AERO? THE NEXT ACT AFTER LAUNCHING AN INDUSTRY?

- A New Idea That Wasn’t So New
- Understanding the Consumer
- Success Invites Imitation, Which Stimulates Innovation
FIGURE 1-1  Number of in-line skaters in the United States

- First Xtreme Games features in-line skating competition
- Number of U.S. in-line skaters passes 10,000,000
- Rollerblade’s “guerilla marketing” launches in-line skate industry
- Rollerblade’s challenge: How to address the flattening participation rate

Number of U.S. in-line skate participants (millions)
FIGURE 1-3  An organization’s marketing department relates to many people, groups, and forces.
WHAT IS MARKETING?

• Requirements for Marketing to Occur
  ▪ Two or More Parties with Unsatisfied Needs
  ▪ Desire and Ability to Satisfy These Needs
  ▪ A Way for the Parties to Communicate
  ▪ Something to Exchange
• Discovering Consumer Needs
  ▪ The Challenge of Meeting Consumer Needs With New Products
    • “Focus on the consumer benefit”
    • “Learn from the past”
  ▪ Consumer Needs and Consumer Wants
  ▪ What a Market Is
FIGURE 1-4 Marketing’s first task: discovering consumer needs

Organization's marketing department

Discover consumer needs

Information about needs

Potential consumers: The market
Cell Phones and Distracted Driving—Just as Dangerous as Drunk Driving

STOP TALKING.
CONCENTRATE ON DRIVING.

www.dps.state.mn.us/dts
• Satisfying Consumer Needs

  ▪ Target Market

  ▪ The Four P’s: Controllable **Marketing Mix Factors**
    - Product
    - Price
    - Promotion
    - Place

  ▪ The Uncontrollable, **Environmental Factors**
FIGURE 1-A  Summary of factors that affect an organization’s marketing program
FIGURE 1-5  Marketing’s second task: satisfying consumer needs

Organization's marketing department

Discover consumer needs

Concepts for products

Satisfy consumer needs by finding the right combination of:
- Product
- Price
- Promotion
- Place

Information about needs

Goods, services, ideas

Potential consumers: The market
A Marketing Program for Rollerblade

- Listening to Consumers to Stay Ahead of the Trends
- Focusing the Marketing Program on Four Key Segments
- Exploiting Strengths in Technology
Rollerblade
What marketing program for the fitness/recreation in-line skate segment?

Zetrablade
Rollerblade
What marketing program for the children in-line skate segment?
Rollerblade
What marketing program for the street/vert(ical) in-line skate segment?
Rollerblade
What marketing program for the speed in-line skate segment?
FIGURE 1-6  Marketing programs for two of Rollerblade’s skates, targeted at two distinctly different customer segments: fitness/recreational skaters and children

<table>
<thead>
<tr>
<th>MARKETING MIX ELEMENT</th>
<th>FITNESS AND RECREATIONAL SEGMENT</th>
<th>CHILDREN SEGMENT</th>
<th>RATIONALE FOR MARKETING PROGRAM ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td>Offer tetrablade in-line skates for beginning and intermediate skaters simply wanting fun and exercise</td>
<td>Offer the Microblade XT a skate for children that extends so that its length changes as their feet grow</td>
<td>Use new-product research and the latest technology to offer high-quality skates to satisfy the needs of key customer segments</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>Price up to $169.99 a pair</td>
<td>Price up to $109.99 a pair</td>
<td>Set prices that provide genuine value to the customer segment that is targeted</td>
</tr>
<tr>
<td><strong>Promotion</strong></td>
<td>Feature Rollerblade in sports competitions and magazines like <em>Shape</em> and <em>Mademoiselle</em> and local newspapers</td>
<td>Use gym classes to introduce children to in-line skating and place ads in local newspapers</td>
<td>Increase awareness to those new to the sport while offering ads and press releases for more advanced segments</td>
</tr>
<tr>
<td><strong>Place</strong></td>
<td>Distribute through specialty in-line skate, regular and superstore sporting goods stores and the Internet</td>
<td>Distribute through sporting goods stores superstores and regular sporting goods stores</td>
<td>Make it easy for buyers in the segment to buy at an outlet that is convenient and where they feel comfortable</td>
</tr>
</tbody>
</table>
• Evolution of the Market Orientation
  ▪ Production Era
  ▪ Sales Era
  ▪ Marketing Concept Era
  ▪ Customer Era
    • Market Orientation
    • Customer Relationship Management (CRM)
FIGURE 1-7 Four different orientations in the history of American business
• Ethics and Social Responsibility: Balancing the Interests of Different Groups
  ▪ Ethics
  ▪ Social Responsibility
    • Societal Marketing Concept
    • Macromarketing
    • Micromarketing
• The Breadth and Depth of Marketing
  ▪ Who Markets?
  ▪ What Is Marketed?
    • Goods  • Services  • Ideas
  ▪ Who Buys and Uses What Is Marketed?
    • Ultimate Consumers
    • Organizational Buyers
American Library Association
Who markets and what is marketed?
• The Breadth and Depth of Marketing
  ▪ Who Benefits?
  ▪ How Do Consumers Benefit?
  • Utility
    ▪ Form Utility
    ▪ Place Utility
    ▪ Time Utility
    ▪ Possession Utility
GOING ONLINE

YOUR PERSONAL MECHANIZED “TRANSPORTER”
THE MARKETING CHALLENGES FACING ROLLERBLADE®, INC.
Rollerblade Print ad from the Early 1990s
What changes occurred for Rollerblade?
Rollerblade Print ad from the Late 1990s

What changes occurred for Rollerblade?
UltraWheels Print ad from the Late 1990s
What changes occurred for Rollerblade?

It’s that time again.

To listen to the salesman say “here you go son, put your foot right here.”

To find out how much your kid’s feet have grown in the last three months.

To listen to the salesman’s spiel.

To find out what this latest growth spurt is going to cost you.

To listen to the register go “cha-cha-cha-cha.”

To find your wallet growing thinner.

To listen to the salesman say “see you in a couple months.”

It’s that time again.

To buy a pair of skates your kid won’t outgrow.

To tell that salesman to wipe the smarmy grin off his face.

To head to your nearest UltraWheels dealer and ask for Xpander.

The skate that grows.

Rollerblade 2005 Brochure
What product line changes?
Dean Kamen: Segway HT Inventor
Competition for Rollerblade?
Heelys Sneakers with Detachable Wheel
Competition for Rollerblade?
How Rollerblade’s marketing mix actions today differ from those in 1986

<table>
<thead>
<tr>
<th>BASIS OF COMPARISON</th>
<th>SITUATION IN 1986</th>
<th>SITUATION TODAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of competitors</td>
<td>Almost none</td>
<td>Over 30 in-line skate producers; new competitors (Segway HT, Heelys)</td>
</tr>
<tr>
<td>• Main Rollerblade marketing objective</td>
<td>Inform/educate potential buyers about in-line skating; gain awareness</td>
<td>Stress Rollerblade's brand advantages over competitors; maintain brand loyalty</td>
</tr>
<tr>
<td>• Product</td>
<td>Only a few models</td>
<td>Many models targeted at different market segments</td>
</tr>
<tr>
<td>• Price</td>
<td>Relatively high, narrow range</td>
<td>Wide variations, depending on model and retail outlet</td>
</tr>
<tr>
<td>• Promotion</td>
<td>“Guerilla marketing” promotions on tiny budget to gain product exposure</td>
<td>Fewer consumer ads but these stress brand advantages; more stress on distributor brochures</td>
</tr>
<tr>
<td>• Place</td>
<td>Sporting goods stores</td>
<td>Broadened distribution to include chains, mass retailers</td>
</tr>
</tbody>
</table>
AMA Definition of Marketing

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.
Exchange is the trade of things of value between buyer and seller so that each is better off after the trade.
A market consists of people with both the desire and ability to buy a specific product.
The target market consists of one or more specific groups of potential customers toward which an organization directs its marketing program.
The **marketing mix** consists of the marketing manager’s controllable factors—product, price, promotion, and place (the 4Ps)—that can be used to solve a marketing problem.
Environmental factors are the uncontrollable factors involving social, economic, technological, competitive, and regulatory forces.
Customer value is the unique combination of benefits received by targeted buyers that includes quality, price, convenience, on-time delivery, and both before-sale and after-sale service.
Relationship marketing links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits.
A marketing program is a plan that integrates the marketing mix to provide a good, service, or idea to prospective buyers.
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.
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.
Customer relationship management (CRM) is 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.
The societal marketing concept is the view that an organization should satisfy the needs of consumers in a way that provides for society’s well-being.
Macromarketing is the study of the aggregate flow of a nation’s goods and services to benefit society.
Micromarketing is how an individual organization directs its marketing activities and allocates its resources to benefit its customers.
Ultimate consumers are the people who use the goods and services purchased for a household.
Organizational buyers are those manufacturers, wholesalers, retailers, and government agencies that buy goods and services for their own use or for resale.
Utility is the benefits or customer value received by users of the product.