

Have It Your Way

Nature of Marketing

Objectives:

- A** Explain the nature of marketing.
- B** Explain the nature of the marketing concept.
- C** Explain how marketing affects our society.



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Have you ever bought something because you knew the price couldn't be beat? Given



feedback on a food sample at the grocery store? Searched for a certain brand of jeans? Then you've been impacted by marketing. Marketing is all around you—everywhere you go. Whether you're at school, at the mall, on your favorite social media site, or even at the doctor's office, you encounter some form of marketing.

In fact, if you've ever created student-council election posters, sold candy to raise funds for your sports team, or priced garage sale items, you've actually been involved in marketing people and products to others. So, considering that you're surrounded by marketing and have been involved in it personally, isn't it high time to find out what marketing's all about?

Marketing: The Ultimate Matchmaker

"Matchmaker, matchmaker, make me a match."

—Sheldon Harnick, songwriter

Has anyone ever played matchmaker for you—setting you up with someone whom the matchmaker thought you would like and get along with? If so, how did the matchmaker do? If you truly enjoyed getting together with the certain someone who was selected for you, then I'd say that the matchmaker did very well. But don't be ashamed to admit it if you'd prefer never to get together with that person (or the matchmaker) ever again. It happens to us all!



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Like a gifted matchmaker who helps two people to become a couple, **marketing** matches up **producers** with the **customers** who want to buy their **products**. It finds out what customers are looking for, shares this information with producers, and helps these producers to connect with their customers in the right way, at the right time, in the right place. In more technical terms, marketing is 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. It can have a significant impact on a business's long-term profitability, help customers to live better, easier lives, and improve communication and relationships throughout the world.



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Christopher C. Burke

The Many Faces of Marketing

Although many people associate the word “marketing” with advertising and selling, it is much more than that. Marketing is a process of multiple, interrelated activities that direct the flow of goods, services, and ideas from the producer to the customer and back again. These activities involve planning how to carry out the marketing process, finding out about customers, offering the products customers want, determining how much to charge for the products, communicating with customers, and putting products where they need to be. This wide range of responsibilities is sometimes referred to as the marketing mix, because all of these activities come together to form a strong marketing strategy.

Planning how to carry out the marketing process.

Just as business owners develop business plans, marketers develop detailed marketing plans to guide their different activities. Marketers write a clear plan of action for their business, implement the plan, and evaluate the plan’s success. Coordinating all of the pieces of marketing is essential for success, so thorough planning is necessary.



Finding out about customers. Marketers are responsible for finding out who their customers are and what their customers need. Knowing this information enables marketers to take action. To acquire these insights and identify the products that would satisfy their customers, marketers conduct in-depth, detailed research. This research can come from many sources, such as surveys, focus groups, reports, and data. Digital media has made it easier than ever to learn about customers' needs, and presents a great opportunity for organizations to be even more customer-focused.

Product: Offering the products customers want. After finding out who customers are and what they want, marketers share what they've learned with others in the company. People in product development or operations would need to design and/or create the product, if it's new, while those in finance would determine whether it's a wise financial decision to offer the product. If so, marketers take the new product for a test drive to find out whether what has been created meets the needs of customers or whether changes still need to be made before the product is mass produced. In this way, marketers ensure that the company offers the products that customers want.

Some companies buy goods from manufacturers to resell to customers. Marketers at these stores need to make sure that they have the latest colors, styles, models, etc., in the right amounts to satisfy customer demand.

- ▶ *3-D printing is an exciting way to transform ideas into products that customers want.*



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Price: Determining how much to charge for the products. To determine how much to charge for their products, marketers must consider the customers' perception of value, as well as the business's objectives. For most companies, making a profit is the number one goal. The challenge for marketers is identifying an exchange price that buyers and sellers both see as giving them the best value. In other words, products must be priced low enough for customers to want to buy them, yet high enough that sellers can make a profit.

Promotion: Communicating with customers. To capture their customers' attention and generate demand for their goods and services, marketers conduct several activities, including **advertising, personal selling, publicity, and sales promotion**. Each activity involves contact with the customer, whether in person or not. You're exposed to advertising whenever you watch a television commercial, click on an Internet ad, or read a billboard. When your little sister asks you to buy Girl Scout cookies, you're the target of personal selling. Likewise, if you've ever participated in a charity event sponsored by a local business or taken part in a contest to win free concert tickets, you've seen publicity and sales promotion in action.



- ▲ *Outdoor advertisements can capture attention by adding creative, realistic, or interactive elements.*

Place: Putting products where they need to be. What point would there be in finding out what customers want, developing products customers want, determining how much to charge, and communicating with customers if the customers don't have access to the products that they want to buy? Therefore, putting the product in the customer's hands is foremost in the marketer's mind. Marketers determine where customers are most likely to purchase the products that they want and then make sure that their products are available in those locations—whether online or off.

The Where, Who, and What of Marketing

Where does marketing occur? In everyday places. Marketing occurs wherever customers are present—in all kinds of businesses. Customers can be individuals like you, businesses, or institutions such as schools. Marketing can be done online, in an office, in a store, in a school, at home, and in thousands of other locales. Some businesses, in fact, are almost entirely devoted to marketing activities. You might be familiar with some of them, such as retail stores, advertising agencies, marketing-research companies, and public relations firms. Many businesses have their own marketing departments or work with outside companies to fulfill their marketing needs.

Who takes part in marketing? Everyday people. Marketers are those individuals and businesses who connect goods and services to the people who buy them. Car repair shops, hospitals, and online retailers are a few examples. Not-for-profit organizations, such as charities, are marketers, too. Even you are a marketer. If you've interviewed for an after-school job or filled out a college application, you've marketed your own abilities to someone else. In reality, almost everyone has marketed *something* at some time in some way!



For a quick example of how these marketing activities come together to form one marketing campaign, check out Kelly Foley's video, "4 P's of Marketing," found here: <https://www.youtube.com/watch?v=jP2d1aW4VUY>.

What is marketed? Practically anything and everything. Items that are marketed are broadly grouped into categories such as **goods** (durable and nondurable), **services**, organizations, experiences/events, places, ideas, information, and people.

You may not realize that you see both durable and nondurable goods on a daily basis. **Durable goods** are tangible items that last a long time, such as mobile phones, automobiles, and laptop computers. In contrast, items such as fruit smoothies, unleaded gasoline, and lipstick are **nondurable goods**, which means that they are typically consumed within a short period of time.

Services—intangible activities that are performed by other people for money—are also easy to find. Examples include haircuts, dental treatments, and Internet service. And, if you’ve ever mowed someone’s lawn or walked someone’s dog, you’ve provided a service, too.

The rest of the categories of marketed items are a bit less obvious. Organizations such as Operation Smile, which provides free surgeries to repair cleft lips, cleft palates, and other facial deformities, market themselves on a regular basis. Events as small as a county fair or as large as the Olympics are also marketed. The state of California uses the slogan “Dream Big” to attract tourists from around the world. An example of idea marketing is the government-sponsored “Click It or Ticket” campaign, which encourages young people to buckle up. And who hasn’t heard of basketball superstar LeBron James? He even has his own marketing company to handle the marketing of his personal image and those of other athletes.



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▲ *Surf’s up! California’s Travel & Tourism Commission uses marketing to share the adventure and beauty of the state with the world.*



To read more about the way that organizations, places, events, and ideas are marketed, visit Shreyasi Ghose's article "What is Marketed for Consumers (10 Types of Entities)" here: <http://www.yourarticlelibrary.com/marketing/what-is-marketed-for-consumers-10-types-of-entities/50804/>.

Summary

Marketing, which links producers with the customers who want to buy their products, involves a wide range of interrelated activities. These include planning the logistics of the marketing process, finding out who customers are and what they want, offering the products customers want, determining how much to charge for the products, communicating with customers, and putting products where they need to be. Almost anything—goods, services, organizations, events, places, ideas, and people—can be marketed, in almost any situation, by almost anybody.

TOTAL RECALL

1. What is marketing?
2. Explain the activities that make up the marketing process.
3. Where does marketing occur?
4. Who takes part in marketing?
5. What is marketed?

THE GRAY ZONE

A popular fast-food restaurant chain recently hired female college students to promote the company's newest chicken sandwich. In exchange for \$500, the young women agreed to pass out coupons for the new sandwich while wearing fitted sweatpants with the sandwich's name emblazoned across their backsides. Since the target market for the new sandwich is young men aged 18-25, the company felt that one of the best ways to grab its target market's attention was to advertise its newest product on the women's rear ends. Did the company make the right choice? Do you approve of its marketing campaign? Or was it demeaning to women?



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You Want It? You Got It!

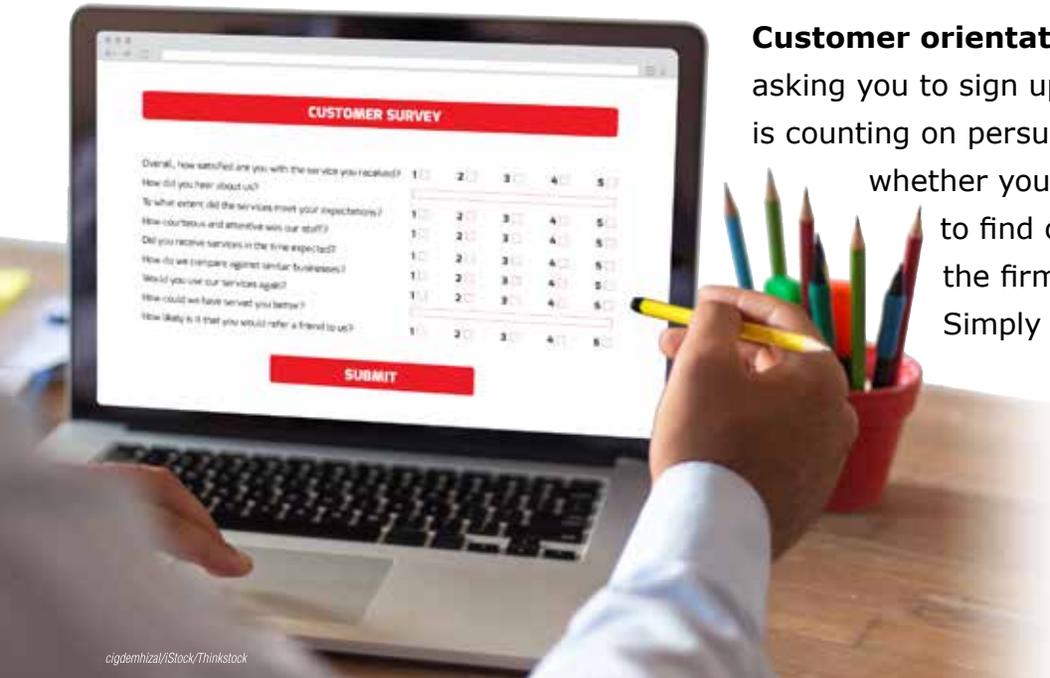
“To sell Jane Smith what Jane Smith buys,
you’ve got to see things through Jane Smith’s eyes.”

This saying embodies the **marketing concept**, which is a must for marketing success in the business world. The marketing concept is a philosophy of conducting business that is based on the belief that all business activities should be aimed toward satisfying customer wants and needs while achieving company goals. Businesses that embrace the marketing concept consider the customer’s point of view first—before making any marketing decisions. In short, to be successful, a business should focus its actions on fulfilling its customers’ needs and wants.



What We Believe In

The marketing concept consists of three basic elements: customer orientation, company commitment, and company goals. Let's look at each of these elements in more depth.



Customer orientation: *Do it their way.* When a salesperson shows up at your door asking you to sign up for high-speed Internet service or purchase new windows, s/he is counting on persuading you that you need those goods or services, regardless of whether you want them or not. In contrast, when a firm first surveys people to find out what *they* are looking for and then produces those products, the firm is practicing the marketing concept idea of customer orientation. Simply put, customer orientation means doing it the customer's way.

Company commitment: *Do it better.* If a firm's marketer is the only one using the marketing concept, the firm is misapplying the principle. To incorporate the concept successfully, the entire company must commit to doing things right for its customers. Company leaders must see the value of the marketing concept, and they should take actions to encourage its acceptance throughout the firm. This may mean setting aside money to fund the research needed to develop a product according to the customer's wishes. Also the company could

▲ *Have you ever been asked to fill out an online customer satisfaction survey? If so, you have had a hand in developing future products.*

focus on an outstanding **feature** or competitive price to encourage customers to buy its product over a competitor's similar model. In short, company commitment means that everyone in the firm is doing it—better.

Company goals: *Do it with success in mind.* Though many firms are in business to make a profit, some want to increase other aspects of their business, too. Maybe a wider audience is the goal, or increasing awareness of a particular social cause. *Doing it with success in mind* means incorporating the marketing concept while maintaining a commitment to organizational goals, whatever they might be.

Becoming Socially Minded

In recent years, the marketing concept has been developed even further, going beyond the needs of the individual customer to the needs of society. This idea, called the **societal marketing concept**, involves creating and marketing products that not only benefit the customers, but also society as a whole. Today's consumers want businesses to be socially responsible, whether that means taking care of the environment, employees, or other members of society.

In addition to making the world a better place, becoming more socially minded can also give a business a **competitive advantage**. For example, the shoe and apparel company TOMS initially gained popularity by donating a pair of shoes to a child in need with every customer purchase. Since that time, the company has expanded its product lines as well as its efforts to provide health-care, education, and access to water for developing countries. TOMS products do more than fit a customer need. They also fit a societal need, which makes them more appealing to many customers than other brands.

◀ *Green marketing is one way that businesses can be socially minded. Consumers may be more willing to buy a product, like this soap, that is marketed as environmentally friendly.*



See the societal marketing concept in action by viewing the TOMS website: <http://www.toms.com/improving-lives>.



Summary

The marketing concept is a philosophy of conducting business that is based on the belief that all business activities should be aimed toward satisfying customer wants and needs while achieving company goals. Using the concept successfully means doing it the customer's way, doing it better, and doing it with success in mind. Some companies also apply this idea to society as a whole in order to make the world a better place—and increase their success while doing so.

TOTAL RECALL

1. What is the marketing concept?
2. How does customer orientation play a part in the marketing concept?
3. What is the role of company commitment in the marketing concept?
4. What role do company goals play in the marketing concept?
5. What is the societal marketing concept?



Marketing Makes the World Go Round

Now that you have a better understanding of the concept of marketing, you hopefully have a greater appreciation of the role that it plays in our **economy**. It helps businesses to be profitable, and it helps us to obtain the goods and services that we need and want. In fact, marketing fits into every facet of our lives, on both a global scale and right in our own neighborhoods.



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In our world. In an overall sense, marketing makes the world go round. Day after day, people buy and sell goods and services so that they can feed their families, increase their business profits, or further their causes. The marketing activities that make the process work are closely tied to the global and economic activities our world faces. For example, when a war takes place somewhere in the world, or when trade temporarily stops between two nations, producers and customers may be disconnected from each other. Similarly, if people in one part of the world need a product, producers throughout the rest of the world will know about it if marketers are effectively researching and finding creative solutions. Marketing keeps us connected and helps people get what they want and need, no matter where they might be.

In our businesses. Marketing is one of the most important aspects of any business because it has a direct impact on a company's revenue and profitability. For nonprofit organizations, marketing is equally important because it attracts the support needed to keep the organization running. Marketing is also the primary way that companies interact with customers, creating vital relationships that lead to the development of stronger products and satisfied customers.

Jane_Kelly/iStock/Thinkstock



In our lives. Every day, you come across marketing activities that can influence your decisions. Driving through town, you pass an auto parts store, a fast-food restaurant, and a yard sale sign. When you discover that you're out of shampoo, you decide to go to the local drugstore rather than the supermarket because the drugstore has a better price. Or, when you hear a catchy song from a soft drink commercial you saw earlier in the day, you immediately find yourself thirsty for the refreshing beverage. You, too, are affected by marketing's daily presence.



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What Marketing Does for Us

Thanks to marketing, satisfying the wants and needs of customers is the priority for most businesses. As a result, we as individual consumers and the public in general benefit. Some of the most important ways in which marketing benefits society include making our lives better, providing a variety of goods and services, and encouraging trade.

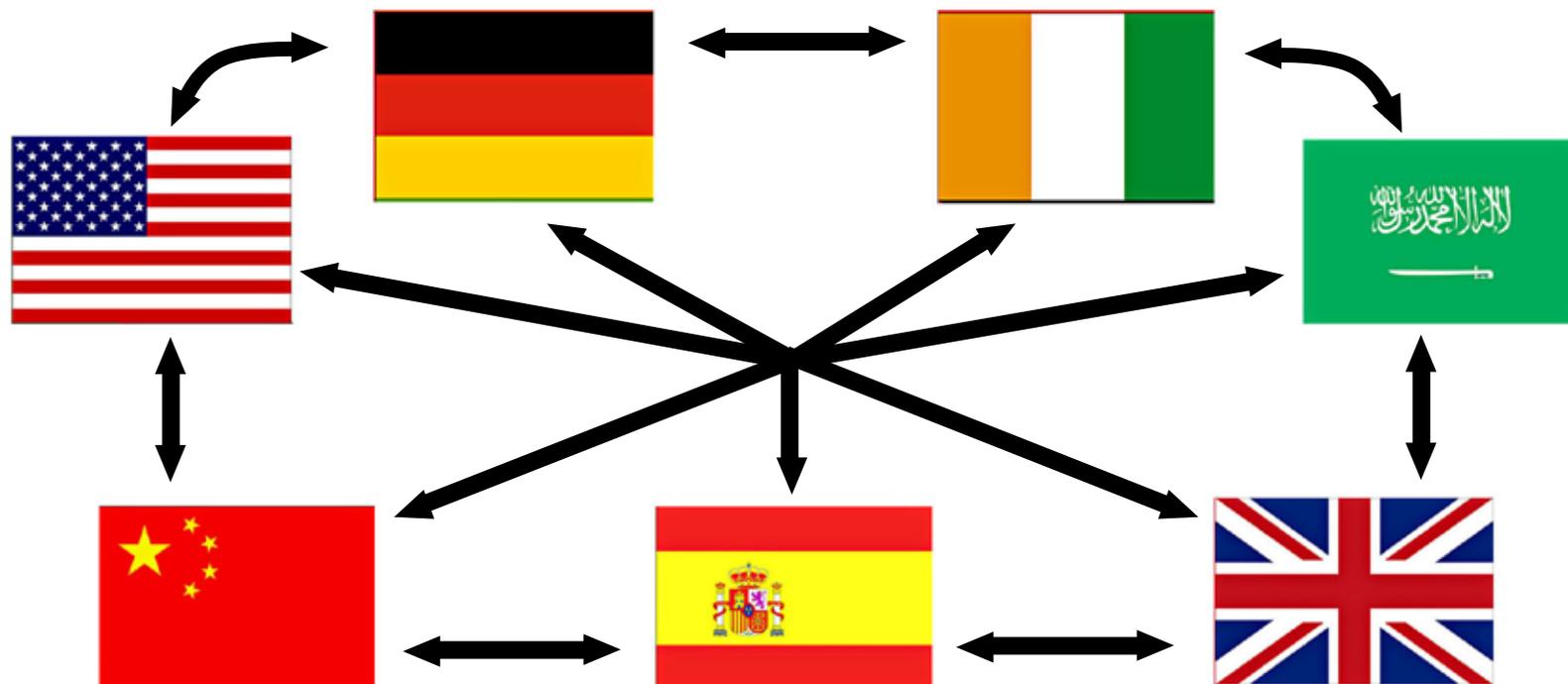
Makes our lives better. Marketing encourages competition among businesses. Consequently, businesses consistently search for ways to make their products better and cheaper than their competitors'. In an effort to get ahead, these businesses conduct research, look for ways to improve their products, and focus on innovation. The result? Many new and improved products at lower prices. Products are more effective than ever when it comes to solving problems and satisfying needs, giving us a high **standard of living**.

- ▶ *Think of how quickly technology improves. Thanks to marketing, computers, cell phones, and televisions are constantly becoming faster, sleeker, and more capable.*



Provides a variety of goods and services. Because businesses in our society must compete to attract customers, they offer a variety of goods or services in many styles, models, colors, and sizes. As an example, consider your cell phone. It probably comes in a variety of colors and sizes, possibly with different features. In addition, the manufacturer produces other cell phone models. This variety demonstrates that products are developed, promoted, and sold based on what customers want and need, rather than what is most efficient to produce. Because of marketing, we have countless options to choose from and therefore have a great chance to find the right product to improve our lives.

Encourages trade between nations. Resources needed to produce their products are extremely valuable to marketers. Therefore, it doesn't take them long to pinpoint where a certain resource can be found in abundance. If our nation lacks that resource, we can usually trade something to get it. Since different countries contain different resources, marketing draws countries into the process of exchanging—to everyone's advantage.



Kiyoshi Takahase segundo/Herrera/Thinkstock

The next time that you go to the grocery store, take a look at where your fruits and vegetables were grown. Depending on where you live and shop, you might see produce that was grown in your local area, in other parts of the country, or even in other parts of the world. Thank a marketer if you enjoy eating Michigan blueberries, Florida oranges, California grapes, or Mexican avocados! Curious about how produce gets from a farm to your plate? Scientific American's "Where (in the World!) Your Fruits and Vegetables Come From: An Interactive Finder" shows where produce comes from and how our taste for certain fruits and vegetables has changed over time: <http://www.scientificamerican.com/article/graphic-science-where-in-the-world-your-fruits-vegetables-come-from-interactive/#stories>.

grekoff/Stock/Thinkstock



What If Marketing Didn't Exist?

Without marketing, customers and businesses would be greatly affected. Places and people would be disconnected from each other, forcing individuals to fend for themselves.

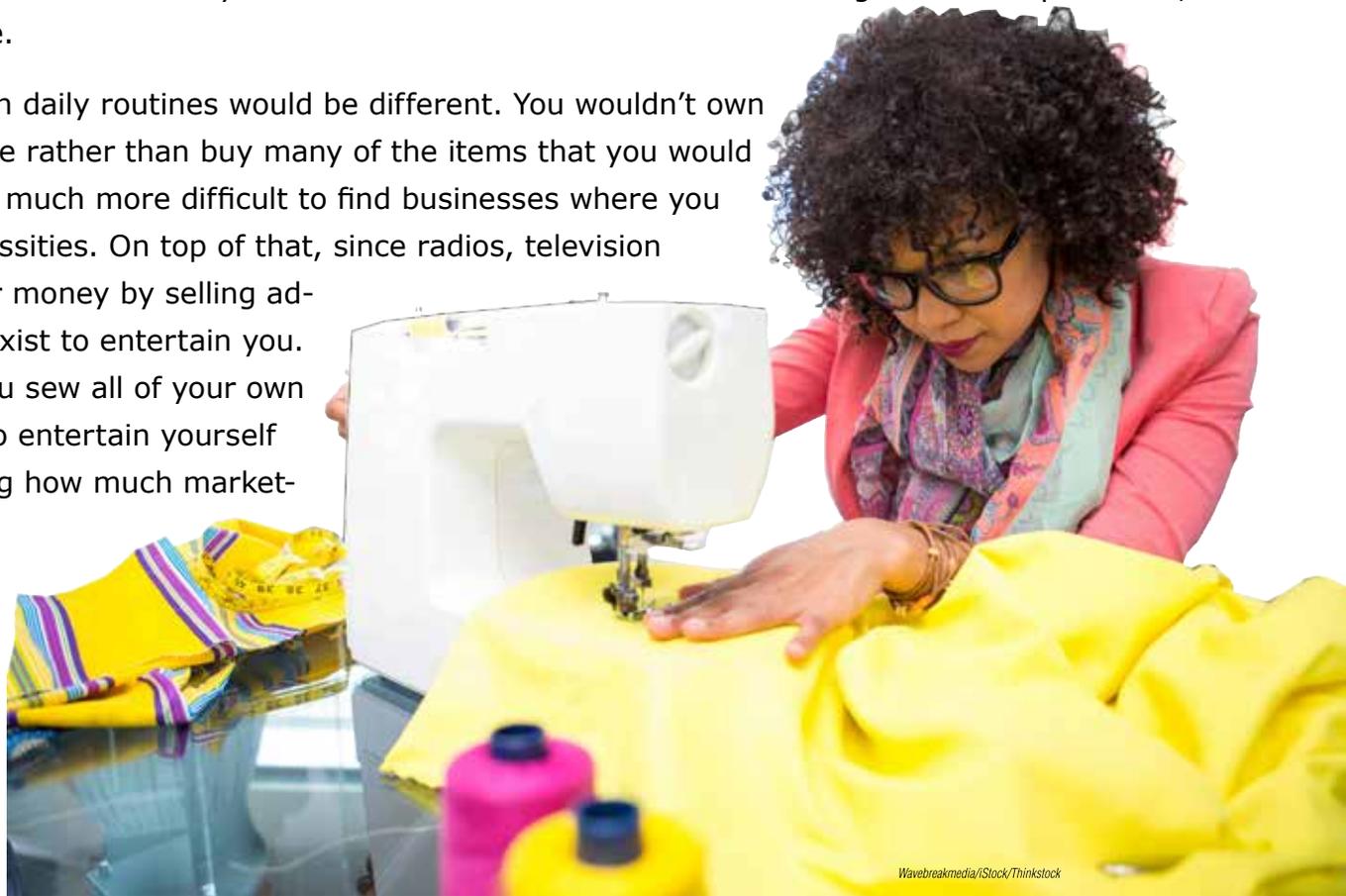
Effects on our country. Without marketing, our nation would have difficulty linking producers with customers, damaging the entire economy and our standard of living. Customers would have to figure out on their own where to get certain goods and services. In addition, they would need to make personal contacts with businesses to learn about products because goods, services, and ideas would not be marketed in any way. Fewer improvements would be made to existing products, and fewer new products would be developed. In short, customers would have less access to the products that make their lives better, which would have a negative effect on productivity and the economy.

Effects on business: Marketing affects every aspect of business. Without marketing, producers would be focused on making the cheapest, easiest product and selling it as much as possible, without communicating with customers or developing products based on their needs and wants. Businesses would not be able to gain the customer support needed to function, leading them to suffer and possibly close. If marketing did not exist, it would be very difficult for businesses to succeed in their goals—to be profitable, to gain new customers, or to promote change.

Effects on you. Without marketing, your own daily routines would be different. You wouldn't own as many personal belongings. You would make rather than buy many of the items that you would own. After all, without marketing, it would be much more difficult to find businesses where you could buy your clothing, food, and other necessities. On top of that, since radios, television networks, and even many websites earn their money by selling advertising time and/or space, they would not exist to entertain you. Sounds like the old days, doesn't it? Could you sew all of your own clothes, grow your own food, and find ways to entertain yourself without any media or electronics? It's amazing how much marketing shapes even the little things we do.

It's hard to even imagine a world without marketing, but in his article "Imagine A World Without Marketing," Chris McCormick demonstrates the importance of marketing in everyday life and to a business:

<http://www.starkey.com/blog/2012/09/imagine-a-world-without-marketing>.



▲ *Making clothes isn't easy. Instead of sewing yourself a great new outfit, you can go to the store and buy one—that's marketing.*



Summary

Marketing plays an important role throughout the world as well as in our businesses and communities. It makes our lives better, provides us with a variety of goods and services, and encourages trade among nations. Without marketing, it would be difficult for producers to connect with customers and vice versa. Without marketing, even your own daily routines would be markedly different.

TOTAL RECALL

1. How do the global and economic activities that our world faces impact marketing activities?
2. Explain three ways in which marketing benefits society.
3. How would our country be affected by the absence of marketing?
4. How would businesses be affected by the absence of marketing?
5. How would you personally be affected by the absence of marketing?

Make It Pay!

Take a minute to think about a local event that you attended recently. It might have been a football game, a music concert, or even your school's homecoming dance. What part did marketing play in the event? Ask yourself, "How did I find out about the event? How much did I pay to attend? Where did I purchase my ticket, and where did the event take place?" Consider whether you enjoyed the event and why. Was the marketing concept applied successfully? What factors made you decide to go to the event? Who were the marketers involved in the event? Did the marketers for the event do their job effectively? What should they do differently next time?