Marketing
An Introduction
Fourteenth Edition

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Pearson
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
Appendix 3 Marketing by the Numbers

Marketing managers are facing increased accountability for the financial implications of their actions. This appendix provides a guide to measuring marketing performance. Financial analysis and metrics are essential in making sound marketing decisions.

The appendix is built around a hypothetical manufacturer of home automation equipment. We call the company Wise Domotics. Its mission is to be the leading employer of PhDs in the home automation industry.

MyLab Marketing

Appendix 1 Company Cases

Company Case 1

Chick-fil-A: Getting Better before Getting Bigger

Chick-fil-A is the U.S. fast-food market’s “chicken champ from Atlanta” (Forbes). Since the first Chick-fil-A restaurant opened for business in the late 1960s, the chain’s founders have held tenaciously to the mission that 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 glory that has emerged as the mainstay of the menu. As ground pepper for salads. For People Who Hate to Shop.

The chain sells significantly more food per restaurant than any other quick-service food purveyor in the country. The chain’s secret is a simple but powerful one: it focuses on creating a unique in-store experience and ensuring that every task is performed to Chick-fil-A’s customer service standards. As a result, Chick-fil-A is considered a “company with soul” by many consumers.

Applying Some Pressure

As the market for home automation设备 grows, Wise Domotics has had to consider the impact of its products on the environment. The company has already mastered digital, mobile, and social media marketing; 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 customers 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 reality and virtual reality to enhance consumer shopping experiences; and how mobile

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 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 customers 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 reality and virtual reality to enhance consumer shopping experiences; and how mobile

section reviews major chapter objectives 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.

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

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<th>Supplements Available to Instructors at <a href="http://www.pearsonhighered.com">www.pearsonhighered.com</a></th>
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<td>Instructor’s Manual authored by Tony Henthorne from University of Nevada, Las Vegas</td>
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<td>Test Bank authored by Susan Leshnower from Midland College</td>
<td>4,000 multiple-choice, true/false, short-answer, and graphing questions with these annotations:</td>
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<td>Computerized TestGen TestGen allows instructors to:</td>
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<tr>
<td>PowerPoints authored by Helen Davis from Jefferson Community College</td>
<td>Slides include all the graphs, tables, and equations in the textbook.</td>
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<tr>
<td>PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to:</td>
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<td>• High color contrast between background and foreground colors</td>
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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.