

Marketing Essentials



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



Before You Read

CONNECT Suppose you had to market yourself as a student. What are your strengths?

OBJECTIVES

- **Describe** the scope of marketing.
- **Describe** each marketing core function.
- **Explain** the marketing concept.

THE MAIN IDEA

To be a successful marketer, you need to understand the marketing skills, marketing core functions, and basic tools of marketing.

Marketing and the Marketing Concept

VOCABULARY

- marketing
- goods
- services
- marketing concept

Marketing and the Marketing Concept

Graphic Organizer

Marketing Core Functions

1. Channel management	
2. Marketing information management	
3. Market planning	
4. Pricing	
5. Product/service management	
6. Promotion	
7. Selling	

Marketing and the Marketing Concept

Graphic Organizer

Marketing Core Functions

1. Channel management	Decides how to get goods to customers
2. Marketing information management	gathers, stores, and analyzes customer trends, and competition
3. Market planning	Targets specific marketing strategies
4. Pricing	based on costs and on what competitors charge for the same product or service
5. Product/service management	Maintains, and improves product mix in response to market opportunities
6. Promotion	Informs current and potential customers about a business's products or services
7. Selling	Customers receive goods they want.

Marketing and the Marketing Concept

The Scope of Marketing

Marketing professionals track trends and consumer attitudes to understand buying decisions.



marketing

The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

The Scope of Marketing

Ideas

Goods

Services



goods

Tangible items that have monetary value and satisfy one's needs and wants.



services

Intangible items that have monetary value and satisfy your needs and wants.

The Scope of Marketing

Marketing Essentials is based on these areas of skill and knowledge:

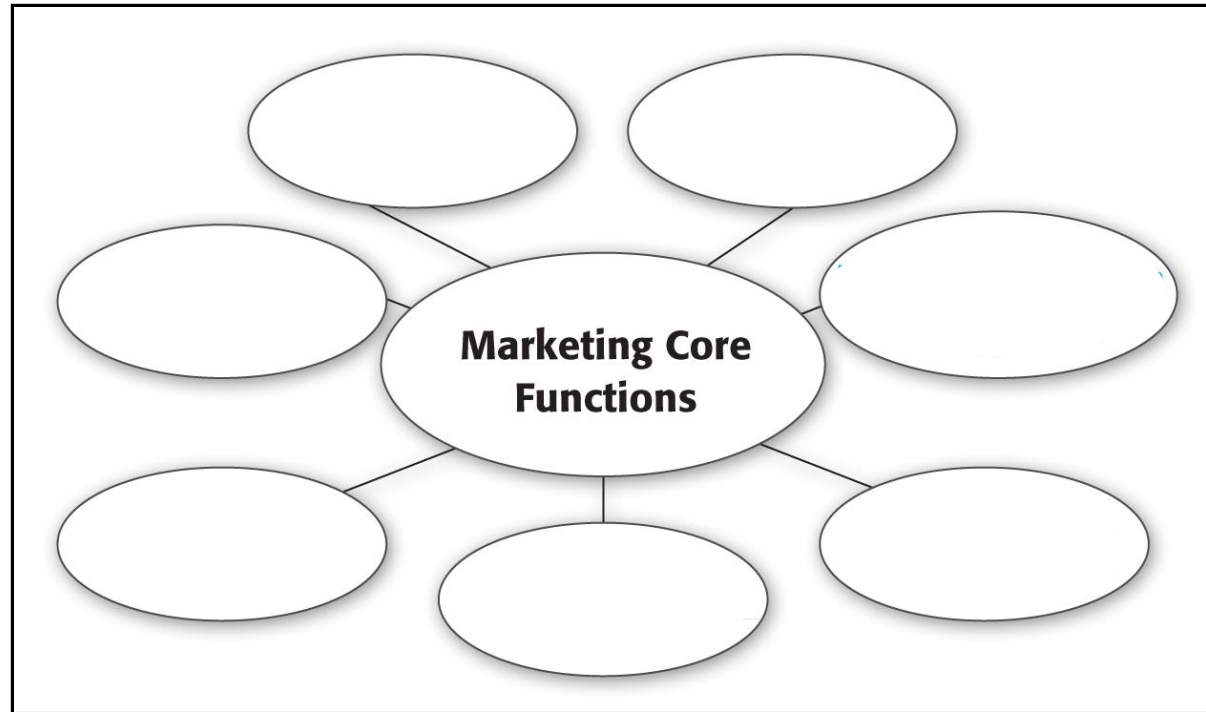
**Business Law****Communications****Customer Relations****Economics****Emotional Intelligence****Entrepreneurship****Financial Analysis****Human Resources
Management****Information Management****Operations****Professional Development****Strategic Management**

Marketing and the Marketing Concept

The Scope of Marketing

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Seven Marketing Core Functions

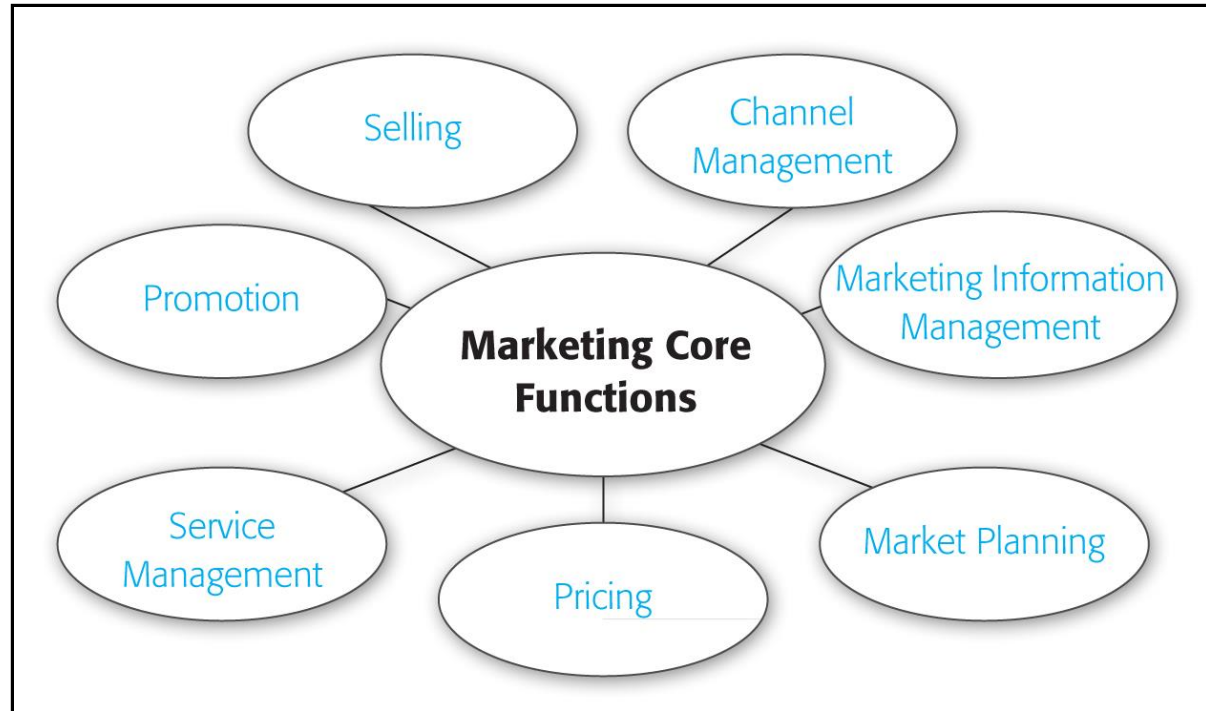


Marketing and the Marketing Concept

The Scope of Marketing

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Seven Marketing Core Functions



The Marketing Concept

The Marketing Concept



marketing concept

The idea that a business should strive to satisfy customers' needs and wants while generating a profit for the business.

The Marketing Concept

Customer Relationship Management (CRM)



Marketing and the Marketing Concept



After You Read

Section 1.1

1. **Explain** why the definition of marketing changes over time.

Marketing is ongoing. Marketers must keep up with trends and consumer attitudes when trends and the customer base change over time. The AMA revises the definition of marketing to make sure it conforms to current practices in the marketplace.

Marketing and the Marketing Concept



After You Read

Section 1.1

2. **Identify** an example of an economic good and an economic service.

Goods are tangible items that have monetary value and satisfy customers' needs and wants. Examples of economic goods are cars, furniture, electronics, and clothing. Services are intangible items that have monetary value and satisfy customers' needs and wants. Examples of economic services are banks, movie theaters, and accounting services.

Marketing and the Marketing Concept



After You Read

Section 1.1

3. **Describe** how Customer Relationship Management helps businesses employ the marketing concept.

Customer Relationship Management combines customer information (through database and computer technology) with customer service and marketing communications. This combination allows companies to serve their customers as efficiently as possible and makes them better able to satisfy customers' needs and generate a profit.

The Importance of Marketing



Before You Read

CONNECT What promotions did you see the last time you went shopping? How did these promotions affect your decision to buy?

The Importance of Marketing

OBJECTIVES

- **Describe** the benefits of marketing.
- **Explain** the concept of utility.
- **Cite** examples of types of utilities.

The Importance of Marketing

THE MAIN IDEA

Marketing supports competition and offers benefits to consumers.

The Importance of Marketing

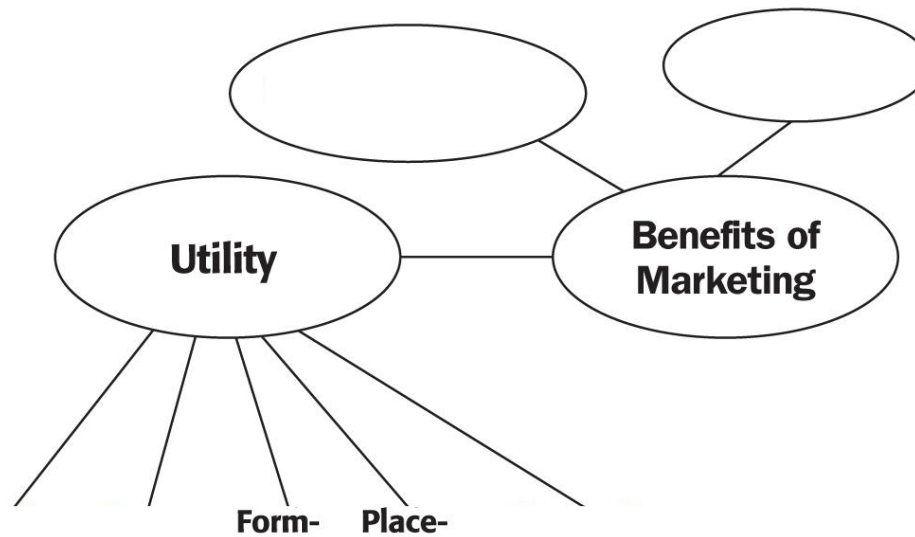
VOCABULARY

- utility

The Importance of Marketing

Graphic Organizer

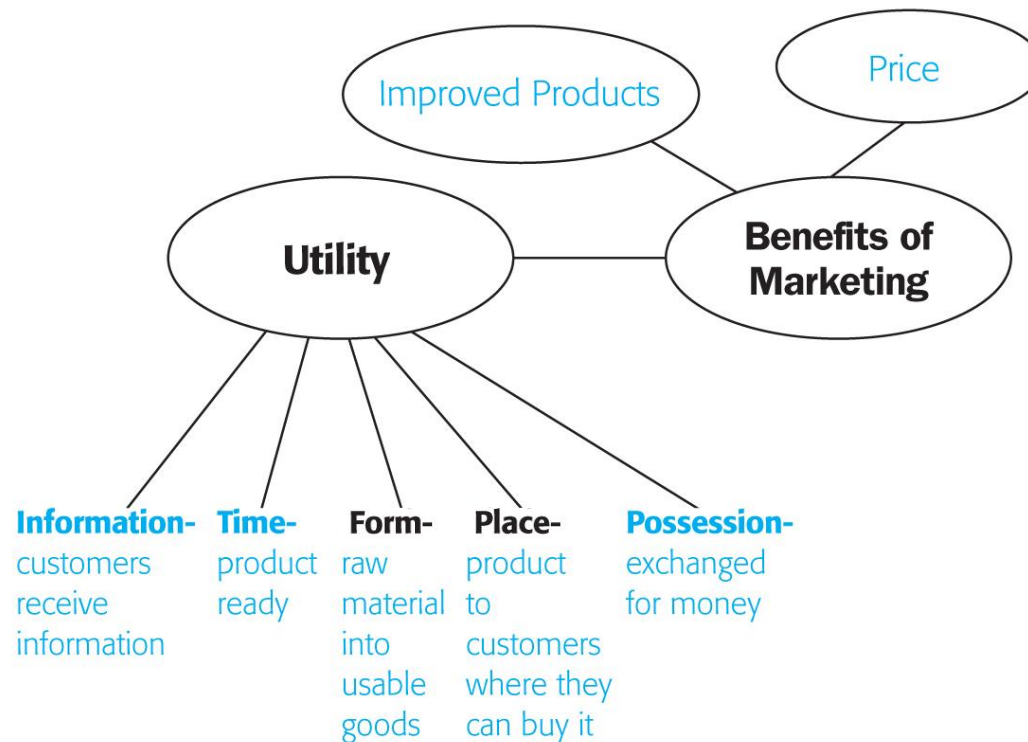
The Benefits of Marketing and the Five Utilities



The Importance of Marketing

Graphic Organizer

The Benefits of Marketing and the Five Utilities

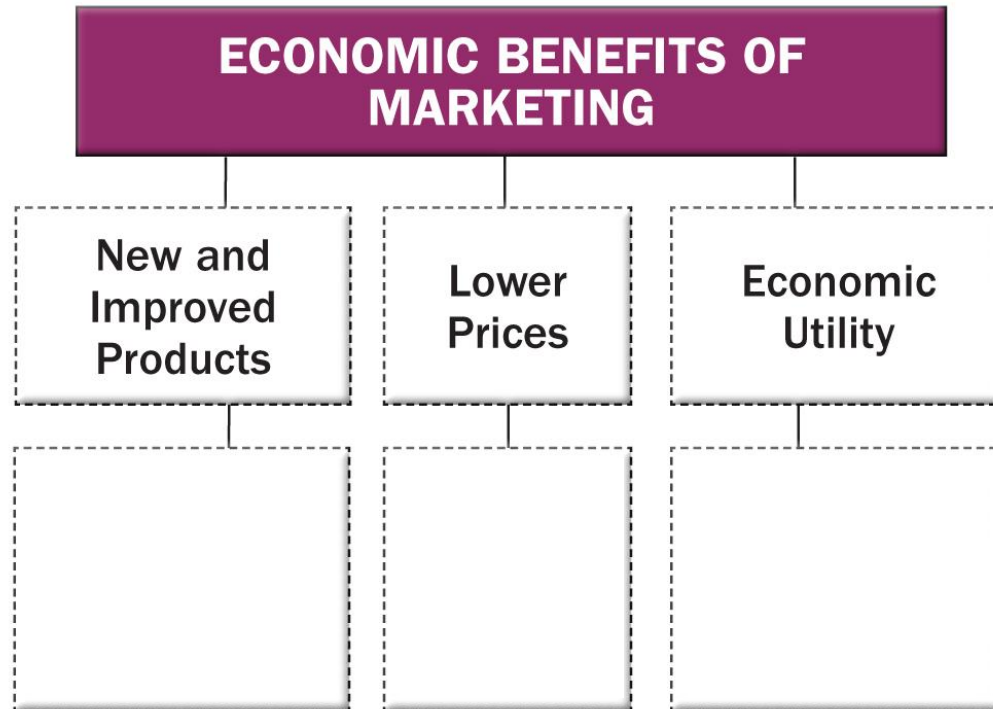


The Importance of Marketing

Economic Benefits of Marketing

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Economic Benefits of Marketing

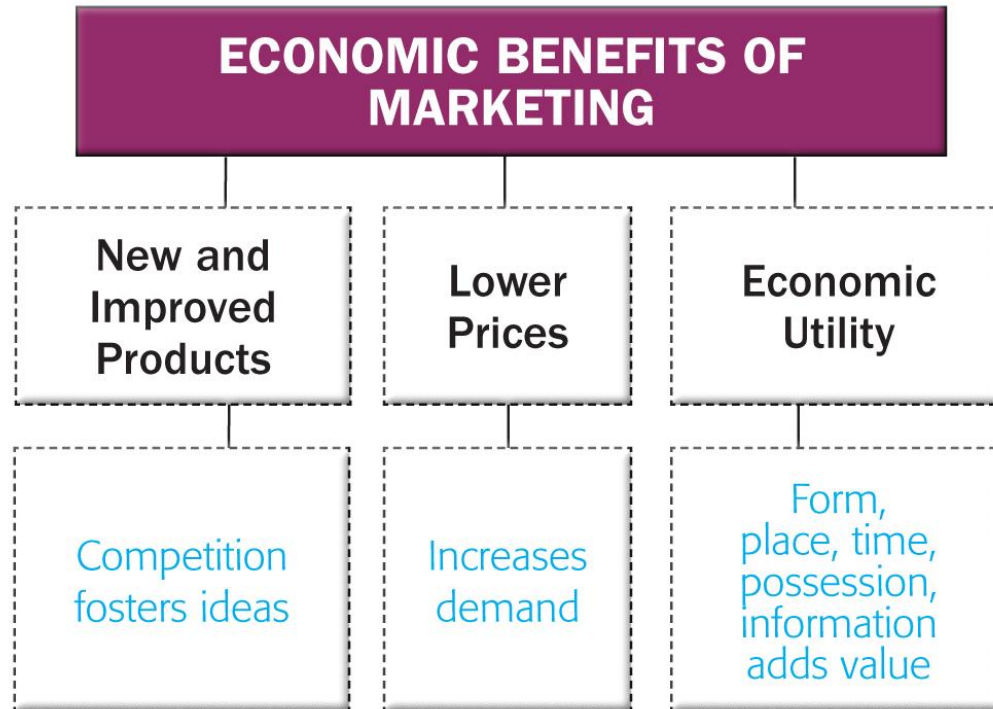


The Importance of Marketing

Economic Benefits of Marketing

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Economic Benefits of Marketing



The Importance of Marketing

Economic Benefits of Marketing

Form Utility	Changing raw materials into usable goods or putting parts together to make them more useful
Place Utility	Having a product where customers can buy it
Time Utility	Having a product or service available at a certain time of year or a convenient time of day
Possession Utility	The exchange of a product for money
Information Utility	Communication with consumer



utility

An added value in economic terms; an attribute of goods or services that makes them capable of satisfying consumers' wants and needs.

The Importance of Marketing



After You Read

Section 1.2

1. **Explain** the role that marketing plays in an economy.

Marketing plays an important role in an economy because it provides the means for competition to take place. In a competitive marketplace, businesses try to create new or improved products at lower prices than their competitors. Those efforts force them to be efficient and responsive to consumers. In addition, businesses look for ways to add value to a consumer's shopping experience.

The Importance of Marketing



After You Read

Section 1.2

2. **How** does increased demand for a product help lower its price to consumers?

When demand is high, manufacturers can produce products in larger quantities. This reduces the unit cost of each product. This is because the fixed costs (such as the rent on a building) remain the same whether the company produces 1,500 units or 15,000 units. When a company produces a larger quantity of a product, it spends less per unit on fixed costs. The company can charge a lower price per unit, sell more units, and make more money.

The Importance of Marketing



After You Read

Section 1.2

3. **Describe** how form utility is not explicitly related to marketing.

Form utility is not directly related to marketing.

However, much of what goes into creating products, such as marketing research and product design, makes it an integral part of the marketing process.

Fundamentals of Marketing



Before You Read

CONNECT What markets are you a part of?

OBJECTIVES

- **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.

THE MAIN IDEA

The term *market* refers to all the people who might buy a product. The marketing mix is a combination of elements used to sell a product to a specific target market.

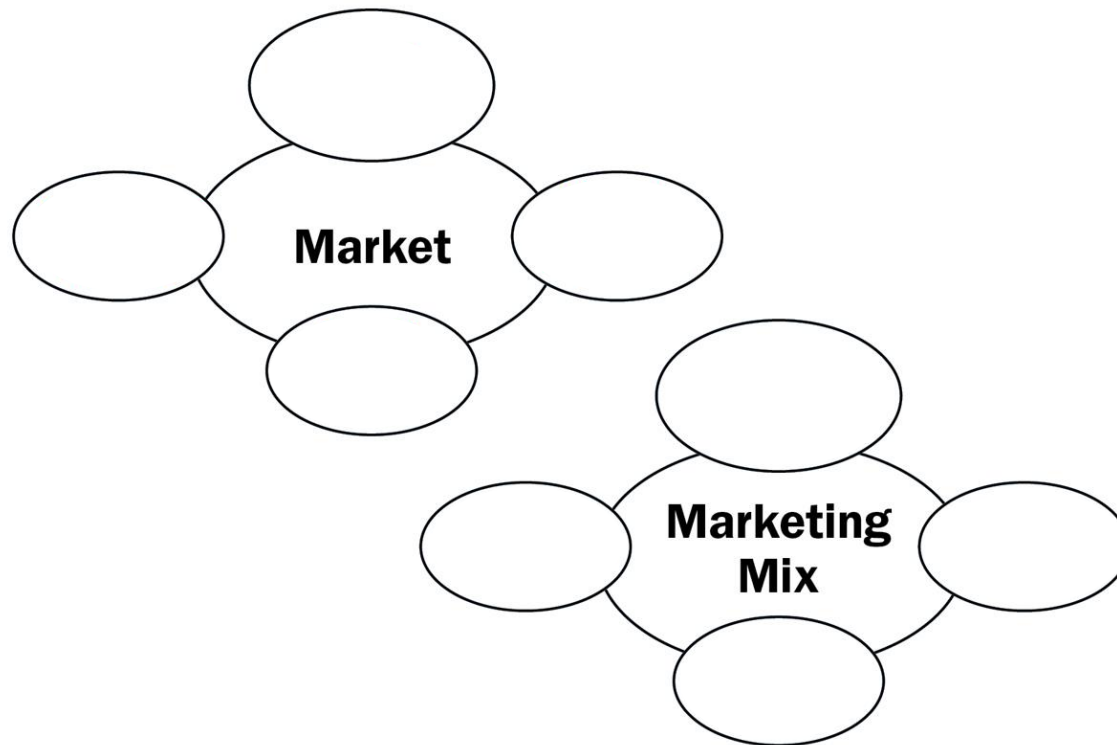
VOCABULARY

- market
- consumer market
- organizational market
- market share
- target market
- customer profile
- marketing mix

Fundamentals of Marketing

Graphic Organizer

Market Terms and the Four Ps of the Marketing Mix



Fundamentals of Marketing

Graphic Organizer

Market Terms and the Four Ps of the Marketing Mix



Market and Market Identification

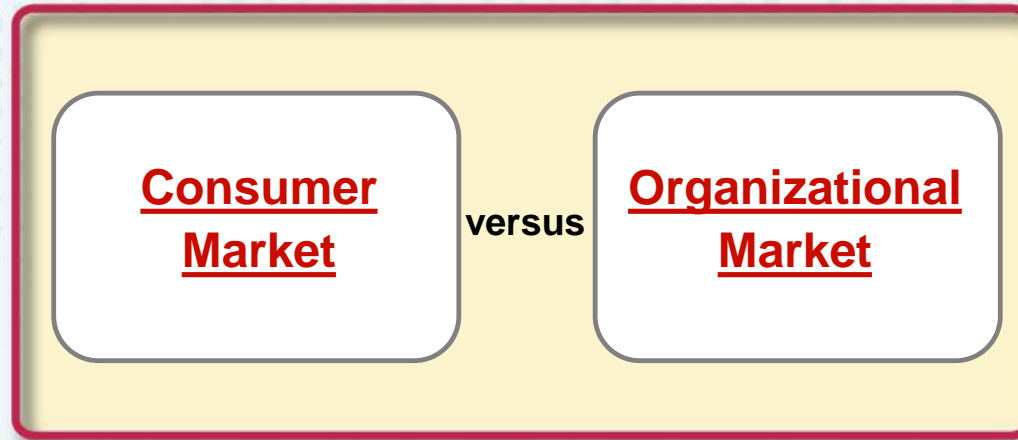
You could be part of the market for video games, but not be part of the market for an expensive car.



market

All people who share similar needs and wants and who have the ability to purchase a given product.

Market and Market Identification



consumer market

Consumers who purchase goods and services for personal use.

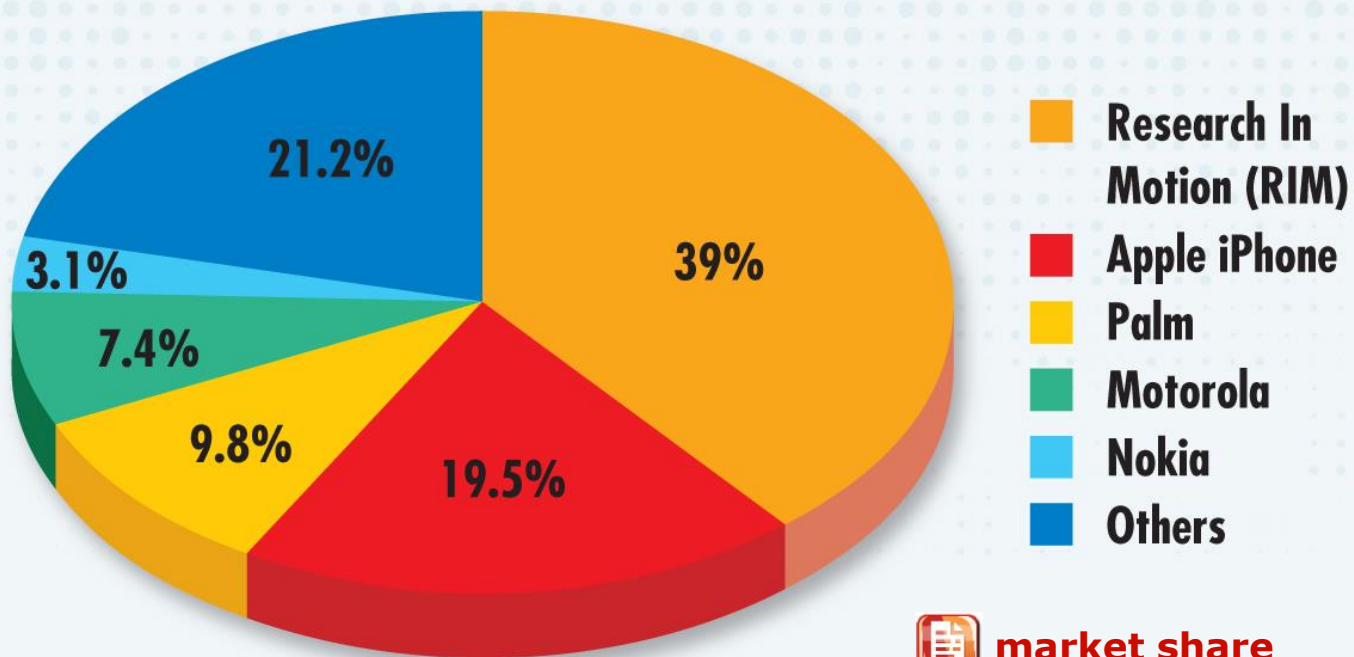


organizational market

Also known as business-to-business (B2B), this includes all businesses that buy products for use in their operations.

Market and Market Identification

U.S. Smartphone Market Share



market share

A company's percentage of the total sales volume generated by all companies that compete in a given market

Market and Market Identification

The goal of market segmentation is to identify target markets.



market segmentation

The process of classifying people who form a given market into even smaller groups.



target market

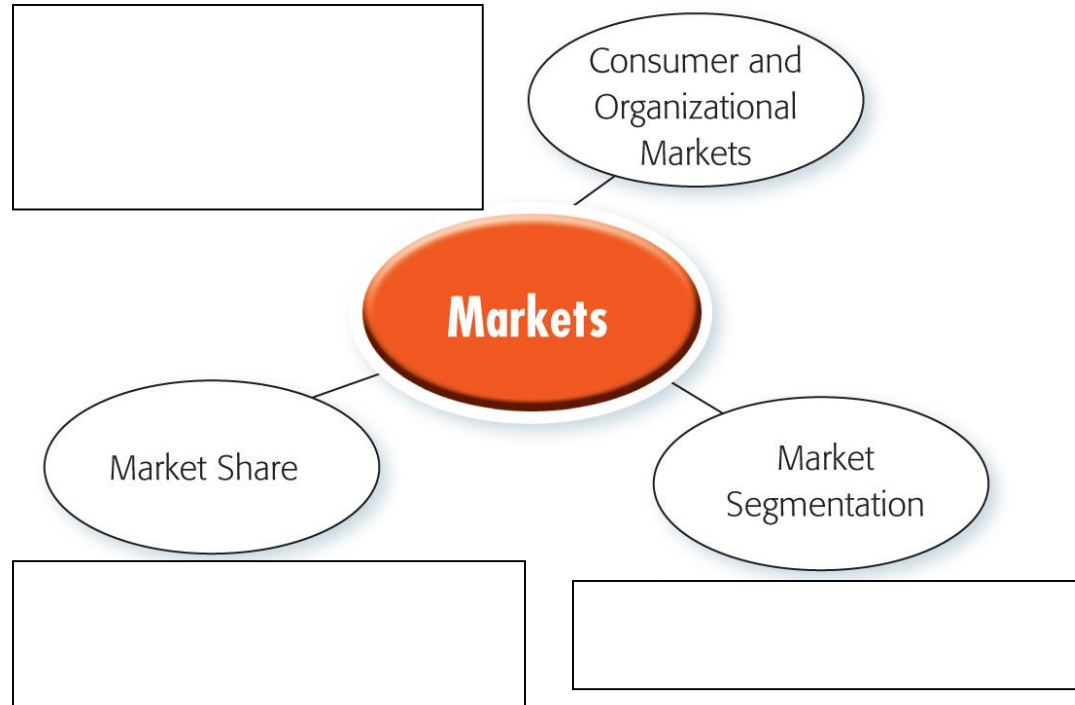
The group of people most likely to become customers, identified for a specific marketing program.

Fundamentals of Marketing

Market and Market Identification

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Details About Markets



Market and Market Identification

Graphic Organizer

Details About Markets

Consumers purchase goods and services for personal use. Businesses that buy products for use in their operations.

Consumer and Organizational Markets

Markets

Market Share

A company's percentage of the total sales volume in a given competitive market.

Market Segmentation

Classifying customers by characteristics.

Market and Market Identification

Graphic Organizer



customer profile

Information about the target market, such as age, gender, income level, marital status, ethnic background, geographic residence, attitudes, lifestyle, and behavior.

Information in Customer Profile

PERSONAL CUSTOMER PROFILE	
Age	
Gender	
Income level	
Marital status	
Ethnic background	
Geographic residence	
Attitudes	
Lifestyle	
Behavior	

Fundamentals of Marketing

Market and Market Identification

Graphic Organizer

Information in Customer Profile

PERSONAL CUSTOMER PROFILE	
Age	17
Gender	Female
Income level	\$500 per month
Marital status	Single
Ethnic background	Hispanic
Geographic residence	Urban—city center
Attitudes	Conservative, strong ethnic ties, family oriented, strong religious beliefs
Lifestyle	Focuses on family, school, church, helping the community
Behavior	Conservative, enjoys small-group and independent activities

Marketing Mix



marketing mix

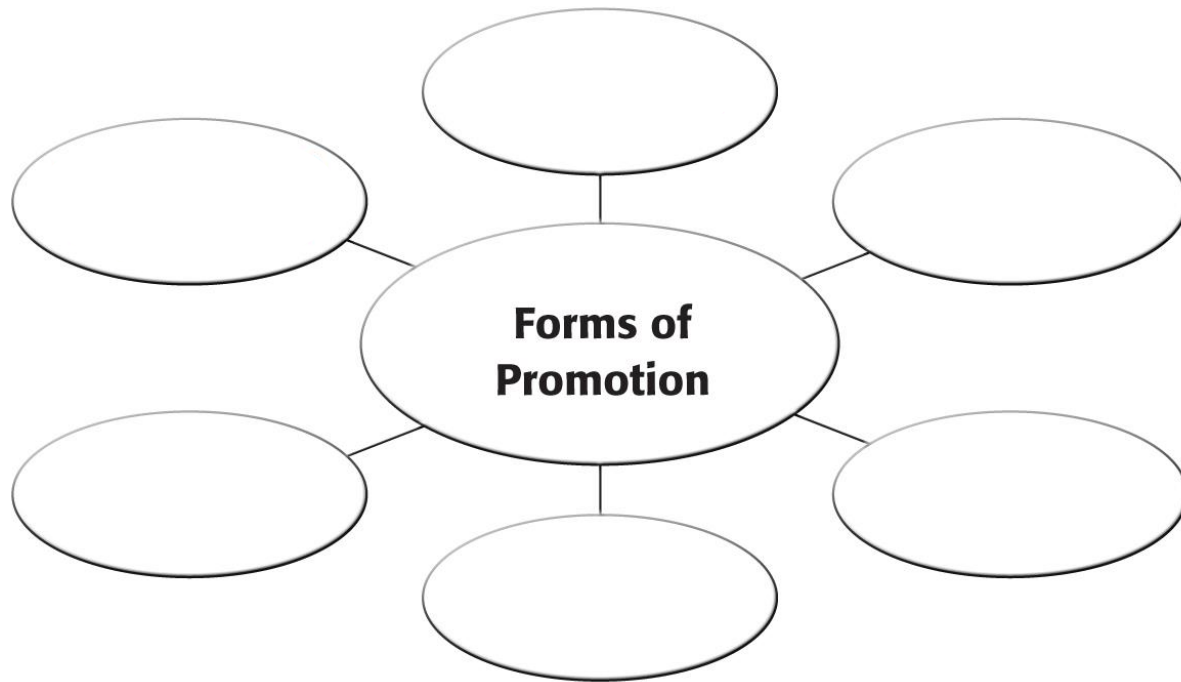
The four basic marketing strategies called the four P's: product, place, price, and promotion.

Fundamentals of Marketing

Marketing Mix

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Forms of Promotion

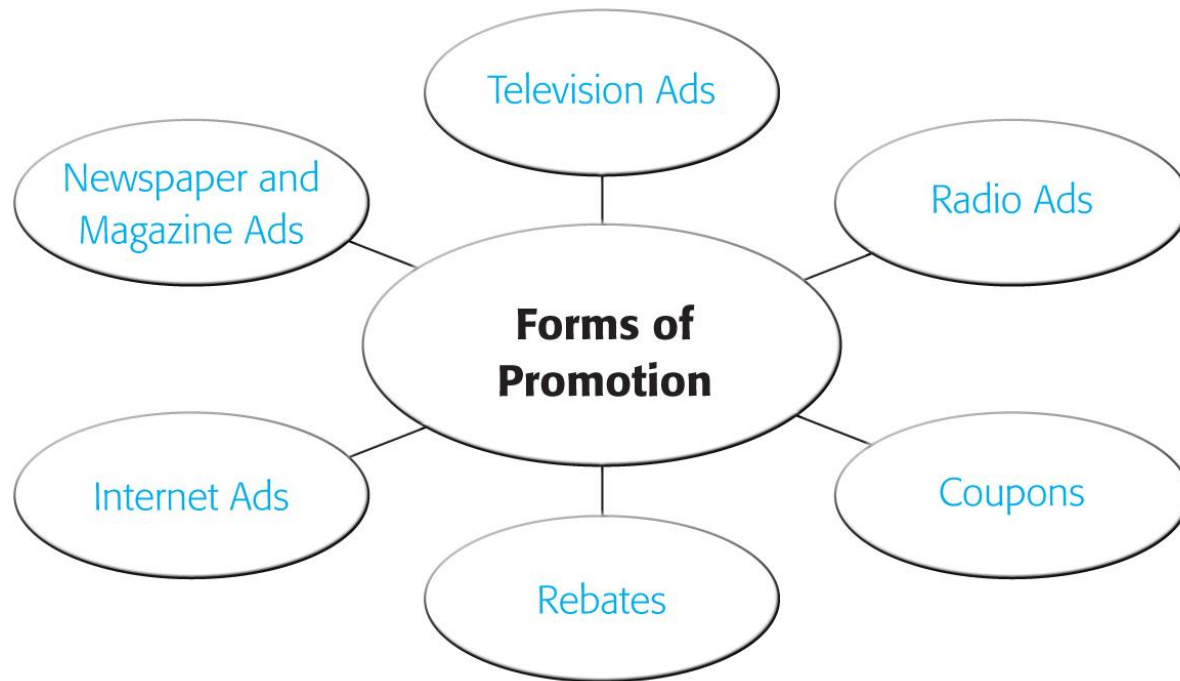


Fundamentals of Marketing

Marketing Mix

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Forms of Promotion



Fundamentals of Marketing

Marketing Mix

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Guiding Questions

What product or service is being promoted?

Who is the target audience for the advertisement?

Explain how you determined the target audience.

Fundamentals of Marketing

Marketing Mix

Graphic Organizer

Guiding Questions

What product or service is being promoted?

Answers will vary based on the product or service being promoted in the advertisement.

Who is the target audience for the advertisement?

Teenagers, middle-aged men, women, children, and so on.

Explain how you determined the target audience.

parents of young children, the ad is in a parenting magazine

Fundamentals of Marketing



After You Read

Section 1.3

1. **Identify** a market in which a business would consider you a potential customer.

Possible answers would be: fast food chains (i.e. McDonalds, Burger King), cell phones, jeans manufacturers, specific retail stores such as The GAP and Abercrombie & Fitch. These businesses carry items that appeal to teenagers, so teens are one of their target markets.

Fundamentals of Marketing



After You Read

Section 1.3

2. **Contrast** What is the main difference between consumer and organizational markets?

The consumer market consists of people who buy goods and services for personal use. In the organizational market, goods and services are purchased for use in a business operation.

Fundamentals of Marketing



After You Read

Section 1.3

3. **Connect** How are market segmentation, target markets, and customer profiles related?

Market segmentation helps marketers classify customers based on certain characteristics that can be used to develop customer profiles for a specific target market.

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