Principles of Marketing v6 1st edition Tanner Solutions Manual

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Chapter 1 Teaching Notes (for two 1-hour classes)

I. Welcome, Framing, and Learning Objectives (5 minutes)
Purpose: Ground students in the definition of marketing beyond just advertising and introduce the core concept of Value.
Topics Covered:

- Defining Marketing and the Components (4Ps versus Value Approach)
- The Personal Value Equation
- Who does marketing and why it matters (Section 1.2 & 1.3)
- The Marketing Plan and Changing Environment (Section 1.4)
- Case Study: Athleta (Section 1.6)

Opening Hook:

- Ask: "What makes a business successful? Is it being first to market? Is it having the most money to spend?"
- **Discussion:** Ask students how Nike became successful despite not inventing the athletic shoe. Or why IBM, with more capital, lost the PC war to Apple. Who will win the AI battle and why?
- **Key Point:** Better marketing isn't always the reason companies outperform, but bad marketing will kill a good idea.

II. Section 1.1 Defining Marketing (35 minutes)

A. The Shift: From 4Ps to Value (15 min)
Mini-Lecture (8 min):

- Define Marketing (**Slide 1.4)** – "the **activity**, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have **value** for customers, clients, and society at large."

Teaching Tip: The focus in this book is how marketing delivers value – how marketing gets done. Students will learn a set of skills that serve as the foundation for those activities.

- Introduce the traditional "Marketing Mix" (4Ps): Product, Promotion, Place, Price **(Slide 1.5).**
- Explain why the shift to ***value*** occurred: The 4Ps are nouns and don't capture the *activity* of marketing.
- Introduce the modern definition (verbs) and their relationship to value (**Slide 1.6-1.7**):
    - **Creating** (Product) **Slide 1.8**
    - **Communicating** (Promotion + listening to customers) **Slides 1.9-1.10**
    - **Delivering** (Place/Supply Chain) **Slide 1.11**
    - **Exchanging** (Price/Transaction) **Slide 1.12**

- **Teaching Tip:** Emphasize that "Exchanging" isn't just handing over cash; it includes the transfer of ownership (like titles for cars), and can be related to co-creation. But exchange is also two-way, so what else besides cash can consumers give marketers?

B. The Concept of Value (20 min)
Mini-Lecture (10 min):

- Value is the center of everything marketing does.
- The Marketing Concept (**Slide 1.13**)
- **The Personal Value Equation (PVE):** Value = Benefits received – (Price + Hassle). **(Slide 1.14)**
  Define the terms.
  - **Value**: A consumer's judgment of the worth of a product/service
  - **Benefits**: how a product satisfies a need
  - **Price**: the money spent acquiring the product, plus any costs for supplies, maintenance, and disposal (a total cost of ownership approach).
  - **Hassle**: The time and effort consumers put into the shopping, using, and disposal process.
  - Explain that value is determined by the customer, not the company.

NOTE: If you have time or don't plan to cover the case, slides are included for Organizational Orientations and Eras **(Slides 1.15-1.16)**

Class Activity: The Restaurant Example (10 min)

- **Scenario:** Ask students to imagine they go to dinner with three friends and order the exact same dish.
- **Ask:** "Can the value of that meal be different for each person? Why?"
- **Discussion:**
  - Student A might be starving and think the portion is too small.
  - Student B might not be hungry and finds it filling but not that tasty.
  - Student C – (ask who thinks cilantro tastes like soap) perhaps the dish has cilantro in it, and 1 out of 4 people have a genetic disposition to taste soap when they taste cilantro (true!) and this student is one of those people
  - **Takeaway:** The dish and price were the same, but the benefits varied based on individual needs, proving the equation is *personal*.
- **Extension:** Ask students to calculate the PVE for a recent purchase (e.g., buying a textbook online vs. the bookstore). How did "hassle" play a role? Will value change over the course of using the product? If so, how?

III. Section 1.2 & 1.3 Who Does Marketing & Why Study It? (30 minutes)

A. Who Does Marketing? (15 min)

Mini-Lecture (7 min): The goal of this mini-lecture is to review how different organizations and individuals apply marketing principles (Intro **Slides 1.17)**

- **For-Profit:** B2C (Business-to-Consumer) like Procter & Gamble versus B2B (Business-to-Business) like selling Boeing selling airplanes to airlines. **(Slide 1.18)**
- **Nonprofit Marketing:** Using marketing to meet organizational goals (e.g., American Heart Association sending diet books to doctors) **(Slide 1.19)**
- **Social Marketing:** Marketing to achieve social change (e.g., World Wildlife Fund's "Your Plastic Diet" campaign).
- **Individuals:** Resumes, LinkedIn, and job interviews involve personal marketing. **(Slide 1.20)**
  NOTE: This is a good time to highlight the short profiles that can be found in each chapter, including the one of Michelle Sweezy at Mossimo Zanetti, a coffee manufacturer of brands like Chase & Sanborn and Hill Brothers. Each chapter will have one or two profiles of people who are responsible for the marketing activities described in the chapter. (Note, she's also on Slide 1.22)

Discussion Question (5 min):

- "What is the difference between the Army recruiting soldiers (Nonprofit/Gov marketing) and the WWF trying to reduce plastic use (Social marketing)?"
- *Answer:* The Army wants you to join (exchange); WWF wants to change your behavior for societal good.
- *Follow Up:* How do these distinctions alter their marketing activities?
- Note: Other good DQs for this point of the class are found on p. 30.

B. **Careers and Ethics (15 min)**

Mini-Lecture (5 min):

- Marketing impacts society (**Slide 1.21**).
- Briefly list career paths (**Slide 1.22**, including photos of people profiled in the book): Research, Sales, Advertising, Digital Marketing (social/mobile). If you haven't done so already, mention that each chapter has one or two brief profiles of marketers who work in the area covered in the chapter. The book opens with a profile of Michelle Sweezy, a digital marketing and analytics manager with Massimo Zanetti, a major manufacturer of coffee brands such as Hills Bros. and Chase & Sanborn.
- **Ethics & Consumerism:** (**Slide 1.23)** Discuss the criticism that marketing creates "wants" for things people don't need (consumerism).

Class Activity: Patagonia's "Don't Buy This Jacket" (10 min)

- **Show:** Describe or show the Patagonia ad "Don't Buy This Jacket". (link embedded in **Slide 1.23)**
- **Ask:** "Why would a company run an ad telling you *not* to buy their product?"

- **Discuss:** Societal marketing orientation. The goal was to highlight consumerism and environmental impact.
- **Result:** Did sales go down? No, they climbed because consumers aligned with the values.

IV. Section 1.4 Themes & Planning (20 minutes)

A. Everything Starts with the Customer (10 min)
Mini-Lecture:
Slide 1.24

- John Deere started because he listened to farmers. If he didn't improve the plow (shape it so dirt wouldn't stick to it), someone else would.
- **Mission Statements:** Read statements.
  - **John Deere:** "For those who cultivate . . . committed to your success"
  - **Apple:** To bring the best user experience to customers through innovative hardware, software, and services.
- **Discussion:** Compare and contrast. Note that Steve Jobs' initial approach was that customers don't know what they want because they don't know what is possible. Is that approach still valid today, or is it risky?

B. The Changing Environment (10 min)

- Briefly touch on the 5 key themes for the book: (**Slide 1.25**)
  1. **Big Data:** The information explosion allowing detailed customer profiles. (Point out the relationship with AI)
  2. **Social Responsibility:** Actively improving society (Sustainability).
  3. **Service-Dominant Logic:** Consumers want value, regardless of whether it's derived from a tangible product or a service, but more than likely, value is derived from a combination of tangible products and intangible services.
  4. **Metrics:** Using data to make decisions.
  5. **Global Environment:** Example: Coca-Cola earns more than half its profit outside the US.

V. Section 1.6 Case Study: Athleta (20 minutes)

A. Lecture + Discussion (10 min)
Context:

- Athleta (Gap Inc.) versus Lululemon versus Nike.
- Athleta's specific focus: **Women only**. Nike/Under Armour were slow to create high-performance gear specifically for women.
- **Strategy:** "Activation" events (e.g., yoga in the park, ice-skating) to build community.

B. Discussion Questions (10 min)

- **Question 1:** "Athleta focuses only on women. Does this single-minded focus create a threat? Should they sell men's clothes like Lululemon?".

    - *Discussion points:* Focus allows for better design for various specific body types, but limits market size.
- **Question 2:** “Athleta is owned by Gap Inc. Does this help or hinder the brand?”.
    - *Discussion points:* Gap provided capital for growth, but Gap’s sales have struggled recently. Does the association make Athleta seem less “authentic” than a boutique brand?
- **Question 3:** “How do ‘Activation’ events like workouts in the park drive demand?”.
    - *Discussion points:* Creates a community, rewards loyalty, and generates social media content (FOMO).

VI. Wrap-Up & Key Takeaways (5 minutes)

Revisit Key Concepts:

- Marketing has moved from 4Ps to **Creating, Communicating, Delivering, and Exchanging Value**.
- **Value** is personal: Benefits minus (Price + Hassle).
- Everyone does marketing: For-profits, Nonprofits, and You (Career/Personal).

- **Looking Ahead:** Chapter 2 will cover the Strategic Planning process in depth.

Closing Prompt:

- “For the next class, look at a product you use every day. Try to identify one way the company is using data or ‘service’ to add value beyond the physical product itself.”

Principles of Marketing v6.0

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FlatWorld

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Chapter 1

What Is Marketing?

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Defining Marketing

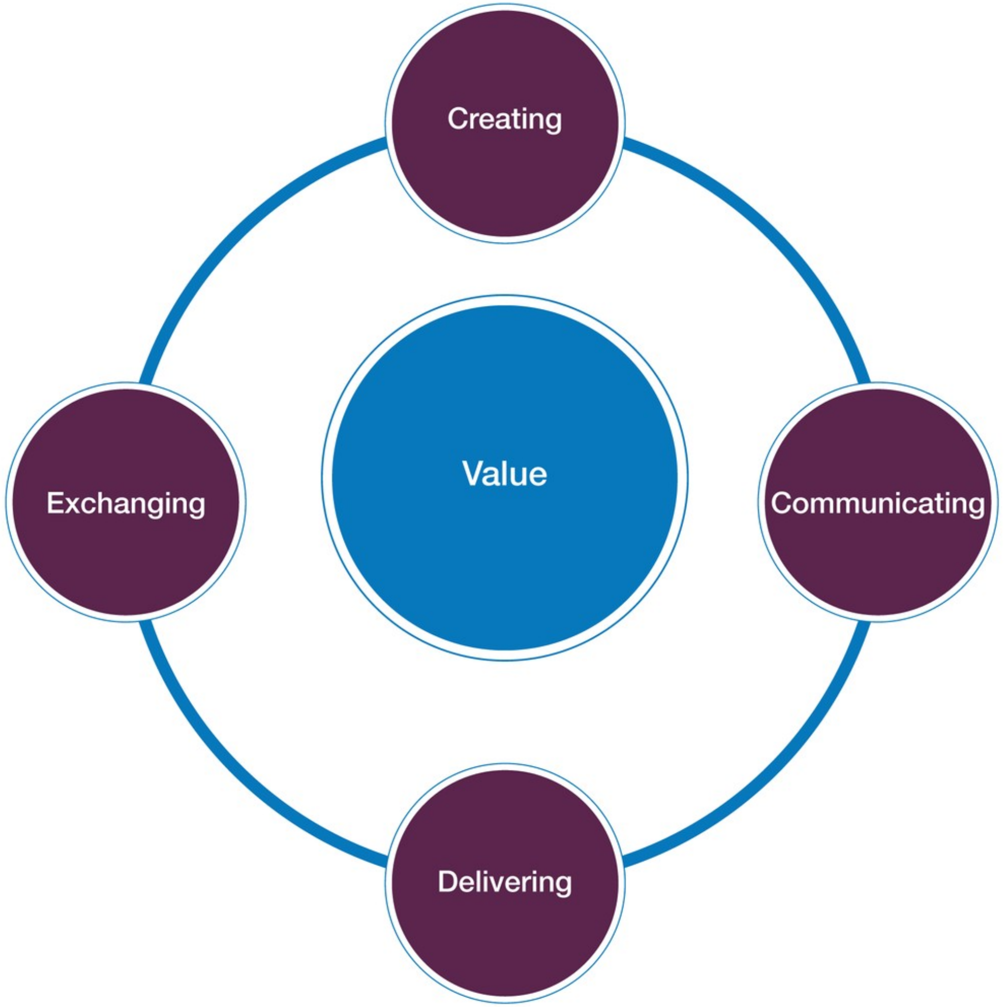
The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, and society at large.

- As defined by the American Marketing Association

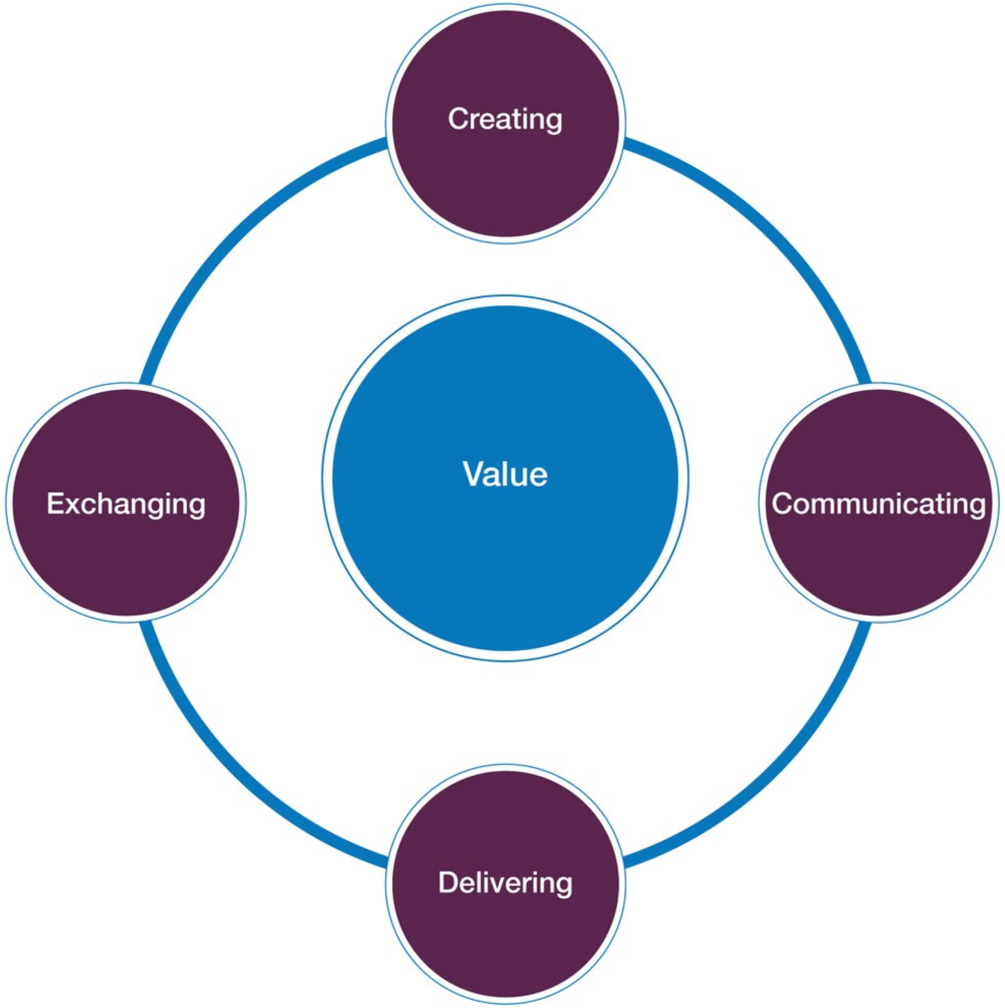
Components of Marketing (Traditional View)

Marketing mix (4Ps):
The balance of product, price, promotion, and place decisions that makes up a marketing plan.

Core Aspects of Marketing: How Marketing Gets Done



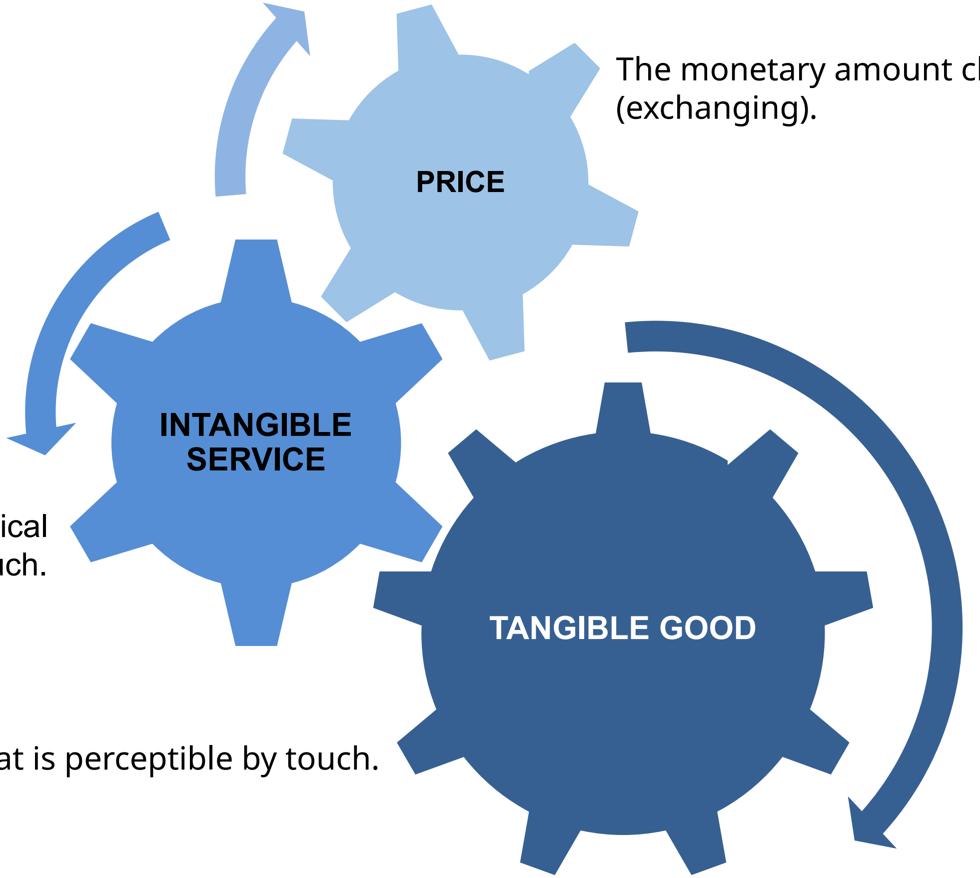
Value: The Center of Marketing



Value= Benefits buyers receive that meet their needs

Communicating = Promotion
Creating = Product
Exchanging = Price
Delivering = Place

Creating Offerings that Have Value



The monetary amount charged for the product (exchanging).

A product that does not have a physical presence. Is not perceptible by touch.

A product that is perceptible by touch.

Communicating Offerings

Communicating:

Describing the offering and its value to your customers.
Learning from customers what it is they want and like.
Customers get a chance to tell the company what they think.

Communicating Offerings (Continued)

Many forms of communication may be used:

- Advertising on the web, TV, billboards, or magazines
- Product placement in movies and on TV
- Salespeople
- News media
- Special events
- Sponsoring events

Describing the offering and its value for the customer.

Delivering Offerings

Delivering an offering:

- More than simply getting the product into the hands of the user
- Making sure that the user understands how to get the most out of the product and is taken care of if he or she requires service later.

Value is delivered in part through a company's supply chain:

- Includes a number of organizations and functions that mine, make, assemble, or deliver materials and products from a manufacturer to consumers.

Logistics:

- The actual transportation and storage of materials and products.
- The primary component of supply chain management.

Exchanging Offerings

Exchanging: the act of transacting value between a buyer and a seller.
Exchange occurs when consumers acquire, consume, and dispose of products and services, including during the consumption phase.

Sometimes for cash, sometimes for credit cards.

Marketing Concept

A philosophy of creating value:

- Marketers seek to satisfy customer wants and needs.

Every employee in the company is focused on serving the customer at a profit.

- Profits are vital to the survival of the firm.
- These firms are said to be market oriented.

The Personal Value Equation (PVE)

VALUE* = BENEFITS RECEIVED – (PRICE + HASSLE)

- Value:
  - The benefits buyers receive that meet their needs.
  - Ultimately determined by the customer.
  - What the customer gets by purchasing and consuming a company’s offering.
- Hassle:
  - The time and effort the consumer puts into the shopping process.

Orientations of Marketing

Production orientation: companies competed by reducing production costs.

- Mass produced products at a minimum cost.
- Gave rise to the production era.

Selling orientation: companies pushed their products by heavily emphasizing advertising and selling.

- Use of persuasion techniques to convince consumers.
- Price was paramount.
- Gave rise to the selling era.

Product orientation: companies focused on product innovation.

- Customer is king.
- Focus on fulfilling customers’ needs.
- Gave rise to the marketing era.

Eras of Marketing

Value era: companies emphasize creating value for customers.

Customer-centric

One-to-one era: companies compete by building relationships with customers one at a time and seek to serve each customer’s needs individually.

Transformative era: marketing is transforming complete companies and products to serve customers more completely.

Who Does Marketing?

Everyone does some form of marketing.

- Even individuals (e.g., resume, clothing, LinkedIn profile)

Here we will focus on organizations:

- For-profit companies like Walmart, Procter & Gamble, and local businesses.
- Non-profits like charities, schools, hospitals, governments.

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For-Profit Companies

For-profit companies do marketing:

- McDonald's
- Google
- Boeing

For-profit companies can be defined by the nature of their customers.

A business to consumer (B2C) company sells products to consumers.

A business to business (B2B) company sells products used by companies, organizations, and government agencies and entities.

Companies that engage in marketing can be categorized as:

- Manufacturer
- Retailer
- Wholesaler

Nonprofit Organizations

Nonprofit organizations also engage in marketing.
- American Red Cross, United Way, American Heart Association, Make-A-Wish Foundation
- This called nonprofit marketing.

Government entities also engage in marketing activities.
- Army, Navy, Marines, Air Force, Coast Guard

Social marketing is marketing conducted to achieve social objectives.

Social marketing can be done by:
- Government agencies
- Nonprofit institutions
- Religious organizations

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Marketing You

Completing this course will help you to more effectively:

Create value.

Communicate and deliver that value to the receiver.

Receive something in exchange.

The Impacts of Marketing on Society

Enables profitable transactions to occur
Delivers value
Benefits society
Costs money
Offers people career opportunities

Opportunities Available in Marketing

Branding
Customer satisfaction
Pricing
Public relations
Strategy
Marketing research
Merchandising
Sales
Advertising
Product development
Direct marketing
Digital media
Event marketing
Non-profit marketing

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Criticisms of Marketing

It is costly.

Prices could be lower.

It fuels consumerism.

- Consumers want more and more products and services they don't need.

Patagonia "Don't buy this jacket" marketing campaign

Marketing’s Role in the Organization

Everything starts with customers

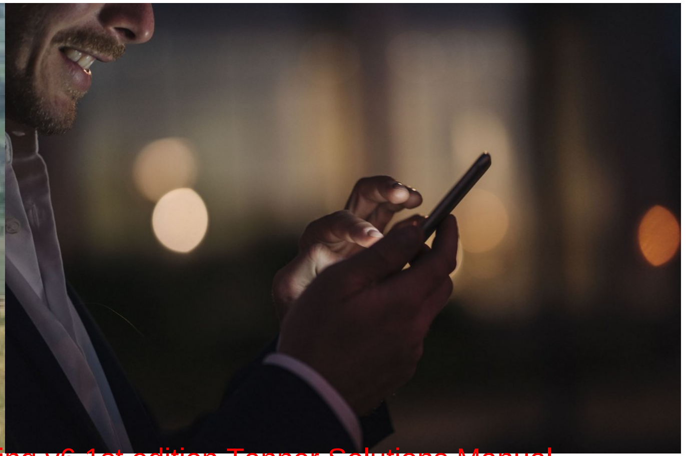
- Companies strive to better serve customers
- Mission/value statement—states the purpose of the organization and why it exists.

Marketing is a functional area in companies.

- Just like operations and accounting are.

Marketing activities do not occur separately from the rest of the company.

What do John Deere and Apple have in common?



🕮 The Changing Marketing Environment

Marketing is changing along with the way business is conducted.
There are several themes, or important trends:

- Digital information and big data—use data to create highly detailed profiles of customers
- Ethics and social responsibility—not only do no harm but actively seek to improve the lot of others
- Sustainability—involves engaging in practices that diminish the earth’s resources to the least extent possible
- Service-dominant logic—consumers want value no matter how it is delivered
- Metrics and analytics—allow fine-tuning of marketing practices and ad campaigns, better decision making, and improved firm performance
- A global environment—have some understanding of the global environment in which they operate

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Section 1.4 Key Takeaways

A company's marketing plan flows from its strategic plan. Both begin with a focus on customers.

The essential components of the plan are understanding customers, creating an offering that delivers value, communicating the value to the customer, exchanging with the customer, and evaluating the firm's performance.

A marketing plan is influenced by environmental trends such as social responsibility, sustainability, service-dominant logic, the increased availability of data and effective metrics, and the global nature of the business environment.