# MARKETING

### AN INTRODUCTION







### AN INTRODUCTION



#### **GARY ARMSTRONG**

University of North Carolina

#### PHILIP KOTLER

Northwestern University

#### **VALERIE TRIFTS**

Dalhousie University

#### LILLY ANNE BUCHWITZ

Wilfrid Laurier University

**CONTRIBUTING AUTHOR:** 

#### DAVID GAUDET

SAIT Polytechnic



Toronto

Editorial Director: Claudine O'Donnell Acquisitions Editor: Carolin Sweig Marketing Manager: Jessica McInnis Program Manager: Karen Townsend Project Manager: Jessica Hellen Developmental Editor: Paul Donnelly

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### **About the Authors**

**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 masters 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 campus-wide 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 honour bestowed by the sixteen-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 Prentice Hall), now in its 13th edition and the world's most widely used marketing textbook in graduate schools of business worldwide. He has authored dozens of other successful books and has written more than 100 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 two major awards: the Distinguished Marketing Educator of the Year Award given by the American Marketing Association and the Philip Kotler Award for Excellence in Health Care Marketing presented by the Academy for Health Care Services Marketing. His numerous other major honours 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 honour "outstanding contributions to science in marketing." In a recent *Financial Times* poll of 1000 senior executives across the world, Professor Kotler was ranked as the fourth "most influential business writer/guru" of the 21st century.

Dr. Kotler has served as chairman of the College on 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 travelled and lectured extensively throughout Europe, Asia, and South America, advising companies and governments about global marketing practices and opportunities.

#### xx ABOUT THE AUTHORS

VALERIE TRIFTS is an associate professor of marketing at Dalhousie University, Rowe School of Business, in Halifax. She received her undergraduate business degree from the University of Prince Edward Island, her MBA from Saint Mary's University, and her Ph.D. in marketing from the University of Alberta. Her research spans a broad range of topics, but her primary research interests are in the area of consumer information search and decision making. Specifically, she is interested in how firms can benefit from strategically providing their customers with information about competitors, as well as in exploring individual difference variables that influence search behaviour. More recently, she has begun to explore how personalization technologies can be leveraged online to customize digital media products for individual consumers. She is also involved in interdisciplinary work in the fields of transportation research and business ethics. She integrates her research into a variety of courses she has taught, including introduction to marketing, consumer behaviour, Internet marketing, and marketing research at both the undergraduate and graduate levels. Her research has been published in Marketing Science, the Journal of Consumer Psychology, the Journal of Marketing Theory and Practice, and Transportation Research: Part E. She has presented at numerous academic conferences and has been funded by the Social Sciences and Humanities Research Council of Canada.

LILLY ANNE BUCHWITZ is an author, teacher, and expert in the field of Internet marketing and advertising who became an academic after 15 years in the professional world of high-tech product and Internet marketing. In the early days of the Internet, she was the marketing manager for the Open Text Index, one of the original Internet search engines developed by Canadian software company Open Text, where she became notorious for developing paid search advertising in 1996. She later worked for the Internet start-up that became About. com, helped launch Internet advertising network DoubleClick in Canada, and was the Internet marketing manager for Chapters Online. Her professional activities eventually led her to teaching and research in the still-developing field of Internet advertising, which eventually became the subject of her Ph.D. dissertation. She has undergraduate degrees in English literature and education from McGill University, and an MBA from Wilfrid Laurier University. She began her university teaching career at the University of New Brunswick in its emerging e-commerce program in St. John, as well as in its business education program in Beijing, China. Since then she has taught marketing communications, advertising, and Internet marketing at Brock University, Wilfrid Laurier University, and San Jose State University. Today she is a writer, speaker, and professor at Humber College in Toronto.

**DAVID GAUDET** is an instructor at SAIT Polytechnic and the University of Calgary, and an active business owner/consultant, operating in a diverse number of industries. Holding an MBA with high distinction, from the University of Southern Queensland, Australia, he develops and delivers business courses in subjects ranging from accounting to marketing. His embracement of new technologies and integration of social media into his teaching have made him an early adopter and pioneer of flipped classroom methodology, and a regular speaker at the annual NISOD Conference in Austin, Texas, supported by the University of Texas.

Gaudet's professional career began in broadcasting, after earning his diploma of Applied Arts in 1983. He went on to assist in the successful launch of multiple radio stations, and ultimately held down programming duties in some of the country's most listened to and influential rock radio outlets. His passion for media converged with his entrepreneurial DNA in the early 90's when he started his first business, a media market research company, providing listener/viewer data to clients. He has added a plethora of marketing services to his portfolio over the last 25 years, providing corporate communications, project management, business analysis, crisis communications, media training, public relations, copywriting, web design, content management and strategic planning all under his third business startup, "Triceratops Brand Logic Inc".

### **Preface**

# The Sixth Canadian Edition of *Marketing: An Introduction:* Creating More Value for You!

Top marketers all share a common goal: putting consumers at the heart of marketing. 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, deciding which target markets the organization can serve best, and developing a compelling value proposition by which the organization can attract, keep, and grow targeted 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 access to a dazzling set of new customer relationship—building tools—from the Internet, smartphones, and tablets to online, mobile, and social media—for engaging customers any time, anyplace to 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 sixth Canadian edition of *Marketing: An Introduction*, you'll learn how *customer value* and *customer engagement* drive every good marketing strategy.

Marketing: An Introduction makes learning and teaching marketing more productive and enjoyable than ever. The sixth Canadian edition's streamlined approach strikes an effective balance between depth of coverage and ease of learning. Unlike more abbreviated texts, it provides complete and timely coverage of all the latest marketing thinking and practice. And unlike longer, more complex texts, its moderate length makes it easy to digest in a given semester.

Marketing: An Introduction's approachable organization, style, and design are well suited to beginning marketing students. The sixth Canadian edition's learning design helps students to learn, link, and apply important concepts. Its simple organization and writing style present even the most advanced topics in an approachable, exciting way. The sixth Canadian edition brings marketing to life with deep and relevant examples and illustrations throughout. And when combined with MyMarketingLab, our online homework and personalized study tool, Marketing: An Introduction ensures that students will come to class well prepared and leave class with a richer understanding of basic marketing concepts, strategies, and practices.

#### What's New in the Sixth Canadian Edition?

We've thoroughly revised the sixth Canadian edition of *Marketing: An Introduction* to reflect the major trends and forces impacting marketing in this digital age of customer value, engagement, and relationships. Here are just some of the changes you'll find in this edition:

More than any other developments, sweeping new online, social media, mobile, and other digital technologies are now affecting how marketers, brands, and customers engage with each other. The sixth Canadian edition

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features new and revised discussions and examples of the explosive impact of exciting *new digital marketing technologies* shaping marketing strategy and practice—from online, mobile, and social media engagement technologies discussed in Chapters 1, 6, 12, 13, and 15 to "online listening" and research tools in Chapter 5, online influence and brand communities in Chapter 6, and location-based marketing in Chapter 8, to the use of social media in business-to-business marketing and sales in Chapters 7 and 14, and to consumer Web, social media, and mobile marketing, as well as other new communications technologies, in Chapters 1, 6, 13, 15, and throughout.

A new Chapter 1 section, *The Digital Age: Online, Mobile, and Social Media Marketing*, introduces the exciting new developments in digital and social media marketing. A completely revised Chapter 15, *Direct, Online, Social Media, and Mobile Marketing*, digs deeply into digital marketing tools such as websites, social media, mobile ads and apps, online video, email, blogs, and other digital platforms that engage consumers anywhere, any time via their computers, smartphones, tablets, Internet-ready TVs, and other digital devices. The sixth Canadian edition is packed with new stories and examples illustrating how companies employ digital technology to gain competitive advantage—from traditional marketing all-stars such as Nike, P&G, Southwest, and McDonald's to new-age digital competitors such as Google, Amazon.com, Apple, Netflix, Pinterest, and Facebook.

■ The sixth Canadian edition features completely new and revised coverage of the emerging trend toward **customer engagement marketing**—building direct and continuous customer involvement in shaping brands, brand conversations, brand experiences, and brand community. The Internet and social media have created better-informed, more-connected, and more-empowered consumers. Thus, today's marketers must now *engage* consumers rather than interrupting them. Marketers are augmenting their mass-media marketing efforts with a rich mix of online, mobile, and social media marketing that promotes deep consumer involvement and a sense of customer community surrounding their brands. Today's new engagement-building tools include everything from websites, blogs, in-person events, and video sharing to online communities and social media such as Facebook, YouTube, Pinterest, Twitter, and a company's own social networking sites.

In all, today's more engaged consumers are giving as much as they get in the form of two-way brand relationships. The sixth Canadian edition contains substantial new material on **customer engagement** and related developments such as **consumer empowerment**, **crowdsourcing**, **customer co-creation**, and **consumer-generated marketing**. A new Chapter 1 section—*Engaging Customers*—introduces customer engagement marketing. This and other related customer engagement topics are presented in Chapter 1 (new sections: *Customer Engagement and Today's Digital and Social Media* and *Consumer-Generated Marketing*), Chapter 5 (qualitative approaches to gaining deeper customer insights), Chapter 6 (managing online influence and customer community through digital and social media marketing), Chapter 8 (crowdsourcing and customer-driven new-product development), Chapter 13 (the new, more engaging marketing communications model), and Chapter 15 (direct digital, online, social media, and mobile marketing).

■ The sixth Canadian edition continues to build on and extend the innovative customer value framework from previous editions. The customer value model presented in the first chapter is fully integrated throughout the remainder of the

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book. No other marketing text presents such a clear and compelling customer value approach.

- The sixth Canadian edition provides revised and expanded coverage of developments in the fast-changing area of **integrated marketing communications**. It tells how marketers are blending the new digital and social media tools—everything from Internet and mobile marketing to blogs, viral videos, and social media—with traditional media to create more targeted, personal, and engaging customer relationships. Marketers are no longer simply creating integrated promotion programs; they are practising *marketing content management* in paid, owned, earned, and shared media. No other text provides more current or encompassing coverage of these exciting developments.
- Revised coverage in the sixth Canadian edition shows how companies and consumers continue to deal with **marketing in an uncertain economy** in the lingering aftermath of the recession. Starting with a section in Chapter 1 and continuing with revised discussions in Chapters 4, 10, and elsewhere throughout the text, the sixth Canadian edition shows how now, even as the economy recovers, marketers must focus on creating customer value and sharpening their value propositions in this era of more sensible consumption.
- New material throughout the sixth Canadian edition highlights the increasing importance of **sustainable marketing**. The discussion begins in Chapter 1 and continues in more detail in Chapter 3, which pulls marketing concepts together under a sustainable marketing framework. Frequent discussions and examples showing how sustainable marketing calls for socially and environmentally responsible actions that meet both the immediate and the future needs of customers, companies, and society as a whole are presented throughout the text.
- The sixth Canadian edition provides new discussions and examples of the growth in **global marketing.** As the world becomes a smaller, more competitive place, marketers face new global marketing challenges and opportunities, especially in fast-growing emerging markets such as China, India, Africa, and others. You'll find much new coverage of global marketing throughout the text, starting in Chapter 1 and discussed fully in Chapter 16.
- The sixth Canadian edition continues its emphasis on **measuring and managing return on marketing**, including many new end-of-chapter financial and quantitative marketing exercises that let students apply analytical thinking to relevant concepts in each chapter and link chapter concepts to the text's innovative and comprehensive Appendix 3, *Marketing by the Numbers*.
- The sixth Canadian edition continues to engage students with this title's most unique feature, **the comprehensive case**. For this edition, we are offering two cases, one with a business-to-consumer (B-to-C) focus and one with a business-to-business (B-to-B) focus. Used to further illustrate a chapter's key learnings, the B-to-C case runs throughout the book, and examines Boston Pizza's marketing strategy as it relates to the content being discussed.
- The B-to-B comprehensive case, featuring Farmers Edge, is available through Pearson Custom Library.
- The sixth Canadian edition provides new end-of-chapter company cases by which students can apply what they learn to actual company situations. Additionally, all of the chapter-opening stories and MARKETING@WORK highlights in the sixth Canadian edition are either new or revised for currency.

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# Five Major Customer Value and Engagement Themes

The sixth Canadian 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. Outstanding marketing companies understand the marketplace and customer needs, design value-creating marketing strategies, develop integrated marketing programs that engage customers and deliver value and satisfaction, and build strong customer relationships and brand community. In return, they capture value from customers in the form of sales, profits, and customer equity.

This innovative *customer value framework* is introduced at the start of Chapter 1 in a five-step marketing process model, which details how marketing *creates* customer value and engagement and *captures* value in return. The framework is carefully explained in the first two chapters and then 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 behaviours. The sixth Canadian edition introduces and thoroughly explores the contemporary concept of customer engagement marketing and the exciting new digital and social media technologies that help brands to engage customers more deeply and interactively. It starts with two major new Chapter 1 sections: Customer Engagement and Today's Digital and Social Media and The Digital Age: Online, Mobile, and Social Media. A completely revised Chapter 15, 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 tools to create customer engagement and build brand community.
- 3. **Building and managing strong brands to create brand equity.** Well-positioned brands with strong brand equity provide the basis upon which to build profitable customer relationships. Today's marketers must position their brands powerfully and manage them well to create valued customer brand experiences. The sixth Canadian edition provides a deep focus on brands, anchored by the discussion in Chapter 9.
- 4. *Measuring and managing return on marketing.* Especially in uneven economic times, marketing managers must ensure that their marketing dollars are being well spent. In the past, many marketers spent freely on big, expensive marketing programs, often without thinking carefully about the financial returns on their spending. But all that has changed rapidly. "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 sixth Canadian edition.
- 5. Sustainable marketing around the globe. As new technologies 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 sixth Canadian 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. This edition integrates global marketing and sustainability topics throughout the text. It provides focused coverage on each topic in Chapters 16 and 3, respectively.

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### Real Experiences: MARKETING@WORK

Marketing: An Introduction, sixth Canadian edition, guides new marketing students down the intriguing, discovery-laden road to learning marketing in an applied and practical way. The text takes a practical marketing-management approach, providing countless indepth, real-life examples and stories that engage students with basic marketing concepts and bring the marketing journey to life. Every chapter contains an opening story plus Marketing@Work highlight features that reveal the drama of modern marketing. Students learn, for example, about the following:

- Loblaw's Joe Fresh brand is creating exceptional value for its customers.
- Nike's outstanding success results from more than just making and selling good sports gear. It's based on a customer-focused strategy through which Nike creates brand engagement and close brand community with and among its customers.
- Sony's dizzying fall from market leadership provides a cautionary tale of what can happen when a company—even a dominant marketing leader—fails to adapt to its changing environment.
- Chipotle's sustainability mission isn't an add-on, created just to position the company
  as "socially responsible"—doing good is ingrained in everything the company does.
- At T-shirt and apparel maker Life is good, engagement and social media are about building meaningful customer engagement, measured by the depth of consumer commenting and community that surround the brand.
- Giant social network Facebook promises to become one of the world's most powerful and profitable digital marketers—but it's just getting started.
- Innovator Samsung has transformed itself by creating a seemingly endless flow of inspired new products that feature stunning design, innovative technology, lifeenriching features, and a big dose of "Wow!"
- The explosion of the Internet, social media, mobile devices, and other technologies has some marketers asking, "Who needs face-to-face selling anymore?"
- For Coca-Cola, marketing in Africa is like "sticking its hand into a bees' nest to get some honey."
- Under its "Conscious Consumption" mission, outdoor apparel and gear maker Patagonia takes sustainability to new extremes by telling consumers to buy *less*.

Beyond such features, each chapter is packed with countless real, engaging, and timely examples that reinforce key concepts. No other text brings marketing to life like the sixth Canadian edition of *Marketing: An Introduction*.

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#### MARKETING@WORK 1.1

#### Canada Goose: Authenticity Is Key to Customer Value



#### CRITICAL THINKING EXERCISES

### Valuable Learning Aids

A wealth of chapter-opening, within-chapter, and end-of-chapter learning devices helps students to engage with marketing by learning, linking, and applying major concepts:

- Chapter openers. Each active and integrative chapter-opening spread features an outline of chapter contents and learning objectives, a brief Previewing the Concepts section that introduces chapter concepts, and an opening vignette—an engaging, deeply developed, illustrated, and annotated marketing story that introduces the chapter material and sparks student interest.
- Marketing@Work highlights. Each chapter contains two highlight features that provide an in-depth look at the real marketing practices of large and small companies.
- Reviewing the Concepts. A summary at the end of each chapter reviews major chapter concepts and links them to chapter objectives.
- Discussion Questions and Critical Thinking Exercises. These sections at the end of each chapter help students keep track of and apply what they've learned in the chapter.
- Applications and End-of-Chapter Cases. Brief Online, Mobile, and Social Media Marketing; Think Like a Marketing Manager; Marketing Ethics; and Marketing by the Numbers sections at the end of each chapter provide short application cases that facilitate discussion of current issues and company situations in areas such as digital and social media marketing, ethics, and financial marketing analysis. The End-of-Chapter Case feature provides many new company cases for further analysis.

Additional resources include the following:

- General Company Information: Boston Pizza. Appendix 1 tells the story of Boston Pizza and illustrates how its marketing strategy has been a key element of its success.
- Abbreviated Sample Marketing Plan: Boston Pizza. Appendix 2 contains a sample marketing plan that helps students apply important marketing planning concepts.
- Marketing by the Numbers. An innovative Appendix 3 provides students with a comprehensive introduction to the marketing financial analysis that helps to guide, assess, and support marketing decisions.

More than ever before, the sixth Canadian edition of Marketing: An Introduction provides an effective and enjoyable total package for engaging students and moving them down the road to learning marketing!

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### Comprehensive Case: Boston Pizza

Despite its name, Boston Pizza is a purely Canadian success story. Well, Canadian-Greek success story, as it was Greek Gus Agioritis who opened the first BP restaurant in 1964 in Edmonton. It is still the subject of debate as to why "Boston" was chosen as the name of the now international Canadian chain. That seems inconsequential, however, as Boston Pizza has reached iconic status as Canada's casual family dining establishment meets sports bar hangout. With a 400-store milestone now in sight, and its 50th anniversary in the rear-view mirror, BP signs hover alongside Tim Hortons and Canadian Tire as this country's most familiar brands. From small things, big things one day do come.

We've used Boston Pizza as our comprehensive case in the sixth Canadian edition. This case material can be found in three key areas of the text:

- 1. Comprehensive Cases: Boston Pizza. At the end of each chapter is a short case about the company that illustrates how it employs the topics covered in that chapter.
- 2. Appendix 1—General Company Information: Boston Pizza. This appendix tells the story of Boston Pizza and illustrates how its marketing strategy has been a key element of its success.
- 3. Appendix 2—Abbreviated Sample Marketing Plan: Boston Pizza. Our second appendix contains a sample Boston Pizza marketing plan that helps you see how marketing concepts translate into real-life marketing strategies.

An alternative Comprehensive Case featuring Farmers Edge (which includes alternative Appendices 1 and 2) is available through Pearson Custom Library.

**APPENDIX** 

#### BOSTON PIZZA COMPREHENSIVE CASE

#### The Wings Two-Four

Cup Playoffs.

Consumers have a lot of choices in where to eat out, and what to eat once they get

ve. Understanding the psychological friggers, such as the Canadian hockey fair's emoal ide to the social aspect of watching the playoffs, helps develop product and promoal ideas, and ultimately assists fairs and hoodies in their purchase decision.

#### Abbreviated Sample Marketing Plan: **Boston Pizza**

This appendix provides a sample marketing plan for a new product offered by Boston Pizza. Deciding on a new product is no small feat, and it's a decision that is not made lightly. Although its main product is no its male loghtly. Although its main product is no its mass many and supplement on which represents the street product is not incurred to the properties of the properties of the product of the product offering as the demands of its customers have evolved. This is typically the origin of a new product idea for Boston Pizza, which must keep with the times in order to say in business. But how are new product ideas fully developed, and how do they come to market?

Although a SWOT analysis appears several pages into a marketing plan, it's actually one of the first tasks required in product development. The determination of a new ponduct idea either results from, or is validated by a thorough SWOT analysis, followed by brainstorming idea based on what the SWOT analysis reveals. For instance, if Boston Pizza were faced with a competitive threat, whereby fast-casual, quick-service, and funding the substance of the product development. The determination of a new product idea either results from, or is validated by a thorough SWOT analysis, reveals. For instance, if Boston Pizza were faced with a competitive threat, whereby fast-casual, quick-service, and funding the substance of the product development product and the substance of the substance o

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### **Teaching and Learning Support**

A successful marketing course requires more than a well-written book. Today's classroom requires a dedicated teacher and a fully integrated teaching package. A total package of teaching and learning supplements extends this edition's emphasis on effective teaching and learning. The following aids support *Marketing: An Introduction*.

**Instructor's Resource Manual.** This invaluable resource not only includes chapter-by-chapter teaching strategies; it also features notes about the PowerPoint slides and the video cases. This supplement is available through Pearson Canada's online catalogue at http://vig.pearsoned.ca.

**Computerized Test Bank.** Pearson's computerized test banks allow instructors to filter and select questions to create quizzes, tests, or homework. Instructors can revise questions or add their own, and may be able to choose print or online options. These questions are also available in Microsoft Word format.

**PowerPoint Presentations.** Point slides are available with this edition that help bring marketing concepts to life. The PowerPoints are also available to instructors through Pearson Canada's online catalogue at http://vig.pearsoned.ca.

#### Pearson eText

The Pearson eText gives students access to their textbook any time, anywhere. In addition to enabling note taking, highlighting, and bookmarking, the Pearson eText offers interactive and sharing features. Rich media options may include videos, animations, interactive figures, and built-in assessments, all embedded in the text. Instructors can share their comments or highlights, and students can add their own, creating a tight community of learners within the class.

The Pearson eText may include a responsive design for easy viewing on smartphones and tablets. Many of these eTexts now have configurable reading settings, including resizable type and night-reading mode.

### MyMarketingLab

Break through to a higher level of learning with MyMarketingLab. MyMarketingLab now allows you to assess your students at every level of learning.

Features include:

- -Chapter Quizzes
- -Access to Business Today Video Cases
- -Marketing Mini-Cases

NEW: Marketing Metrics Activities. This unique assignment type allows your students to practise their marketing metrics and analytics skills, improving their understanding of the quantitative aspects of marketing.

- -Performance Reporting
- -Pearson eText for Students and Instructors

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### **Adaptive Learning**

**Dynamic Study Modules.** Break through to a new world of learning with MyLab's Mobile Dynamic Study Modules. These modules, accessible via any computer or mobile device, deliver a truly engaging solution proven to optimize study times, enhance test scores, boost knowledge acquisition, and improve retention.

**Writing Space.** Pearson's Writing Space offers instructors powerful new tools to assign, track, and grade writing in their courses. Students can now complete and get feedback on writing assignments right within their MyLab. Writing Space assignments for this MyLab include Assisted-Graded Writing Assignments and Create Your Own Writing Assignments.

**Learning Solutions Managers.** Pearson's Learning Solutions Managers work with faculty and campus course designers to ensure that Pearson technology products, assessment tools, and online course materials are tailored to meet your specific needs. This highly qualified team is dedicated to helping schools take full advantage of a wide range of educational resources by assisting in the integration of a variety of instructional materials and media formats. Your local Pearson Canada sales representative can provide you with more details on this service program.

### **Pearson Custom Library**

For enrollments of at least 25 students, you can create your own textbook by choosing the chapters that best suit your own course needs. To begin building your custom text, visit www.pearsoncustomlibrary.com. You may also work with a dedicated Pearson Custom editor to create your ideal text—publishing your own original content or mixing and matching Pearson content. Contact your local Pearson representative to get started.

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