

# PART

## **PART 1** Initiating the Marketing Process

## **PART 2** Understanding Buyers and Markets

## **PART 3** Targeting Marketing Opportunities

## **PART 4** Satisfying Marketing Opportunities



# 1

# INITIATING THE MARKETING PROCESS

## HOW PART 1 FITS INTO THE BOOK

Laying the foundation for the entire book, chapters in Part 1 explain what marketing and the strategic marketing process are, and relate the importance of environmental, ethical, and social responsibility factors to a manager's marketing actions.

### CHAPTER 1

Creating Customer Relationships and Value through Marketing

### CHAPTER 2

Developing Successful Marketing and Corporate Strategies

### APPENDIX A

Building an Effective Marketing Plan

### CHAPTER 3

Scanning the Marketing Environment



TEST!

Next week

see the

Your body copy does the same sort of persuasive work for a host of other products. In a television commercial, body copy is normally a powerful combination of video and audio, although sometimes all of the selling can be done by video, or by video with a minor contribution by audio.

### Body Copy Follows Pattern Set by the Headline and Illustration

Copy direction and the type of copy will be set by the direction of the headline and illustration. Once you have decided upon a good headline and illustrative device, the direction of the body copy will not require much choosing. For example, if you use a direct selling, factual headline, your body text will usually be most effective if it, too, is factual. Make it back up your headline claims immediately.

As an example, read the following headline and opening body copy.

**How to enhance your exterior environment  
Send for our Small Building Catalog  
and discover easy-to-assemble garden  
houses, storage spaces, cabanas, and much  
more. There's an architect-designed small  
building for every use.**

Likewise, if you employ an offbeat or a curiosity element in your headline and/or illustration, your body copy should explain the connection before you get into your selling arguments.

Setting the direction of your body copy requires careful planning. Logic will show you that effective body copy, in the main, follows the pattern established by the headline and illustration.

### Be Able to Write Any Type of Copy

You are going to discover—if you are like most copywriters—that you write one or more types of copy better than others. The question then arises: Should you try to write the others?

No matter what kind of copywriting you get into—advertising, retail, mail order, or direct mail—you will find that your daily routine may call for all types of copy. The product you will be asked to sell will not lend themselves to one specific style of copy in headline and illustration copy.

Have you ever noticed you may have more fun writing a letter to a customer than you do writing a headline? There are few places for a headline copywriter to find the nation's big advertising opportunities.

To be more sure of your future, you should be versatile. Naturally, the advertisements describing your sample book will demonstrate the type of copy you write best. Your seniors in the business will certainly recognize your skill in handling certain types of work and will make that recognition evident in the assignments they give you. But the more proficient in writing keyed to all the various categories.

### Be Believable

One of the most common errors made by copy people is that of *overclaiming*. When you create an advertisement, you have two objectives: 1) to create the attention of your readers from whatever else they may be thinking about, and 2) to persuade them into some sort of action or belief. Your job is to be credible, competitive, as you are, to the rest of the magazine or newspaper, but also against the ingenuity and skill of other trained and imaginative copywriters. In this competitive situation, it is easy for copywriters to be foolishly enthusiastic in making claims that simply cannot stand up. They are often encouraged in such extravagances by clients, who may take a somewhat inflated view of their own product's attributes.

In almost every one of the major copy categories, you can find examples of flagrant violations of good taste and sound selling principles. Copy that is intended to sell the endorsement of someone, real or imaginary, is a particular offender.

However, claims for a product that are so bombastic that they appear to be made up rather than by its manufacturer often seem more believable and claim of a manufacturer, but when a testimonial, it is more noticeable if the straight claim of a manufacturer rings out in such cases. Regardless of the selling method to be chosen.

### Don't Promise More for the Product Than You Can Deliver

If you are writing advertisements for a product, for example, be certain that what you say about it is recognizable to people when they try it. It must do more than produce a consumer, it must produce a satisfied consumer, or it fails to accomplish for which it was intended. If you say of your soft drink, "Once you taste the completely new and different flavor of Gulp, all other drinks will seem flat and insipid."

Your experience, common sense, and practical analysis of what the public will not get in that beverage will tell you that the public will not get that kind of reaction from a bottle of Gulp. If consumers

## CHAPTER

# 1

# CREATING CUSTOMER RELATIONSHIPS AND VALUE THROUGH MARKETING

### LEARNING OBJECTIVES

After reading this chapter you should be able to:

- 1 Define marketing and identify the requirements for marketing to occur.
- 2 Explain how marketing discovers and satisfies consumer needs.
- 3 Distinguish between marketing mix elements and environmental forces.
- 4 Explain how organizations build strong customer relationships and customer value through marketing.
- 5 Describe how today's customer era differs from prior eras oriented to production and selling.

### A MARKETING AND PRODUCT PUZZLE: HOW DO COLLEGE STUDENTS STUDY?

3M inventor David Windorski faced a curious challenge—trying to understand how college students study! And then designing a useful product that helps improve their studying.

But that was only part of his challenge. True, he needed useful details on how college students do their day-to-day studying, including preparing for exams. But he also wanted to identify ways to convert his knowledge about student study habits into a product they would find useful and that could use 3M's technology and be manufactured and marketed by 3M.

Sound simple? Perhaps! But David Windorski spent several years of his life moving the idea gleaned from marketing research on students to an actual product.<sup>1</sup>

After a quick look at how the original Post-it® Notes came to be, let's follow Windorski's winding path through the marketing research, technical research and development, manufacturing, and marketing that resulted in his innovative Post-it® brand products.

### The Legend: The Product Nobody Seemed to Want

In a surprising, oft-told success story, 25 years ago another 3M inventor, Art Fry, discovered a curious adhesive in his laboratory. It was an adhesive that would stick temporarily with finger pressure, unstick with a simple tug without leaving a mark, and restick when wanted. 3M, the world leader in adhesive technology,





3M Post-it® Notes or  
Post-it® Flags

+



Felt Tip Highlighters

=

What  
will  
the  
product  
be

???

3M Product that will  
combine Post-it® Notes  
or Post-it® Flags and  
highlighters

For the creative way a student project helped lead to a new product for college students using 3M's technology, see the text.

manufactures and markets hundreds of adhesive products from Scotch® brand Magic™ Tape to Nexcare™ Tattoo™ Waterproof Bandages for kids.

What was the problem with Art Fry's "restickable" adhesive technology? He used his restickable slips to mark hymns for him to sing with his church choir. But problems existed for his restickable slips because no one at 3M could figure out:

1. Who might use the restickable slips.
2. How, when, and where they might be used.

Finally, 3M got the idea to mail some of these slips to the secretaries of the chief executive officers of the 500 largest corporations in the United States to see if they wanted and could use them. The resounding "Yes, we love them" answers resulted in today's 3M Post-it® Notes—and the 3M division that generates the largest revenues and profits in the company.

**Discovering Student Studying Needs** Fast-forward to David Windorski's challenge in late 2001. As an inventor of Post-it® brand products, Windorski was seeking ways to design new products for college students. He had some creative "thinking time" under 3M's "15% Rule" in which inventors can use up to 15 percent of their time to do initially unfunded research that might lead to marketable 3M products. Working with a team of four college students, Windorski and the team observed and questioned dozens of students about how they studied—how they used their textbooks, how they wrote and used their lecture notes, how they did research and wrote papers, how they reviewed for exams, and so on.

Let's listen to Windorski describe what college students were telling him about their studying habits that might lead to a new Post-it® product:

The basic idea for the product comes from students' studying behavior. What they often do is highlight a page in their book or their notes and then they can't find the important page after they highlighted it. So it's kind of natural behavior to highlight a passage and then mark the page with a Post-it® Note or Post-it® Flag of some kind. So it's reasonable to put Post-it® products together with a highlighter to have two functions in one.

**Satisfying Student Studying Needs** OK, but then how do you enhance a highlighter to be useful for students in their studying? This is exactly the question David Windorski had to solve with his inventive mind.

Designing a marketable product for students was not done overnight. In fact, it took Windorski a few years of creativity, hard work, and attention to countless details. He started by trying to attach a pad of small Post-it® Flags to the top of a highlighter. This design combined the two products but had a giant drawback: The combination was awkward and the Post-it® Flags would probably tear off when bouncing around in students' backpacks.

So Windorski went back to his drawing board—or more literally, to wood blocks and modeling clay. Some of his early models are shown in the photo. A wooden mock-up—a nonworking model—showed Windorski how the 2-in-1

3M inventor David Windorski holds some of his early models that combined Post-it® brand products and highlighters.





Besides the college student segment, can 3M use its technology to reach the office segment? 3M's marketing programs for these two segments appear later in the chapter.

product would feel. Then he modeled the product in clay, which featured two revolutionary ideas: (1) using *small* Post-it® Flags rather than the larger Post-it® Notes and (2) putting the Post-it® Flags *inside* the barrel of the highlighter.

Was this the finished product? Not at all! There were many more breakthroughs and dead ends in Windorski's search for the 2-in-1 highlighter plus Post-it® Flags before he had a 3M product that students could actually use in studying. And he had a lot more work to produce a few hundred working products that students could actually try and tell him what they liked and didn't like about the product.

But Windorski had taken some giant steps in trying not only (1) to discover students' needs for his product but also (2) to satisfy those needs for a practical, useful product. He was also starting to wonder if his ideas might be extended to apply to a possible product for office workers. Later in the chapter we'll see both what products resulted from his innovative thinking and 3M's marketing plan that gets his products into the hands of students and other consumers.

**3M's Technology, Marketing, and You** What marketing strategy is the 3M Post-it® marketing team using today? By the time you reach the end of this chapter, you will know some of the answers to this question.

One key to how well 3M succeeds lies in the subject of this book: marketing. In this chapter and in the rest of the book we'll introduce you to many of the people, organizations, ideas, and activities in marketing that have spawned the products and services that have been towering successes, shattering failures, or something in between. And who knows? Somewhere in the pages of this textbook you may find a career.

## WHAT IS MARKETING?

Here's some good news: In many respects you are a marketing expert already because you do many marketing activities every day. For example, would you sell more high-definition 42-inch plasma Panasonic TVs for \$3,999 or \$999 each? You answered \$999, right? And because of your good experiences with your past Panasonic TVs, you'd seriously consider the plasma Panasonic TV.<sup>2</sup> So your experience in shopping for products already gives you great insights into the world of marketing. As a consumer, you've already been involved in thousands of marketing decisions—but mainly on the buying, not the selling, side. But just to test your expertise, try the “marketing expert” questions in Figure 1–1. You'll find the answers in the next few pages.

The bad news is, good marketing isn't always easy. In 3M's case, it's easy to talk about finding new applications for 3M's technologies but not so simple to do. One of 3M's strategies is to market Post-it® brand products designed for the special needs of different groups, or segments, of users. What special features might 3M build into a Post-it® product for (1) the college student segment and (2) the office worker segment? Give some thought to this. We'll analyze 3M's strategies for these two segments later in the chapter.

**FIGURE 1–1**

The see-if-you're-really-a-marketing-expert test

Answer the questions below. The correct answers are given later in the chapter.

1. True or false. You can now buy a robotic floor washer that scrubs your hard-surface floor better than you can mop it—even when you're not there!
2. Eating, talking on a cell phone, changing a CD, and other distracted driving behaviors account for what percentage of auto accidents each year according to the National Highway Traffic Safety Administration?  
(a) 5%, (b) 10%, (c) 30%, (d) 50%.
3. True or false. The 60-year lifetime value of a loyal Kleenex customer is \$994.
4. To be socially responsible, 3M puts what recycled material into its very successful ScotchBrite® Never Rust™ Soap Pads? (a) aluminum cans, (b) steel-belted tires, (c) plastic bottles, (d) computer screens.



## Marketing: Using Exchanges to Satisfy Needs

### marketing

*Provides value to customers through close relationships with them to benefit the organization and those closely related to it*

### exchange

*Trade of things of value between buyer and seller so that each is better off*

The American Marketing Association, representing marketing professionals, states that “**marketing** is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”<sup>3</sup> Many people incorrectly believe that marketing is the same thing as advertising or personal selling; this definition shows marketing to be a far broader activity. This definition stresses the importance of delivering genuine value in the goods, services, and ideas marketed to customers. Also, note that the organization doing the marketing and the stakeholders affected—such as customers, employees, suppliers, and shareholders—should both benefit.

To serve both buyers and sellers, marketing seeks (1) to discover the needs and wants of prospective customers and (2) to satisfy them. These prospective customers include both individuals buying for themselves and their households, and organizations that buy for their own use (such as manufacturers) or for resale. The key to achieving these two objectives is the idea of **exchange**, which is the trade of things of value between buyer and seller so that each is better off after the trade.

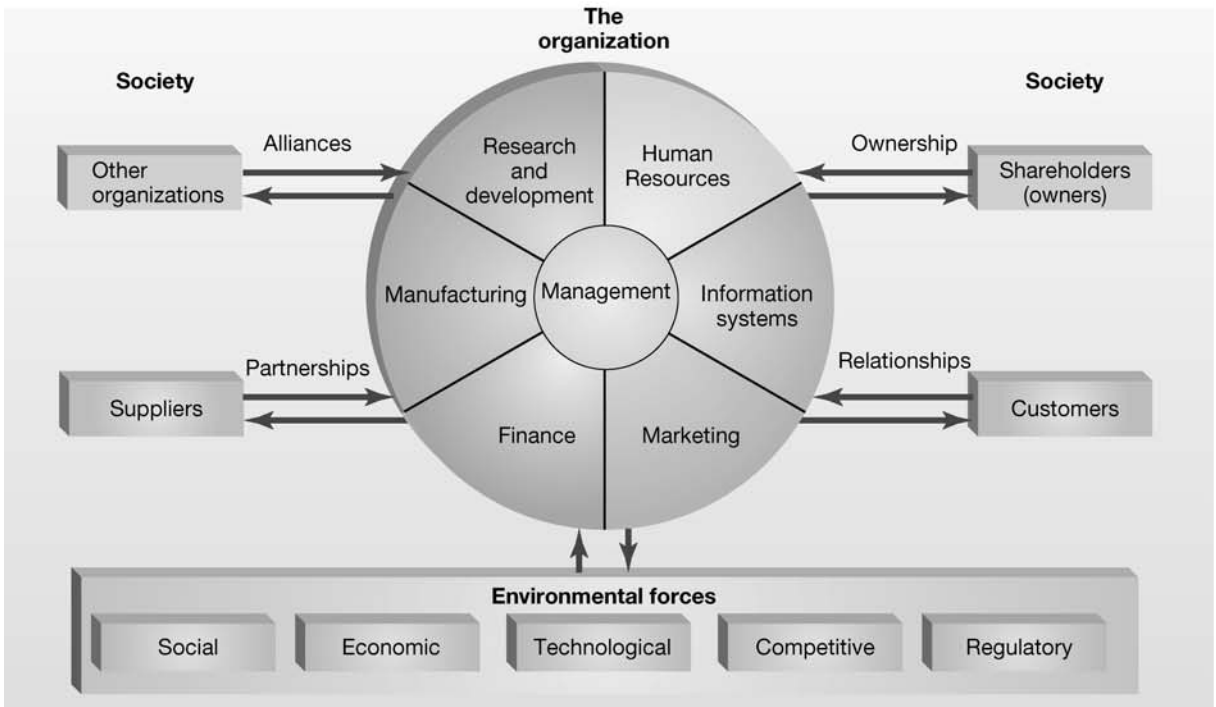
## The Diverse Forces Influencing Marketing Activities

Although an organization’s marketing activity focuses on assessing and satisfying consumer needs, countless other people, groups, and forces interact to shape the nature of that activity (Figure 1–2). Foremost is the organization itself, whose mission and objectives determine what business it is in and what goals it seeks to achieve. Within the organization, management is responsible for establishing these goals. The marketing department works closely with a network of other departments and employees to help provide the customer-satisfying products required for the organization to survive and prosper.

Figure 1–2 also shows the key people, groups, and forces outside the organization that influence marketing activities. The marketing department is responsible for developing relationships with the organization’s customers, shareholders, suppliers, and other organizations. Environmental forces, which consist of social, technological, economic, competitive, and regulatory, also influence marketing activities.

**FIGURE 1–2**

An organization’s marketing department relates to many people, groups, and forces



economic, competitive, and regulatory forces, also shape an organization's marketing activities. Finally, an organization's marketing decisions are affected by and also impact society as a whole.

The organization must strike a continual balance among the sometimes differing interests of these individuals and groups. For example, it is not possible to simultaneously provide the lowest-priced and highest-quality products to customers and pay the highest prices to suppliers, highest wages to employees, and maximum returns to shareholders.

### Concept Check

1. What is marketing?
2. Marketing focuses on \_\_\_\_\_ and \_\_\_\_\_ consumer needs.

## HOW MARKETING DISCOVERS AND SATISFIES CONSUMER NEEDS

The importance of discovering and satisfying consumer needs is so critical to understanding marketing that we look at each of these two steps in detail next.

### Discovering Consumer Needs

The first objective in marketing is discovering the needs of prospective consumers. This is far more difficult than it sounds.

Discovering consumer needs may look easy, but when you get down to the specifics of developing new products, problems crop up. For one thing, consumers may not always know or be able to describe what they need and want. When Apple built its first Apple II personal computer and started a new industry, consumers didn't really know what the benefits would be. So they had to be educated and to learn how to use personal computers. Also, Bell, a U.S. bicycle helmet maker, has listened to its customers, collected hundreds of their ideas, and put several into its new products.<sup>4</sup> This is where effective marketing research, the topic of Chapter 8, can help.

**The Challenge of Meeting Consumer Needs with New Products** New-product experts generally estimate that up to 94 percent of the more than 33,000 new consumable products (food, beverage, health, beauty, and other household and pet products) introduced in the United States annually "don't succeed in the long run."<sup>5</sup> Robert M. McMath, who has studied more than 70,000 of these new-product launches, has two key suggestions: (1) focus on what the customer benefit is, and (2) learn from the past.<sup>6</sup>

The solution to preventing such product failures seems embarrassingly obvious. First, find out what consumers need and want. Second, produce what they need and want, and don't produce what they don't need and want. This is far more difficult than it sounds. The four products shown on the next page illustrate just how hard it is to achieve new-product success, a topic covered in more detail in Chapter 10.

Without reading further, think about the potential benefits to customers and possible "showstoppers"—factors that might doom the product—for each of the four products pictured. Some of the products may come out of your past, and others may be on your horizon. Here's a quick analysis of the four new products, sometimes with comments adapted from McMath:

- *Dr. Care Toothpaste.* As a result of extensive research, Dr. Care family toothpaste in its aerosol container was introduced two decades ago. The vanilla-mint-flavored product's benefits were advertised as being easy to use and sanitary. Pretend for a minute that you are five years old and left alone in the bathroom to brush your teeth using your Dr. Care toothpaste. Hmm! Apparently, surprised parents were not enthusiastic about the bathroom wall paintings by their future Rembrandts—a showstopper that doomed this creative product.<sup>7</sup>



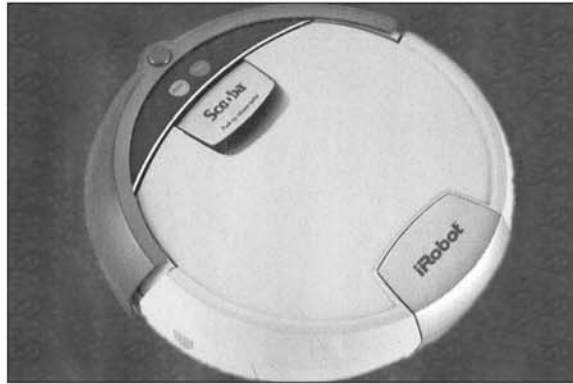
For these four products, identify (1) what benefits the product provides buyers and (2) what “showstoppers” might kill the product in the marketplace. Answers are discussed in the text.



Vanilla-mint-flavored toothpaste in an aerosol container



Meat and cheese microwaveable sandwiches



Robotic floor washer



Reduced-carb cola with some sugar

- *Hot Pockets*. Introduced in 1983, these convenient meat and cheese microwaveable sandwiches are a favorite brand among students. More than 20 varieties have been introduced, from Hot Pockets Pizza Snacks to Hot Pockets subs. A none-too-serious potential showstopper: Excessive ice crystals can form on the product due to variations in freezer temperatures; if this happens and the sandwich is thawed before eaten, it may not taste as good.<sup>8</sup>
- *iRobot's Scooba™ Robotic Floor Washer*. Introduced during the 2005 Holiday season, the Scooba robotic floor washer vacuums, washes, scrubs, and dries a hard-surface floor in a single operation (question 1, Figure 1-1). At \$259.99 the Scooba does a better job than a mop, which just spreads the dirt around according to Scooba's manufacturer. Possible showstoppers: Because the Scooba has limited “robotic intelligence,” it can get stuck under furniture until the consumer releases it and dirt in corners is a problem.<sup>9</sup>
- *Coca-Cola's C2*. In summer 2003, Coca-Cola spent \$50 million to launch C2, a reduced-carb cola that still contained some sugar to add taste. The company's biggest new product since Diet Coke two decades earlier, C2 was targeted to 20- to 40-year-olds wanting some sugar in their cola while also watching the calories. C2 was sometimes priced 60 percent higher at retail than Coke, a devastating concern to buyers. But the big showstopper: Many cola drinkers were disappointed in C2's taste, complaining it was flat or had an unpleasant aftertaste.<sup>10</sup>

Firms spend billions of dollars annually on marketing and technical research that significantly reduces, but doesn't eliminate, new-product failure. So meeting