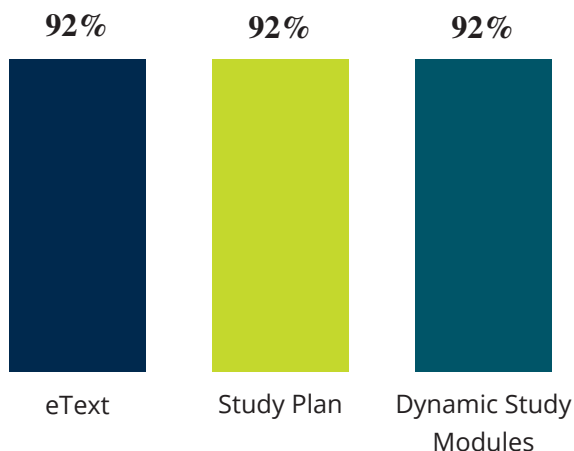
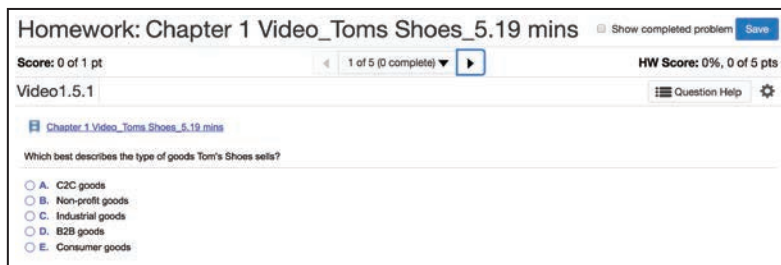


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Marketing

An Introduction

Fourteenth Edition

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

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Preface

New to This Edition

All That's New in Marketing

The fourteenth edition of *Marketing: An Introduction* reflects the major trends and shifting forces that impact marketing in this digital age of customer value, engagement, and relationships. Here are just some of the major new and continuing changes you'll find in this edition.

- *Customer engagement framework:* The fourteenth edition continues to build on its *customer engagement* framework—creating direct and continuous customer involvement in shaping brands, brand conversations, brand experiences, and brand community. New coverage and fresh examples throughout the text address the latest customer engagement tools, practices, and developments.
- *Fast-changing marketing trends and topics:* This edition adds fresh coverage of both traditional marketing areas and fast-changing topics such as digital, mobile, and social media marketing; customer engagement marketing; big data, artificial intelligence, and new marketing analytics; the major digital transformation in marketing research; omni-channel marketing and the massive shifts in today's retailing; real-time customer listening and marketing; marketing content creation and native advertising; B-to-B social media and social selling; online and dynamic pricing; sustainability; global marketing; and much more.
- *Online, mobile, social media, and other digital marketing technologies:* Keeping up with digital concepts, technologies, and practices has become a top priority and major challenge for today's marketers. The fourteenth edition of *Marketing: An Introduction* provides thoroughly refreshed, up-to-date coverage of these explosive developments in every chapter—from digital, online, mobile, and social media engagement technologies in Chapters 1, 5, 12, and 14; to “big data,” new marketing analytics, and artificial intelligence in Chapters 3 and 4; to the massive shift to omni-channel and digital retailing in Chapter 13; to the increasing use of augmented and virtual reality in Chapters 4 and 13. A Chapter 1 section on The Digital Age: Online, Mobile, and Social Media Marketing introduces the exciting new developments in digital and social media marketing. Then, a Chapter 14 section on Direct, Online, Social Media, and Mobile Marketing digs more deeply into digital marketing tools such as online sites, social media, mobile ads and apps, online video, email, and other digital platforms that engage consumers anywhere, anytime via their computers, smartphones, tablets, and other digital devices.
- *Content marketing and marketing communications:* The fourteenth edition continues to track fast-changing developments in marketing communications and the creation of brand content. Marketers no longer simply create integrated marketing communications programs; they join with customers and media to curate and share marketing content in paid, owned, earned, and shared media. You won't find fresher coverage of these important topics in any other marketing text.

New Real-World Brand Stories, Highlights, Cases, and In-Text Examples

The fourteenth edition of *Marketing: An Introduction* is loaded with new brand stories, highlight features, cases, in-text examples, and end-of-chapter exercises and features that illustrate brand strategies and contemporary marketing issues and let students apply what they've learned.

- *New company cases and end-of-chapter applications and exercises:* The fourteenth edition provides 16 new company cases by which students can apply what they learn to actual company situations. End-of-chapter discussion questions, critical thinking exercises, and other applications features are also new and revised.
- *Chapter-opening stories, Marketing at Work highlights, and in-text examples:* The fourteenth edition brings marketing to life with new or heavily revised chapter-opening vignettes, boxed features that highlight relevant companies and marketing issues, and new in-text examples throughout.

Solving Teaching and Learning Challenges

Today's marketing is all about creating customer value and engagement in a fast-changing, increasingly digital and social marketplace. Marketing starts with understanding consumer needs and wants, determining which target markets the organization can serve best, and developing a compelling value proposition by which the organization can attract and grow valued 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 a dazzling set of new online, mobile, and social media tools for engaging customers anytime, anyplace to jointly shape brand conversations, experiences, and community. If marketers do these things well, they will reap the rewards in terms of market share, profits, and customer equity. In the fourteenth edition of *Marketing: An Introduction*, students learn how customer value and customer engagement drive every good marketing strategy.

To improve student results, we recommend pairing the text content with MyLab Marketing, the teaching and learning platform that empowers every student. By combining trusted author content with digital tools and a flexible platform, MyLab personalizes the learning experience and will help students learn and retain key course concepts while developing skills that future employers are seeking in their candidates.

Five Major Customer Value and Engagement Themes

The fourteenth 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*. In return, they capture value from customers in the form of sales, profits, and customer equity. This innovative *customer value and engagement framework* is introduced at the start of Chapter 1 in a unique five-step marketing process model, which details how marketing *creates* customer value and *captures* value in return. The framework is carefully developed in the first two chapters and then fully integrated throughout the remainder of the text.

2. ***Customer Engagement and Today's Digital and Social Media.*** New digital and social media have taken today's marketing by storm, dramatically changing how companies and brands engage consumers, and how consumers connect and influence each other's brand behaviors. The fourteenth edition thoroughly explores the exciting new digital, mobile, and social media technologies that help brands to engage customers more deeply and interactively. It starts with two major Chapter 1 sections: *Customer Engagement and Today's Digital and Social Media* and *The Digital Age: Online, Mobile, and Social Media*. A refreshed Chapter 14 on *Direct, Online, Social Media, and Mobile Marketing* summarizes the latest developments in digital engagement and relationship-building tools. Everywhere in between, you'll find revised and expanded coverage of the exploding use of digital and social marketing tools.
3. ***Building and managing strong, value-creating brands.*** Well-positioned brands with strong brand equity provide the basis upon which to build customer value and profitable customer relationships. Today's marketers must position their brands powerfully and manage them well to create valued brand experiences. The fourteenth edition provides a deep focus on brands, anchored by a Chapter 8 section on *Branding Strategy: Building Strong Brands*.
4. ***Measuring and managing return on marketing.*** Especially in uneven economic times, marketing managers must ensure that their marketing dollars are being well spent. "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 fourteenth edition.
5. ***Sustainable marketing around the globe.*** As technological developments make the world an increasingly smaller and more fragile place, marketers must be good at marketing their brands globally and in sustainable ways. New material throughout the fourteenth 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 fourteenth edition integrates global marketing and sustainability topics throughout the text. It then provides focused coverage on each topic in Chapters 15 and 16, respectively.

In-Text Teaching and Learning Features

Marketing: An Introduction provides a wealth of chapter-opening, within-chapter, and end-of-chapter learning features that help students to learn, link, and apply major concepts.

- ***Integrated chapter-opening preview sections.*** The active and integrative chapter-opening spread in each chapter starts with an *Objectives Outline*, which provides a helpful preview of chapter contents and learning objectives, complete with page numbers. Next comes a *Previewing the Concepts* section that briefly previews chapter concepts, links them with previous chapter concepts, and introduces the chapter-opening story. Finally, a *First Stop* chapter-opening vignette—an engaging, deeply developed, illustrated, and annotated marketing story—introduces the chapter material and sparks student interest.
- ***Author comments and figure annotations.*** Throughout each chapter, author comments ease and enhance student learning by introducing and explaining major chapter sections and figures.
- ***Reviewing and extending the concepts.*** Sections at the end of each chapter summarize key chapter concepts and provide questions and exercises by which students can review and apply what they've learned. The *Chapter Review and Key Terms*

Chapter 1: Marketing: Creating Customer Value and Engagement 35

Marketing by the Numbers Gillette Trying to Shave Off Competition

Gillette, Procter & Gamble's powerhouse razor

Company Cases 1 Chick-fil-A

Video Case Eskimo Joe's

MyLab Marketing

1-16. Compare and contrast needs, wants, and demands. Which one has the most influence? (AACSB: Communication; Reflective Thinking)

1-17. Is it fair to single out specific products for restrictions such as the City proposed size cap on soft drinks? Discuss this argument with your instructor, government, soft drink marketers, and consumers. (AACSB: Communication; Reflective Thinking)

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. A *Discussion and Critical Thinking* section provides discussion questions and critical thinking exercises that help students to keep track of and apply what they've learned in the chapter.

Appendix 3 Marketing by the Numbers

Marketing managers are facing increased accountability for the financial implications of their actions. This appendix provides a basic introduction to measuring marketing performance. Such financial analysis guides marketers in making sound marketing decisions and in assessing the outcomes of those decisions.

The appendix is built around a hypothetical manufacturer of home automation products—Wise Domestic (“domotics” refers to information technology in the home). The device is introducing a device that allows users to control all internet-connected smart devices in their homes. Users will be able to control lighting, temperature, multimedia,

Appendix 1 Company Cases

Company Case 1

Chick-fil-A: Getting Better before Getting Bigger

Chick-fil-A is dominating the U.S. fast-food market. Whereas McDonald's, Subway, Burger King, and Taco Bell trudge along at the top of the heap, Chick-fil-A has quietly grown from a Southeast regional favorite into the largest chicken chain and the eighth-largest quick-service food purveyor in the country. The chain sells significantly more food per restaurant than any of its competitors—three times that of Taco Bell or Wendy's and more than four times what the KFC Colonel fries up. And it does this without even opening its doors on Sundays. With annual revenues of \$8 billion and annual average growth of 16 percent, the chicken champ from Atlanta shows no signs of slowing down.

How does Chick-fil-A do it? By focusing on customers. Since the first Chick-fil-A restaurant opened for business in the late 1960s, the chain's founders have held tenaciously to the philosophy that the most sustainable way to do business is to provide the best possible customer experience.

Applying Some Pressure

Chick-fil-A founder S. Truett Cathy was no stranger to the restaurant business. Owning and operating restaurants in Georgia in the 1940s, '50s, and '60s, he was led by his experience to investigate a better (and faster) way to cook chicken. He discovered a pressure fryer that could cook a chicken breast in the same amount of time it took to cook a fast-food burger. Developing the chicken sandwich as a burger alternative, he registered the name “Chick-fil-A, Inc.” and opened the first Chick-fil-A restaurant in 1967.

company's trademarked slogan—“We didn't invent the chicken, just the chicken sandwich!”—has kept the company on track for decades. Although it has carefully and strategically added other items to the menu, it's the iconic chicken sandwich in all its varieties that primarily drives the brand's image and the company's revenues. This focus has helped the company give customers what they want year after year without being tempted to develop a new flavor of the month.

Getting It Right

Also central to Chick-fil-A's mission is to “have a positive influence on all who come in contact with Chick-fil-A.” Although seemingly a tall order to fill, this sentiment permeates every aspect of its business. Not long ago, current Chick-fil-A CEO Dan Cathy was deeply affected by a note that his wife taped to their refrigerator. In a recent visit to a local Chick-fil-A store, she had not only received the wrong order, she had been overcharged. She circled the amount on her receipt, wrote “I'll be back when you get it right” next to it, and posted it on the fridge for her husband to see.

That note prompted Dan Cathy to double down on customer service. He initiated a program by which all Chick-fil-A employees were retrained to go the “second mile” in providing service to everyone. That “second mile” meant not only meeting basic standards of cleanliness and politeness but going above and beyond by delivering each order to the customer's table with unexpected touches such as a fresh-cut flower or ground pepper for salads.

The experience of a recent patron illustrates the level of service Chick-fil-A's customers have come to expect as well as the innovative spirit that makes such service possible:

My daughter and I stopped at Chick-fil-A on our way home. The parking lot was full, the drive-thru was packed...but the love we have for the chicken sandwiches and waffle potato fries! So we

- **Minicases and Applications.** Sections at the end of each chapter provide brief *Online, Mobile, and Social Media Marketing; Marketing Ethics; and Marketing by the Numbers* applications cases that facilitate discussion of current issues and company situations in areas such as mobile and social marketing, ethics, and financial marketing analysis. A *Video Case* section contains short vignettes to be used with a set of short videos and questions that accompany the fourteenth edition in MyLab Marketing.

- **Company Cases.** Appendix 1 contains 16 all-new company cases that help students apply major marketing concepts and critical thinking to real company and brand situations. Each end-of-chapter section identifies applicable cases for the chapter.

Developing Employability Skills

Marketing at Work features. Each chapter contains two deeply developed highlight features that provide in-depth looks at real brand marketing strategies and contemporary marketing issues. For example, students learn how retail titans Walmart and Amazon are battling it out for supremacy in the new omni-channel retailing world; how Netflix uses big data and advanced marketing analytics to personalize each customer's experience; why Apple's products fly off the shelves despite their premium prices; how Instagram has made itself a win-win-win for the company, advertisers, and Instagrammers alike; how Coca-Cola, long a master of mass market advertising, has now also mastered digital, mobile, and social media marketing; and how outdoor apparel and gear maker Patagonia urges “conscious consumption,” telling customer to buy *less* of its products. They learn that artificial intelligence in marketing is now “a bigger deal than fire and electricity”; how companies are increasingly using augmented and virtual reality to enhance consumer shopping experiences; and how mobile

120 Part 2: Understanding the Marketplace and Consumer Value


MARKETING AT WORK 4.2

Artificial Intelligence in Marketing: “A Bigger Deal Than Fire or Electricity”

It's early morning, you're headed out to start your day, and you feel the urge for that first jolt of caffeine. As you get in your car, you tap the Starbucks app on your phone and ask for “the usual.” Your Starbucks virtual barista replies in her familiar, cheerful voice: “One tall caramel latte!” She then politely suggests a breakfast snack—a Vermont maple nut muffin—not your usual, but it sure sounds good. You agree. “Thanks! Your order will be ready for pickup in five to seven minutes at University and 28th,” she confirms. “Would you like to pay for that with your credit card on file?” You step inside the store, bypass the long lines, and grab your order—no fuss, no muss. Welcome to the world of artificial intelligence (AI).

This is just one example of how AI has exploded onto the marketing scene. Starbucks has long been into cutting-edge technology—a full 25 percent of its transactions are already placed through its smartphone apps. But My Starbucks Barista is more than just an ordering app. It uses artificial intelligence to create personalized customer experiences and manage real-time customer interactions, based on everything from customers' past transactions and preferences to demographics, store trends and inventories, and local traffic and weather conditions.

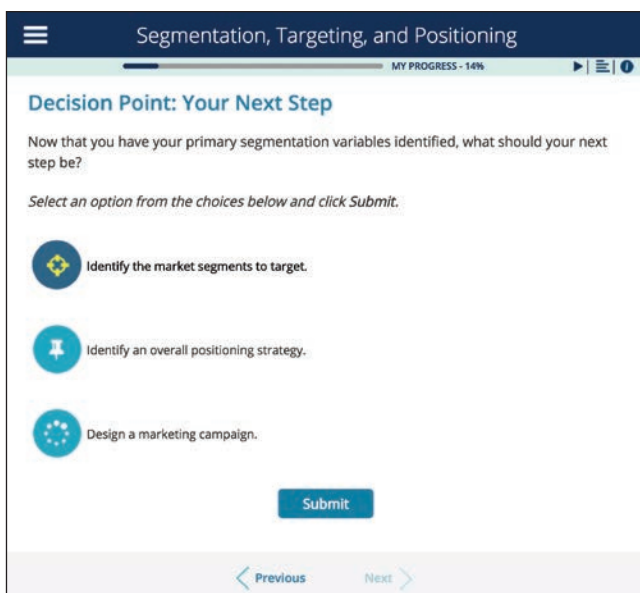
Artificial intelligence is sweeping the world. It involves machines that think and learn in a way that looks and feels human but with a lot more analytical capacity. The engine behind the AI's explosive growth is big data. Raw data is flowing in from everywhere: customer transaction and interaction data, web and social media data, news and environmental data, and data from more than 50 billion connected devices—



combing through vast amounts of data to unearth customer and market insights that help marketers sharpen their targeting, personalize customer engagements, design new products, and even craft better ads in real time.

Today's machines are smart and eerily human. IBM's Watson “is loquacious; it can tell jokes, answer questions, and write sonnets,” notes one observer. “Google's AI can now read lips

Artificial Intelligence: The My Starbucks Barista uses artificial intelligence to create personalized customer experiences and manage real-time customer interactions, based on everything from customers' past transactions and preferences to local traffic and weather conditions.
Eliot Stein Illustration



marketing engages consumers in the moments that matter. No other text brings marketing to life like the fourteenth edition of *Marketing: An Introduction*.

Marketing Plan appendix. Appendix 2 contains a detailed sample marketing plan that helps students to apply important marketing planning concepts.

Marketing by the Numbers appendix. An innovative and freshly revised Appendix 3 provides students with a comprehensive introduction to the marketing financial analysis that helps guide, assess, and support marketing decisions. A detailed exercise at the end of each chapter lets students apply analytical and financial thinking to that chapter's concepts and links the chapter to the Marketing by the Numbers appendix.

Careers in Marketing. Appendix 4 helps students to explore marketing career paths and lays out a process for landing a marketing job that best matches their special skills and interests.

▫ **Mini Sims** in MyLab Marketing give students the opportunity to apply their knowledge to real-world decision making scenarios.

Instructor Teaching Resources

This program comes with the following teaching resources.

Supplements Available to Instructors at www.pearsonhighered.com

Instructor's Manual
authored by Tony Henthorne from University of Nevada, Las Vegas

Test Bank
authored by Susan Leshnow from Midland College

Computerized TestGen

PowerPoints
authored by Helen Davis from Jefferson Community College

Features of the Supplement

Chapter-by-chapter summaries

- Examples and activities not in the main book
- Teaching outlines
- Teaching tips
- Solutions to all questions and problems in the book

4,000 multiple-choice, true/false, short-answer, and graphing questions with these annotations:

- Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)
- Type (Multiple-choice, true/false, short-answer, essay)
- Topic (The term or concept the question supports)
- Learning objective
- AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)

TestGen allows instructors to:

- Customize, save, and generate classroom tests
- Edit, add, or delete questions from the Test Item Files
- Analyze test results
- Organize a database of tests and student results.

Slides include all the graphs, tables, and equations in the textbook.
PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to:

- Keyboard and Screen Reader access
- Alternative text for images
- High color contrast between background and foreground colors

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Gary Armstrong
Philip Kotler

About the Authors

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

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

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

▶ **PHILIP KOTLER** is S. C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University. He received his master's degree at the University of Chicago and his Ph.D. at M.I.T., both in economics. Dr. Kotler is author of *Marketing Management* (Pearson), now in its 15th edition and the most widely used marketing textbook in graduate schools of business worldwide. He has authored more than 60 successful books and more than 150 articles in leading journals. He is the only three-time winner of the coveted Alpha Kappa Psi award for the best annual article in the *Journal of Marketing*.

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

the top 10 of the world's most influential business thinkers. And in a *Financial Times* poll of 1,000 senior executives across the world, Professor Kotler was ranked as the fourth "most influential business writer/guru" of the twenty-first century.

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

1

Marketing

Creating Customer Value and Engagement

Objectives Outline

- ▶ **OBJECTIVE 1-1** Define marketing and outline the steps in the marketing process. See: What Is Marketing? (pp 4–6)
- ▶ **OBJECTIVE 1-2** Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts. See: Understanding the Marketplace and Customer Needs (pp 6–10)
- ▶ **OBJECTIVE 1-3** Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy. See: Designing a Customer Value-Driven Marketing Strategy and Plan (pp 10–14)
- ▶ **OBJECTIVE 1-4** Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return. See: Managing Customer Relationships and Capturing Customer Value (pp 15–23)
- ▶ **OBJECTIVE 1-5** Describe the major trends and forces that are changing the marketing landscape in this age of relationships. See: The Changing Marketing Landscape (pp 23–31)

Previewing the Concepts

This first chapter introduces you to the basic concepts of marketing. We start with the question: What is marketing? Simply put, marketing is engaging customers and 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 value-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, by far the nation's leading online 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, engagement, 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.

First Stop

Amazon: Obsessed with Creating Customer Value, Engagement, and Relationships

When you think of shopping online—or of shopping anywhere, for that matter—chances are good that you think first of Amazon. The online pioneer first opened its virtual doors in 1995, selling books out of founder Jeff Bezos's garage in suburban Seattle. Amazon still sells books—lots and lots of books. But it now sells just about everything else as well, from electronics, tools, housewares, apparel, and groceries to fashions, loose diamonds, musical instruments, and Maine lobsters. And Amazon is rapidly moving beyond online selling, not just into physical stores but also into video and music streaming, cloud services, and the Internet of Things. If one company represents where the world is now headed, it's probably Amazon.

From the start, Amazon has grown explosively. Its annual sales have rocketed from a modest \$150 million in 1997 to \$177 billion today. During just the past three years, Amazon's revenues have more than tripled. Last year, the company sold more than 5 billion items to its more than 90 million Amazon Prime members alone—that's an average of 159 items every second. Currently, Amazon is the nation's second-largest retailer, trailing only Walmart. And as unthinkable as it might have seemed only a few years ago, at its current growth rate, Amazon could overtake even mighty Walmart in as little as six years.

What has made Amazon such an amazing success story? Jeff Bezos puts it in three simple words: "Obsess over customers." To its core, the company is relentlessly customer driven. "The thing that drives everything is creating genuine value for customers," says Bezos. Amazon believes that if it does what's good for customers, profits will follow.

Amazon wants to deliver a special experience to every customer. Most Amazon.com regulars feel a surprisingly strong relationship with the company, especially given the almost complete lack of actual human interaction. Amazon obsesses over making each customer's experience uniquely personal. For example, the Amazon.com site greets customers with their very own home pages, complete with personalized site content and recommendations based on their past purchase and browsing histories and the purchasing patterns of customers with similar profiles. If it has 300 million customers, Amazon reasons, it should have 300 million stores.

Visitors to Amazon.com receive a unique blend of benefits: huge selection, good value, low prices, and convenience. But it's the "discovery" factor that makes the buying experience really special. Once on Amazon.com, you're compelled to stay for a while—looking, learning, and discovering. More than just a place to buy things, Amazon.com has become a kind of online community in which customers can browse for products, research purchase alternatives, and share opinions and reviews with other visitors. In this way, Amazon does much more than just sell goods online. It engages customers and creates direct, personalized customer relationships and satisfying experiences.

From the very start, selection, convenience, and value have been the foundation stones of the Amazon experience. Amazon's primary goal is to help customers get whatever they want in the shortest possible time at the right price. To create even greater selection and discovery for customers, Amazon allows competing retailers—from mom-and-pop operations to Marks & Spencer—to sell their products



» Amazon does much more than just sell goods online. It engages customers and creates satisfying customer experiences. "The thing that drives everything is creating genuine value for customers," says Amazon founder Jeff Bezos.

Jonathan Weiss/Alamy Stock Photo

on Amazon.com through the Amazon Marketplace, creating a virtual shopping mall of incredible proportions.

Amazon's innovations have made the order and delivery process a breeze. First it was 1-Click ordering that lets customers purchase and ship to preset options with just one click. Then Amazon added Dash Buttons, shortcuts that let customers quickly find and reorder favorite products on Amazon's mobile app. And if there's no smartphone or app handy, customers equipped with an Amazon Echo smart speaker can now voice-shop with a simple command, "Alexa, reorder laundry detergent." Amazon's artificial intelligence-driven digital assistant will place and ship the order for them.

As for delivery, no other seller—online or offline—has been more effective than Amazon in getting the goods to its customers fast. As much as it sells products and convenience, Amazon also sells "speed." When the online giant first introduced Amazon Prime more than a decade ago, free 48-hour shipping was unheard of; now it's standard across the industry. So Amazon introduced Amazon Prime Now, delivery within two hours or less. "It's cheap, easy, and insanely fast," says one awestruck customer.

According to the vice president of Amazon Prime Now, her business boils down to two simple questions: "Do you have what I want, and can you get it to me when I need it?" Amazon continues to invest heavily in making the answers to both questions a resounding "yes." To build an

Amazon's deep-down passion for creating customer value, engagement, and relationships has made it the nation's leading online retailer. Amazon has become the model for companies that are obsessively and successfully focused on delivering customer value.

even faster and more reliable customer delivery experience, Amazon is rapidly amassing its own fleets of delivery vans, trucks, and Boeing 767 cargo planes that will make it less dependent on third-party shippers such as FedEx, UPS, and the U.S. postal service. It's also actively exploring more futuristic options, such as delivery drones and driverless vehicles.

In its quest to create the perfect customer experience, Amazon pursues endless innovation. For example, take Amazon Key. For as little as \$199, the Amazon Key kit comes with Amazon's new Cloud Cam and a compatible smart door lock. Once installed, it lets Amazon's delivery people unlock customers' doors and leave packages inside, safely out of the reach of porch pirates or inclement weather. Once a delivery is made, the customer receives a notification along with a short video showing the drop-off.

As Walmart and other store retailers are increasingly invading Amazon's digital domain, the online retailer is now invading their brick-and-mortar worlds. It knows that a complete customer relationship will require merging online and offline selling into the seamless cross-channel shopping experience that today's consumers expect. For example, Amazon purchased upscale grocery chain Whole Foods Market, which not only accelerates its push into grocery retailing but also provides a physical store platform for the selling and

more speedy delivery of other kinds of goods. Amazon is also opening AmazonBooks bookstores and AmazonGo grocery stores, which provide a new twist on convenience by using cameras and sensors to detect what customers take from shelves and let them "just walk out," automatically charging purchases to their accounts.

So what sweeping new customer-pleasing changes can you expect from Amazon in the next 10 years? According to Bezos, that's not the most important question. The more important question is what's *not* going to change? And at Amazon, that's creating real customer value. "We know that customers want low prices," says Bezos, "and I know that's going to be true 10 years from now. They want fast delivery; they want vast selection. And so...we know the energy we put into [those things] today will still be paying off dividends for our customers 10 years from now."

Thus, Amazon has become the poster child for companies that are obsessively and successfully focused on delivering customer value. "Our customers are loyal to us right up until the second somebody offers them a better service," says Bezos. "And I love that. It's super-motivating for us." He concludes, "When things get complicated, we simplify them by asking, 'What's best for the customer?' We believe that if we do that, things will work out in the long term."¹

Today's successful companies have one thing in common: Like Amazon, they are strongly customer focused and heavily committed to marketing. These companies share a passion for satisfying customer needs in well-defined target markets. They motivate everyone in the organization to help build lasting customer relationships based on creating value.

Customer relationships and value are especially important today. Facing dramatic technological advances and deep economic, social, and environmental challenges, today's customers are reassessing how they engage with brands. New digital, mobile, and social media developments have revolutionized how consumers shop and interact, in turn calling for new marketing strategies and tactics. It's now more important than ever to build strong customer engagement, relationships, and advocacy based on real and enduring customer value.

We'll discuss the exciting new challenges facing both customers and marketers later in the chapter. But first, let's introduce the basics of marketing.

Author Comment

Pause here and think about how you'd answer this question before studying marketing. Then see how your answer changes as you read the chapter.

What Is Marketing?

OBJECTIVE 1-1 Define marketing and outline the steps in the marketing process.

Marketing, more than any other business function, deals with customers. Although we will soon explore more detailed definitions of marketing, perhaps the simplest definition is this one: Marketing is engaging customers and managing profitable customer relationships. The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering value and satisfaction.

For example, Amazon dominates the online marketplace by creating a world-class online buying experience that helps customers to "find and discover anything they might want to buy online." Facebook has attracted more than 2 billion active web and mobile users worldwide by helping them to "connect and share with the people in their lives." And Starbucks dominates the U.S. out-of-home coffee market by "creating a culture of warmth and belonging, where everyone is welcome."²

Sound marketing is critical to the success of every organization. Large for-profit firms such as Google, Target, Coca-Cola, Procter & Gamble, and Microsoft use marketing. But so do not-for-profit organizations, such as colleges, hospitals, museums, symphony orchestras, and even churches.



» Marketing is all around you, in good old traditional forms and in a host of new forms, from websites and mobile apps to online videos and social media.

Leung Cho Pan/123 RF

You already know a lot about marketing—it’s all around you. Marketing comes to you in the good old traditional forms: You see it in the abundance of products at your nearby shopping mall and the ads that fill your TV screen, spice up your magazines, or stuff your mailbox. » But in recent years, marketers have assembled a host of new marketing approaches, everything from imaginative websites and smartphone apps to blogs, online videos, and social media. These new approaches do more than just blast out messages to the masses. They reach you directly, personally, and interactively. Today’s marketers want to become a part of your life and enrich your experiences with their brands. They want to help you live their brands.

At home, at school, where you work, and where you play, you see marketing in almost everything you do. Yet there is much more to marketing than meets the consumer’s casual eye. Behind it all is a massive network of people, technologies, and activities competing for your attention and purchases. This book will give you a complete introduction to the basic concepts and practices of today’s marketing. In this chapter, we begin by defining marketing and the marketing process.

Marketing Defined

What *is* marketing? Many people think of marketing as only selling and advertising. We are bombarded every day with TV commercials, catalogs, spiels from salespeople, and online pitches. However, selling and advertising are only the tip of the marketing iceberg.

Today, marketing must be understood not in the old sense of making a sale—“telling and selling”—but in the new sense of satisfying customer needs. If the marketer engages consumers effectively, understands their needs, develops products that provide superior customer value, and prices, distributes, and promotes them well, these products will sell easily. In fact, according to management guru Peter Drucker, “The aim of marketing is to make selling unnecessary.”³ Selling and advertising are only part of a larger marketing mix—a set of marketing tools that work together to engage customers, satisfy customer needs, and build customer relationships.

Broadly defined, marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value-laden exchange relationships with customers. Hence, we define **marketing** as the process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return.⁴

Marketing

The process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return.

The Marketing Process

» **Figure 1.1** presents a simple, five-step model of the marketing process for creating and capturing customer value. In the first four steps, companies work to understand consumers, create customer value, and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for consumers, they in turn capture value from consumers in the form of sales, profits, and long-term customer equity.

In this chapter and the next, we examine the steps of this simple model of marketing. In this chapter, we review each step but focus more on the customer relationship steps—understanding customers, engaging and building relationships with customers, and capturing value from customers. In Chapter 2, we look more deeply into the second and third steps—designing value-creating marketing strategies and constructing marketing programs.



This important figure shows marketing in a nutshell. By creating value *for* customers, marketers capture value *from* customers in return. This five-step process forms the marketing framework for the rest of the chapter and the remainder of the text.

» Figure 1.1 The Marketing Process: Creating and Capturing Customer Value

Author Comment

Marketing is all about creating value for customers. So, as the first step in the marketing process, the company must fully understand customers and the marketplace.

Understanding the Marketplace and Customer Needs

OBJECTIVE 1-2 Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

As a first step, marketers need to understand customer needs and wants and the marketplace in which they operate. We examine five core customer and marketplace concepts: (1) needs, wants, and demands; (2) market offerings (products, services, and experiences); (3) value and satisfaction; (4) exchanges and relationships; and (5) markets.

Needs

States of felt deprivation.

Wants

The form human needs take as they are shaped by culture and individual personality.

Demands

Human wants that are backed by buying power.

Customer Needs, Wants, and Demands

The most basic concept underlying marketing is that of human needs. Human **needs** are states of felt deprivation. They include basic physical needs for food, clothing, warmth, and safety; social needs for belonging and affection; and individual needs for knowledge and self-expression. Marketers did not create these needs; they are a basic part of the human makeup.

Wants are the form human needs take as they are shaped by culture and individual personality. An American needs food but wants a Big Mac, fries, and a soft drink. A person in Papua, New Guinea, needs food but wants taro, rice, yams, and pork. Wants are shaped by one's society and are described in terms of objects that will satisfy those needs. When backed by buying power, wants become **demands**. Given their wants and resources, people demand products and services with benefits that add up to the most value and satisfaction.

Companies go to great lengths to learn about and understand customer needs, wants, and demands. They conduct consumer research, analyze mountains of customer data, and observe customers as they shop and interact, offline and online. People at all levels of the company—including top management—stay close to customers:⁵



» Staying close to customers: Energetic Target CEO Brian Cornell makes regular unannounced visits to Target stores, accompanied by local moms and loyal Target shoppers.

Ackerman + Gruber

To see up close what their customers experience, Airbnb's CEO Brian Chesky and his co-founder Joe Gebbia regularly stay at the company's host locations. When Airbnb first listed rentals back in 2009, Chesky and Gebbia personally visited all of their New York hosts, staying with them, writing reviews, and making sure they lived up to the company's lofty vision. Such personal visits help the pair to shape new customer solutions based on real user experience. » Similarly, Target's energetic CEO, Brian Cornell, makes regular unannounced visits to Target stores, accompanied by local moms and loyal Target shoppers. Cornell likes nosing around stores and getting a real feel for what's going on. It gives him "great, genuine feedback." He and other Target executives even visit customers in their homes, opening closet doors and poking around in cupboards to understand their product choices and buying habits.

Market Offerings—Products, Services, and Experiences

Market offerings

Some combination of products, services, information, or experiences offered to a market to satisfy a need or want.

Marketing myopia

The mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.

Consumers' needs and wants are fulfilled through **market offerings**—some combination of products, services, information, or experiences offered to a market to satisfy a need or a want. Market offerings are not limited to physical products. They also include services—activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Examples include banking, airline, hotel, retailing, and home repair services.

More broadly, market offerings also include other entities, such as persons, places, organizations, information, ideas, and causes. For example, to market the cause of suicide prevention, rapper Logic worked with the National Suicide Prevent Lifeline (NSPL) to create a seven-minute online public service video embedded with his song “1-800-273-8255,” the NSPL phone number. The results of this lone song and video were staggering. On the day the song and video were released, calls to the Lifeline shot up more than 25 percent, and Google searches for the number doubled. In the following months, visits to the NSPL website increased more than 30 percent.⁶

Many sellers make the mistake of paying more attention to the specific products they offer than to the benefits and experiences produced by these products. These sellers suffer from **marketing myopia**. They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs.⁷ They forget that a product is only a tool to solve a consumer problem. A manufacturer of quarter-inch drill bits may think that the customer needs a drill bit. But what the customer *really* needs is a quarter-inch hole. These sellers will have trouble if a new product comes along that serves the customer's need better or less expensively. The customer will have the same *need* but will *want* the new product.

Smart marketers look beyond the attributes of the products and services they sell. By orchestrating several services and products, they create brand experiences for consumers.

For example, your local Buffalo Wild Wings restaurant doesn't just serve up wings and beer; it gives customers the ultimate “Wings. Beer. Sports.” fan experience (see Marketing at Work 1.1). And the Walt Disney World Resort doesn't just offer amusement park rides, it uses its famed Disney magic to create carefully orchestrated family experiences:⁸

» Each year, more than 40 million people flock to the Walt Disney World Resort, making it the world's number one tourist attraction. What brings so many people to Disney World? Part of the answer lies in its many attractions. The resort's four major theme parks—Magic Kingdom, Epcot, Disney's Hollywood Studios, and Disney's Animal Kingdom—brim with such attractions as the Expedition Everest, Twilight Zone Tower of Terror, Space Mountain, Soarin', Toy Story Mania, Spaceship Earth, Kilimanjaro Safaris, and Star Tours. But the real “Disney Magic” lies in the company's obsessive dedication to “make people happy” and to “make dreams come true.”

Disney goes to extremes to fulfill guests' very high expectations and dreams. Employees are carefully trained in how to do the hard work of helping people have fun. They are taught to be enthusiastic, helpful, and always friendly. They learn that they are in the entertainment business and that they are “cast members” whose job is to be enthusiastic, knowledgeable, and professional in serving Disney's “guests.” Each cast member, they learn, plays a vital role in the Disney World “show,” whether it's as a “security host” (police), “transportation host” (driver), “custodial host” (street cleaner), or “food and beverage host” (restaurant worker). Thus, you don't just visit Walt Disney World Resort; you immerse yourself in a carefully choreographed experience—a world of wonder where dreams come true and things still work the way they should.



» **Marketing experiences:** You don't just visit Walt Disney World Resort; you immerse yourself in a carefully choreographed experience—a world where dreams come true and things still work the way they should.

Sunshine/Alamy Stock Photo

Customer Value and Satisfaction

Consumers usually face a broad array of products and services that might satisfy a given need. How do they choose among these many market offerings? Customers form expectations about the value and satisfaction that various market offerings will deliver and buy accordingly. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers often switch to competitors and disparage the product to others.

MARKETING AT WORK

1.1

Buffalo Wild Wings: Fueling the Sports Fan Experience

“Wings. Beer. Sports.” That’s the long-standing motto for the fast-growing Buffalo Wild Wings restaurant chain. “B-Dubs”—as it’s known to avid regulars—focuses on food and sports and “everything in between.”

There’s no doubt about it. Buffalo Wild Wings more than lives up to the “wings” and “beer” parts of the equation. It serves up wings in an abundant variety: boned or boneless, with five dry seasonings and 17 signature sauces ranging on the heat scale from Sweet BBQ (traditional BBQ sauce: satisfyingly sweet with no heat) to Desert Heat (smoky, sweet, and chili pepper seasoning) to Reformulated Blazin’ (so good it’s scary—made with the unrelenting heat of the ghost pepper). To wash it all down, each B-Dubs restaurant pours as many as 30 different draft beers, with a full selection of domestic, import, and craft beer brands. You won’t go hungry or thirsty at B-Dubs.

However, the Buffalo Wild Wings recipe for success goes much deeper than just selling wings and beer for profit. What really packs ‘em in and keeps ‘em coming back is the B-Dubs customer experience. Customers do gobble up the wings—more than 13.5 million wings chain-wide on last Super Bowl Sunday alone. But even more important, they come to B-Dubs to watch sports, trash talk, cheer on their sports teams, and meet old friends and make new ones—that is, a total eating and social experience. “We realize that we’re not just in the business of selling wings,” says the company. “We’re something much bigger. We’re in the business of fueling the sports fan experience. Our mission is to WOW people every day!”

Everything about B-Dubs is designed to deliver the ultimate sports experience, for any fan of any sport. The WOW begins the minute you step into any of Buffalo Wild Wings’s 1,230 restaurants. This is not your average dark-and-dank sports bar. Instead, a B-Dubs is like a miniature stadium, with high ceilings, ample natural light, and brightly colored furnishings and wall coverings. The newest Buffalo Wild Wings “Stadia” restaurants are divided into barrier-free zones—including a bar area and a separate dining area. And every B-Dubs has 60 to 70 really big flat-screen TVs lining the walls, over the bar, and about everywhere else, ensuring that every table has the best seat in the house no matter what your team or sport, including live streaming of local college and even high school events. B-Dubs creates an exciting environment that makes it the next best thing to being at the game—or something even better.

There’s an experience for everyone at Buffalo Wild Wings. The chain appeals to a wide range of customers, from pub-loving sports nuts to families looking for an affordable evening out. Singles and couples gravitate to the bar area; families stick to the carpeted areas with booths. In addition to streaming sports events of all kinds on the big screens, B-Dubs supplies tableside tablets upon which customers can play poker or trivia games. A social jukebox feature lets guests control the music that plays on the restaurant’s sound system.

It seems like there’s always something happening in a B-Dubs to engage customers and enhance the experience. Take the chain’s infamous Blazin’ Wing Challenge—which promises a trophy-style T-shirt and a place on the Wall of Fame to any customer who can down a dozen wings with the chain’s hottest signature sauce in no more than six minutes. That’s no easy feat considering that the Blazin’ sauce is 60 times hotter than typical jalapeño sauce. During the six-minute binge, challengers are not allowed to use napkins or utensils, touch their faces, or eat or drink anything other than the wings (no dipping sauces, please). The menu boasts plenty of warnings, and servers advise most people not to even attempt the challenge. And before taking the plunge, each challenger signs a waiver agreeing that he or she “voluntarily assumes all risk of loss, damage, injury, illness, or death that may be sustained by him or her as a result.” As you can imagine, when a challenge is announced over the PA, it usually draws a crowd.

Buffalo Wild Wings never rushes its guests. Whereas many other casual-dining restaurants have a “turn-and-burn” philosophy—cycling as many paying guests as possible through each table—at B-Dubs it’s just the opposite. Buffalo Wild Wings encourages people to linger longer, enjoy the food, and soak up the ambiance.

To help make that happen, the chain has created a special staff position at each restaurant. In addition to the usual wait-staff, each table has a “Guest Experience Captain.” The captain is like a host at any party, moving from table to table, chatting with guests, personalizing their experiences, and making sure their needs are met. Want a special game on one screen with another game on the screen next to it? Your Guest Experience Captain sees to it. Need help with a tablet? Your captain lends



» Customer-focused mission: The Buffalo Wild Wings mission is to provide a total eating and social environment that “fuels the sports fan experience” through in-store and online engagement.

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a hand. Want to try some new sauces? Your captain will make suggestions and even bring out samples of different sauces with complimentary fries for dipping.

Adding Guest Experience Captains is a major expense, especially when multiplied across shifts in all 1,230 stores. But Buffalo Wild Wings reasons that the captains will more than pay for themselves by enhancing the all-important guest experience, keeping customers around longer, and bringing them back more often. Buffalo Wild Wings restaurants with captains are achieving record levels of customer satisfaction and loyalty compared with those that have not yet brought captains on board.

True to its “ultimate sports experience” mission, Buffalo Wild Wings actively engages its customers digitally and socially outside its restaurants as well as inside. In fact, the company brags that it’s the number-one brand in its industry for digital fan engagement. B-Dubs’s very active website draws 3 million visitors per month. The brand has more than 12 million Facebook fans, 699,000 Twitter followers, and very active YouTube and Instagram pages. It recently launched GameBreak, an app for fantasy football and other games that can be played inside or outside its restaurants. GameBreak players visit more often, stay longer, and tend to buy maybe one more basket of wings or that second or third beer. In all, Buffalo Wild Wings creates a host of both in-store and online promotions that inspire

camaraderie. “It’s about giving [customers] tools to not just be spectators but advocates of the brand,” says the chain.

Catering to the customer experience has paid big dividends for Buffalo Wild Wings. B-Dubs is now the nation’s number-one seller of chicken wings and largest pourer of draft beer. Over the past five years, as other casual-dining restaurants have struggled with fierce competition and slow growth, B-Dubs’s sales have jumped 250 percent and profits have tripled. The chain’s “hot-test wing coating available comes with a warning to B-Dubs’ customers: ‘keep away from eyes, pets, and children.’ The sauce is called ‘Blazin’,” says one analyst. “That term also happens to be a good description of the [brand’s] performance lately.”

Sources: “Super Bowl’s Annual Buffalo-Wing Binge Eased by Lower Prices,” *Advertising Age*, February 2, 2018, <http://adage.com/article/special-report-super-bowl/super-bowl-s-annual-buffalo-wing-binge-eased-lower-prices/312209>; Demitrios Kalogeropoulos, “3 Reasons Buffalo Wild Wings Can Keep Soaring in 2015,” *The Motley Fool*, January 9, 2015, www.fool.com/investing/general/2015/01/09/3-reasons-why-buffalo-wild-wings-can-keep-soaring.aspx; Bryan Gruley, “The Sloppy Empire: How Buffalo Wild Wings Turned the Sports Bar into a \$1.5 Billion Juggernaut,” *Bloomberg Businessweek*, April 13–19, 2015, pp. 62–65; Tanya Dua, “The Buffalo Wild Wings Recipe for the ‘Ultimate Sports Experience,’” August 4, 2015, <https://digiday.com/marketing/buffalo-wild-wings-recipe-ultimate-sports-experience/>; and www.22squared.com/work/project/buffalo-wild-wings; <http://ir.buffalowildwings.com/financials.cfm>, <http://worldwidewingsus.com/default.aspx?Page=About>, and <http://www.buffalowildwings.com/en/>, accessed September 2018.

Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. If they set expectations too high, buyers will be disappointed. Customer value and customer satisfaction are key building blocks for developing and managing customer relationships. We will revisit these core concepts later in the chapter.

Exchanges and Relationships

Marketing occurs when people decide to satisfy their needs and wants through exchange relationships. **Exchange** is the act of obtaining a desired object from someone by offering something in return. In the broadest sense, the marketer tries to bring about a response to some market offering. The response may be more than simply buying or trading products and services. A political candidate, for instance, wants votes; a church wants membership and participation; an orchestra wants an audience; and a social action group wants idea acceptance.

Marketing consists of actions taken to create, maintain, and grow desirable exchange relationships with target audiences involving a product, service, idea, or other object. Companies want to build strong relationships by consistently delivering superior customer value. We will expand on the important concept of managing customer relationships later in the chapter.

Markets

The concepts of exchange and relationships lead to the concept of a market. A **market** is the set of actual and potential buyers of a product or service. These buyers share a particular need or want that can be satisfied through exchange relationships.

Marketing means managing markets to bring about profitable customer relationships. However, creating these relationships takes work. Sellers must search for and engage buyers, identify their needs, design good market offerings, set prices for them, promote them, and store and deliver them. Activities such as consumer research, product development, communication, distribution, pricing, and service are core marketing activities.

Exchange

The act of obtaining a desired object from someone by offering something in return.

Market

The set of all actual and potential buyers of a product or service.