel Management, opens with a new vignette highlighting how exceptional channel and supply chain management has contributed to Amazon's success. The different bases of channel power are illustrated in a new exhibit. There is a new Superior Service box about the different strategies Amazon and Walmart are using to win the same-day grocery delivery market.

Chapter 17, Retailing and Omnichannel Marketing, begins with a discussion of how the implementation of omnichannel marketing has aided the success of H&M's flagship Times Square location. Other new examples include a Superior Service box about Trader Joe's; an Adding Value box highlighting the myWeeklyAd service offered to CVS ExtraCare members; and a Social and Mobile Marketing box detailing how Home Depot is improving customer experiences with modern technology.

Chapter 18, Integrated Marketing Communications, discusses the concepts that are important to consider regarding integrated marketing communications (IMC). A new Adding Value box appears highlighting the unique aspects of Jeep's celebrity endorsement strategy. There is a new Social and Mobile Marketing box examining how Google is using a combination of nostalgia and modern technology to promote various companies including Coca-Cola. Finally, there is a new case study accentuating Volvo's IMC strategy.

Chapter 19, Advertising, Public Relations, and Sales Promotions, starts with examinations of Chipotle's "Food with Integrity" and "Cultivating Thought" campaigns. There is a new Social and Mobile Marketing box on Twitter's advertising formats and future plans.

Chapter 20, Personal Selling and Sales Management, begins with a description of how the Boeing Companies' personal selling approach has engaged clients and made Boeing the top-ranking airline manufacturer. The chapter includes two new boxes, a Superior Service box on the cloud-based CRM system provided by Salesforce.com, and an Ethical & Societal Dilemma box analyzing the implications of realtors becoming reality TV stars.



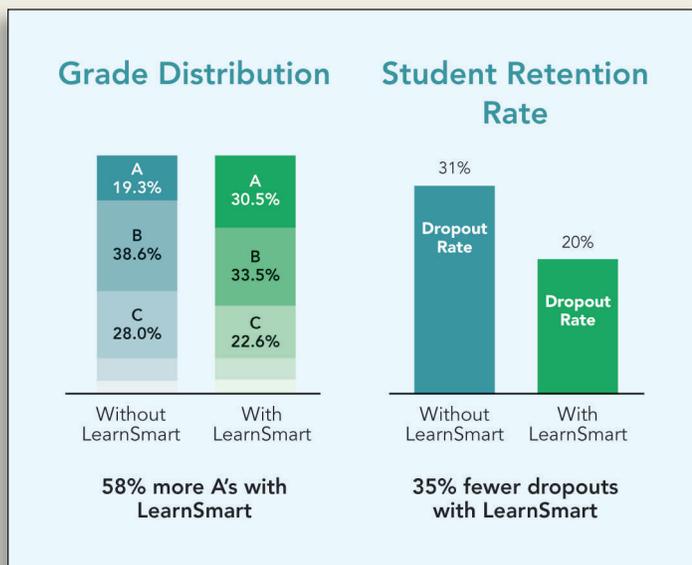
Greater Learning

Across the country, instructors and students continue to raise an important question: How can courses further support students throughout the learning process to shape future business leaders? While there is no one solution, we see the impact of new learning technologies and innovative study tools that not only fully engage students in course material but also inform instructors of the students' skill and comprehension levels. Interactive learning tools, including those offered through McGraw-Hill Connect, are being implemented to increase teaching effectiveness and learning efficiency in thousands of colleges and universities. By facilitating a stronger connection with the course and incorporating the latest technologies—such as McGraw-Hill LearnSmart, an adaptive learning program—these tools enable students to succeed in their college careers, which will ultimately increase the percentage of students completing their postsecondary degrees and create the business leaders of the future.

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McGraw-Hill *Connect*[®] is the leading online assignment and assessment solution that connects students with the tools and resources they need to achieve success while providing instructors with tools to quickly pick content and assignments according to the learning objectives they want to emphasize.

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Fueled by LearnSmart, SmartBook is the first and only adaptive reading experience available today. SmartBook personalizes content for each student in a continuously adapting reading experience. Reading is no longer a passive and linear experience, but an engaging and dynamic one where students are more likely to master and retain important concepts, coming to class better prepared.

LearnSmart

LearnSmart is the most widely used and intelligent adaptive learning resource. It is proven to strengthen memory recall, improve course retention, and boost grades by distinguishing between what students know

and what they don't know and honing in on the concepts that they are most likely to forget. LearnSmart continuously adapts to each student's needs by building an individual learning path. As a result, students study smarter and retain more knowledge.

SmartBook Achieve

Accelerate student success with SmartBook Achieve™—the first and only adaptive study experience that pinpoints individual student knowledge gaps and provides targeted, interactive help at the moment of need.

The screenshot shows the SmartBook Achieve interface. At the top, there are navigation buttons for 'PREVIEW', 'READ', and 'PRACTICE'. The main content area contains a text-based question: 'Recently, you decided to super-size your fries at McDonald's. On the one hand, your decision to super-size considered the additional costs associated with the super-size, including the additional monetary, caloric and cholesterol intake, as well as the extra time you had to wait for those fries because a new batch was being prepared. On the other hand, you determined that the extra benefits from super-sizing included a few more mouthfuls of satisfaction from an increased portion of fries. The benefits clearly outweighed the costs since you chose to super-size. Which of the following does this illustrate?'. Below the question is a 'Check all that apply.' section with five radio button options: 'Delayed gratification', 'Marginal analysis', 'Cost-benefit analysis', 'The law of demand', and 'Random behavior'. At the bottom, there are four buttons for self-assessment: 'I KNOW IT' (green), 'THINK SO' (yellow), 'UNSURE' (orange), and 'NO IDEA' (red). A 'SUGGESTED RESOURCES' box is visible on the right side.

Interactive Presentations

Interactive Presentations within Connect are designed to reinforce learning by offering a visual presentation of the Learning Goals highlighted in every chapter of the text. Interactive Presentations are engaging, online, professional presentations (fully Section 508 compliant) covering the same core concepts directly from the chapter, while offering additional examples and graphics. Interactive Presentations teach students Learning Goals in a multimedia format, bringing the course and the book to life. Interactive Presentations are a great prep tool for students—when the students are better prepared, they are more engaged and better able to participate in class.

The screenshot shows an interactive presentation slide titled 'Culture'. The slide is part of 'chapter 5 Analyzing the Marketing Environment' with the objective 'Explain why marketers must consider their macroenvironment when they make decisions.' The slide features a central graphic with the text 'Macroenvironmental factors' overlaid on a collage of images including a parade, a city street, a couple dining, a DVD case, a couple shopping, and the US Capitol building. To the right of the graphic is a text box defining 'Culture' as 'the shared meanings, beliefs, morals, values, and customs of a group of people' and explaining its role in marketing decisions. The slide is displayed in a browser window with a navigation bar at the bottom containing 'prev', 'menu', 'next', and 'exit' buttons.

Interactive Applications

These exercises require students to APPLY what they have learned in a real-world scenario. These online exercises will help students assess their understanding of the concepts.

3. value: 10.00 points

QUESTION PROGRESS Introduction Video Case

Video Case: **McDonald's: Analyzing the Marketing Environment**

1. McDonald's must communicate an effective message in order to meet the challenge of its _____.

Video Cases give students the opportunity to watch case videos and apply chapter concepts to a real-world business scenario as the scenario unfolds.

Click and Drag exercises allow students to reinforce key models/processes by requiring students to label key illustrations and models from the text or build a process, and then demonstrate application-level knowledge.

4. value: 10.00 points

QUESTION PROGRESS Introduction Click And Drag

Click And Drag

Roll over the items on the left to read their descriptions. Based on these descriptions, decide if the statement is reflective of a Strength, Weakness, Opportunity, or Threat. Drop the statement in the correct position.

Staffing	Inventory Management				
Health	Competitors	Strength	Weakness	Opportunity	Threat
Strong Brand Name	Excellent Location				
Demand	Late Night Eating				

Decision Generators require students to make real business decisions based on specific real-world scenarios and cases.

5. value: 10.00 points

QUESTION PROGRESS Introduction Decision Generator

Decision Generator

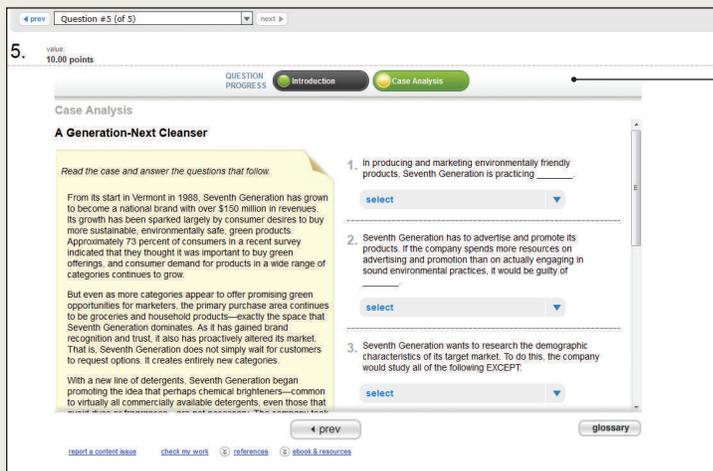
Growth Strategies at FedEx

Environmental awareness coupled with a sense of social responsibility is leading many companies to assess their environmental policies and business practices. Companies such as General Electric are developing environmentally sensitive products while others, including Starbucks, have adopted tough recycling programs that minimize environmental waste. Consider the organizational goals at FedEx and determine in which direction the product development should proceed.

In 1970, Paul Orfalea started the first Kinko's close to the University of California at Santa Barbara to provide goods and services to college students at reasonable prices. From this single location, Kinko's had grown to over 1,100 locations worldwide by the time FedEx acquired it. For a time, Kinko's stores were renamed "FedEx Kinko's," but more recently the name has been changed to "FedEx Office."

The benefits of this acquisition to both firms are significant. FedEx's global expertise and strong financial position can help Kinko's to expand globally. Conversely, by using Kinko's as a storefront, FedEx can tap into a broad range of business

1. FedEx's key objective is to select
2. What market is the FedEx Office trying to reach? select
3. One approach to achieving the objective would be to select
4. The strategic direction is based on the assumption that potential customers: select



Case Analyses encourage students to read a case and answer closed-ended questions to demonstrate critical-thinking skills.

Integrated E-Book

- A web-optimized e-book is seamlessly integrated within Connect.
- Students can access Interactive Presentations gain a greater understanding of core concepts through animated videos provided in the margins of the eBook. These 3-minute iSeeit! videos apply concepts through tangible scenarios.
- Students can highlight and take notes to learn course material.
- The integrated e-book provides students with a cost-saving alternative to the traditional Textbook.

Marketer's Showdown

Nine cases focusing on up-to-the-minute issues in the music, automotive, and soft drink industries are designed to allow students to analyze the marketing problem, choose a proposed solution, and then watch their proposal debated by marketing professionals. After the debate, students have the opportunity to change their plan or stick to their guns, then see the outcome of their decisions.

Student-Focused Features

Chapter-Opening Vignettes focusing on well-known companies draw students into a discussion about some of the challenges these companies face.



how many couples are using Disney for their honeymoon. In turn, it can distribute its attractions according to its target market: plenty of rides for kids, as well as romantic sites for couples to enjoy the weather and their time alone.

A more recent initiative takes Disney to the cutting edge of market research. Its massive new system, spanning

all its parks and hotel properties, relies on a wristband, called My Magic+. The wristband represents hotel guests' room key and credit card, so simply by swiping it they can access their rooms or charge their poolside lunch to their room account. For day visitors to the parks, the bands enable them to check in for rides, make dinner reservations,

Check Yourself questions positioned throughout the chapter after key points allow students to stop and think about what they have learned.

CHECK YOURSELF

1. What are some consumer-oriented pricing tactics?
2. What are some B2B-oriented pricing tactics?



Real-World Examples are used to illustrate concepts throughout the text. The authors give students the opportunity to think about how concepts are used in their everyday life. This is shown through various boxed elements:

- **Adding Value**—illustrate how companies add value not only in providing products and services, but also in making contributions to society.
- **Ethical and Societal Dilemmas**—emphasize the role of marketing in society.
- **Social and Mobile Marketing**—discuss how social media are used in marketing products.
- **Superior Service**—highlight the emerging role of the service industry.

Adding Value 3.2 Effective Friendingⁱⁱⁱ



Sadly, many inexperienced marketers have launched poorly conceived Facebook campaigns with the hope that any strategy that includes social media is "good enough." But good enough is rarely sufficient in a competitive marketplace, and some brands have hurt their images by launching campaigns that are out of step with social media culture.

When a group of industry professionals discussed the ingredients necessary to attract positive attention from Facebook's 1.19 billion users, they agreed that a successful campaign must tell a story. Ideally, the story should involve and engage users in the plot-line. Equally important, these creative heavyweights highlighted the need to connect the campaign to the real world.

Making good use of consumer data available on Facebook can also improve campaign success by giving marketers the ability to hone in on target audiences and track consumer response.

After months of flat reactions to a Facebook promotion of its environmentally friendly cleaners, Clorox launched new initiatives designed to educate people about and increase sales of its Green Works products. The campaign targeted only those women whose Facebook profiles featured the words *clean* or *green*. At the same time, Clorox aimed to enhance the experience of other potential users by inviting consumers to nominate green heroes in their community to receive a \$15,000 grant. In yet another effort, Clorox offered a \$3 off coupon to people who connected to the Green Works web page. The result was a record-breaking engagement rate for the company, demonstrating that social media, when used properly, can be valuable marketing tools.

Clorox's Facebook promotion is designed to educate people about and increase sales of its Green Works products.

Ethical & Societal Dilemma 10.1 Oh, Say, Can You See? The Implications of Mannequins That Capture Shoppers' Demographic Data^{iv}



The basic elements of a new data gathering tool development for retailers are not in any real contention. By spending about \$5,000 to purchase an EyeSee mannequin from a provider called Almax, retailers gain not only a place to display clothing but also a discreet recording tool that indicates the genders, ages, and ethnicities of the customers who walk by the display.

Rather more controversial are the discussions about the implications of this innovation. On one side, consumer privacy advocates complain that the mannequins obtain information about shoppers without their permission. Although Almax asserts that the technology embedded in the displays does not actually record the information, these commentators worry that the mannequins could be used to survey shoppers solely for the benefit of the retailer. Because the mannequins do not look any different from regular mannequins, shoppers have no way of knowing whether someone (or something) is watching them as they walk through the store. Furthermore, consumers have no control over what retailers do with the aggregated data.

On the other side, retailers note that because the mannequins do not record, their use is no different from that of a closed-circuit system. Furthermore, some commentators argue that consumers should have no expectation of privacy in public spaces. Certainly, a staffer could similarly mark down people's ages, races, and genders as they walk through the shop doors. The electronic form simply does this work better and more accurately.

In implementing the new technology, one retailer recognized the predominance of Asian shoppers after about 4:00 p.m., so it hired more Chinese-speaking staffers to put on the floor to

Superior Service 9.2 With or without You: Specified Service^v



With the effective use of technology, a customer service exchange can occur without any human interaction. This promise and the development of automated customer service offers benefits and harms, to both consumers and service providers.

For customers, the do-it-yourself component of customer self-service is convenient and appealing. Consumers can visit kiosks, websites, or chat rooms to find quick solutions to mundane problems.

For the service providers, greater technology means lower costs because they can hire fewer workers to respond to customer complaints and questions. In addition, they can provide more consistent service, no longer depending on the inherently variable human component.

Yet technology cannot solve advanced customer service problems or provide empathy to consumers in the midst of a service crisis. When consumers need the complex problem-solving skills that only a human can provide, the limitations of technology-based responses are frustrating. By the time they reach a human customer service representative, their expectations have jumped exponentially. They want perfect, expert assistance. Thus firms must give them more professional, highly trained service representatives. The increased expectations also enhance opportunities for service failures, to the detriment of the firm.

Zappos.com seems to have found a good balance that meets the specific needs of each individual customer who contacts the site. It uses automated technology to handle approximately 75 percent of its customer service transactions. But it also prides itself on hiring and training the best employees available to handle customer service. The other 25 percent of calls that go to a human respondent constitute powerful and influential customer service interactions. By effectively navigating these customer service issues, Zappos has built remarkable brand loyalty and a strong reputation as a customer service leader.

Social & Mobile Marketing 6.1 The Future of Health Is Mobile^{vi}



A host of new applications and mobile links make it easier than ever for consumers to maintain their own health and well-being with just a few clicks. Whether the condition is chronic or new, these health-related offerings seek to make it easier for health care consumers to understand their options, consider solutions, and recognize when to seek immediate medical care. They also facilitate providers' efforts to stay up to date with the latest treatments and advances. Consider a few examples:

- An award-winning app mySugr turns the tedious task of glucose monitoring into a game for diabetics. They earn points for each data entry they make that helps them tame a monster named Diabetes. The app enables users to record their food consumption and take snapshots of what they have eaten, provides immediate data analyses, produces a summary report that users can send their doctors, and maintains the data in a central location.
- Doctor Mole allows people to take a selfie (i.e., self-portrait) of any suspicious skin growth. Using augmented reality technology, the app applies the well-established criteria for assessing the risk associated with each mole (i.e., asymmetry, borders, color, diameter). Users can determine whether they have a potentially cancerous malignancy or just a new freckle.

enables them to do so virtually as many times as they wish, before confronting any patients.

Along with these dedicated apps, various hospitals and doctors are experimenting with software that reminds patients to take their medicine or when their next appointments are. By encouraging positive behaviors, these technology advances should lead to greater consumer health and happiness as well as benefits for society as a whole.

End-of-Chapter Materials include summary sections organized by chapter learning objective, designed to revisit and reinforce key concepts. Key Terms include definitions and page references for the chapter, and a master list of key terms with definitions can be found at the back of the text. Marketing Applications ask students to consider what they have learned in the chapter to answer essay-style questions. Quiz Yourself questions allow students to test their knowledge by answering chapter-specific questions and checking their skill level against the answer key provided in the back of the text. Net Savvy activities encourage students to go to the web to research and/or write about a particular company or current practices. End-of-chapter cases are designed to help students develop analytical, critical-thinking, and technology skills.

Marketing Applications Each chapter concludes with 8 to 11 Marketing Applications. These essay-style questions determine whether students have grasped the concepts covered in each chapter by asking them to apply what they have learned to marketing scenarios that are relevant to their lives.

Instructor Resources

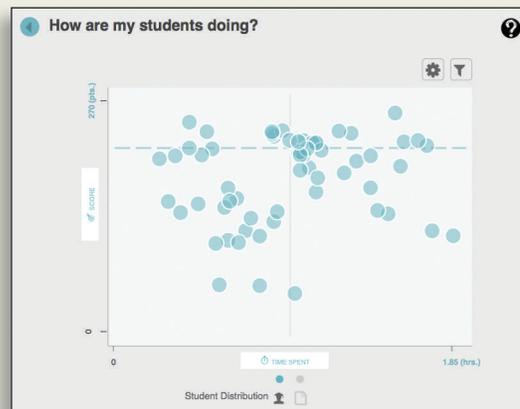


Connect offers instructors auto-gradable material in an effort to facilitate learning and to save time.

INSIGHT

Student Progress Tracking *Connect* keeps instructors informed about how each student, section, and class is performing, allowing for more productive use of lecture and office hours. The progress tracking function enables instructors to:

- View scored work immediately and track individual or group performance with assignment and grade reports.
- Access an instant view of student or class performance relative to learning objectives.
- Collect data and generate reports required by many accreditation organizations, such as AACSB.



Connect's Instructor Library

Connect's Instructor Library serves as a one-stop, secure site for essential course materials, allowing you to save prep time before class. Resources found in the library include:

- Instructor's Manual
- Connect Instructor's Manual
- PowerPoint Presentations
- TestBank/EZ Test
- Monthly Newsletters
- Videos
- Video Guide

Instructor's Manual: The authors have carefully reviewed all resources provided in the Instructor's Manual to ensure cohesion with the text. It includes everything an instructor needs to prepare a lecture, including lecture outlines, discussion questions, and teaching notes. PowerPoint® slides offer material from the text, as well as expanded coverage to supplement discussion.

Test Bank and EZ Test Online: The Test Bank and Computerized Test Bank offer multiple-choice, true/false, short answer, essay, and application questions.

Video

Chapter-specific videos are provided to complement each chapter of the text. Eight of the 20 videos have been updated to include interesting companies that students will identify with such as Dunkin' Donuts, adidas, and Dannon.

Video Guide

The Video Guide offers additional teaching notes to accompany the chapter videos and provides discussion questions.

Connect Instructor's Manual

This Instructor's Manual offers instructor what they need to set up Connect for their courses. It explains everything from how to get started to suggestions of what to assign and ideas about assigning credit. This tool was developed by instructors who have used and continue to use Connect successfully in their course. This Instructor's Manual can be found in Connect, on the Instructor's Resource CD, and on the OLC.

Newsletter

The authors provide a monthly newsletter containing articles, videos, and podcasts about current topics related to marketing. Every article is supported with discussion questions to assist in bringing relevant topics into the classroom. Faculty and students are encouraged to visit www.grewalleveymarketing.com to read articles, post comments, and search for specific content according to topic or chapter.

The newsletter is also available to instructors within the Connect Library and is provided in Word and PowerPoint® formats.

DHIRAJ GREWAL MICHAEL LEVY VIDEOS

Grewal Levy Marketing News

Search... Go

Marketing
Fifth Edition

05
Friday
Dec 20, 2014

GALLERY

The Meaning of Best Value: Whole Foods' Purpose-Based Marketing

POSTED BY GREWAL LEVY MARKETING IN CHAPTER 14: PRICING CONCEPTS FOR ESTABLISHING VALUE, CHAPTER 17: RETAILING AND MULTICHANNEL MARKETING. LEAVE A COMMENT

This gallery contains 1 photo.

Tag
green, Grocery Stores, pricing, Retailing, value, Whole Foods

Did You Hit the Weights or Swim a Lap Today? Your University Wants to Know—For a Good Reason

03
Wednesday
Dec 20, 2014

GALLERY

ARCHIVED ARTICLES BY CHAPTER (1st CHAPTER ORDER)

- Chapter 01: Overview of Marketing (51)
- Chapter 02: Developing Marketing Strategies (103)
- Chapter 03: Social and Mobile Marketing (95)
- Chapter 04: Marketing Ethics (88)
- Chapter 05: Analyzing the Marketing Environment (158)
- Chapter 06: Consumer Behavior (132)
- Chapter 07: Business-to-Business Marketing (50)
- Chapter 08: Global Marketing

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Assurance of Learning Ready

Many educational institutions today focus on the notion of assurance of learning, an important element of some accreditation standards. *Marketing* is designed specifically to support instructors' assurance of learning initiatives with a simple yet powerful solution. Each test bank question for *Marketing* maps to a specific chapter learning objective listed in the text. Instructors can use our test bank software, EZ Test and EZ Test Online to easily query for learning objectives that directly relate to the learning outcomes for their course. Instructors can then use the reporting features of EZ Test to aggregate student results in similar fashion, making the collection and presentation of assurance of learning data simple and easy.

AACSB Tagging



McGraw-Hill Education is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Marketing* recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the text and the test bank to the six general knowledge and skill guidelines in the AACSB standards. The statements contained in *Marketing* are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While the *Marketing* teaching package makes no claim of any specific AACSB qualification or evaluation, we have within *Marketing* labeled selected questions according to the six general knowledge and skills areas.

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acknowledgments

We would like to acknowledge the considerable contributions of Elisabeth Nevins Caswell, Scott Motyka (Northeastern University), and Jenny Esdale (Babson College). Kate Woodworth, and Laurie Covens for their help throughout the development of this edition of *Marketing*.

We wish to express our sincere appreciation to Leroy Robinson of University of Houston–Clear Lake for preparing the Instructor’s Manual and the PowerPoint slides, and Kelly Luchtman for the video production. The support, expertise, and occasional coercion from our executive editor Sankha Basu and product developer Kelly Delso are greatly appreciated. The book would also never have come together without the editorial and production staff at McGraw-Hill Education Christine Vaughan, lead content project manager; Matt Diamond, designer; Keri Johnson, lead content licensing specialist; Danielle Clement, content project manager; and Carol Bielski, senior buyer.

Our colleagues in industry have been invaluable in providing us with case, video, advertising, and photo materials.

Over the years, we have had the opportunity to work with many talented and insightful colleagues. We have benefited from our research and discussions with them. Some of these colleagues are: Anne L. Roggeveen, Victoria Crittenden, Ross Petty, Danna Greenberg, Kate McKone-Sweet, Bala Iyer, Nancy Dlott (Babson College); Ruth Bolton, Steve Brown, and Terry Bristol (Arizona State University); Ramon Avila (Ball State University); Krista Hill, Bridgewater State University; Joan Lindsey-Mullikin and Norm Borin (Cal Poly, San Luis Obispo); Keith Coulter, Clark University; Larry D. Compeau (Clarkson University); Don Lehmann and Keith L. Wilcox (Columbia); Praveen Kopalle, Scott Neslin, and Kusum Ailawadi (Dartmouth); Rajneesh Suri (Drexel); Rajesh Chandrashekar (Fairleigh Dickinson University); Gopal Iyer and Tamara Mangleburg (Florida Atlantic University); Anthony Miyazaki and Walfried Lassar (Florida International University); Hooman Estelami (Fordham University); William Dodds (Ft. Lewis College); Ronnie Goodstein (Georgetown); V. Kumar (Georgia State University); Jean-Charles Chebat (HEC Montreal); Namwoon Kim (Hong Kong Polytechnic University); K. Sivakumar (Lehigh University); Ko de Ruyter, Martin Wetzels, and Dominik Mahr (Maastricht University); Maria Elena Vazquez Lira, Monterrey Tec, and Scott Motyka (Northeastern University); Douglas M. Lambert and Walter Zinn (Ohio State University); Lauren S. Beitelspacher (Portland State University); Nancy M. Puccinelli (Oxford University); Lauren S. Beitelspacher (Portland State University); Wagner Kamakura (Rice); Dinesh Gauri, Syracuse University; Thomas Rudolph (St. Gallen University); Jens Nordfält (Stockholm School of Economics); Zhen Zhu (Suffolk University); Venkatesh Shankar, Mark Houston, and Manjit Yadav (Texas A&M); Julie Baker and William Cron (Texas Christian University); Rodney C. Runyan, Texas State University, Adam Rapp, and Kristy Reynolds (University of Alabama); Yu Ma, (University of Alberta); Merrie Brucks and Ajith Kumar (University of Arizona); Cheryl Nikata (University of Illinois, Chicago); David Hardesty (University of Kentucky); Arun Sharma, A. Parasuraman, R. Krishnan, Howard Marmorstein, Anuj Mehrotra, and Michael Tsiros (all from University of Miami); A. C. Samli (University of North Florida); Rajiv Dant (University of Oklahoma); Monika Kukar Kinney and Kent Monroe (University of Richmond); Abhijit Guha (University of South Carolina); Valerie Folkes (University of Southern California); Jeanne S. Munger (University of Southern Maine); Robert Peterson (University of Texas at Austin); Carolyn Costley (University of Waikato); Rob Palmatier (University of Washington); Jerry Gotlieb (University of Western Kentucky);

Abhijit Biswas, and Sujay Dutta (Wayne State University); M. Joseph Sirgy, Julie Ozanne, and Ed Fern (Virginia Tech).

We would like to thank the following instructors for providing feedback to shape the fifth edition. A special thank you to:

Wendi L. Achey
Northampton Community College

Ebru Ulusoy Akgun
University of Maine

Audrey Ashton-Savage
Peter T. Paul College of Business and Economics, University of New Hampshire

Nisreen Bahnan
Salem State University

Linda Jane Coleman
Salem State University

Kevin Joseph Cumiskey
Eastern Kentucky University

Laura Dix
Ferris State University

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Indiana University, Kelley School of Business Indianapolis

Jerome Gafford
University of North Alabama

James Gorman
Houson University of Alabama

Daniel E. Hallock
University of North Alabama

Dana L. E. Harrison
East Tennessee State University

Reba Heberlein
Madison Area Technical College

Tarique Hossain
California State Polytechnic University

Elizabeth Jane
Wilson Suffolk University

Mayuresh M. Kelkar
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Todd Korol
Monroe Community College

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Jamie Lambert
Ohio University

Marilyn Lavin
University of Wisconsin-Whitewater

Patricia Marco
Madison College

Mary Christene Martin
Fort Hays State University

Carolyn A. Massiah
University of Central Florida

Maria McConnell
Lorain County Community College

Joyce L. Meyer
The University of Alabama

Susan Myrden
University of Maine

Steve Noll
Madison Area Technical College

Matthew O'Hern
University of Oregon

David Terry Paul
The Ohio State University

Frank Allen Philpot
George Mason University

Lori A. Radulovich
Baldwin Wallace University

Jean Marc Rejaud
Fashion Institute of Technology

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University of North Carolina-Greensboro

Donald Shemwell
East Tennessee State University

John Striebich
Monroe Community College

Robert Scott Taylor
Moberly Area Community College

Steven A. Taylor
Illinois State University

Deborah Utter
Boston University

For their contributions to previous editions of *Marketing*, we gratefully acknowledge:

Wendi Achey
Northampton Community College

Praveen Aggarwal
University of Minnesota, Duluth

Maria Aria
Camden County College

Dennis Arnett
Texas Tech University

Gerard Athaide
Loyola College of Maryland

Timothy W. Aurand
Northern Illinois University

Laurie Babin
University of Louisiana at Monroe

Ainsworth Bailey
University of Toledo

Aysen Bakir
Illinois State University

Joyce Banjac
Myers University

Harvey Bauman
Lees McRae College

Oleta Beard
University of Washington

Sandy Becker
Rutgers Business School

Hannah Bell-Lombardo
Bryant University

Ellen Benowitz
Mercer County Community College

Gary Benton
Western Kentucky University

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University of Houston at Victoria

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SUNY, Farmingdale
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University of Maryland, University College
- Rae Caloura
Johnson & Wales University
- Michaelle Cameron
St. Edwards University
- Catherine Campbell
University of Maryland
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University of Minnesota, Duluth
- Eve Caudill
Winona State University
- Carmina Cavazos
University of Saint Thomas
- Lindell Chew
Linn University of Missouri
- Dorene Ciletti
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Jacksonville State University
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Suffolk County Community College
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University of Memphis
- Kathleen DeNisco
Erie Community College
- Tilokie Depoo
Monroe College
- Monique Doll
Macomb Community College
- Kimberly Donahue
Indiana University–Purdue University at Indianapolis
- Jim D’Orazio
Cleveland State University
- Michael Dore
University of Oregon
- James Downing
University of Illinois–Chicago
- Michael Drafke
College of DuPage
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Northern Virginia Community College
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University of Louisville
- Larry Feick
University of Pittsburgh
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Florida State University
- William Foxx
Auburn University
- Alan Friedenthal
Kingsborough Community College
- Douglas Friedman
Penn State University
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Nashville State Community College
- Peggy Gilbert
Missouri State University
- Kelly Gillerlain
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University of Texas at El Paso
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University of Georgia
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Florida Atlantic University
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Bucks County Community College
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Eastern Washington University
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Mount Wachusett Community College
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California State University–Northridge
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We would like to thank all the professors who were instrumental in guiding our revision of not only the text, but also Connect and other ancillary materials

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We express our thanks to all faculty who have contributed to the development of digital learning content:

Lauren Spinner Beitelspacher
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Donna Haeger,
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Todd Korol
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Melissa Martin
George Mason University

Leroy Robinson
University of Houston, Clear Lake

John Striebeck
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Lois Olson
San Diego State University

A special thank you to Steven A. Taylor of Illinois State University, Elizabeth Jane Wilson of Suffolk University, Kevin Bertotti of iTVk, and Becky and Patrick of We Write Good for their efforts in authoring and producing the iSee it! videos in Connect.

We'd also like to thank the team at Hurix—Sumesh Yoganath, Namrata Gunjal, and Ashwin Srivastav—for their contributions, as well as Sue Sullivan of Editors, Inc.

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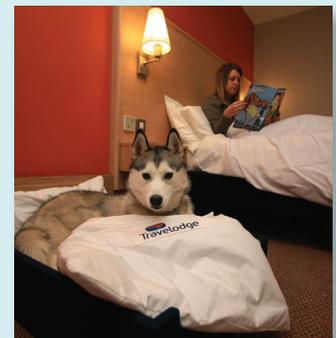
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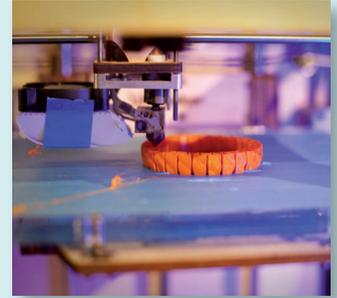
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connect interactive assignment guide

This text is supported by interactive assignments that help reinforce and assess learning. In order to access these assignments, you need to have purchased Connect. The following guide provides you with a quick reference for locating the interactive assignments offered for each chapter.

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ASSESSING THE MARKETPLACE

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CHAPTER 5

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Section One, Assessing the Marketplace, contains five chapters. Following an introduction to marketing in Chapter 1, Chapter 2 focuses on how a firm develops its marketing strategy and a marketing plan. A central theme of that chapter is how firms can effectively create, capture, deliver, and communicate value to their customers. Chapter 3 is devoted to understanding how one can develop social and mobile marketing strategies. Chapter 4 focuses attention on marketing ethics. An ethical decision framework is developed and presented, and the key ethical concepts are linked back to the marketing plan introduced in Chapter 2. Finally, Chapter 5, Analyzing the Marketing Environment, focuses on how marketers can systematically uncover and evaluate opportunities.