

## **LECTURE NOTES**

### **CHAPTER OPENING EXAMPLE**

#### **SINGAPORE AIRLINES: A NEW EXPERIENCE IN AIR TRAVEL**

- Marketing problem: How can an airline from a small country with no possibility of domestic network survive in the international market?
- Solution: Be innovative and be the trendsetter – be in the forefront of industry by anticipating changes in customer needs and fulfilling these needs ahead of competitors.
- It took Singapore about two decades to be one of the world's top international airlines and almost the only airline to consistently generate profits.

##### **A. Changing Air Travel Experience**

- In October 2007, Singapore Airlines became the first airline to fly the Airbus A380 for non-stop air travel.
- In the early 1970s, Singapore Airlines set the trend by offering free drinks, choice of meals and complimentary headsets in Economy class and a complimentary bag containing a comb, pair of socks and toothpaste and toothbrush for long haul flights.
- Singapore Airlines also revolutionize in-flight entertainment through its Krisworld.

##### **B. Customer Needs and Wants in Air Travel**

- What do customers look for in air travel? At the functional level, they want to move from point A to point B to point C as quickly as possible. To fulfill this, Singapore Airlines emphasizes reliability and punctuality.
- In flight services are also considered important. Singapore Airlines, thus, seek to provide memorable experiences through its emphasis on service excellence.
- Staff selection and training are carried out carefully. Regular customer feedback and surveys are also done.

## I. WHAT IS MARKETING? [LO1]

- You're already a marketing expert because you do many marketing activities every day, such as shopping for products or commenting on an advertisement you have come across.
- However, you may not have much experience developing products to reach different groups of people or segments. Even professionals do not find it easy. Skytrax Research found out that only five airlines (including Singapore Airlines) attained five star highest quality rating in passenger airline services.

Test your marketing expertise by answering the following questions:

1. True or False: As long as consumers desire information on computing and *Asia Computer Weekly* is able to provide such information effectively, there will always be a demand for the magazine. **Answer: false** (p. 8 – there is still the need for communication between the parties).
2. True or False: Consumers always know what they want. **Answer: false** (p. 8 – see example of karaoke).
3. What is the 60-year lifetime value of a loyal Kleenex customer. **Answer: \$994** (p. 13).
4. To ensure they get good people able to provide excellent services, Singapore Airlines cabin crews have to go through how many rounds of interviews? **Answer: three** (p. 16).

### A. Singapore Airlines, Marketing, and You

- The marketing strategy of Singapore Airlines is discussed throughout this chapter.
- One key to how well Singapore Airlines succeed lies in the subject of this book: marketing.
- Marketing affects all individuals, corporations, industries, and countries. In this course, you will learn and “do” marketing.

### B. Marketing: Using Exchanges to Satisfy Needs

- An abridged version of the new AMA definition of marketing:

“**Marketing** is the activity for creating, communicating, delivering, and exchanging offerings that benefit the organization, its stakeholders, and society at large.”

- Marketing seeks to create, communicate and deliver value. It is not the same thing as advertising or selling.
- Prospective customers include:
  - a. Individuals buying for themselves and their households.
  - b. Organizations that buy for their own use or for resale.
- The key to discovering and satisfying consumer needs and wants 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.

**C. The Diverse Factors Influencing Marketing Activities**

- A variety of other people, groups, and forces interact with marketing to shape the nature of its activities. These include:
  - a. The organization itself, whose mission and objectives determine what business it is in and what goals it seeks.
  - b. Management is responsible for establishing these goals.
  - c. The marketing department works with other departments to develop products and facilitate relationships with customers, shareholders, suppliers, and other organizations.
- Environmental forces shape an organization’s marketing activities and include social, technological, economic, competitive, and regulatory forces.
- Marketing is affected by and impacts society.
- The organization must strike a continual balance among competing interests of customers, suppliers, employees, and shareholders.

**D. Requirements for Marketing to Occur**

Four factors are required for marketing to occur:

1. Two or more parties with unsatisfied needs.
2. A desire and ability to satisfy these needs.
3. A way for the parties to communicate.

4. Something to exchange. For a transaction to occur between a buyer and seller, money or something else of value must be exchanged.

## LEARNING REVIEW

### 1. What is marketing?

Answer: Marketing is the activity for creating, communicating, delivering, and exchanging offerings that benefit the organization, its stakeholders, and society at large.

### 2. Marketing focuses on \_\_\_\_\_ and \_\_\_\_\_ consumer needs.

Answer: discovering; satisfying

### 3. What four factors are needed for marketing to occur?

Answer: The four factors are: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

## II. HOW MARKETING DISCOVERS AND SATISFIES CONSUMER NEEDS [LO2]

Discovering and satisfying consumer needs is critical to marketing.

### A. Discovering Consumer Needs

- Marketing's first objective: discover the needs of consumers.
- Consumers may not always know or be able to describe what they need or want. Effective marketing research can help.

#### 1. The Challenge: Meeting Consumer Needs with New Products.

- a. About 94% of the 33,000+ new consumable products (food, beverage, health, beauty, etc.) introduced in the market each year do not succeed over the long run.
- b. Two key principles for new product launches:
  - Focus on the consumer benefit.
  - Learn from the past.
  - Find out what consumers need and want and then produce them.

- c. What are the potential benefits and “showstoppers” (factors that might doom the offering) for the following products:
- *Dr. Care vanilla-mint-flavored aerosol toothpaste.*
    - Benefits: taste, easy to use, and sanitary.
    - Showstopper: aerosol application messy.
  - *Hot Pockets Subs microwavable snacks.*
    - Benefits: convenient, variety, and taste.
    - Showstopper: ice crystals on product.
  - *iRobot’s Robotic Scooba robotic floor washer*
    - Benefits: cleaning ability better than a mop, easy to use, quiet, and convenience.
    - Showstoppers: little robotic “intelligence, gets stuck, dirt in corners, needs to be programmed.
  - *Wheaties Dunk-a-Ball Cereals*
    - Benefit: People love to shoot baskets
    - Showstoppers: missed shots picked up by kids and put into their mouths do not represent healthy breakfast.
- c. Firms spend billions of dollars on marketing and technical research to reduce new-product failures.

## 2. Consumer Needs and Consumer Wants.

- a. Should marketers try to discover and satisfy consumer needs and wants?  
Yes! It’s an issue of freedom.
- A *need* occurs when a person feels physiologically deprived of basic necessities, such as food, clothing, and shelter.
  - A *want* is a felt need that is shaped by a person’s knowledge, culture, and personality.
  - Marketing does not create the need for a product but shapes a person’s wants.

## MAKING RESPONSIBLE DECISIONS

### Cell Phones and Distracted Driving: Just as Dangerous as Drunk Driving

- Studies have shown that the distracting effect of using a cell phone exceeded that of a person with 0.08 blood-alcohol level, the legal limit for drink driving in many Asian countries.
- Malaysia is repeating this study in the country. New Delhi court imposed a slew of measures to deter smoking and use of cell phones while driving.
- Should consumers have full freedom to satisfy all their needs and wants? Or do governments have a role to moderate some needs and wants when they are undesirable? Should responsible marketers promote the responsible use of products and services?

### 3. What a Market Is.

- a. Potential consumers make up a **market**, which is people with both the desire and the ability to buy a specific product.
- b. People aware of their unmet needs may have a desire for a product. However, they must also have the ability to buy, such as the authority, time, and money.

### B. Satisfying Consumer Needs

- An organization does not have the resources to satisfy the needs of all consumers.
- Therefore, it focuses on the needs of its **target market**—one or more specific groups of potential consumers toward which an organization directs its marketing program.

### 1. The Four Ps: Controllable Marketing Mix Factors. [LO3]

After selecting its target market consumers, the firm must take steps to satisfy their needs.

- a. A marketing department must develop a complete marketing program to reach consumers by using the four Ps:
  - *Product.* A good, service, or idea to satisfy the consumer's needs.
  - *Price.* What is exchanged for the product.
  - *Promotion.* A means of communication between the seller and buyer.

- *Place*. A means of getting the product to the consumer.
  - b. The elements of the **marketing mix** are the marketing manager's controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem.
2. **The Uncontrollable, Environmental Forces.**
- a. **Environmental forces** in a marketing decision are the uncontrollable factors involving social, economic, technological, competitive, and regulatory forces.
  - b. Marketers can affect some of these forces, such as technology or competition, and achieve breakthroughs.

### **III. THE MARKETING PROGRAM: HOW CUSTOMER RELATIONSHIPS ARE BUILT [LO4]**

A marketing program connects the organization to its customers.

#### **A. Customer Value and Customer Relationships**

- Intense competition in domestic and global markets has caused massive restructuring of many Asian industries and businesses.
- Many firms now focus on providing **customer value**, which is the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price.
- Firms calculate the dollar value of a loyal, satisfied customer. Example: Kleenex = \$994 (Figure 1-1, question 3).
- Firms cannot succeed by being all things to all people. Instead, they must build long-term customer relationships that they alone can deliver to its targeted markets.
- Three strategies used to deliver customer value include:
  - a. Best price: Sheng Siong, Tiger Airways and Enzer
  - b. Best product: Sony, Shiseido, Royal Selangor, Coffee Bean and Tea Leaf
  - c. Best service: Robinsons, Mandarin Oriental, Singapore Airlines

## **B. Relationship Marketing**

Customer relationships are achieved when an organization creates connections with its customers through specific marketing mix actions implemented in its marketing program.

### **1. Relationship Marketing: Easy to Understand.**

- a. Relationship marketing** links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits.
- b.** Relationship marketing is more effective when there is personal ongoing communication between individuals.

### **2. Relationship Marketing: Hard to Do.**

- a.** Online purchasing can eliminate the need for personal interaction with employees of an organization.
- b.** Consumers are deluged with offers by firms that make it difficult to foster a relationship.

## **C. The Marketing Program**

- Product concepts must be converted into a tangible **marketing program**—a plan that integrates the marketing mix to provide a good, service, or idea to prospective buyers.
- The process is continuous: Consumer needs trigger product concepts that are translated into actual products that stimulate further discovery of consumer needs.

## **D. A Marketing Program for Singapore Airlines**

Singapore Airlines achieves superior performance in the market by apply the three steps below:

### **1. Knowing the Customers and Understanding Their Needs and Wants.**

- a.** Feedback from random sample of 10% of its flights. Careful study of IATA benchmark study.
- b.** Track and analyze all written feedback.
- c.** Mechanisms to get views and feedback of customers through staff.
- d.** Examines customers' current lifestyle and try to anticipate their future lifestyles



- e. Divide customers into groups: business travelers, individual leisure travelers and group tour travelers. Examine their differing needs and wants.
- 2. Developing Core Strategy and Concept.**
- a. Uses differentiation strategy – develop different offerings for different customer groups and segments.
  - b. Compete through service excellence as a result of sustained innovation, effective management of people and good control of costs.
  - c. Innovation is achieved through centralized R & D department as well as decentralized functional units.
  - d. Effective human resource management is achieved through effective recruitment and selection, training and retraining, teamwork and team spirit, empowerment, and reward and recognition.
  - e. Cost control is achieved through service design and development, continuous improvements, cost control culture and synergies.
- 3. Assembling the Right Mix of Products or Service, Price, Promotion and Place**
- a. Business Travelers – Flight interconnectivity, privacy, spacious environment for rest and work, gourmet food; first class or business class fares, corporate rates; cumulative quantity discounts, special packages; direct marketing, specialized travel agents.
  - b. Individual Leisure Travelers – Comfortable environment, engaging entertainment, tasty food; economy fares; special promotion during holiday and peak seasons; travel agent and online booking
  - c. Group Tour Travelers – Comfortable environment, engaging entertainment, tasty food; group fares; special promotion fares during holiday and peak seasons; group tour travel agents.

### LEARNING REVIEW

- 4. An organization can't satisfy the needs of all consumers, so it must focus on one or more subgroups, which are its \_\_\_\_\_.**

Answer: target markets

- 5. What are the four marketing mix elements that make up the organization's marketing program?**

Answer: product, price, promotion, place

## 6. What are environmental forces?

Answer: Environmental forces are those that the organization's marketing department can't control. These include social, economic, technological, competitive, and regulatory forces.

## IV. HOW MARKETING BECAME SO IMPORTANT

Marketing has become a driving force in the modern global economy.

### A. Evolution of the Market Orientation [LO5]

Four distinct stages can be identified in the life of many market-oriented manufacturing organizations:

1. **Production Era** (until the 1930s). Goods were scarce, and buyers would accept virtually any goods that were produced.
2. **Sales Era** (from the 1930s to the 1960s).
  - a. Firms could produce more goods than their regular buyers could consume and competition grew.
  - b. Focus was on hiring salespeople to find new buyers for the firm's existing products.
3. **The Marketing Concept Era** (in the 1960s). The **marketing concept** is the idea that an organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization's goals.
4. **The Customer Relationship Era** (the era today).
  - a. An organization that has a **market orientation** focuses its efforts on (1) continuously collecting information about customers' needs, (2) sharing this information across departments, and (3) using it to create customer value.
  - b. The focus on customers has led to **customer relationship management (CRM)**, the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.
  - c. The foundation of customer relationship management (CRM) is **customer experience**, which is the internal response that customers have to all aspects of an organization and its offerings. This internal response includes:

- Direct customer contacts (buying, obtaining, and using the product or service).
- Indirect contacts (word-of-mouth, news reports).
- c. Sometimes there is a “disconnect” between what firms *think they provide* vs. what customers *say they receive*.

## **B. Ethics and Social Responsibility: Balancing the Interests of Different Groups**

Today, the standards of marketing practice have shifted from an emphasis on producers' interests to consumers' interests and a consideration of the social and environmental consequences of potential actions.

1. **Ethics.** Organizations have developed codes of ethics to assist them because existing laws and regulations do not specifically address many marketing issues.
2. **Social Responsibility.**
  - a. Is the idea that organizations are accountable to a larger society.
  - b. Some marketing experts stress the **societal marketing concept**, the view that organizations should satisfy the needs of consumers in a way that provides for society's well-being.
    - Is directly related to *macromarketing*, which is the study of the aggregate flow of a nation's goods and services to benefit society.
    - Macromarketing addresses the broad issues such as whether marketing costs are too much, advertising is wasteful, effects of pollution that result from marketing efforts.
    - *Micromarketing* focuses on how an individual organization directs its marketing activities and allocates its resources to benefit its customers.

## **C. The Breadth and Depth of Marketing [LO6]**

Marketing affects every person and organization.

1. **Who Markets?**
  - a. Every organization markets: profit-making business firms and nonprofit organizations.
  - b. Places, special causes, and individuals also market.
2. **What is Marketed?** Goods (physical objects), services (intangible items), and ideas (thoughts about actions or causes) are marketed.

3. **Who Benefits?** Three specific groups benefit:
  - a. Consumers who buy. Competition ensures that consumers can find value from the best products, the lowest prices, or exceptional service in the marketplace.
  - b. Organizations that sell. Effective marketing actions reward organizations that serve consumers.
  - c. Society as a whole. Marketing enhances competition, improves product quality, lowers prices, and provides jobs to raise the standard of living for a country's citizens.
4. **Who Buys and Uses What Is Marketed?** Two groups do:
  - a. **Ultimate consumers** are the people who use the goods and services purchased for a household. Also called *consumers*, *buyers*, or *customers*.
  - b. **Organizational buyers** are those manufacturers, wholesalers, retailers, and government agencies that buy goods and services for their own use or for resale.
5. **How Do Consumers Benefit?** Marketing creates **utility**, the benefits or customer value received by users of the product. Four different utilities are created:
  - a. *Form utility*. The value to consumers that comes from the production of the good or service.
  - b. *Place utility*. The value to consumers of having the offering available where needed.
  - c. *Time utility*. The value to consumers of having the product or service available when needed.
  - d. *Possession utility*. The value to consumers of making an item easy to purchase.

## WEB LINK

### Promoting Tourism

- Singapore Tourism Board used the theme “Uniquely Singapore” to market Singapore. They use print and television advertisements.
- Korea Tourism Organization used the themes “Korea – Something More” and “Korea Sparkling” to market Korea.

- What customer benefits are conveyed in the themes and advertising messages?

## LEARNING REVIEW

7. Many Asian firms have gone through four distinct orientations for their business: starting with the \_\_\_\_\_ era and ending with today's \_\_\_\_\_ era.

Answers: production; customer

8. What are the two key characteristics of the marketing concept?

Answer: An organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization's goals.

## APPLYING MARKETING KNOWLEDGE

1. What consumer wants (or benefits) are met by the following products or services? (a) Singapore Airline's maiden flights on Airbus A380 between Singapore and Sydney, (b) Acer Aspire notebook, (c) Yeo's soya bean drink, and (d) Asian Rent a Car.

Answers: Consumer wants or benefits met by each of four products or services include:

- Singapore Airline's maiden flight on Airbus A380 between Singapore and Sydney.** To be first on A380 – ability to make history, exclusiveness. Time saving in non-stop travel.
- Acer Aspire notebook.** Computing capacity and speed as well as software for work and tasks, video and sound quality for entertainment, sleek design for self-expression as a cool person.
- Yeo's soya bean drink.** Quench thirst, nice taste, build health.
- Asian Rent a Car.** . Time saving for business or vacation travelers who may fly to a destination and need local transportation without being able to use local buses or rail transit.

2. Each of the four products, services, or programs in question 1 has substitutes. Give one example of a substitute for each of the four products or services. What consumer benefits might these substitutes have in each case that some consumers might value more highly than those products mentioned in question 1?

Answers: Substitutes as well as consumer wants or benefits that these four substitute products might provide include:

- a. **Singapore Airline's maiden flight on A380.** Substitute – Take a maiden cruise between Singapore and Sydney. Ability to make history, exclusiveness. More variety of leisure activities in a cruise. Better chances of friendship and network on a cruise.
  - b. **Acer Aspire notebook.** Substitute – Temporary work agency. Manual and repetitive tasks – temporary work agency can complete the tasks at a low cost.
  - c. **Yeo's soya bean drink.** Substitute – Mineral water. May quench thirst better though it tastes plain. May be more readily available compared to soya bean drink. Often seen as healthier as it may contain less processed materials.
  - d. **Asian Rent a Car.** Substitute – taking a bus. Low cost; avoiding the need to find parking for a car; avoiding inconvenience of picking up and delivering the rental car and the accompanying paperwork.
3. **What are the characteristics (e.g., age, income, education) of the target market customers for the following products or services? (a) Channel News Asia, (b) 8-Days magazine, (c) Yokohama football club, and (d) Toyota Camry Cars.**

Answers: The demographic characteristics of the target market for each product or service are:

- a. **Channel News Asia.** Older age group; high income; highly educated.
  - b. **8-Days magazine.** Diverse age group 15-55 years old; middle income.
  - c. **Yokohama Football Club.** Japanese staying in and near Yokohama area, mainly men.
  - d. **Toyota Camry Cars.** Driving license holder, middle income, aged 30 and above.
4. **Asia Pacific Management Institute wishes to increase its evening-school offerings of business-related courses such as marketing, accounting, finance, and management. Who are the target market customers (students) for these courses?**

Answer: Target market customers or students for business-related courses offered by a college at night include both those pursuing a degree and those not pursuing a formal degree.

- a. Students pursuing a degree might seek degree-related courses that could aid them in acquiring or earning an Associate's degree, a Bachelor's degree, or a MBA degree.
- b. In contrast, many prospective students in these courses may be more interested in particular subject areas that can assist them in their job rather than in degree credits. For example, engineering personnel might want introductory courses in marketing or finance or accounting to familiarize them with principles from these courses that might apply to their job. Owners of small businesses might seek work-related courses that enable them to develop a business plan, design an accounting/record-

keeping system, or write more effective advertising copy. Often students not pursuing a degree may be awarded a “certificate” for completing a specific sequence of courses.

**5. What actions involving the four marketing mix elements might be used to reach the target market in question 4?**

Answers: Marketing mix actions to reach these target market customers include:

- a. **Product.** The content of each degree program, certificate program, or course offered to target market customers.
- b. **Price.** The tuition or charge for taking the course.
- c. **Promotion.** Course catalogs, direct mail informational brochures, posters, and ads run in local newspapers or on local radio stations are examples of the kind of promotional activities a college often undertakes.
- d. **Place.** This includes the place and time at which the course is offered. Increasingly, colleges and universities are taking their courses to the location of their students rather than asking students to come to the campus itself.

**6. What environmental factors (uncontrollable variables) must the college in question 4 consider in designing its marketing program?**

Answers: Environmental factors or uncontrollable variables for the college to consider are:

- a. **Social forces.** Formal college degrees are required for an increasing number of jobs, so colleges must recognize this in designing their courses. In addition, some employers require a certain number of work-related course units every year to have their employees maintain skills. Colleges often try to design curricula to reflect this.
- b. **Economic forces.** Price of the course and its potential benefits to the students, either in terms of leading to a degree or providing work-related benefits.
- c. **Technological forces.** Many colleges are offering both credit and noncredit courses online or through television—either on cable channels available to the public or through programs transmitted directly to employees of specific companies. An increasing number of courses take the form of computer-related work, which affects curriculum design decisions.
- d. **Competitive forces.** The college must recognize a number of ways for students to get roughly equivalent courses: those offered by other colleges or universities in the area, courses offered internally by large employers, and courses offered by correspondence or online distance learning.
- e. **Regulatory forces.** Degree courses must often meet standards imposed by outside groups, such as those standards established by the Association to Advance Collegiate Schools of Business for Bachelor and Masters degree programs in business.

7. **OSIM seeks to market its massage chairs such as the iSymphonic and iDesire globally. What are the advantages and disadvantages of trying to reach new global markets?**

Answers:

- a. **Advantages:** (1) Potential to increase sales revenues and profits, (2) potential to achieve production scale economies by having central production of some models that are sold globally, and (3) opportunity to enter other countries where competition is not as fierce as in the local market.
- b. **Disadvantages:** (1) Danger of “losing focus”—of spreading resources across various countries and losing a large part of U.S. market, (2) possibility of not being able to bring profits back from some foreign nations (the situation with many Eastern European and developing nations), (3) possibility in some unstable countries of production plants being nationalized, and (4) currency fluctuations.
8. **Does a firm have the right to “create” wants and try to persuade consumers to buy goods and services they didn’t know about earlier? What are examples of “good” and “bad” want creation? Who should decide what is good and bad?**

Answers:

- a. **Does a firm have the right to “create” wants and try to persuade consumers to buy goods and services they didn’t know about earlier?** Yes, a firm has the right to create wants in an attempt to persuade consumers to buy products they didn't know about in the past; new medicines to treat those having high blood pressure or heart attacks are good examples.
- b. **What are examples of “good” and “bad” want creation?** The conflict is over “good” and “bad” want creation. In a free society where we value free choice by the individual it is difficult to condemn “bad” candy bars and soft drinks over “good” apples and orange juice if the individual's choice only affects him or her.
- c. **Who should decide what is good and bad?** Our society says that what is “good” and “bad” is up to the individual unless there are major costs to society as a whole in letting the individual have free choice. Thus, in the case of products like firearms and drugs, society determines what is “good” and “bad” and sets rules or laws controlling their use.
9. **Examine the scenarios below and explain whether they refer to situations of needs, wants or demand. Is it important to differentiate among the three?**
- i. **The Japanese had a per capita consumption of beer of 51.3 litres in 2004.**<sup>i</sup>



- This is an indication of demand as there is evidence of want backed by willingness and ability to pay.
  - ii. **Clement seems to have everything. He has a big house, a luxurious car, a good job and an understanding wife. But he feels that there is something missing in his life. He feels that he has not achieved anything meaningful yet.**
    - This is self actualization need which is currently not met by the materials goods and social circle that Clement has. This self actualization need may be met by something less material such as charitable work and relationship with higher being (God).
  - iii. **Felicia is the sociable kind and loves to be around people. She joins the church's women's club so she can constantly meet other women in all kinds of interesting activities.**
    - This is a want (preference of church's women club) to met the social needs with Felicia has.
10. **For the scenarios below, suggest whether there is an exchange in each case. Provide reasons for your answers.**
- i. **Ah Huey is stressed that she is not studying hard for her upcoming examination. She makes a bargain with herself, that if she concentrates for the next two hours and not gets distracted, she will reward herself with a shopping trip that night.**
    - This is not an exchange as there is only one party. Ah Huey cannot exchange with herself as there is no incremental value generated in the process.
  - ii. **Xiao Huey is a university student. She worked very hard as a sales person during vacation to save \$4000. She read an advertisement by a beauty salon about a special breast enhancement program. She went to the salon and talked to a manager there. She told the manager that she hoped her breasts could be enlarged from an 'A' size to a 'B' size. The manager indicated that it was possible and she paid \$4000 to enroll into the program. Her breasts increased in size during the initial stage of the program, but went back to their original size at the end of the 24-session program. She went to complain to Consumer Association in Taiwan.**
    - There is no exchange here as there appears to be a breakdown in communications between the two parties resulting in unrealized expectations. Xiao Huey did not receive the value she was hoping for.

iii. **Joseph saw a moving advertisement about an old man who have kidney disease and how the family was crippled financially because to the necessary medical treatment. He made a pledge to donate \$50.00 a month to National Kidney Foundation.**

- There is an exchange here as NKF receives value in the donation and Joseph receives value in personal fulfillment and satisfaction at being able to help the less fortunate.

11. **What are your comments on the following views or approaches in business and marketing?**

i. **“Marketers create too much needs in this world.”**

- This statement is theoretically wrong as needs are innate and cannot be created. Only wants can be created by marketers and marketers capitalize on needs to create wants.

ii. **“Good companies should not be marketing products like tobacco which harm people.”**

- This statement is about the practice of societal marketing concept whereby offerings by marketers should meet needs and wants and should not harm consumers’ and societal’s welfare. This business philosophy is an ideal and is challenging to adopt and practice to the full.

iii. **Master Symphonic Orchestra performs weekly at its own Master Music Theatre in Pleasureland. The management committee, which consists of mainly musicians, believes they know orchestra music very well in light of their training and experiences. As such, the weekly programs were put together with the view that they will provide the best and most balanced enjoyment for the audience. No feedback was ever obtained from audience.**

- This situation shows the practice of the product concept. It may not lead to exchange or fulfillment of customer needs as the marketer is too inward looking and feels that customers are incapable to defining the product to meet his own needs.

### **GOING ONLINE**

#### **Your Personal Mechanized “Transporter”**

1. The advantages are its portability, versatility and range for diverse activities. It is easy to use and does not require special skills. The disadvantages are that it is generally not power driven so cannot go very fast (have low maximum speed). It has two wheels so need balancing by the user and can topple if used carelessly or user makes a mistake. It is also not cheap.
2. For businesses, it can be used as a individual people transporter, light cargo transporter, golf equipment transporter (for golf course operators or companies organizing golf events), and for robotic applications.
3. Consumers will want to buy a Segway to travel short distances outside the house or even within the building. The product is easy to use and store.

### **BUILDING YOUR MARKETING PLAN**

**If your instructor assigns a marketing plan for your class, don’t make a face and complain about the work—for two special reasons. First, you will get insights into trying to actually “do marketing” that often go beyond what you can get by simply reading the textbook. Second, thousands of graduating students every year get their first job by showing prospective employers a “portfolio” of samples of their written work from college—often a marketing plan if they have one. This can work for you.**

**This “Building Your Marketing Plan” section at the end of each chapter suggests ways to improve and focus your marketing plan. You will use the sample marketing plan in Appendix A (following Chapter 2) as a guide, and this section after each chapter will help you apply those Appendix A ideas to your own marketing plan.**

**The first step in writing a good marketing plan is to have a business or product that entuses you and for which you can get detailed information, so you can avoid glittering generalities. We offer these additional bits of advice in selecting a topic:**

- a. ***Do* pick a topic that has personal interest for you—a family business, a business or product you or a friend might want to launch, or a student organization needing marketing help.**
- b. ***Do not* pick a topic that is so large it can’t be covered adequately or so abstract it will lack specifics.**

- 1. Now to get you started on your marketing plan, list four or five possible topics and compare these with the criteria your instructor suggests and those shown above. Think hard, because your decision will be with you all term long and may influence the quality of the resulting marketing plan you show to a prospective employer.**

In Question 1, a key factor students should consider in choosing a topic for their marketing plan is whether they can find enough useful information to provide the necessary detail in the completed plan. For example, a plan done for an existing family business builds on an immediate base of past revenues, marketing activities, etc. In contrast, a plan for a potential business a student is considering launching has no such base of information. While instructors must be sensitive to the different data collection problems each of these two marketing plans face, both must avoid the “glittering generalities” problem when submitted.

Here are examples of successful marketing plans students have submitted for our classes:

- **Family business.** Sand and gravel business, small manufacturing shop, two-chair barber shop, summer resort.
- **Local small business.** Garage, flower shop, corner grocery, interior-design decorating shop.
- **Student organization or university activity.** Marketing club, campus blood drive, increasing attendance at college sporting events, student counseling center.
- **Potential business.** Internet café, healthy-food restaurant, graphic design shop, motorcycle shop.

Some MBA programs offer field project courses where teams of MBA students write marketing plans for technologies emerging from university laboratories or for large organizations introducing new products. These kinds of projects are too complex for undergraduates taking a first course in marketing.

- 2. When you have selected your marketing plan topic, whether the plan is for an actual business, a possible business, or a student organization, write the “company description” in your plan, as shown in Appendix A.**

In Question 2, if the company already exists, the company description highlights the recent history and recent successes of the organization so students should seek to:

- a. Recent history.**

1. Provide a brief introduction about when the organization was founded (if relevant), identify who the founders or key management personnel are that will assist you, and define what product or service is to be marketed.

2. Discuss what is unique about the company and its offering(s) that sets it apart from competitors.
  - b. **Recent successes.** Where possible, identify and briefly describe what recent activities or results show how the organization has been successful in terms of sales (dollars or units), market share, quality, new product introductions, and so on.

If the company or organization does not actually exist, students should seek to describe what is unique about the organization and its offerings that are likely to lead to its eventual success.

### **Helping with Common Student Problems**

Enthusiastic students often pick marketing plan topics that are simply too grandiose to be completed in the time available—a new brand of car or a new airline to serve small Asian cities. A subtler problem—alluded to above—is in picking a marketing plan topic that requires an inordinate amount of effort to obtain useful data. For this latter problem, when having students select a marketing plan topic, ask them to first write down 4 or 5 topic ideas and then 10 or 12 words for each topic about what key sources of information they need to obtain and where are they likely to obtain it.

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