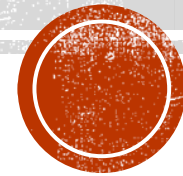


# EFFECTIVE MARKETING

Chapter 1: Intro to Marketing



# LEARNING OUTCOMES

- Describe the scope of marketing
- Describe each marketing core function.
- Explain the marketing concept.
- Describe the benefits of marketing.
- Explain the concept of utility.
- Cite examples of types of utilities.
- Describe how marketers use knowledge of the market to sell products.
- Compare and contrast consumer and organizational markets.
- Explain the importance of target markets.
- Explain how each component of the marketing mix contributes to successful marketing.



# SCOPE OF MARKETING

- **Marketing** (American marketing Association)
  - Activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, client, partners, and society at large.
- Process of planning, pricing, promoting, selling, and distributing goods, ideas, and services.....
- ....To **CREATE** exchanges that satisfy customers. You have been a consumer for many years and make decision about products you liked or didn't like. As you study marketing and how marketers influence customers, you will become a better consumer and learn how to market products/services for your future careers.
- Marketing is ongoing and changing as trends and consumer attitudes change.



# IDEAS, GOODS, SERVICES

- Ideas-Political platforms for votes, Don't drink and drive, etc.
- **Goods**
  - Tangible items that have monetary value and satisfy your needs and wants.
  - Cars, furniture, clothing, televisions.
- **Services**
  - Intangible items that have monetary value and satisfy your needs and wants.
  - Tasks: cooking, cutting hair, banks, dry cleaning, accounting
- **Marketplace**
  - Commercial environment where exchanges occur
  - Shops, Internet, stores, financial institutions, catalogs, etc.



# MARKET PLACE

- \* Anytime someone sells or buys something - **an exchange occurs** in the **market place**.
- \* **Marketplace**: Internet, shops, stores, financial institutions, catalogs.



# CAREER CLUSTER

- ✱ **Marketing:** career cluster in the field of business administration.
- ✱ Business Law
- ✱ Economics
- ✱ Financial Analysis & Accounting
- ✱ HR & Information Management
- ✱ Strategic Management
- ✱ Operations
- ✱ Marketing will also be used as you create resumes to try to persuade an employer to hire you for an after-school job, on college applications, as your search for your adult career, and as you convince consumers to buy your product/services in your future career.



## SEVEN FUNCTIONS OF MARKETING

- 1. Channel Management-** Also known as distribution- how to get goods to the customer & how to store goods (Logistics) Physically moving the products by truck, train, plane, ship
- 2. Marketing Information Management:** conducting market research to understand potential customer likes/dislikes, trends, & competing products. Gather, store, and analyze information Done through surveys or taste tests. The information starts with the customer and goes to the business.
- 3. Market Planning-Specific strategies for a select audience. Using the data to create a market plan.** \*\*Developing a **Target Market** & Selecting an audience. **For example, creating products specifically for athletes.**
- 4. Product & Service Management:** obtaining and/or developing a new product, maintaining, improving a product or removing it when it no longer does well. Marketers pay attention to consumer needs and wants and technology and trends.
- 5. Pricing:** How much to charge for a product - competitor prices, how much a customer is willing to pay, be able to make a profit Example-40% off
- 6. Promotion:** inform, persuade, remind a current or potential customer about a product. Advertising (sale prices) , Public Relations, Public Image (recycling). Example-rewards cards. Information starts with the business and is sent out to the customer
- 7. Selling:** communicating and providing a customer with a product/service that meets their needs or wants. An employee is usually involved to help sell the product.



# MARKETING CONCEPT

- ✳ Idea that a business should strive to satisfy customers' needs & wants while generating a profit for the business.
- ✳ Focus: on the Customer & Target Market
- ✳ Philosophy: The customer & satisfying their needs becomes the focal point of all business activities.
- ✳ Strive for added & keeping repeat customers.
- ✳ All seven functions need to support the marketing concept.
- ✳ Everyone in the business needs to encourage repeat customers. It is more profitable to hang on to existing customers than to search for new ones.





# CUSTOMER RELATIONSHIP MANAGEMENT-CRM

- \* aspect of marketing that combines customer information with customer service & marketing.
  - \* allows the company to serve the customer in best way possible.
  - \* better able to track customer purchasing patterns, optimize revenue, generate more profit.



# ECONOMIC BENEFITS

Marketing impacts the economy and is a global force. Marketing generates competition which fosters the following benefits:

1. **New & Improved Products**-Marketing generates competition which leads to new and improved products for the consumer. We get a larger variety of goods. Cell phone evolution
2. **Lower Prices**-Marketing activities increase demand and helps to lower prices. When demand is high, marketers produce in larger quantities. The fixed cost such as rent remains the same and is divided over more products produced and sold. Larger quantities=lower fixed costs per unit. See math and graphic organizer on page 13. Popular products create competition and prices have to be lowered to stay in business.
3. **Innovation & Added Value (Utility)**

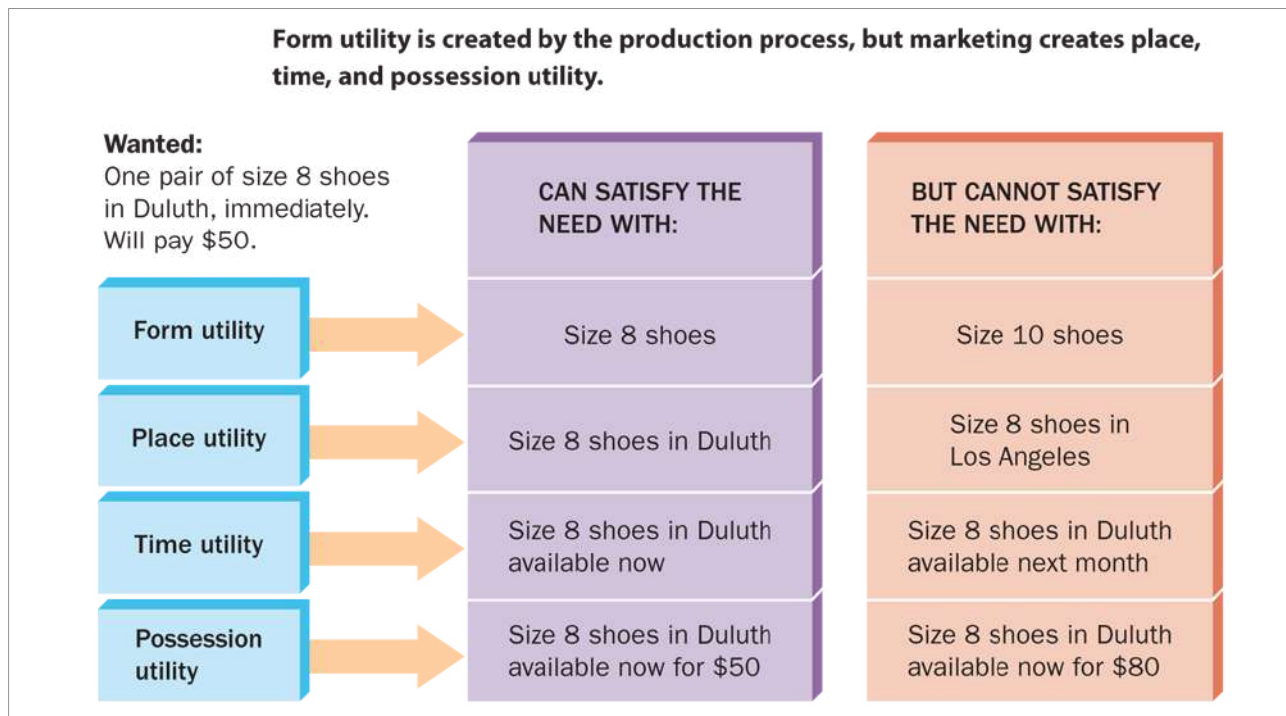


**Utility-** Adds value to a product. The attribute of goods or services that make them able to satisfy customer wants and needs.

1. **Form: Not directly related to marketing-**putting parts together to make them useful (manufacturing) Example-zipper, thread, fabric, denim to make jeans. Electronic controls on a vehicle steering wheel.
2. **Place:** having a product where customers can buy it. Stores, catalogs, internet, kiosks, vending machines
3. **Time:** having it available at certain time of the day/year (open 24 hours) Snow blowers in winter
4. **Possession:** exchange forms (money, credit, debit, layaway, installments) happens every time legal ownership of a product changes hands. Businesses may also offer companies 30 days to pay for a product. Secure on-line sites.
5. **Information:** communication with customers explaining features (salespeople, displays, boxes, advertising, owner's manuals, web sites) Information starts with the business and is sent to the customer.



# TYPES OF UTILITY



# MARKET SEGMENTATION

- **Market**-people who have similar needs and wants and have the ability to pay for it.
  - **Consumer market**-purchase goods and services for personal use. They want products to save them money, make lives easier, improve appearance, create status, or provide satisfaction.
  - **Organizational Market**-business-to-business or B2B-businesses buy products from other businesses for their operations. They want to improve profits, increase productivity, increase sales, decrease expenses, or increase efficiency. The manufacturer will sell to the wholesaler who sells to the retailer.
- Marketers need one plan for the consumer and one for the organizational market.



✳️**Market Share:** percentage of total sales of a business in a product category.

✳️Chart on page 18

✳️Video Games, Retail, Televisions, Soft Drinks

✳️Smart phones: Could have sales of \$15 million & if iPhone has \$5 million = 33% market share

✳️Think of a pie. Everyone wants the biggest piece of pie possible. Market share changes as new competitors enter the market or the market size increases for decreases.

▪ **Market segmentation**

- The process of dividing or breaking down a market into segments and directing a marketing mix at a particular segment or segments rather than at the total market



## ▪ **Target market**

- **Identify the group of people most likely to become customers.** Marketing strategies are directed to them. See photos on page 19. Soup ads geared to parents v. kids.
- The shoe market is broken down into shoes for work, casual shoes, or athletic shoes. Then broken down again for men, women, and children.
- **Consumers**-will ask for and use the product
- **Customer**-approve of it and buy it
- Advertisements on children's shows will encourage children to ask their parents for the cereal and their parents pay for it. Advertisements in Parent magazines will reach the adults and stress the health benefits of the cereal. One person can be both a customer and a consumer.

## ▪ **Customer Profile**

- **Used to create a clear picture of the target market by age, gender, income level, marital status, ethnic background, geographic location, attitudes, interests, and lifestyles**
- Demographics, Geographics, Psychographics will be covered in more detail in chapter 2.



## MARKETING MIX (4 P'S)

- ✱ **Four basic marketing strategies used to reach their target market & control decisions & strategies.** Think of the front of a magazine, the articles, and the ads, which indicate the target market for that magazine. The elements are interconnected. The example is a health-conscious target market of adults who do not get their daily requirement of vegetables.
- ✱ Examples on pages 21 and 22
- 1. Product:** choosing the product, brand name, packaging, warranty, improving already in use products, adding flavors, etc. V8 V fusion juice for adults who do not like the taste of the original tomato flavor juice. New flavors of blueberry, peach, mango
- 2. Price:** what is exchanged for the product - reflect what the customer is willing to pay. Research what the competition charges. \$3.89 and \$1.79 Special promotion pricing is often used with new products.
- 3. Place:** Distribution or getting the product to the customer -- where to sell it, how to sell it, transportation, stock levels, etc. Some products are global and sold in other countries.
- 4. Promotion:** advertising, personal selling, sales promotion, publicity -- communicating the product to the customer & convincing them to buy. V8 owned by Campbell Soup and used original product to promote the new one.

