

Chapter 12

Connecting with Customers: The Art and Science of Marketing

Learning Objectives

1. Explain what marketing is
2. Describe the four utilities created by marketing
3. Explain how techniques such as permission-based marketing help companies nurture positive customer relationships
4. Explain why and how companies learn about their customers
5. Discuss how marketing research helps the marketing effort and highlight its limitations
6. Outline the three steps in the strategic marketing planning process
7. Define market segmentation and cite six factors used to identify segments
8. Identify the four elements of a company's marketing mix

Summary of Learning Objectives

1. Explain what marketing is

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives. It involves all decisions related to a product's characteristics, price, production specifications, market-entry date, distribution, promotion, and sales. It involves understanding and satisfying customers' needs and their buying behavior to encourage consumer purchases, in addition to maintaining relationships with customers long after the sales transaction is complete

2. Describe the four utilities created by marketing

Marketers enhance the appeal of their products and services by adding utility. Form utility is created when companies turn raw materials into finished goods desired by consumers. Time utility is created by making the product available when the consumer wants to buy it. Place utility is created when a product is made available at a location that is convenient for the consumer. Possession utility is created by facilitating the transfer of ownership from seller to buyer.

3. Explain how techniques such as permission-based marketing help companies nurture positive customer relationships.

Permission-based marketing helps in the effort to build long-term relationships by demonstrating not only respect for customers but a willingness to meet their needs, as opposed to the marketer's need.

4. Explain why and how companies learn about their customers

Today's customers generally are sophisticated, price sensitive, demanding, more impatient, more informed, and difficult to satisfy. Companies learn about their customers so they can stay in touch with their current needs and wants, deliver quality

products, and provide effective customer service. Such attention tends to keep customers satisfied and helps retain their long-term loyalty. Moreover, studies show that sales to repeat customers are more profitable. Most companies learn about their customers by studying customer data.

5. Discuss how marketing research helps the marketing effort, and highlight its limitations.

Market research can help companies set goals, develop new products, segment markets, plan future marketing programs, evaluate the effectiveness of a marketing program, keep an eye on competition, and measure customer satisfaction. On the other hand, marketing research is a poor predictor of what will excite consumers in the future. It is sometimes ineffective because it is conducted in an artificial setting. And, it is not a substitute for good judgment.

3. Outline the three steps in the strategic marketing planning process

The three steps in the strategic marketing process are:

1. examining your current marketing situation, which includes reviewing your past performance, evaluating your competition, examining your internal strengths and weaknesses, and analyzing the external environment
2. assessing your opportunities and setting your objectives
3. developing a marketing strategy, which covers segmenting your market, choosing your target markets, positioning your product, and creating a marketing mix to satisfy the target market.

4. Define market segmentation and cite six factors used to identify segments

Market segmentation is the process of subdividing a market into homogeneous groups to identify potential customers and to devise marketing approaches geared to their needs and interests. Seven factors commonly used to identify segments are:

1. demographics
2. geographics
3. psychographics
4. geodemographics
5. behavior
6. loyalty
7. usage of both products and media

5. Identify the four elements of a company's marketing mix

The four elements, known as the 4 Ps, are products, price, place, and promotion. Products are persons, places, physical objects, ideas, services, organizations, or anything that is offered for the purpose of satisfying a want or need in a marketing exchange. Price is the amount of money customers pay for the product. Place (also known as distribution) is the organized network of firms that move the goods and services from the producer to consumer. Promotion involves the activities used to communicate and promote a product to the target market.

Brief Chapter Outline**I. Marketing in a Changing World**

- A. The Role of Marketing in Society
 - 1. Needs and Wants
 - 2. Exchanges and Transactions
 - 3. The Four Utilities
- B. The Marketing Concepts
 - 1. Product Concept
 - 2. Selling Concept
 - 3. Marketing Concept
 - 4. Relationship Concept
- C. Marketing on the Leading Edge

II. Understanding Today's Customers

- A. The Consumer Decision Process
- B. The Organizational Customer Decision Process
- C. Marketing Research and Customer Databases

III. Planning Your Marketing Strategies

- A. Step 1: Examining your Current Marketing Situation
 - 1. Reviewing Performance
 - 2. Evaluating Competition
 - 3. Examining Internal Strengths and Weaknesses
 - 4. Analyzing the External Environment
- B. Step 2: Assessing Your Opportunities and Setting Your Objectives
- C. Step 3: Developing Your Marketing Strategy
 - 1. Dividing Markets into Segments
 - 2. Choosing Your Target Markets
 - 3. Positioning Your Product
 - 4. Developing the Marketing Mix
 - a. Products
 - b. Pricing
 - c. Distribution or Place
 - d. Promotion

Detailed Chapter Outline: Lecture Suggestions

I. Marketing in a Changing World

- A. What is marketing?
 - 1. Planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives
 - 2. Involves creating consumer awareness throughout the organization, developing an understanding of customer needs and buying behavior, and maintaining relationships with customers long after the sales transaction is complete
 - 3. Marketing also applies to services, nonprofit organizations, people, places and causes
 - a. Place Marketing – describes efforts to market geographical areas from neighborhoods to entire countries
 - b. Cause-related Marketing – promotes a cause or social issue, while also promoting a company and its products
- B. The Role of Marketing in Society – an exchange of goods or services between two parties
 - 1. Needs and wants
 - a. Needs are very basic things essential to your physical, psychological, and social well being. When needs are unmet, you are highly motivated to change the situation.
 - b. Wants are based on your needs, but they are more specific. Producers do not create needs, but they shape your wants by exposing you to alternatives. When you are hungry you need food, but may want a steak.

Suggestion – Classroom Discussion:

Discuss what their *needs* are for attending college as opposed to their *wants*. Ask what they think employers *need* and *want* for employees. (Humorously, you may insert that employers *need* qualified employees to do work, but they *want* employees who are 20 years old with a master's degree, with 10 years work experience who will work for minimum wage!)

- 4. Exchanges and transactions - When you trade something valuable for something else of value
 - a. Exchange process: trading something of value for something else of value
 - b. Transaction: the point at which an exchange occurs (e.g.: party A gives part B a dollar in exchange for a Coke)
- 5. The Four Utilities – attributes that increase the value that customers place on the product

Suggestion – Alternative Classroom Discussion:

Consider the difference between their needs and wants. Have students take 5 minutes to write out a list of needs versus wants to share with the class. What items do students agree on? What items do students disagree on? Would these lists change if students had less income (or student loans)? Would these lists change if students had more income?

- a. Form – when organizations change raw materials into finished goods
 - b. Time – when organizations make products available when customers want them
 - c. Place – when organizations make products available where customers want them
 - d. Possession – the satisfaction that buyers get when they actually possess a product, both legally and physically
- C. The Marketing Concept
1. The idea that companies should respond to customers' needs and wants while seeking long-term profitability and coordinating their own marketing efforts
 2. Relationship Marketing – applied to those efforts to distinguish them from efforts that emphasize production or sales transactions
 3. Customer Loyalty – the degree to which customers continue to buy from a particular retailer or buy products offered by a particular manufacturer
 4. Being customer driven in marketing can have huge payoffs
 5. There are four approaches businesses can use in their marketing approach, including:
 - a. Product Concept – belief that consumers will favor products that offer the most in quality, performance, and innovative features
 - b. Selling Concept – belief that consumers will buy whatever they sell Rely on a good, solid product to sell itself, and comfortably limit marketing efforts to taking orders and shipping goods
 - c. Marketing Concept – determine needs and wants of target markets and deliver products and services that meet consumer needs and wants more conveniently and efficiently than competitors do
 - d. Relationship Concept – belief in building and maintaining long-term satisfying relationships with customers, suppliers, distributors
 6. Many businesses attempt to go beyond satisfaction with the goal of delighting their customers by exceeding expectations, which results in:
 - a. greater customer loyalty
 - b. positive word of mouth
 - c. the opportunity to sell more different types of products to already satisfied customers
 - d. reduced sensitivity to price
 7. However, negative customer experiences can quickly damage a company
- D. Marketing on the Leading Edge
1. Making Marketing More Accountable
 - a. Marketing has always had a reputation for lack of measurability and accountability
 - b. Today's business leaders want to know what their marketing dollars are getting them
 2. Employing Technology Effectively Without Losing the Human Touch
 - a. Technology, especially the Internet, has changed the way marketing is done
 - b. But...marketers still need to connect directly with the customer at a human level
 3. Conducting Marketing with Greater Concern for Ethics and Etiquette

- a. There is an increasing degree of skepticism of and hostility about advertising and other marketing activities
- b. Therefore, some marketers are looking to do their work differently
 - Permission-based Marketing – in which marketers invite potential or current customers to receive information in areas that genuinely interest them
 - Reciprocation – giving customers something of value in exchange for the opportunity to present promotional information
 - White Papers are frequently used to give readers valuable information
- c. Stealth Marketing in which customers do not realize they are being marketed to, which is raising more concerns about ethics
 - Sending people into public places to use particular products in a conspicuous manner and then discussing the product with strangers
 - Paying customers to promote products to friends and family

Suggestion – Classroom Discussion:

Make the connection between the changing face in production and the changing face of customer relationships. In an era of outsourcing, what can companies do to differentiate themselves and their products? Consumers who are becoming more and more knowledgeable about products and can access information from many different sources via the Internet have

II. Understanding Today's Customers

- A. Today's customers
 1. Both individuals and businesses – are unique:
 - a. diverse
 - b. demanding
 - c. have little patience for marketers who do not understand them
 - d. have little patience for marketers who will not adapt business practices to meet their needs
 - e. expect good and services to be delivered faster and more conveniently than in the past
 - f. have no qualms about switching to competitors if their demands are not met
 - g. have easy access to endless information about products and services
 - h. with that information make more informed purchasing decisions & have more control
 2. To understand consumer, need to recognize the different purchase and ownership habits of:

- a. the consumer market – made up of individuals and families who buy for personal or household use
 - b. the organizational market – which is comprised of both companies and a variety of noncommercial institutions
- B. The Consumer Decision Process
- 1. Customer Buying Behavior
 - a. Classical Economics suggests that this behavior would follow a rational process
 - Recognizing a need
 - Gathering information
 - Identifying alternative solutions
 - Making a choice from among those alternatives
 - b. However, customers make all kinds of decisions that deviate from that rational process, including the simple reason that we have money in our pocket
 - Cognitive dissonance occurs when beliefs and behaviors do not match
 - Buyer’s remorse is an example
 - New research suggests that 95% of the decision-making process is subconscious
 - c. Given this complexity, marketers need to understand the influences that affect purchasers:
 - Culture and subcultures shape the values, attitudes, and beliefs that influence the way people respond to the world around them. It is increasingly important to international marketing efforts.
 - Social class shapes the activities, goods purchased, shopping places, and media for lower-, middle-, and upper class people.
 - Reference groups are people who have a good deal in common, such as family members, coworkers, friends, computer buffs, and music lovers. Individuals belong to many different groups and use them as benchmarks when buying goods and services.
 - Situational factors include events or circumstances that occur in our lives such as holidays, mood swings, or having a manufacturer’s coupon for a product.
 - Self-image is used by marketers to capitalize on an individual’s need to express their identity through their purchases. This is especially true of appeals to younger customers by sports and music celebrities.
- C. The Organizational Customer Decision Process is different from consumer purchasing in four key ways, including:
- 1. An emphasis on economic payback and other rational factors
 - 2. A formal buying process
 - 3. The participation and influence of multiple people
 - 4. Close relationships between buyers and sellers
- D. Marketing Research and Customer Databases

1. Marketing research – the process of gathering data about marketing issues and transforming that raw data into meaningful information that can improve decisions and reduce risks
 - a. Can help with nearly every phase of marketing from setting goals for market share to developing new products to monitoring the program's effectiveness
 - b. Important to monitor the competition, track industry trends, and measure customer satisfaction.
 - c. Tools include personal observations, surveys, experiments, telephone or personal interviews, studies of small samples of the population, and focus groups
4. Database marketing
 - a. Process of recording and analyzing customer interactions, preferences, and buying behavior for the purpose of contacting and transacting with customers
 - b. Basic principle: all customers share the same common needs and characteristics but each customer has his or her own twist.
 - c. By analyzing data collected on each customer's key attributes, companies can determine which customers to target, which to avoid, and how to customize marketing offers for the best response

III. Planning Your Marketing Strategies – aimed at achieving a certain market share (a firm's portion of the total sales within a market)

- A. Step 1: Examining your current marketing situation
 1. Reviewing performance
 - If you have an ongoing business, you have a history of market performance in sales, pricing, and profits
 - Reviewing where you are and how you got there is essential to learn from your successes and your mistakes
 2. Evaluating competition
 - Knowing the alternatives available to customers, who competitors are and what they offer is vital to success
 - Companies need to watch the horizon for competition that does not yet exist
 3. Examining internal strengths and weaknesses
 - Look at such things as management, financial resources, production capabilities
 - Also study distribution networks, managerial expertise, and promotional capabilities
 4. Analyzing the external environment
 - Economic conditions – trends in interest rates, inflation, unemployment, personal income, and savings rates
 - Natural environment – changes in the natural environment can affect marketers, both positively and negatively
 - Social and cultural trends – planners study the social and cultural environment to determine shifts in consumer values. If social trends are running against a product, the producer might need more advertising to educate consumers about the product's

- benefits or might need to alter the product to make it more appealing
- Laws and regulations – marketing is controlled by laws at the local, state, national, and international levels
 - Technology – when technology changes, so must marketing approaches
- B. Step 2: Assessing your opportunities and setting your objectives - Companies are faced with many opportunities. They can be classified into four options with increasing levels of risk, with diversification as the highest risk:
- a. Market penetration, which is selling more of your current products in current markets
 - b. New product development creates new products for your current markets
 - c. Market development is selling your existing products in new markets
 - d. Diversification, which is creating new markets for new markets
- C. Step 3: Developing your marketing strategy
1. Dividing markets into segments –goal is to group customers with similar characteristics, behavior and needs.
 - a. Demographics uses statistical analysis to subdivide the population according to characteristics such as age, gender, income, race, occupation, and ethnic group
 - b. Geographic segmentation divides markets into certain areas such as regions, cities, counties, or neighborhoods to customize and sell products that meet the needs of specific markets
 - c. Psychographics is the analysis of people by psychological makeup, including activities, interests, opinions, and lifestyles
 - d. Geodemographics divides markets into distinct neighborhoods by combining geographic and demographic data.
 - e. Behavioral segmentation divides markets according to customers' knowledge of, attitude toward, use of, or response to products or their characteristics
 - f. Loyalty assists in planning the best way to interact with each type of customer
 - g. Usage is the manner in which customers use products or media

Suggestion - What Do Students Think?

Take five minutes to assess yourselves as buyers. Consider the brands and products they buy most frequently. Then ask students to consider why they buy those brands or products. Which of the above factors affects them most? Do they, for example, use the brand of laundry detergent their mothers used? Are they attracted by the image that certain products present? Do they buy whatever is cheapest or on sale? Do they buy products recommended to them by friends or coworkers? What would a marketer have to do to affect their

2. Choosing your Target Markets
 - a. Marketers use a variety of criteria to narrow their focus to a few suitable market segments
 - b. These criteria can include
 - Size of segment
 - Competition in the segment

- Sales and profit potential
- Compatibility with company resources and strengths, costs, growth potential, and risks
- c. Companies use three approaches for reaching target markets, including:
 - Undifferentiated Marketing – mass marketing, in which companies do not segment their marketing, but rather try to satisfy the entire market which is believed to have similar wants and needs
 - Differentiated Marketing – companies manufacture or sell a variety of products to several target customer groups
 - Concentrated Marketing – acknowledge that various other market segments exist, but choose to market just one; may be the best approach
- 3. Positioning your product
 - a. designing your company's offering and image so that it occupies a meaningful and distinct competitive position in your target customers' minds
 - b. repositioning is used if the position occupied is no longer favorable in some respect, or new uses or qualities make a different position more attractive
 - c. marketers work hard to position their products, but actually customers ultimately decide on the positioning
- 4. Developing the marketing mix
 - a. Products the product itself, its brand name, design, packaging, services, quality, and warranty
 - b. Pricing the amount of money customers pay for the product, including any discounts or service charges or fees
 - c. Distribution (or place) covers the organized network of firms that move goods and services from the producer to the consumer
 - d. Promotion includes all of the activities a firm undertakes to communicate and promote its products to the target market

Suggestion - What Do Students Think?

How you think your university markets itself. What are some elements in their marketing mix? How effective is the marketing mix? How do they think the college could improve marketing? Did they come to the college because of some marketing strategy?

Potential Difficulties and Suggestions Solutions

1. The instructor may want to pose a question to the students to ensure their understanding of marketing products in international markets. An example follows:
 - If you were thinking of marketing a breakfast cereal in Vietnam, what sorts of issues would you want to consider when you perform your market research?

Answer:

Students should focus on whether breakfast cereal is a popular food in Vietnam, and if not, whether the potential market is big enough to be worth having to overcome social and cultural factors to get accepted. Given a possible market, research would be needed to determine the most acceptable product characteristics such as flavors, name, packaging (including color and size of boxes), and availability of complementary products like milk and sugar.

Instructor's notes:

Students should be aware that engaging in the international marketplace requires a significant amount of research in order to ensure success. Businesses stand to suffer large financial losses if cultural factors such as color, taste, and seasoning are not considered before offering products suitable for these international markets.

Answers to End-of-Chapter Questions

Test Your Knowledge

Questions for Review

1. **What are some of the characteristics of today's customers?**

Today's customers are sophisticated, price sensitive, and demanding. They live time-compressed lifestyles and have little patience for retailers who do not understand them or will not adapt their business practices to meet their needs. They expect product and services to be delivered faster and more conveniently. And they have no qualms about switching to competitors if their demands are not met.
2. **How does the organizational market differ from the consumer market?**

Organizational markets tend to buy in large quantities, and often buy raw materials needed for manufacturing. On the other hand, consumer markets represent individuals who purchase items for personal use.
3. **What is strategic marketing planning, and what is its purpose?**

The purpose of strategic market planning is to help firms identify and create a competitive advantage, something that sets the firm apart from their rivals and makes their products more appealing to customers. Strategic market planning is a process that involves three steps: (1) examining the current marketing situation, (2) assessing opportunities and setting objectives, (3) developing a marketing strategy to reach those objectives.
4. **What external environmental factors affect strategic marketing decisions?**

Economic conditions, changes in the natural environment, social and cultural trends, laws and regulations, and technological advancements are external environmental factors that affect strategic marketing decisions.

5. What are the four basic components of the marketing mix?

The four components of a firm's marketing mix consist of product, price, place (or distribution), and promotion.

Questions for Analysis

6. If relationship marketing is such a good idea, why don't more businesses do it?

Companies need to purchase customer relationship management software and utilize their customer database to interact with customers, remember customer preferences and priorities, insights about customers in great detail, calculate customers' profitability and future potential, build sophisticated but easily accessible customer profiles, and share these data throughout the organization. These functions require a sophisticated information system that companies cannot afford.

7. How can marketing research and database marketing help companies improve their marketing efforts?

Companies can obtain information about customers' changing needs by engaging in marketing research. Database marketing is the process of recording and analyzing customer interactions, preferences, and buying behavior for the purpose of contacting and transacting with customers. Companies can learn customer preferences and priorities through these methods to make the customer's experience more personal and compelling.

8. Why does a marketer need to consider its current marketing situation, including competitive trends, when setting objectives for market share?

Examining a firm's current marketing situation is important because a firm will want to repeat successes and learn from past mistakes. In order to assess objectives accurately, firms must first understand their strengths and weaknesses. Once firms understand their market positions, they are better able to set realistic and specific goals.

9. Why do companies segment markets?

By grouping or segmenting customers with similar characteristics, behavior, and needs, companies can target their products or services to satisfy the needs of each segment. Market segmentation is a more economical, efficient, and effective way to market products—especially if you have limited resources.

10. Ethical Considerations: Thanks to the Internet you can contact a company for product information with a click of a mouse. But while many companies promote a variety of online customer service features, few respond timely to customer questions and some don't respond at all. Companies claim that they simply can't keep up with the number of customer e-mail queries they receive. And they can't afford to increase their customer service staff either. Website promises such as "Click here to talk to customer service," or "Got a question, let us help" look good, but the reality is too many companies

promote a service they can't support. Review a few of your favorite retail websites and analyze the different online customer service options these companies offer. Do they provide a projected response time? Do they send an auto reply message for e-mail queries? Do they offer a self-service help page for frequently asked questions? In your opinion, how could companies better handle online customer support when they are short of resources?

Have students conduct this little experiment and report back to the class. Answers to the questions will vary, depending upon the companies contacted. Ask students if they think promising customer service that can't be deliverable is "false advertising" or unethical, regardless of the circumstances.

Questions for Application

11. How might a retailer use relationship and database marketing to improve customer loyalty?

By expanding their customer databases, companies could keep records of customer preferences and cater to those preferences. The easier they could make it for the customers, the more likely those customers would go out of their way to shop at that company again.

12. Think of a product you recently purchased and review your decision process. Why did you need or want that product? How did the product's marketing influence your purchase decision? How did you investigate the product before making your purchase decision? Did you experience cognitive dissonance after your decision?

Student answers will vary depending on the product of choice.

13. Integrated: Why is it important to analyze a firm's marketing plan before designing the production process for a service or a good? What kinds of information are generally included in a marketing plan that might affect design of the production process as discussed in Chapter 9?

In order to create strong production designs, it is crucial to understand the scope and volume of the product to be produced or assembled. Without this information a production designer could not effectively make decisions such as layout, inventory, or even location. Marketing planning makes the crucial step of assessing a firm's current marketing situation and deciding whether to change products, remain the same, increase volume, or reduce volume of output. These decisions must be made carefully; otherwise, lots of cash could be lost.

14. Integrated: How might these economic indicators discussed in Chapter 1 affect a company's marketing decisions, consumer price index, inflation, and unemployment?

Marketers are greatly affected by trends in interest rates, inflation, unemployment, personal income, and savings rates. In tough times, consumers put off buying expensive items such as major appliances, cars, and homes. They cut back on travel, entertainment, and luxury goods. When the economy is good, consumers open their wallets and satisfy their pent-up demand for higher-priced goods and services.

Practice Your Knowledge

Handling Difficult Situations on the Job: Making Marketing Promotions Safer for Kids

Responses to “Your Task”

In an in-class writing assignment, or as an outside assignment, students can write as the situation suggests. The results will vary, depending upon to whom the students write. This exercise will get the students to thinking about safety, legal issues, ethics, and social responsibility as well as marketing.

Building Your Team Skills

In the course of planning a marketing strategy, marketers need to analyze the external environment to consider how forces outside the firm may create new opportunities and challenges. One important environmental factor for merchandise buyers at Sears is weather conditions. For example when merchandise buyers for lawn and garden products think about the assortment and number of products to purchase for the chain’s stores, they don’t place any orders without first poring over long-range weather forecasts for each market. In particular, temperature and precipitation predictions for the coming 12 months are critical to the company’s marketing plan, because they offer clues to consumer demand for barbecues, lawn furniture, gardening tools, and other merchandise.

What other products would benefit from examining weather forecasts? With your team, brainstorm to identify at least three types of products (in addition to lawn and garden items) for which Sears should examine the weather as part of their analysis of the external environment. Share your recommendations with the entire class. How many teams identified the same products your team did?

The point of this exercise is to get students to consider the less-obvious (and sometimes unlikely) connections between all sorts of purchases. Any products geared for outdoors activities ranging from camping gear to picnic hampers will be affected by shifts in the weather. Imagine, for example, how an extremely rainy summer would affect the sales of sunscreen—or umbrellas, rain slickers, charcoal, bathing suits, sunglasses—etc. Encourage students to see the connection between the weather and these obvious items, as well as the less-obvious items such as books, videos, or chlorine-removal shampoo!

Expand Your Knowledge

Discovering Career Opportunities

Jobs in the four Ps of marketing cover a wide range of activities, including a variety of jobs such as personal selling, advertising, marketing research, product management, and public relations.

You can get more information about various marketing positions by consulting the Career Information Center guide to jobs and careers, the U.S. Employment Service's Dictionary of Occupational Titles, and online job-search websites such as Career Builder, <http://www.careerbuilder.com>

- 1. Select a specific marketing job that interests you. Using one or more of the preceding resources, find out more about this chosen job. What specific duties and responsibilities do people in this position typically handle?**

Student's answers will. However, encourage students to conduct a self-evaluation based on their strengths and weaknesses in much the same way that marketing planners do. Students should consider which type of job might be best suited to their individual capabilities.

- 2. Search through help-wanted ads in newspapers, specialized magazines, or websites to find two openings in the field you are researching. What educational background and work experience are employers seeking in candidates for this position? What kinds of work assignments are mentioned in these ads?**

Students' answers will vary; encourage students to consider ways in which they might try some of these jobs before "breaking into the field." Often internships are available to eager students wanting to experience new fields.

- 3. Now think about your talents, interests, and goals. How do your strengths fit with the requirements, duties, and responsibilities of this job? Do you think you would find this field enjoyable and rewarding? Why?**

Students' answers will vary.

Developing Your Research Skills

From recent issues business journals and newspapers (print or online editions), select an article that describes in some detail a particular company's attempt to build relationships with its customers (either in general or for a particular product or product line).

- 1. Describe the company's market. What geographic, demographic, behavioral, or psychographic segments of the market is the company targeting?**

Answers will vary depending on the article selected

- 2. How does the company hold a dialogue with its customers? Does the company maintain a customer database? If so, what kinds of information does it gather?**

Answers will vary depending on the article selected

- 3. According to the article, how successful has the company been in understanding its customers?**

Answers will vary depending on the article selected

Exploring the Best of the Web

URLs for all Internet exercises are provided at the website for this book, <http://>

www.prenhall.com/mescon. When you log on to the text website, select Chapter 12, then select "Student Resources," click on the name of the featured website, and review the website to complete these exercises.

Explore these chapter-related websites, review their content, and answer the following questions for each website you visit:

1. What is the purpose of this website?
2. What kinds of information does this website contain? Please be specific.
3. How is the information provided at this website useful for businesspeople? Consumers?
4. How did you expand your knowledge of marketing and customers by reviewing the material at this website? What new things did you learn about these topics?

Sign Up For Electronic Commerce 101

Think you may be interested in moving your business onto the Net but you don't know where to start? Study the basics at Electronic Commerce 101 before you plan your marketing strategies. Find out how to succeed in electronic commerce. Read the beginners guide and the step-by-step process of becoming e-commerce enabled. Learn how to process payments, credit cards, and e-cash. Find out the top ten ways websites lose customers. Still have a question? This site has free advice from over 7,000 experts.

www.ecommerce.about.com/smallbusiness/ecommerce/library/bl101

1. What is the purpose of this website?

While student responses may vary, the following will address some possible answers. The purpose of this website is to provide information concerning the basics of electronic commerce.

2. What kinds of information does this website contain? Please be specific.

While student responses may vary, the following will address some possible answers. This website provides information on how to succeed in electronic commerce, a beginners guide, a step-by-step process of becoming e-commerce enabled, how to process payments, credit cards, and e-cash, the top ten ways websites lose customers. If this information is not enough, you can get free advice from over 7,000 experts.

3. How is the information provided at this website useful for businesspeople? Consumers?

While student responses may vary, the following will address some possible answers. This website is useful for businesspeople because it provides information on all of the topics listed above (refer to answer for #2). Obviously, this information can assist any business wishing to engage and e-commerce and serve as a guide through the process. Consumers can refer to this site for information/educational purposes to find out news and information concerning e-commerce activities.

4. How did you expand your knowledge of marketing, customers, products, or pricing by reviewing the material at this website? What new things did you learn about these topics?

Students' responses will depend, in large part, on the material currently posted on the website.

Gather Some Demographical Data for Your Marketing Toolbox

How much does the typical family spend on food away from home? On entertainment? Are these consumer expenditures increasing each year? Find out by visiting the American Demographics Marketing Tools website and explore its toolbox of useful information. Read some of the current marketing articles. Follow the link to the Bureau of Labor Statistics (BLS) website. With all these sources, no wonder marketers today have more and better data about today's customers.

www.marketingtools.com

1. What is the purpose of this website?

While student responses may vary, the following will address some possible answers. The purpose of this website is to provide marketers with demographical data they need in order to succeed in their marketing efforts.

2. What kinds of information does this website contain? Please be specific.

While student responses may vary, the following will address some possible answers. This website provides information on demographical data including such topics as: how much a typical family spends on food away from home; on entertainment; measurement of increase/decrease in consumer expenditures each year. The site also has many articles related to marketing on the following topics: marketing tools, the economic impact on marketing; specific industries (ex. hunting and fishing) and marketing.

3. How is the information provided at this website useful for businesspeople? Consumers?

While student responses may vary, the following will address some possible answers. Businesspeople can obtain knowledge about all of the information listed above (refer to answer for #2). This can help a business to gather the demographical data they need to make informed marketing decisions. Consumers can use this website for informational/educational purposes.

4. How did you expand your knowledge of marketing, customers, products, or pricing by reviewing the material at this website? What new things did you learn about these topics?

Students' responses will depend, in large part, on the material currently posted on the website.

See Why It's "As Easy As Dell"

Everybody talks about Dell's exceptional customer service and sales approach but few have been able to duplicate Dell's success. Dell's website demonstrates its commitment to customer service. The web pages include product benefits, product information, online help, and a variety of customer-care services. Log on and explore the website. See why the company has adopted the slogan "Easy as Dell." How does Dell use its website to build relationships with customers? How does the Dell website employ the marketing concept? What kinds of online customer service features does the Dell website offer?

www.dell.com

1. What is the purpose of this website?

While student responses may vary, the following will address some possible answers. The purpose of this website is to familiarize customers and potential customers to Dell's products.

2. What kinds of information does this website contain? Please be specific.

While student responses may vary, the following will address some possible answers.

The site contains information about how Dell products and how to order, both online and by phone. The site is extremely customer-friendly. The homepage is categorized into types of customers: consumer, business, and public. Each one of these categories has information regarding computers, software and peripherals, and support.

3. How is the information provided at this website useful for businesspeople? Consumers?

While student responses may vary, the following will address some possible answers.

Businesspeople could use the website in a variety of ways. They can obtain knowledge about servers, computers for workstations, and peripherals. This can help a business to gather the data they need to make informed purchasing decisions.

Consumers can use this website for informational/educational purposes.

4. How did you expand your knowledge of marketing and customers by reviewing the material at this website? What new things did you learn about these topics?

Students' responses will depend, in large part, on the material currently posted on the website.

A Case for Critical Thinking

Can Levi Strauss Recover from Its Fashion Faux Pas?

Critical Thinking Questions

1. Why did Levi's lose serious market share during the 1990s?

In the 1990s, Levi Strauss looked the other way as competitors gained market share among consumers ages 14 to 19. The youth segment turned to competitors for jeans with baggier fits, wide pant legs, and bigger pockets, whereas Levi's stuck to its "one brand fits all" strategy. Furthermore, instead of focusing immediately on ways to regain market share, the company launched an ambitious project on improving its delivery to retailers. Moreover, the company executives failed to encourage innovation of the company's core brand.

2. What steps did Levi's take to regain its market share?

The company finally scrambled to learn more about the perceptions and needs of two targeted consumer segments: youth, ages 13 to 25, and young adults, ages 25 to 35. Given the learning from these experiences, Levi Strauss launched several programs to attract younger customers. It developed the limited edition product line, inspired by the

movie Mod Squad, and restricted product availability to 60 days. Next, the company moved away from its “one brand fits all” marketing strategy by creating a series of individual brands: Red Line—positioned as more fashionable and upscale, Silver Tab—a baggier fit, Mobile Zip-off pants, engineered Jeans—traditional five-pocket style with big pockets. The company even designed new brands specifically for the baby boomer segment. It also created Original Spin, a high-tech program that allowed consumers to design their own jeans by accessing computerized kiosks at selected stores. And the company introduced more colorful packaging to give its products an exciting, youthful look.

3. What should Levi’s do in the future to make sure it never again loses touch with its target markets?

Levi’s needs to stay more in touch with their target market. In the past they were given information, but chose not to integrate that information into their decision making.

4. Go to Chapter 12 of this text’s website at www.prenhall.com/mescon. Click on the Levi’s link to answer these questions: How is Levi’s using its website to attract younger consumers? How do the graphics and content reflect the needs and interests of the targeted segment? What points of differentiation are emphasized?

Levi’s is trying to incorporate youthful images and color to attract a younger client base. Graphics appear to be interesting however, the content—the pictures of different pants, skirts, shirts, etc.—still appears quite boring. Obviously, students’ perceptions will vary. Points of differentiation include Red Tab, Silver Tab, Reengineered, Junior, misses, men, kids, accessories, etc

Answers to Boxed Features

Box 1: Thinking About Ethics – Mining Your Deepest Secrets

Questions for Critical Thinking

1. Should a marketer selling long-distance telephone service be allowed to see your telephone records without your knowledge or permission?

Consumers’ right to privacy is an ongoing debate. Marketers feel that using customer information ultimately benefits the customer, bringing him more services that more closely fit his needs due to the extensive research. Marketers also believe that it is their right to freedom of speech that allows them to obtain and use such information. Privacy advocates argue that people should have the right to be left alone. Students should consider both of these perspectives when answering this question.

2. Should web marketers be required to conspicuously post their privacy policies and ask consent before collecting and using visitors’ personal data?

The issue of information exchanged over the web is a concern for customers and marketers alike. This concern is especially valid when considering children who may well give out inappropriate information unknowingly. Currently, more and more web marketers are posting privacy policies showing how they use personal data.

Box 2: Thinking about Ethics – Questionable Marketing Tactics on Campus

Questions for Critical Thinking

1. Should credit card companies be prohibited from soliciting on college campuses? Why or why not?

Arguments could be offered both for and against such prohibition. It is an issue of educating the students and potential consumers in responsible use of such financial freedom. Corporate America and its consumers have thrived on convenience. It is convenient access to credit cards that is offered on campus, and if they are prohibited, these marketers will go to other locations frequented by students. Also, it could be a disservice to students who are and can be responsible in their use of such credit cards. Should the availability of such cards be prohibited because some students abuse their use or should appropriate educational opportunities be offered to train individuals in their appropriate use?

2. Why do credit card companies target students even though they have little or no income?

College students are a prized target for the credit card industry because consumers tend to be loyal to their first credit card. And even though they often have little or no income, they are not considered high-risk borrowers because parents generally bail them out if they get into trouble.