

Chapter Five

Kaboom

Marketing

“

You can't ask customers what they want and then try and give that to them. By the time you get it built, they'll want something new.

Steve Jobs

”

Chapter Overview

- ✓ Introduction to Marketing
- ✓ Product Development
- ✓ Research and Development
- ✓ Marketing Research
- ✓ Feasibility Study

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Chapter Five Marketing

Product Development

Main Curriculum

- Marketing

Academic Connections

- Language Arts
- Math
- Social Studies

Career Connections

- Computer Programmer
- Game Designer

Time Frame

- 30-45 minute intervals per lesson and activity



Subject Content

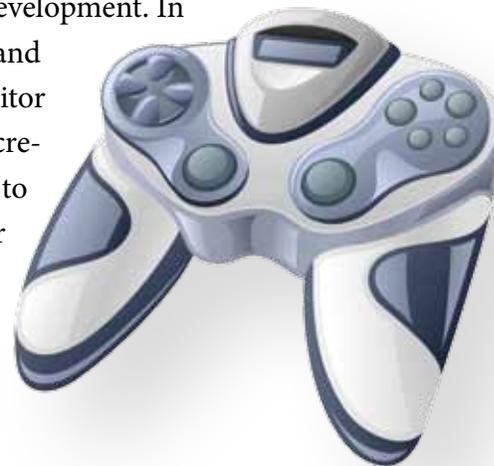
- ✓ Target Market
- ✓ Niche Marketing
- ✓ Competitive Advantage
- ✓ Market Share
- ✓ Direct/Indirect Competitors

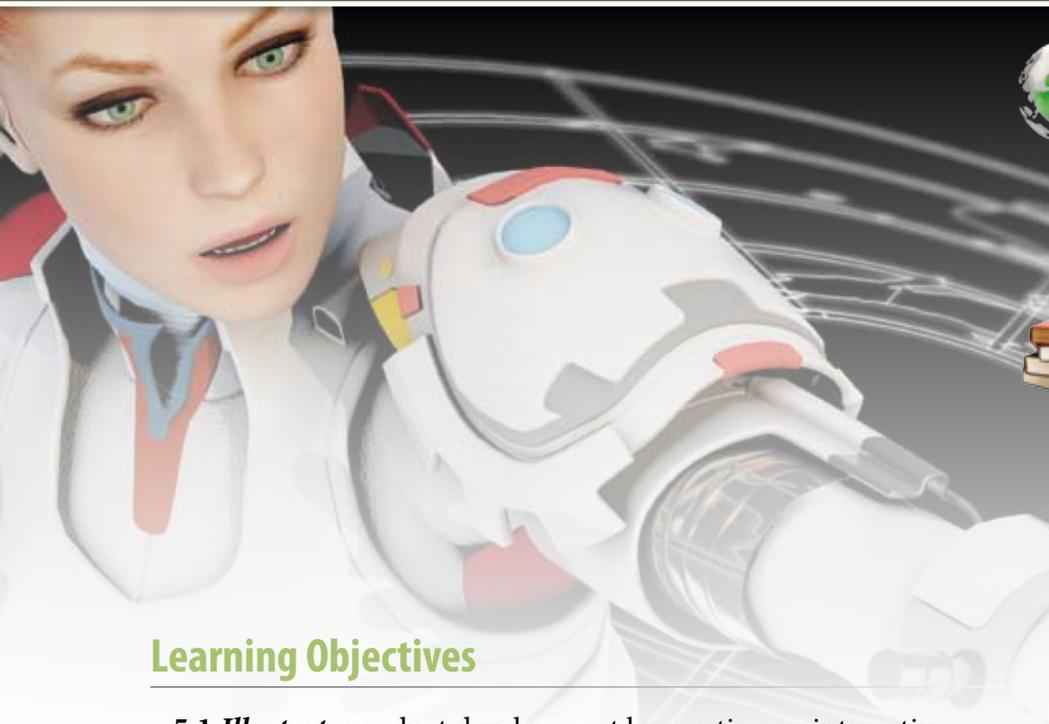
Connection Key

-  Language Arts
-  Real World
-  Social Studies
-  Math
-  Web

Chapter Summary

Marketing is the bedrock of a company. If no one knows you exist, you are out of business! Ms. Cohen, is a high school marketing teacher, is looking for new and innovative ways to teach marketing in the fall. She comes up with a unique idea to teach product development through the process of video game development. In *Kaboom*, students learn the rudiments of product and research development, marketing analysis, competitor analysis and competitive advantage. Students will create their own game and conduct a feasibility study to determine whether their product is viable. Chapter Five teaches marketing research, advertising and product penetration.





Learning Objectives

- **5:1 Illustrate** product development by creating an interactive game or board game.
- **5:2 Exhibit** marketing research skills using various methods.
- **5:3 Apply critical thinking skills** to develop a creative game involving the entire class.
- **5:4 Prepare** a marketing plan implementing the four P's of marketing.
- **5:5 Demonstrate** hands-on skills by conducting a focus group on launching a new game.
- **5:6 Identify and evaluate** the process of developing a board game and experience pitfalls and obstacles along the way.

Choose your Own Essay Topic

Write an essay on one of the books from the Book Suggestions list. Choose the appropriate type of essay to write based on a main point or something you learned from the book. The essay should be submitted to the teacher at the end of the chapter.

Procedures

- Take turns role-playing the skits in the RU Ready 4 BIZness student textbook.
- Complete the activities in the workbook.
- Divide into two teams and play the R U Ready 4 BIZness trivia game.

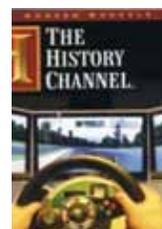


Real World Exploration

- Visit toy stores.
- Visit video game stores.



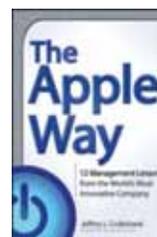
DVD Suggestion



Video Games Behind the fun



Book Suggestions



The Apple Way
by Jeffrey L. Cruikshank



Gates: How Microsoft's Mogul Reinvented an Industry and Made Himself the Richest Man in America
by Stephen Manes and Paul Andrew



Hard Drive: Bill Gates and the Making of the Microsoft Empire
by James Wallace

"Kaboom" Skit Sign-up Sheet



Behind the Scenes Crew

Director: _____ Student#2: _____

Camera person: _____ Student #3: _____

Scene Development Crew

1. _____ Student #4: _____

2. _____

Cast Members

Narrator: _____

Ms. Cohen: _____

Customer: _____

Student #1: _____

Non-Speaking Roles

People standing in line:

Skit Critics

The skit critics are the viewers who provide feedback of the scene and judge if the information was delivered property.

1. _____ 11. _____

2. _____ 12. _____

3. _____ 13. _____

4. _____ 14. _____

5. _____ 15. _____

6. _____ 16. _____

7. _____ 17. _____

8. _____ 18. _____

9. _____ 19. _____

10. _____ 20. _____

Introduction to Marketing

Scene Two Classroom



Characters

Narrator, Ms. Cohen,
Student #1, Student #2,
Student #3, Student #4

Scenery

Video game posters, TV, video
games, blackboard, chalk,
desks, chairs, notebooks, pens,
knapsacks

Vocabulary

marketing, research and
development (R&D),
marketing research,
product development

Marketing 101

Narrator: Ms. Cohen went back to school to set up her classroom towards the end of the summer. She decorated the walls with colorful video game posters. She had a table with video games displayed with game consoles and a TV. The next day, the students arrived at class and were amazed at what they saw.

Ms. Cohen: Class, welcome to Marketing.

Student #1: This is going to be best class ever! We get to play video games all day!

Ms. Cohen: *(laughing)* Well, you're half right. You won't be playing video games all day, but it will be your best class ever. Now, who knows what marketing is?

The students shrug and shake their heads.

Marketing

(mār' kī-ting) *n.*

1. The act or business of promoting, distributing and selling of a product or service.

Ms. Cohen: **Marketing** is the process of researching, promoting, selling, and distributing a product or service.

Student #2: Ms. Cohen, what does this have to do with the video games in the class?

Ms. Cohen: Everything! These video games will be a part of your marketing research assignment.

Student #3: What is marketing research?

Ms. Cohen: **Marketing research** is the method of selling and promoting a product or service by gathering information and data concerning consumers and businesses. Proper marketing research can make you millions. You are going to do marketing research on various games and come up with ways to make them better.

Student #4: Cool! I get to design my own game!

The class cheers.

Critical Thinking

Make a Generalization:

Think of your favorite video game. Write a descriptive essay on what makes the game unique and entertaining. Make sure your writing follows the eight parts of speech: verb, noun, pronoun, adjective, adverb, preposition, conjunction and interjection.



Lessons Learned ✓

1. What type of class did Ms. Cohen teach?
2. Why were people waiting in line at the store?
3. What is marketing?
4. What is marketing research?

Back
To
School!



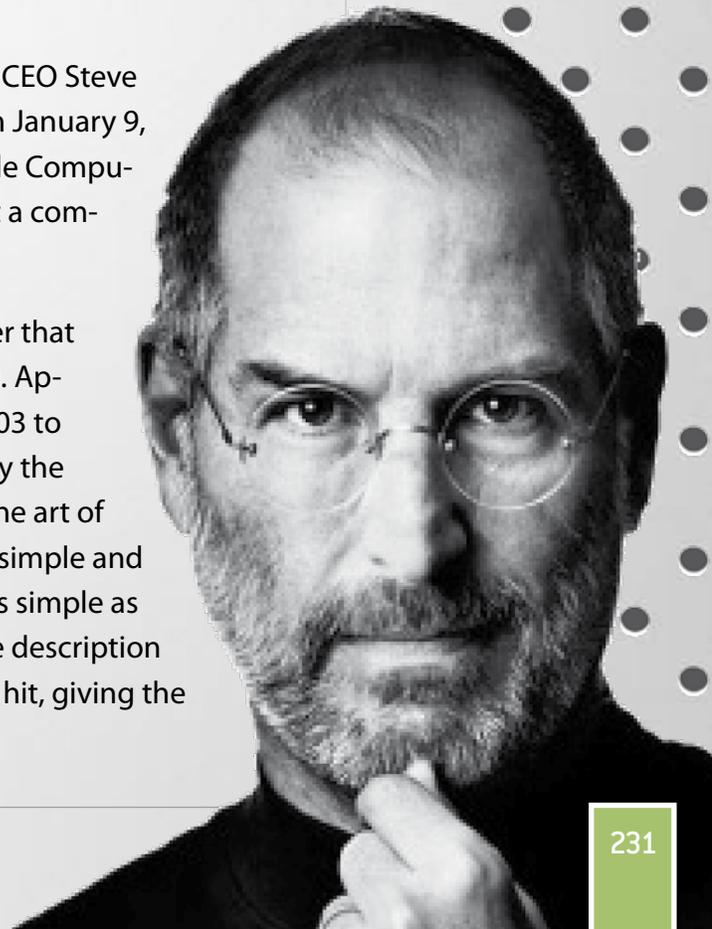
Apple *Rocks* at Marketing



What makes Apple's marketing strategy sensational? No one knows what they are going to do next. Universities, marketing books and manuals are always referencing their unique strategy. Marketing experts around the world are citing and studying Apple's marketing strategy.

The man behind Apple's phenomenal success was former CEO Steve Jobs (1955-2011), a marketing guru and revolutionizer. On January 9, 2007, Jobs announced he was changing the name of Apple Computer to Apple Inc. to show the world that they were not just a computer company, but a multimedia powerhouse.

Steve Jobs redefined creativity and innovation in a manner that competitors cannot duplicate. The proof is in the pudding. Apple's market capitalization ballooned from \$6 billion in 2003 to \$200 billion in 2010. People love Apple because they enjoy the innovative, sleek, and fun products. Apple has mastered the art of branding. Their products are given catchy names that are simple and memorable. Apple brought new meaning to something as simple as the letter "i" by incorporating it into their new product line description – iPod, iPhone, iMac, iBook, iTouch, iPad, etc. It was a huge hit, giving the company brand recognition across the globe.



Company's Redirection



In 2000, Apple's sales were affected by a massive slow-down in the computer industry. In addition, the company misunderstood their consumers and it led to the first unprofitable quarter in three years. There were a couple of factors that caused their sales to decline. One was Apple's G4 Cube. It sold poorly due to its high price point in comparison with their other products. Another contributing factor was Apple's decision to include DVD-ROM drives in their computers instead of CD-RW drives. Apple missed the mark in selling to their consumers who wanted the CD feature to burn music. In late 2000, Apple restructured their marketing strategy by slashing prices on the entire PowerMac line. In January 2001, they introduced the PowerMacs, a new line. The system came with a choice of CD-RW drives or a new "Super Drive", which could read both CD's and DVD's. Apple introduced two new applications: iDVD and DVD-authoring program, which allowed iTunes users to encode and listen to MP3 songs and burn them to CD's.

In January 2002, Apple redesigned the consumer desktop by introducing its flat panel iMac. Apple announced the creation of iPhoto, a new software package designed to improve the digital camera user experience. Sales rolled in the first half of 2002, showing profits for both quarters. Apple's sales for the second half slowed due to fewer PC purchases overall. In June, Apple introduced its "Switcher" ad campaign, which became the most popular campaign in Apple's history due to its non-scripted monologues of real people.

Product

In October 2001, Apple stepped into an entirely different market. While their competitors were continuing to invent the “computer wheel”, Apple revolutionized media players with its unveiling of the iPod- a digital music player that stores thousands of songs on its hard drive. Apple introduced its iPod at a pivotal time, when consumers were becoming more technologically savvy in the electronic segment. What made iPod unique was its sleek compact design, its light weight, its rechargeable battery life of over eight hours, and its feature of up to twenty-five minutes of skip protection. Within ten years of its introduction into the market, Apple had sold nearly 300 million iPods across the world.

Apple has marked another milestone in its development and growth. The first generation iPhone was launched on June 29, 2007. The beautiful sleek touch interface was designed by Jonathan Ive, and his team made it a true masterpiece of technology. Although the cellular phone market was saturated with different types of phones and most of Apple’s potential customers already had a cell phone, Apple developed a revolutionary product that changed the paradigm in the mobile phone market. Apple sold 73.5 million iPhones in the U.S since its debut in June 2007 through 2010. Forty percent of Apple phone users have household incomes over \$100,000.

As of 2010, Apple had retained 21% of the market share, but their new products consistently create a buzz in the market. Apple is the leader in computer design and innovation. Apple’s view of marketing is positioning itself as the wave of the future; the company puts its emphasis on hardware. Apple is, after all, a hardware company, and much of the software that Apple creates enhances the appeal of the hardware it creates, which is why you’ll likely never see Apple market OS X to PC users.

Just when you thought Apple couldn’t get any better, they turned around and mesmerized the world again with yet another captivating and invigorating invention. On January 27, 2010, Steve Jobs introduced the iPad- a tablet computer with a sleek and innovative design identical to the iTouch. It runs on the same operating system as the iPod, iTouch, and iPhone and has its own application system. The iPad does Web browsing, e-mail, photos, music, movies, games, word processing, spreadsheets and presentations, and allows you to download books. In the first three quarters since its launch, over 3 million iPad units were sold, representing \$5 billion dollars in revenue.



Promotion

Apple Inc. spent \$501 million in marketing plans in 2009, a much lower figure than was spent on marketing by its competitors. In comparison, Microsoft spent \$1.4 billion and Dell spent \$811 million. The iPhone launch was a historical moment for Apple, making headlines and TV news stories. Apple received \$400 million in free publicity. No other company has ever received that kind of attention for a product launch. Apple works hard to get their products in the public eye. Apple is extremely PR-centric; the company pushes hard to get their product placement into movies and TV shows. Apple's products have appeared on screen more than 1,500 times in the past 20 years on TV shows and in movies, including *24*, *Sex and the City*, *Seinfeld* and *You've Got Mail*. Another marketing strategy Apple utilized was "keeping it simple". They made their products easier to use by offering fewer than 20 options, with simple names like Mac Mini, MacBook, iMac and PowerMac. Their competitors, Hewlett-Packard and Dell, offer over 100 models of desktop computers with names that are much more complicated.

Apple believes in creating truly memorable ads. The company has received countless awards for their hip and effective advertising. Apple premiered its first iPhone ad on the Academy Award telecast in a 30-second smorgasbord of TV and movie clips featuring Lucille Ball, Dustin Hoffman, and even the animated Betty Rubble from *The Flintstones*, saying "hello" into a phone. Apple's ads are capturing a memorable, one-of-a-kind campaign. What put Apple back on the map was the iconic iPod with dancing hipsters set against a silhouette. The iPod advertising has been extraordinary. It is a wordless product demo, with a great tag line that doesn't make the viewer work hard — *One thousand songs in your pocket*. The ads just stand out because they are so ingenious.

Price

Apple's prices are higher in comparison to competitors Dell and HP. Apple spends more on their innovation and design components of their systems. In 2010, Apple launched a new pricing strategy. No longer will their competitors have a cost advantage over them. Apple slashed the prices on their Macs and iPhones and their iPod ranges from \$80- \$400. Apple has captured a third of the market, but the new price strategy will give them a larger share. By Apple reducing its prices, Dell and HP will ultimately have to either accept their market shares or reduce their products further. Apple's original iPhone sold spectacularly well despite a huge price premium to its closest competitor, RIM's Blackberry. The new iPhone will be priced at \$199. Although Blackberry does sell theirs for much less, it cannot compete with the features of the iPhone. It is anticipated that high end consumers will not hesitate to pay more for Apple products, but the company still wants to focus

on making their products affordable to the majority of users. Dell, HP and RIM continue to have the competitive advantage in the corporate and service category over Apple. Yet Apple is determined not to allow their competitors to continue to lead them in that area. Apple is working on developing a product with the right price point for the corporate and mainstream consumer market.

Place

There are over 300 Apple stores worldwide. Most are in the United States, but they are also found in the UK, Japan, Canada and Italy. There are three channels to purchase Apple's products — through their company's website, retail stores and thousands of resellers.

Death of a Visionary

The greatest global IT icon of all time Steve Jobs, died on October 5, 2011. Steve Jobs revolutionized technology like no other person has ever done in history. His visionary ability gave him the insight to see things light years ahead, which made him the ultimate pioneer of technology. His competitors tried to steal, duplicate and sabotage, but the more they tried, the harder he worked. Jobs' gifts and vision could not be matched by anyone else. He created a culture of buyers who are completely loyal to the Apple brand and would not think of buying from any other technology company. He was the greatest marketing guru of all time and left a legacy that is second to none.

Lessons Learned

1. What is unique about Apple's marketing strategy?
2. Who is "the man behind Apple"?
3. When did Apple change its name and why?
4. Explain some of the factors that caused Apple's sales to decline in 2000.
5. How did Apple make a comeback?
6. What are three products created by Apple? Describe them.
7. Who are Apple's competitors?
8. What is the average income of their customers?
9. Describe Apple's pricing strategy.
10. Where can you purchase Apple products?

Critical Thinking

Pretend you were Steve Jobs and wanted to improve the iPad 2. What features would you add to the tablet to improve its capability? In order to complete this assignment, you will have to research the iPad 2 and test it out to make feasible suggestions.



Review and Assessment



Team Challenge

Product Development

Developing a Game

The teams will compete against each other in developing a board game or interactive game that involves an entire class. The game should be creative, innovative and entertaining. The games will be presented to a group of students that will test them and vote on which was the best.

Instructions

Divide the class into groups and choose a team leader for each group. The team leader will be responsible for the success or failure of the project.

Brainstorming

The team should think of games they can create in which the entire class can participate.

Real World Connection

Product Development The group will develop an interactive game or board game.

Marketing Research

Research and Development **Step One:** Research the board game industry. Look at different games on the market. Analyze what you like and dislike about them.
Step Two: Construct your game and explain how it will be played.
Step Three: What will be the objective of the game?
Step Four: Explain why someone would want to play your game. What makes the game interesting and exciting?

Marketing Plan

Four P's Prepare a marketing plan of the four P's.
Competitors List your direct and indirect competitors.
Competitive Advantage What makes your game unique from your competitors'?
Target Market Define your audience: To whom are you selling your product?
 Age* Race* Gender* Income

Focus Group

Feasibility Plan Test your game in a focus group. Your classmates should not be a part of the focus group, nor the students who will be testing the game.
Launch the Game The teacher will choose a test group (students) to come into the class, play the game, and determine which one was the best.

Lessons Learned for Team Members

Evaluate: Describe your process and outcome.

Identify: What were some of the obstacles you faced?

Explain: How well did everyone work together?

Discuss: How can you make the next Team Challenge an even greater success?

Summarize: What have you learned from this Team Challenge?

Lessons Learned for Team Leaders

1. What were some of the good or bad decisions you made?

2. Who were your key players?

3. What would you do differently next time?

Test



1. What is marketing?

- (A) The procedures used in selling a product or service
- (B) The process of researching, promoting, selling, and distributing a product or service
- (C) The techniques used to promote a new product or service

2. What is product development?

- (A) The creation of a new item
- (B) The steps of manufacturing products
- (C) The creation of new products or improvement of existing products to give consumers new or additional benefits

3. What is a target market?

- (A) A group of people who buy your products
- (B) A specific group of customers to whom a company aims to sell their products or services
- (C) Consumers who may want to buy your products when they become available

4. What are the four components of a target market?

- (A) (1) Gender (2) Race (3) Age (4) Income
- (B) (1) Demographics (2) Education (3) Gender (4) Household
- (C) (1) Gender (2) Household (3) Education (4) Income

5. What are the four P's of marketing?

- (A) (1) Product (2) Promotion (3) Price (4) Place
- (B) (1) Placement (2) Product (3) Potential (4) Pleasure
- (C) (1) Position (2) Potential (3) Price (4) Promotion

6. What is niche marketing?

- (A) Developing a product and promoting that product to a large group of people
- (B) Creating a unique and innovative product for a particular group
- (C) A specific targeted group of people to whom a company aims to sell its product or service

7. What is market share?

- (A) The percentage of total sales for a product or service that a company offers
- (B) Two businesses competing in a similar industry for a percentage of the customers
- (C) The percentage of consumers who want your products

8. What are direct competitors?

- (A) Competitors that use illegal means to gain business
- (B) Businesses that sell an identical or nearly identical product or service to the same market
- (C) Competitors who try to gain every target market

9. What is a non-compete agreement?

- (A) An agreement that states you will not disclose any secret business ideas to the public
- (B) An agreement between two businesses that they will not produce the exact same product

- (C) An agreement that states you will not compete with your employer if you leave your job

10. What is a focus group?

- (A) A particular group of people a business wants as its customers
- (B) A marketing research method of bringing together a small group of individuals to discuss a particular product, service or subject, or to test a product
- (C) A group of people coming together to discuss marketing and advertising ideas

11. What is a feasibility study?

- (A) Researching the market to find out if there is a need or want for the product or service you are offering
- (B) Researching the market to find out what consumers want
- (C) Putting together a research study to evaluate consumer spending patterns

Business Terms Test

- | | | |
|----------------------------------|----------------------------------|--------------------------|
| (A) Competitive Advantage | (E) Market Research | (I) Target Market |
| (B) Market Share | (F) Product | (J) Focus Group |
| (C) Indirect Competitor | (G) Non-compete Agreement | |
| (D) Feasibility Study | (H) Direct Competitors | |

1. A method of selling and promoting a product or service by gathering information.
2. A business that sells a similar, but not identical, product or service.
3. A description of an item.
4. A specific group of customers to whom a company aims to sell its products or services.
5. A marketing research method of bringing together 8 to 25 individuals.
6. Determines if there is a need or want for the product or service you are offering.
7. A business that sells an identical or nearly identical product or service.
8. The percentage of the total sales for a product or service a company controls.
9. An employment contract ensuring that the former employee will not engage in activities that place him or her in direct competition with their former employer.
10. A unique benefit or feature to the product or service that your competition does not offer.

Assessments

Activity

Complete the Chapter Five activities in the R U Ready 4 Bizness textbook.

Assessment

Complete the Learning Subject Analysis assessment in your R U Ready 4 BIZness workbook after all activities have been completed.

Goal Setting Exercise

Explain the goals you want to achieve and the areas that need improvement.

R U Ready 4 BIZness Workbook

Complete all of these tasks in your R U Ready 4 BIZness workbook.

Complete “L” column of KWL chart.