



## ***ESSENTIAL UNIT QUESTION:***

What is marketing and how do the functions of marketing impact consumers, businesses, and the economy?

Take 5 min. and:

1. Plot the level of understanding you have for each learning goal in your data notebook (**Pre-assessment only**)
2. Answer the question above in your journal sheet.

# ***LEARNING GOALS:***

Be able to identify/understand and/or apply:

- The definition of marketing
- The economic benefits of marketing
- The 7 functions of marketing
- The marketing mix
- Different types of markets



## The Scope of Marketing

### marketing

The process of planning, pricing, promoting, selling, and distributing products to satisfy customers' needs and wants.

You have already participated in the **marketing** process as a consumer. Now you need to think like a marketer and keep up with:

- Trends
- Consumer attitudes
- Customer relationships

# Customers vs. Consumers

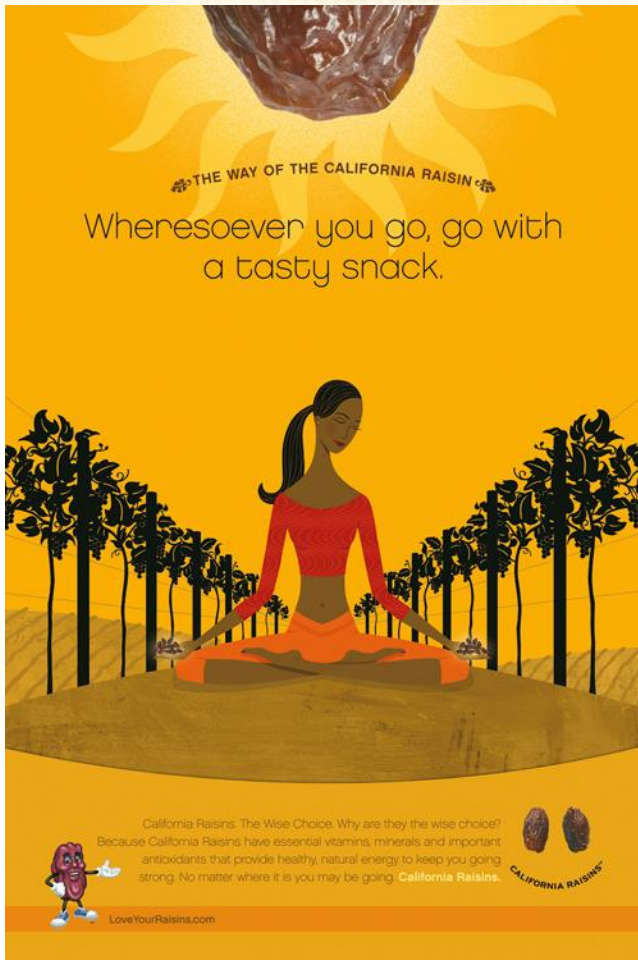
- Customers purchase products.
  - Ex. A parent buying clothing for their child.
- Consumers use products.
  - Ex. A child wearing clothing their parents purchased for them.
  - \* **A person can be both a customer and consumer of a product.**

# Ideas, Goods, and Services

Marketing promotes ideas, goods, and services, such as:

- A candidate's political platform
- A public service initiative

This ad promotes a healthy diet that includes dairy products



- **Think of an example of a good and a service you currently use.**

# Ideas, Goods, and Services

## **goods**

Tangible items of monetary value that satisfy needs and wants.

Examples of marketed **goods** include:

- Cars
- Electronics
- Home furnishings
- Foods



# Ideas, Goods, and Services

## **services**

Intangible items of monetary value that satisfy needs and wants.

Examples of **services** ◀ that may be marketed are:

- Automotive repair
- Hair styling
- Legal aid
- Financial consulting

# Ideas, Goods, and Services

The marketplace is the commercial environment in which buying and selling take place, including:

- Shops
- Internet stores
- Financial institutions

# SKILLS & KNOWLEDGE

- Business Law
- Communications
- Customer Relations
- Economics
- Emotional Intelligence
- Entrepreneurship
- Financial Analysis
- Human Resource Management
- Information Management
- Marketing
- Operations
- Professional Development
- Strategic Management

# Seven Marketing Core Functions

1. **Channel Management** getting goods to customers
2. **Market Planning** understanding concepts and strategies to develop a target marketing strategy to a specific market

continued

# Seven Marketing Core Functions

- 3. Marketing information management** researching customers, trends, and competitors
- 4. Pricing** charging for goods and services to make a profit

continued

# Seven Marketing Core Functions

- 5. Product/service management** obtaining, developing, maintaining, and improving a product or service
- 6. Promotion** informing, persuading, and reminding customers about a product or service

continued

# Seven Marketing Core Functions

- 7. Selling** providing customers with goods and services

# The Marketing Concept

## marketing concept



Businesses should satisfy customers' needs and wants while making a profit.

The **marketing concept** ◀ focuses on satisfying the needs and wants of customers. For a business to be successful, all employees must:

- Understand the marketing concept
- Provide the best possible service to customers



# The Marketing Concept

Customer relationship management (CRM) combines:

- Customer information
- Marketing communications

The goal is to establish long-term relationships.

- Think of an example of a company that provides great customer service.

# Economic Benefits of Marketing

How does marketing benefit the economy and consumers?

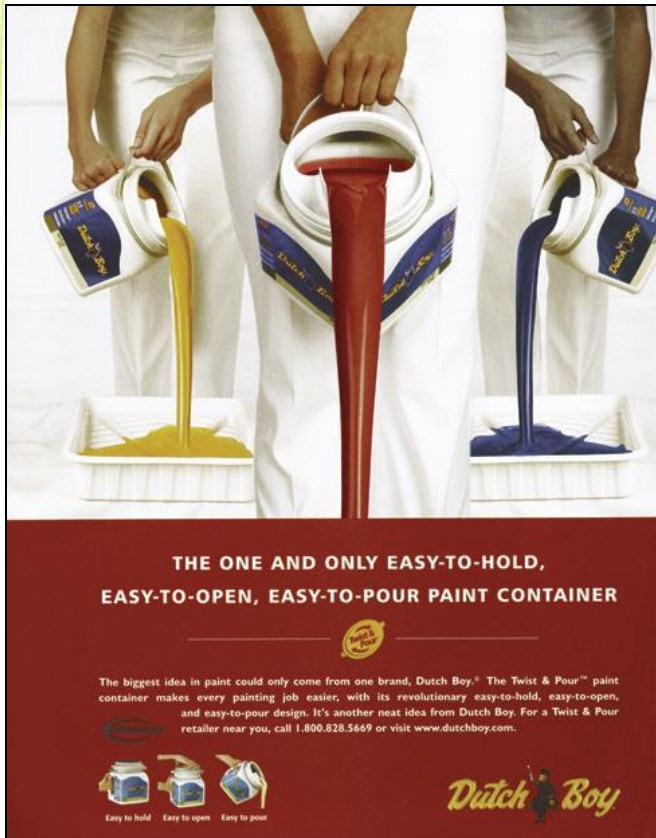
- New and improved products
- Lower prices
- Added value

# New and Improved Products


Marketing generates competition. Some examples:

- Food manufacturers know that parents want children to start the day with healthy foods. So Quaker created Fruit & Oatmeal Toastables® and Breakfast Squares®.


## New and Improved Products



**THE ONE AND ONLY EASY-TO-HOLD,  
EASY-TO-OPEN, EASY-TO-POUR PAINT CONTAINER**



The biggest idea in paint could only come from one brand, Dutch Boy.® The Twist & Pour™ paint container makes every painting job easier, with its revolutionary easy-to-hold, easy-to-open, and easy-to-pour design. It's another neat idea from Dutch Boy. For a Twist & Pour retailer near you, call 1.800.828.5669 or visit [www.dutchboy.com](http://www.dutchboy.com).

  
Easy to hold    Easy to open    Easy to pour

**Dutch Boy**

- Dutch Boy Paints won an award for its new container design that makes the container easy to hold and open as paint is poured.

This ad promotes Dutch Boy Paints' innovative paint container.

## Lower Prices

Marketing increases demand. When demand is high:

- Products can be produced in larger quantities
- The fixed cost per unit is lower

# Lower Prices

As a result, a company can:

1. Charge a lower price per unit
2. Sell more units
3. Make more money

# Lower Prices

In addition, when demand for products increases:

- More companies enter the marketplace
- Companies must lower prices to remain competitive




- Think of a product you use that has improved and has a lower cost than when it was first introduced to the market.

## Added Value and Utility

### utility

An attribute of a product or service that makes it capable of satisfying consumers' wants and needs.

The value that marketing adds to a product or service is called **utility** . Five utilities contribute to making a product or service capable of satisfying customers' wants and needs:

- **Form** putting parts together to make a product consumers want

- **Think of 4 things that add value to a product.**

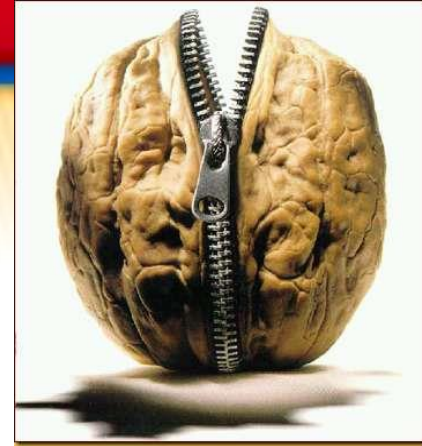
## Added Value and Utility

- **Place** offering a product where consumers can buy it (e.g. retail store, catalog, Web site)
- **Time** offering a product at a convenient time of day or year for consumers

# Added Value and Utility

- **Possession** allowing consumers to take legal ownership of a product
- **Information** communicating information about a product (e.g. through labeling, advertising, or an owners' manual)

# IN A NUTSHELL




- Marketing is the process of planning, pricing, promoting, selling, and distributing products to satisfy customers' needs and wants.
- The economic benefits of marketing add value to a product or company through place, information, time, and possession.
- The 7 functions of marketing are; channel management, market planning, marketing information management, pricing, product/service management, promotion, selling.

# Market and Market Identification

## market

People who share similar needs and wants and are capable of buying products.

The first important term is a **market** , which refers to people who:

- Share similar needs and wants
- Have the ability to purchase a product

# Consumer Versus Industrial Markets

## consumer market

All consumers who purchase goods and services for personal use.

The **consumer market**  wants products and services that:

- Save money
- Make life easier
- Improve appearance
- Create status



# Consumer Versus Industrial Markets

## industrial market

Businesses that buy products to use in their operations; also called the business-to-business market.

The **industrial market** , or business-to-business (B-to-B) market, wants products and services that:

- Improve productivity
- Improve efficiency
- Increase sales
- Decrease expenses

# Consumer Versus Industrial Markets

**Easier to Restock.**  
Color coding by SKU makes restocking easier and helps minimize out-of-stocks.

**Easier to Open.**  
Easy open tab for improved consumer convenience.

**NEW Easy Open Tab**

**Easier to See.**  
Larger window area to view product.

**PERDUE**  
22 Breaded Chicken Breast Nuggets  
Original

Freshly Prepared

Fully Cooked • Never Frozen  
Vacuum Fresh Pack  
No MSG • No Fillers

NET WT. 12 OZ. (340g)

Our new packaging is designed to help your business grow.

Freshen up your meat case with fresh PERDUE® Breaded Chicken Breast items. Growing your business has never been easier. Call today to find out more about the brand that always brings you more: 1-800-992-7043. Email us at [tradeinfo@perdue.com](mailto:tradeinfo@perdue.com).

There's always more in store with **PERDUE**

Perdue Farms Incorporated - Salisbury, MD 21802 USA - www.perdue.com®  
© 2011 PERDUE FARMS INCORPORATED

Perdue advertises its chicken and turkey products:

- On television and in newspapers, to reach consumers
- In *Supermarket News*, to reach professionals in the supermarket industry

# Market Share

## market share

A company's percentage of total sales volume generated by all competition in a given market.

A company's **market share** is its percentage of total sales in a given market, such as the video game market. Market share changes as:

- New competitors enter the market
- The market's volume increases or decreases

# Target Market and Market Segmentation

## target market

A group of people identified as those most likely to become customers.

Identifying a product's **target market** ◀ is a key to success. A single product may have these two target markets:

- Consumers
- Customers

- Think of a product that is specifically targeted to you.

# Target Market and Market Segmentation


A nutritious breakfast food would be targeted at:

- Children who will request it and eat it, the consumers
- Parents who will approve and buy it, the customers

# Target Market and Market Segmentation

## customer profile

A list of information about a target market, such as age, income level, ethnicity, occupation, attitudes, lifestyle, and geographic residence.

To develop a clear picture of its target market, a business may create a **customer profile** , which lists information such as:

- Age
- Income level
- Ethnic background

# Target Market and Market Segmentation

Customer profile lists may also include:

- Occupation
- Attitudes
- Lifestyle
- Geographic residence



# Marketing Mix

## marketing mix

The four basic marketing strategies, called the four Ps: product, place, price, and promotion.

The **marketing mix** ◀ includes four basic marketing strategies, or tools, called the four Ps:

- product
- place
- price
- promotion

# Marketing Mix

## PRODUCT

Product decisions include naming the product and deciding how to match the target market's needs. Tropicana's Light 'n Healthy brand has a third less sugar and a third fewer calories than regular orange juice.



## PLACE

Since most people shop in supermarkets for orange juice, the place decision was an easy one.



**Target Market**

**Health Conscious Men and Women**

## PROMOTION

Tropicana decided to run humorous ads in *Health* magazine and on television that showed oranges exercising. This reinforced the image it wanted for its Light 'n Healthy brand.



## PRICE

To be competitive, Tropicana priced its Light 'n Healthy brand in line with other premium orange juices.



# Product

A company must choose **what products** to develop, update, and improve.

# Place

A company must decide **where** to sell and distribute a product.

# Price

A company must determine **what price** it will charge for a product.

# Promotion

A company must decide **how to advertise, promote, and publicize** a product.

# FOCUS on KEY POINTS

## Section 1.1

- Marketing is defined as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

continued

# FOCUS on KEY POINTS

## Section 1.1

- There are seven functions of marketing. The marketing concept is a focus on customers' needs and wants while generating a profit.

continued



## FOCUS on KEY POINTS

### Section 1.2

- Three benefits of marketing are new and improved products, lower prices, and added value (utility). Five economic utilities are form, place, time, possession, and information.

continued

## FOCUS on KEY POINTS

### Section 1.3

- A market is defined as all people who share similar needs and wants and who have the ability to purchase given products.
- Market share is a firm's percentage of total sales of all competitors in a given market.

continued

# FOCUS on KEY POINTS

## Section 1.3

- The four Ps of the marketing mix are product, place, price, and promotion. Marketing decisions and strategies for the four Ps are based on the target market.