Chapter 1

Marketing Is All Around Us

- Section 1.1 Marketing and the Marketing Concept
- Section 1.2 The Importance of Marketing
- Section 1.3 Fundamentals of Marketing
Marketing and the Marketing Concept

Objectives

• Define marketing
• List the seven marketing core functions
• Understand the marketing concept
Marketing and the Marketing Concept

Graphic Organizer
Draw an umbrella shape to organize the marketing concepts you will learn about in this section.

Marketing Core Functions
The Scope of Marketing

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
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
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
Examples of services that may be marketed are:

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

services
Intangible items of monetary value that satisfy needs and wants.
Ideas, Goods, and Services

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

- Shops
- Internet stores
- Financial institutions
Seven Marketing Core Functions

1. **Channel Management** getting goods to customers

2. **Market Planning** understanding concepts and strategies to develop and target marketing strategies to a specific market
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 move toward same-day fulfillment is gaining speed across the Internet as e-tailers compete for customers.
The Marketing Concept

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.
The Importance of Marketing

Key Terms
utility

Objectives
- Analyze the benefits of marketing
- Apply the concept of utility
The Importance of Marketing

Note the benefits of marketing and list the five utilities on lines jutting out from one of the ovals.
Economic Benefits of Marketing

Marketing’s benefits to the economy and consumers are:

- 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

- 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
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
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)
SECTION 1.2 REVIEW

- click twice to continue -
Fundamentals of Marketing

Objectives

- Describe the concept of market
- Differentiate consumer and industrial markets
- Describe market share
- Define target market
- List the components of the marketing mix

Key Terms
market
consumer market
industrial market
market share
target market
customer profile
marketing mix
Fundamentals of Marketing

Graphic Organizer

Draw these two diagrams to record four terms about the concept of market and the four Ps of the marketing mix.
Memorize the terms in this section. The first important term is **market**, which refers to people who:

- Share similar needs and wants
- Have the ability to purchase a product
Consumer Versus Industrial Markets

The consumer market wants products and services that:

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

consumer market
All consumers who purchase goods and services for personal use.
Consumer Versus Industrial Markets

The **industrial market** (also called the business-to-business market, this can be abbreviated as B-to-B or B2B), 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

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

- Consumers
- Customers
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
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

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

Marketing Essentials Chapter 1, Section 1.3
Customer profile lists may also include:

- Occupation
- Attitudes
- Lifestyle
- Geographic residence
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.

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

**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.

**Target Market**
Health Conscious Men and Women
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.
You are x.

Start by picking a square. If you answer correctly, you win that square. If your answer is incorrect, 0 gets the square.

PLAY

- click twice to continue -
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.
Section 1.1

- There are seven functions of marketing. The marketing concept is a focus on customers’ needs and wants while generating a profit.
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.
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.
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.
This chapter has helped prepare you to meet the following DECA performance indicators:

- Describe marketing functions and related activities.
- Explain the nature of marketing plans.
- Select a target market.
- Set marketing goals and objectives.
- Develop a marketing plan.