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Marketing

An Introduction

TWELFTH EDITION

Gary Armstrong • Philip Kotler

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Marketing

An Introduction

Twelfth Edition

Global Edition

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

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 an undergraduate degree and a master's degree 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.

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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*. 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 on Marketing of the Institute of Management Sciences, a director of the American Marketing Association, and a trustee

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Preface

The Twelfth Edition of *Marketing: An Introduction*

On the Road to Learning Marketing!

Top marketers all share a common goal: putting consumers 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, deciding which target markets the organization can serve best, and developing a compelling value proposition by which the organization can attract, keep, and grow targeted consumers. 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 their tried-and-true traditional marketing methods, marketers have access to a dazzling set of new customer relationship-building tools—from the Internet, smartphones, and tablets to online, mobile, and social media—for engaging customers anytime, anyplace to 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 12th edition of *Marketing: An Introduction*, you'll learn how *customer value* and *customer engagement* drive every good marketing strategy.

Marketing: An Introduction makes the road to learning and teaching marketing more productive and enjoyable than ever. The 12th edition's streamlined approach strikes an effective balance between depth of coverage and ease of learning. Unlike more abbreviated texts, it provides complete and timely coverage of all the latest marketing thinking and practice. Unlike longer, more complex texts, its moderate length makes it easy to digest in a given semester or quarter.

Marketing: An Introduction's approachable organization, style, and design are well suited to beginning marketing students. The 12th edition's learning design—with integrative *Road to Marketing* features at the start and end of each chapter plus insightful author comments throughout—helps students to learn, link, and apply important concepts. Its simple organization and writing style present even the most advanced topics in an approachable, exciting way. The 12th edition brings marketing to life with deep and relevant examples and illustrations throughout. 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. So fasten your seat belt and let's get rolling down the road to learning marketing!

What's New in the 12th Edition?

We've thoroughly revised the 12th edition of *Marketing: An Introduction* to reflect the major trends and forces impacting marketing in this digital age of customer value, engagement, and relationships. Here are just some of the changes you'll find in this edition:

- More than any other developments, sweeping new **online, social media, mobile, and other digital technologies** are now affecting how marketers, brands, and customers engage each other. The 12th edition features new and revised discussions and examples of

the explosive impact of exciting *new digital marketing technologies* shaping marketing strategy and practice—from online, mobile, and social media engagement technologies discussed in Chapters 1, 5, 11, 12, and 14; to “online listening” and Webnology research tools in Chapter 4, online influence and brand communities in Chapter 5, and location-based marketing in Chapter 7; to the use of social media in business-to-business marketing and sales in Chapters 6 and 13; to consumer Web, social media, and mobile marketing, as well as other new communications technologies, in Chapters 1, 5, 12, 14, and throughout.

A new Chapter 1 section, *The Digital Age: Online, Mobile, and Social Media Marketing*, introduces the exciting new developments in digital and social media marketing. A completely revised Chapter 14, *Direct, Online, Social Media, and Mobile Marketing*, digs deeply into digital marketing tools such as Web sites, social media, mobile ads and apps, online video, e-mail, blogs, and other digital platforms that engage consumers anywhere, anytime via their computers, smartphones, tablets, Internet-ready TVs, and other digital devices. The 12th edition is packed with new stories and examples illustrating how companies employ digital technology to gain competitive advantage—from traditional marketing all-stars such as Nike, P&G, Southwest, and McDonald’s to new-age digital competitors such as Google, Amazon.com, Apple, Netflix, Pinterest, and Facebook.

- The 12th edition features completely new and revised coverage of the emerging trend toward **customer engagement marketing**—building direct and continuous customer involvement in shaping brands, brand conversations, brand experiences, and brand community. The burgeoning Internet and social media have created better-informed, more-connected, and more-empowered consumers. Thus, today’s marketers must now *engage* consumers rather than interrupting them. Marketers are augmenting their mass-media marketing efforts with a rich mix of online, mobile, and social media marketing that promotes deep consumer involvement and a sense of customer community surrounding their brands. Today’s new engagement-building tools include everything from Web sites, blogs, in-person events, and video sharing to online communities and social media such as Facebook, YouTube, Pinterest, Twitter, and a company’s own social networking sites.

In all, today’s more engaged consumers are giving as much as they get in the form of two-way brand relationships. The 12th edition contains substantial new material on **customer engagement** and related developments such as **consumer empowerment**, **crowdsourcing**, **customer co-creation**, and **consumer-generated marketing**. A new Chapter 1 section—*Engaging Customers*—introduces customer engagement marketing. This and other related customer engagement topics are presented in Chapter 1 (new sections: *Customer Engagement and Today’s Digital and Social Media* and *Consumer-Generated Marketing*); Chapter 4 (qualitative approaches to gaining deeper customer insights); Chapter 5 (managing online influence and customer community through digital and social media marketing); Chapter 8 (crowdsourcing and customer-driven new product development); Chapter 12 (the new, more engaging marketing communications model); and Chapter 14 (direct digital, online, social media, and mobile marketing).

- The 12th edition continues to build on and extend the innovative **customer value framework** from previous editions. The customer value model presented in the first chapter is fully integrated throughout the remainder of the book. No other marketing text presents such a clear and compelling customer value approach.
- The 12th edition provides revised and expanded coverage of developments in the fast-changing area of **integrated marketing communications**. It tells how marketers are blending the new digital and social media tools—everything from Internet and mobile marketing to blogs, viral videos, and social media—with traditional media to create more targeted, personal, and engaging customer relationships. Marketers are no longer simply creating integrated promotion programs; they are practicing *marketing content management* in paid, owned, earned, and shared media. No other text provides more current or encompassing coverage of these exciting developments.
- Revised coverage in the 12th edition shows how companies and consumers continue to deal with **marketing in an uncertain economy** in the lingering aftermath of the Great Recession. Starting with a section in Chapter 1 and continuing with revised discussions in Chapters 3, 9, and elsewhere throughout the text, the 12th edition shows how now,

- even as the economy recovers, marketers must focus on creating customer value and sharpening their value propositions in this era of more sensible consumption.
- New material throughout the 12th edition highlights the increasing importance of **sustainable marketing**. The discussion begins in Chapter 1 and ends in Chapter 16, which pulls marketing concepts together under a sustainable marketing framework. In between, frequent discussions and examples show how sustainable marketing calls for socially and environmentally responsible actions that meet both the immediate and the future needs of customers, companies, and society as a whole.
 - The 12th edition provides new discussions and examples of the growth in **global marketing**. As the world becomes a smaller, more competitive place, marketers face new global marketing challenges and opportunities, especially in fast-growing emerging markets such as China, India, Brazil, Africa, and others. You'll find much new coverage of global marketing throughout the text, starting in Chapter 1 and discussed fully in Chapter 15.
 - The 12th edition continues its emphasis on **measuring and managing return on marketing**, including many new end-of-chapter financial and quantitative marketing exercises that let students apply analytical thinking to relevant concepts in each chapter and link chapter concepts to the text's innovative and comprehensive Appendix 3, *Marketing by the Numbers*.
 - The 12th edition continues to improve on its **innovative learning design**. The text's active and integrative "Road to Learning Marketing" presentation includes learning enhancements such as annotated chapter-opening stories, a chapter-opening objective outline, and explanatory author comments on major chapter figures. The chapter-opening "Chapter Road Map" layout helps to preview and position the chapter and its key concepts. "Speed Bump" concept checks highlight and reinforce important chapter concepts. Figures annotated with author comments help students to simplify and organize chapter material. End-of-chapter features help to summarize important chapter concepts and highlight important themes, such as digital and social media marketing, ethics, and financial marketing analysis. This innovative learning design facilitates student understanding and enhances learning.
 - The 12th edition provides 16 new end-of-chapter company cases by which students can apply what they learn to actual company situations. Additionally, all of the chapter-opening stories and Marketing at Work highlights in the 12th edition are either new or revised for currency.

The Marketing Journey: Five Major Customer Value and Engagement Themes

The 12th 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 framework* is introduced at the start of Chapter 1 in a five-step marketing process model, which details how marketing *creates* customer value and engagement and *captures* value in return. The framework is carefully explained in the first two chapters and then 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 12th edition introduces and 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 new Chapter 1 sections: *Customer Engagement and Today's Digital and Social Media* and *The Digital Age: Online, Mobile, and Social Media*. A completely revised Chapter 14, *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 brands to create brand equity.*** Well-positioned brands with strong brand equity provide the basis upon which to build profitable customer relationships. Today's marketers must position their brands powerfully and manage them well to create valued customer brand experiences. The 12th edition provides a deep focus on brands, anchored by the Chapter 7 section *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 throughout the 12th edition.
5. ***Sustainable marketing around the globe.*** As new technologies 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 12th 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 12th edition integrates global marketing and sustainability topics throughout the text. It then provides focused coverage on each topic in Chapters 15 and 16, respectively.

Real Travel Experiences: Marketing at Work

Marketing: An Introduction, 12th edition, guides new marketing students down the intriguing, discovery-laden road to learning marketing in an applied and practical way. The text takes a practical marketing-management approach, providing countless in-depth, real-life examples and stories that engage students with basic marketing concepts and bring the marketing journey to life. Every chapter contains a *First Stop* opening story plus *Marketing at Work* highlight features that reveal the drama of modern marketing. Students learn how:

- Amazon.com's deep-down passion for creating customer value and relationships has made it the world's leading digital retailer.
- Nike's outstanding success results from more than just making and selling good sports gear. It's based on a customer-focused strategy through which Nike creates brand engagement and close brand community with and among its customers.
- Sony's dizzying fall from market leadership provides a cautionary tale of what can happen when a company—even a dominant marketing leader—fails to adapt to its changing environment.
- The Body Shop—a company founded by environmental campaigner Anita Roddick—was founded on genuine environmental sustainability concerns.
- British Airways is highly proactive on the Web, reaching out to customers with flight-schedule updates and notifications that draw them closer to the brand.
- Giant social network Facebook promises to become one of the world's most powerful and profitable digital marketers—but it's just getting started.
- Samsung's new-age direct and social media marketing capability for building up-close-and-personal interactions with customers strengthens its brand advocacy and elevates brand loyalty.

- Innovator Samsung has transformed itself by creating a seemingly endless flow of inspired new products that feature stunning design, innovative technology, life-enriching features, and a big dose of “Wow!”
- Low-fare airline Ryanair appears to have found a radical new pricing solution, one that customers are sure to love: Make flying free!
- The explosion of the Internet, social media, mobile devices, and other technologies has some marketers asking: “Who needs face-to-face selling anymore?”
- For Coca-Cola, marketing in Africa is like “sticking its hand into a bees’ nest to get some honey.”
- Apparel makers Nukleus, Taolifestyle Technology, and Dive are driven by the vision of offering fashion that is safe for the world we live in, rather than just focusing on sales and profits.

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 12th edition of *Marketing: An Introduction*.

Marketing Journey Travel Aids

A wealth of chapter-opening, within-chapter, and end-of-chapter learning devices helps students to engage with marketing by learning, linking, and applying major concepts:

- **Chapter openers.** The active and integrative chapter-opening spread in each chapter features an *Objective Outline* that outlines chapter contents and learning objectives, a brief *Road Map—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.
- **Author comments and figure annotations.** Throughout the chapter, author comments ease and enhance student learning by introducing and explaining major chapter sections and figures.
- **Marketing at Work highlights.** Each chapter contains two highlight features that provide an in-depth look at the real marketing practices of large and small companies.
- **Speed Bumps.** Concept checks within each chapter check student learning and help them apply key concepts.
- **End of chapter: Reviewing 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 Key Terms* section reviews major chapter concepts and links them to chapter objectives. It also provides a helpful listing of chapter key terms by order of appearance with page numbers that facilitate easy reference.
- **Discussion Questions and Critical Thinking Exercises.** These sections at the end of each chapter help students to keep track of and apply what they’ve learned in the chapter.
- **Minicases and Applications.** Brief *Online, Mobile, and Social Media Marketing*; *Marketing Ethics*, and *Marketing by the Numbers* sections at the end of each chapter provide short applications cases that facilitate discussion of current issues and company situations in areas such as digital and social media marketing, ethics, and financial marketing analysis. A *Video Case* section contains short vignettes with Discussion Questions to be used with a set of four- to seven-minute videos. An end-of-chapter *Company Cases* section identifies which of the all-new company cases found in Appendix 1 are best for use with each chapter.

Additional marketing travel aids include:

- **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 2 contains a sample marketing plan that helps students to apply important marketing planning concepts.

- **Marketing by the Numbers.** An innovative Appendix 3 provides students with a comprehensive introduction to the marketing financial analysis that helps to guide, assess, and support marketing decisions.
- **Careers in Marketing.** Appendix 4 describes marketing career paths and guides students in finding marketing jobs and careers. This appendix is only available through MyMarketingLab.

More than ever before, the 12th edition of *Marketing: An Introduction* provides an effective and enjoyable total package for engaging students and moving them down the road to learning marketing!

A Total Teaching and Learning System

A successful marketing course requires more than an engaging, well-written book. Today's classroom requires a dedicated teacher and a fully integrated learning system. A total package of teaching and learning supplements extends this edition's emphasis on effective teaching and learning. The following aids support the 12th edition of *Marketing: An Introduction*.

Instructor's Manual

The Instructor's Manual plays a central role in organizing the teaching and learning package for the 12th edition. This manual has been designed so the instructor can plan lectures, discussions, online learning activities, and written assignments in a coordinated and efficient manner.

All 16 chapters of the text have been carefully reviewed in order to develop the most logical and helpful manual for you, the instructor. Primary features of the Instructor's Manual (IM) are as follows:

- **Previewing the Concepts.** This brings the important chapter objectives into focus. These objectives are also listed at the beginning of each chapter of the IM.
- **Just the Basics and Great Ideas.** There are two sections to each chapter in the IM. The first section, **Just the Basics**, provides several sections that summarize the textbook chapter and end-of-chapter material, starting with the **Chapter Overview**. The second section of every IM chapter, **Great Ideas**, provides additional student projects and other material that will help you present the material and manage your time effectively.
- **Annotated Chapter Notes/Outline.** This section is the core of the Instructor's Manual. It contains a thorough yet concise outline of the entire chapter, including major and minor headings, and is specifically tied to key phrases and definitions. The instructor will also notice additional information throughout the outline, indicating where key material appears in the chapter and offering suggestions for the proper use of various teaching aids. These additional notations cover such important chapter content as: **Key Terms; Figures and Tables; Linking the Concepts, Chapter Objectives;** and the end-of-chapter material, including **Discussion Questions, Critical Thinking Exercises, Marketing by the Numbers, and Marketing Ethics.**
- **Barriers to Effective Learning.** This section, which begins the **Great Ideas** portion of the manual, has been developed to aid the instructor in understanding which of the concepts or activities contained in the textbook chapters may be difficult learning assignments for the average student. By reviewing this section, the instructor may be able to direct preparation toward those topics that are perceived as being more difficult. In addition, this section provides suggestions for dealing with difficult learning concepts.
- **Student Projects.** Three to five additional projects are listed for effective student learning. These can be done individually or in groups, and can be done in class or as homework assignments. These projects could also provide a rich source of extra-credit projects, if desired.
- **Classroom Exercise/Homework Assignment.** This is an additional assignment to help relate the textbook material to real-world situations. As the majority of these projects

- depend on access to the Internet, they can be assigned as homework when there is no network connection in the classroom.
- **Classroom Management Strategies.** This section provides a timetable for individual chapter lectures. The timetables are based on a 60-minute class; you will need to increase or decrease the amount of time for each section of the chapter to account for shorter or longer class periods. The timetable provided normally has from four to six sections (time segments are suggested) that give guidance to the instructor on what topics to cover, how to coordinate these topics with text features (i.e., *figures*, *tables*, *Marketing at Work*, and other material, as appropriate), and in-class discussion suggestions.
 - **Company Case Teaching Notes.** This section of the Instructor's Manual offers a synopsis, teaching objectives, answers to discussion questions, and suggestions on how to teach the case. It also indicates additional chapters in which the case can be used.
 - **Video Case Teaching Notes.** The last section in the Instructor's Manual contains teaching notes to accompany the video cases found on MyMarketingLab, consisting of an Executive Summary, Questions, and Teaching Ideas for each case.
 - **Professors on the Go.** Designed with the busy professor in mind, this section serves to emphasize key material in the manual, so where an instructor who is short on time can take a quick look to find key concepts, activities, and exercises for the upcoming lecture.
 - **Appendixes.** There are also four appendixes that support the main IM content and are concise, easy-to-use references: the *Company Cases* appendix, the *Marketing Plan* appendix, the *Marketing by the Numbers* appendix, and the *Careers in Marketing* appendix.

Additionally, the Annotated Instructor's Notes serve as a quick reference for the entire supplements package. Suggestions for using materials from the Instructor's Manual, PowerPoint slides, Test Item File, Video Library, and online material are offered for each section within every chapter. Visit www.pearsonglobaleditions.com/Armstrong to access these Annotated Instructor's Notes.

Test Item File

This Test Item File contains 1,600 questions, including multiple-choice, true/false, and essay questions. Each question is followed by the correct answer, the learning objective it ties to, the AACSB category, the question type (concept, application, critical thinking, or synthesis), the course learning outcome, and the difficulty rating.

TestGen

Pearson Education's test-generating software is available from www.pearsoned.com/testgen. The software is PC/MAC compatible and preloaded with all of the Test Item File questions. You can manually or randomly view test questions and drag and drop to create a test. You can add or modify test-bank questions as needed.

Instructor's Resource Center (IRC)

Register. Redeem. Login.

The Web site www.pearsonglobaleditions.com/Armstrong is where instructors can access a variety of print, media, and presentation resources available with this text in downloadable, digital format.

It gets better. Once you register, you will not have additional forms to fill out or multiple usernames or passwords to remember to access new titles and/or editions. As a registered faculty member, you can log in directly to download resource files and receive immediate access and instructions for installing course management content to your campus server.

Need help? Our dedicated technical support team is ready to assist instructors with questions about the media supplements that accompany this text. Visit <http://247pearsoned.custhelp.com/> for answers to frequently asked questions and toll-free user support phone numbers. All instructor resources are in one place. It's your choice. They are available at the Instructor's Resource Center. Resources include the following:

- **Instructor's Manual.** Download the entire Instructor's Manual as a .zip file.
- **Test Item File.** Download the entire Test Item File as a .zip file.
- **TestGen for PC/Mac.** Download this easy-to-use software; it's preloaded with the 12th edition test questions and a user's manual.
- **Image Library.** Access many of the images, ads, illustrations, and features in the text, which are ideal for customizing your PowerPoint presentations.
- **Instructor PowerPoint.** This presentation includes basic outlines and key points from each chapter.

Video Library

Videos illustrating the most important subject topics are available on MyMarketingLab. Available for instructors and students, MyMarketingLab provides around-the-clock instant access to videos and corresponding assessments and simulations for Pearson textbooks. Contact your local Pearson representative to request access to MyMarketingLab.

CourseSmart eTextbooks*

CourseSmart eTextbooks were developed for students looking to save on required or recommended textbooks. Students simply select their eText by title or author and purchase immediate access to the content for the duration of the course, using any major credit card. With a CourseSmart eText, students can search for specific keywords or page numbers, take notes online, print out reading assignments that incorporate lecture notes, and bookmark important passages for later review.

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Marketing

An Introduction

Twelfth Edition

Global Edition

1 Marketing

Creating and Capturing Customer Value

CHAPTER ROAD MAP

Objective Outline

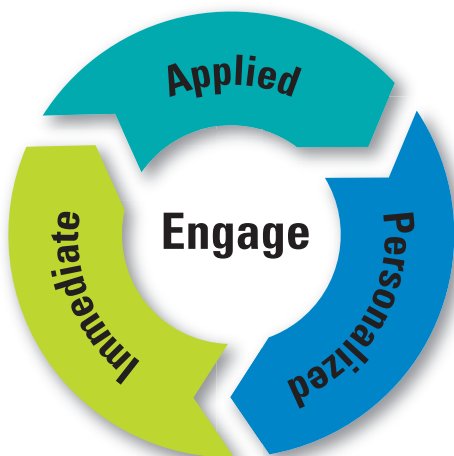
- ▶ **OBJECTIVE 1** Define marketing and outline the steps in the marketing process. What Is Marketing? 32–34
- ▶ **OBJECTIVE 2** Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts. Understanding the Marketplace and Customer Needs 34–36
- ▶ **OBJECTIVE 3** Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy. Designing a Customer-Driven Marketing Strategy 37–40; Preparing an Integrated Marketing Plan and Program? 40–41
- ▶ **OBJECTIVE 4** Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return. Building Customer Relationships 41–49; Capturing Value from Customers 49–52
- ▶ **OBJECTIVE 5** Describe the major trends and forces that are changing the marketing landscape in this age of relationships. The Changing Marketing Landscape 52–57

Previewing the Concepts

This chapter introduces you to the basic concepts of marketing. We start with the question: What is marketing? Simply put, marketing is managing profitable customer relationships. The aim of marketing is to create value for customers in order to capture value from customers in return. Next we discuss the five steps in the marketing process—from understanding customer needs, to designing customer-driven marketing strategies and integrated marketing programs, to building customer relationships and capturing value for the firm. Finally, we discuss the major trends and forces affecting marketing in this new age of digital, mobile, and social media. Understanding these basic concepts and forming your own ideas about what they really mean to you will provide a solid foundation for all that follows.

Let's start with a good story about marketing in action at Amazon.com, by far the world's leading online and digital marketer. The secret to Amazon's success? It's really no secret at all. Amazon is flat-out customer obsessed. It has a deep-down passion for creating customer value and relationships. In return, customers reward Amazon with their buying dollars and loyalty. You'll see this theme of creating customer value in order to capture value in return repeated throughout this chapter and the remainder of the text.

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