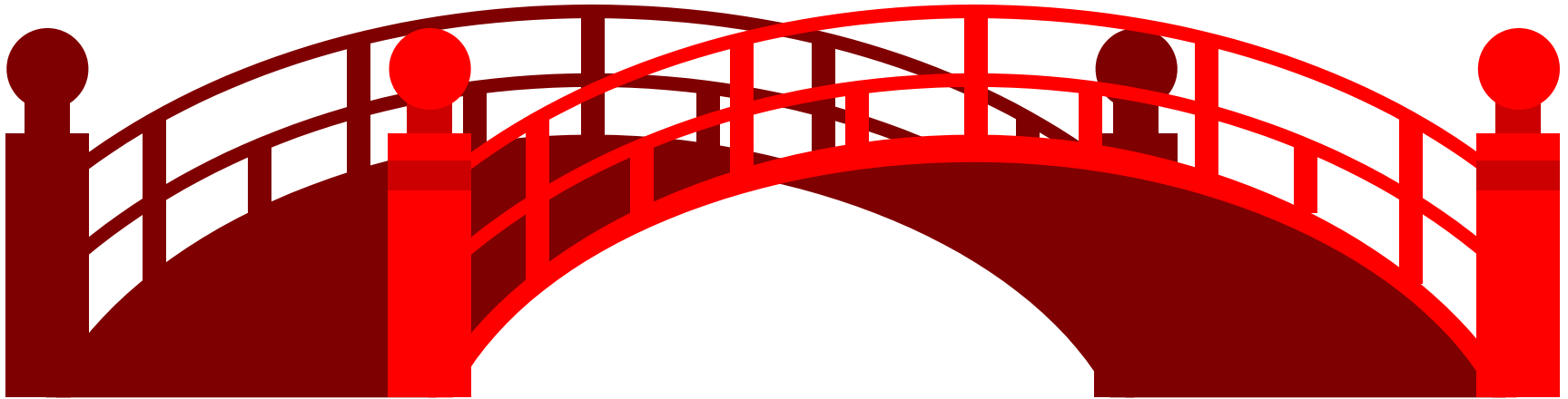


THE ECONOMIC BENEFITS OF MARKETING



Marketing serves as a bridge between the customer and the seller of products and services.



Marketing makes buying easy for customers.

Marketing creates new and improved products at lower prices.

Utility

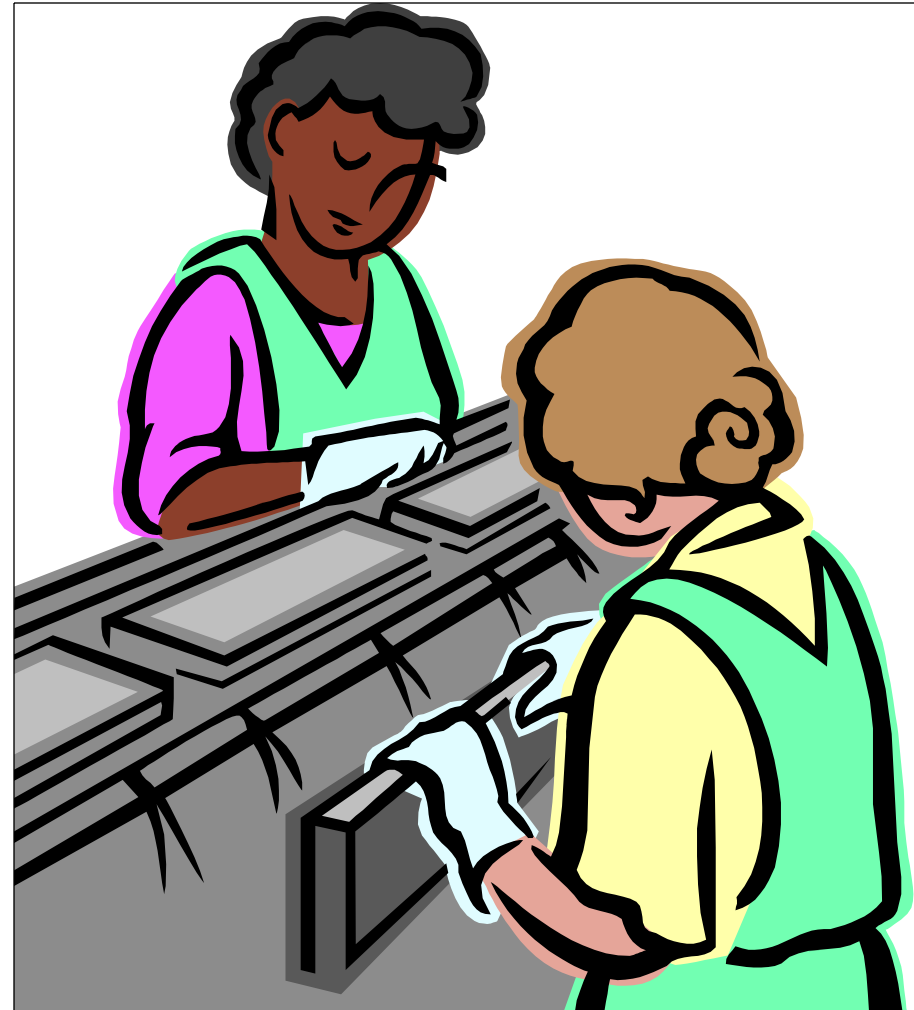
The functions of marketing add value to a product

- ❖ The added value is called *Utility*
- ❖ Utilities are the attributes of a product or service that make it capable of satisfying consumer's wants and needs
- ❖ There are 5 utilities involved with all products
 - ❖ Form
 - ❖ Time
 - ❖ Place
 - ❖ Possession
 - ❖ Information



Form Utility

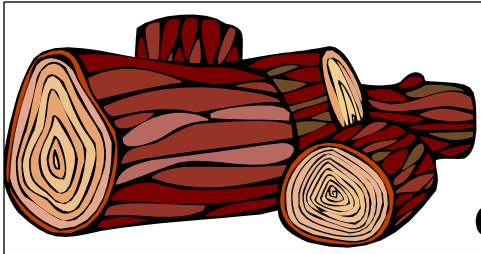
- ❖ Involves changing raw material or putting parts together to make them more useful
- ❖ *Form Utility* deals with making or producing things



An Example of Form Utility

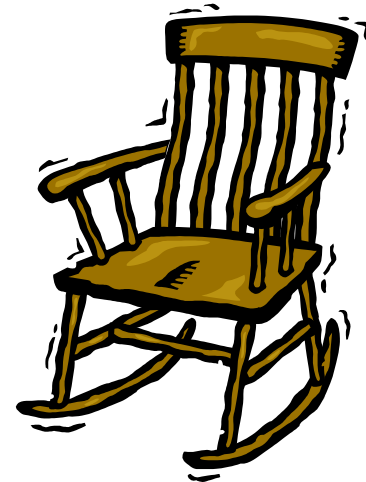
A Tree

In its original state it has value as an object of beauty, supplies oxygen, prevents soil erosion, and provides a home for animals.



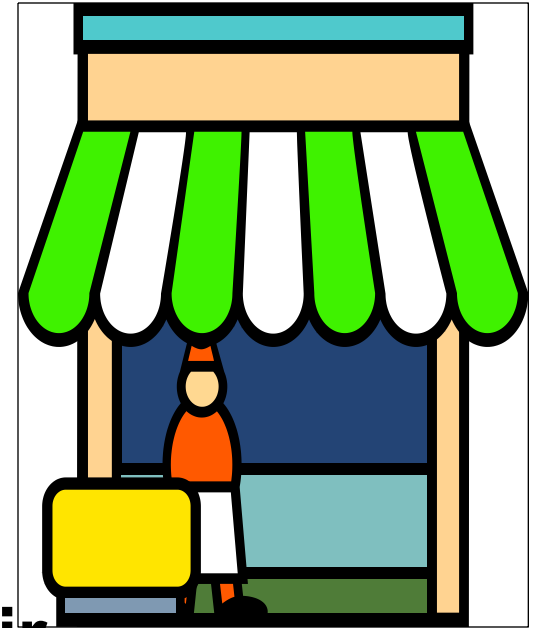
When a tree is cut down and used in making other products its usefulness changes. The raw material becomes part of a new product that has a different value

Form Utility takes place also when a manufacturer assembles parts into a product pieces of wood assembled into furniture



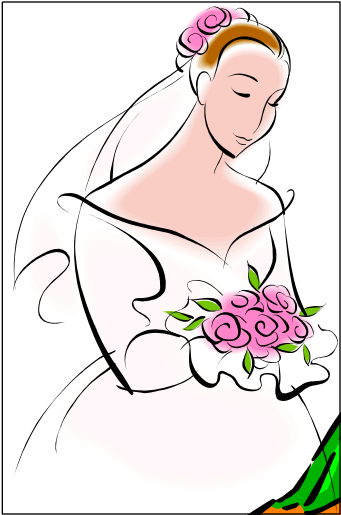
Place Utility

- ❖ Having a product where customers can buy it
- ❖ Businesses study consumer shopping habits to determine the best sales outlets for their products
- ❖ Outlets include catalogs, the internet, retail stores



Time Utility

- ❖ Having the product available at a certain time of the year or a convenient time of day
- ❖ The value of the product is increased by having it available when consumers want them
- ❖ Time Utility requires the marketer to plan ahead in order to have the right product at the right time
- ❖ Toy companies introduce new toys for Christmas every February at the Toy Fair in New York City





Possession Utility

❖ The exchange of a product for some monetary value

❖ Alternatives to cash may be accepted these include:

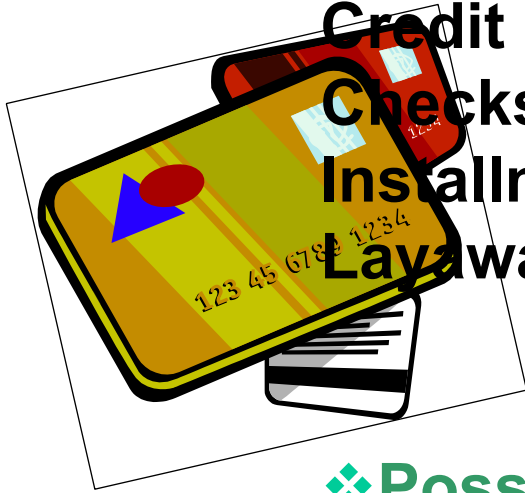
❖ In business to business situations companies also grant customers credit

Credit Cards

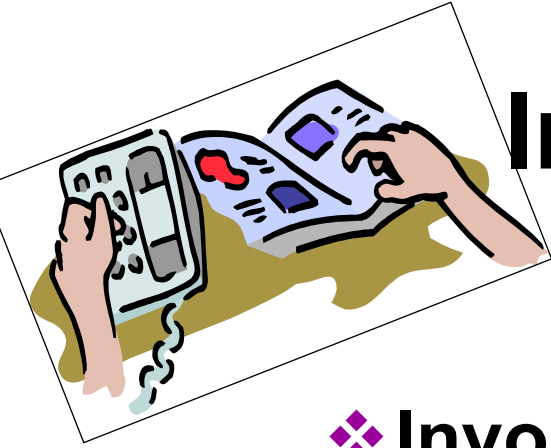
Checks

Installment Plans

Layaway



❖ **Possession Utility** is involved every time legal ownership of a product changes hands



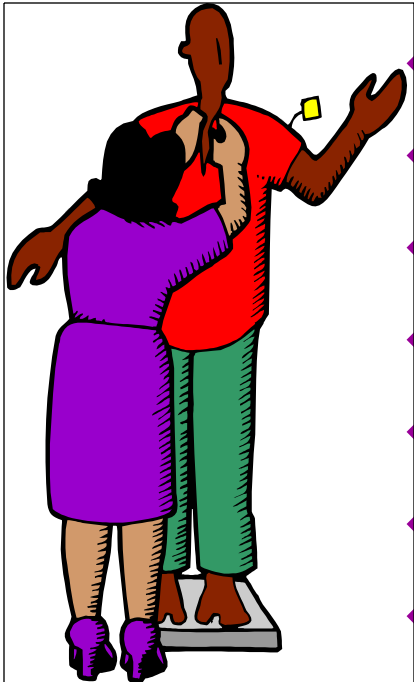
Information Utility



❖ Involves communication with the consumer

❖ Examples of sources of information:

- ❖ Sales Associates
- ❖ Packaging
- ❖ Tags and Labels
- ❖ Advertising
- ❖ Owner's Manuals
- ❖ Internet Sites
- ❖ Telephone Customer Service



Benefits of Product Utility

- ❖ **Added value Increases demand, increased demand allows manufacturers to produce in larger quantities which reduces the cost of each item**
- ❖ **When a product becomes popular the number of merchants offering the product will increase, this increases competition which reduces the price**
- ❖ **Competition also makes manufacturers improve products to better satisfy customer wants and needs**

