Marketing Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ch. 1 - The World of Marketing

**Lesson 1.1 - Marketing Basics**

* Defines marketing and its importance to businesses, consumers and society.
* Effective marketing gives you access to products you use each and every day.

Marketing in your Life

* Businesses offer many products.
* Trucks, planes & ships move products.
* Companies advertise products & offer various payment opportunities.

What is Marketing?

* According to the American Marketing Association, marketing is the process of planning & executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.
* This is a long complex definition because of the many types of marketing activities and the variety of businesses and other types of organizations that use it.

What is Marketing??

* The importance of marketing to the consumer.
* Simple Definition - Marketing develops and maintains satisfying exchange relationships between businesses and consumers.

The Elements of Exchange

* Exchange – Two people or organizations are involved in a transaction.
* Each has something the other wants.
* They must agree on the value of the items to be exchanged.
* A successful exchange requires each participant to be satisfied with what they receive.

An Exchange in Marketing

* A business offers a product or service for sale to the consumer.
* Consumers have money to spend to buy what they need or want.
* Business and consumer agree on price.
* The consumer pays the business.
* Consumer receives the product or service.
* Business is satisfied if they make a profit.
* Consumer is satisfied if they meet their need.

Many daily exchanges result in satisfied businesses and/or consumers; however, **some do not**.

One of the GOALS of Marketing

To **improve** the exchange process so those involved are **satisfied**.

Marketing Functions

* Marketing involves many activities.
* The activities are performed as products and services are moved from producer to consumer.
* Marketing is a very complex part of business.
* It is very important to the **success** of the business and to the **satisfaction** of the customer.

7 Functions of Marketing

* Product/Service Management
* Distribution
* Selling
* Marketing-Information Management
* Financing
* Pricing
* Promotion

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**Activity - Write a Journal Entry (5 sent. min.)**

* + Tell me about a good business experience you have had and why it was good.
  + Tell me about a bad business experience you have had and why it was bad.

Product/Service Management

* Designing, developing, maintaining, improving and acquiring products & services so they meet customer needs.

Distribution

* Determining the best methods and procedures to be used so customers are able to locate, obtain and use the products and services of an organization.

Marketing-Information Management

* Obtaining, managing, and using market information to improve business decision making and the performance of marketing activities.

Financing

* Budgeting for marketing activities, obtaining the necessary financing, and providing financial assistance to customers to assist them with purchasing the organization’s products and services.

Pricing

* Establishing and communicating the value of products and services to prospective customers.

Promotion

* Communicating information about products and services to prospective customers through advertising and other promotional methods to encourage them to buy.

**Check Point Question, pg. 6**

What is a simple definition of marketing that emphasizes the needs of those involved?

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**Activity -** Create a Smart Art in Power Point

* Add in all 7 functions of marketing
* Save on your h drive in a folder named marketing
* Insert a Word Art with your name in it.
* Save & print/share…

Meeting Business & Consumer Needs

US Economic System is referred to as a Free Enterprise System or a Market Economy.

* People are free to start a business and offer products and services for sale in competition with other businesses.
* Individuals start businesses to do work they enjoy and to make a profit.

Individual Consumers

* Free to spend their resources to buy the products and services they want.
* They have many choices.
* Generally the consumer makes the choice that provides them with the greatest value for their money.

Marketing & Business

* Some people think that “marketing” is unnecessary if you have a “great” product.
* But what if customers…
  + don’t know about the product
  + don’t know where to purchase the product,
  + are unable to get to the place where the product is sold,
  + cannot afford the price of the product,
  + don’t think the product is a good value.
    - Then, the customer won’t purchase IT!

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**Activity - As seen on TV Products**

* **Find one**
* Screen Shot or print it
* Share it in class for discussion

Marketing cannot be successful if the product is not *what* the customer wants or is of *poor* quality.

Customers may be encouraged through

* + Advertising
  + Selling
  + Low pricing
  + A need satisfying product

A customer will return a product or look for a refund if…

* they buy a product and it
  + doesn’t work the way they were led to believe,
  + is of poor quality,
  + has a defect.
* Marketing activities help businesses provide the right products to the consumers who need/want them.

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**Activity** - Marketing & Consumers

* Think about a product you plan to buy some time this week…
* Where will you buy it?
* Is the location convenient?

Many people select a store for making their purchases.

* There is an adequate supply of stores.
* Within a store there are adequate choices supplied.
* Prices are clearly marked & often affordable.
* If you need help it is easy to obtain by looking around or by asking for assistance.
* Various payment options available:
  + Cash, check, credit card, debit card
    - * The above are all examples of marketing.

++++++++++++++

**Activity** - Open your book to pg. 6

* Working in groups of 2.
* List the seven marketing functions.
* Using career resources
* Identify marketing jobs that relate to each of the 7 functions.

New products are always being developed and being made available because of marketing.

* When large volumes of a product are produced and sold the lower the cost of production and marketing of each product actually declines.
* In many cases, marketing actually results in lower prices to the consumer, can you think of any?

Marketing & Society

* Marketing has been known to help develop products & services that are beneficial to society.
  + More efficient automobiles that use less gas and cause less pollution.
  + Products like airbags & motorcycle helmets reduce the number and severity of injury of accidents.

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**Activity** - Search the internet and find a product invented that was beneficial to society.

* + - Be sure to give the date invented…

Marketing improves the standard of living.

Marketing has assisted in improving international trade.

* + How many products do you buy that were produced in another country?

**Check Point, pg. 8**

Identify a benefit marketing provides to businesses, to consumers, and to society.

**Marketing Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**1.1 Questions**

**Checkpoint Questions**

* Page 6 – What is a simple definition of marketing that emphasizes the need of those involved?
* Page 9 – Identify a benefit marketing provides to businesses, to consumers and to society.

**Think Critically Questions**

1. Why does marketing give you access to most of the products and services you use every day?

2. Which of the marketing functions do you think consumers are most familiar with? Least familiar with? Why?

3. Why is marketing necessary even if a company produces a good product that consumers want to purchase?

4. How can marketing result in a lower price for products?

**Lesson 1.2 – Economics & Marketing**

* Describes the role of supply and demand in marketing and the types of economic utility.

Economics is Important

* Marketers need to understand the relationship between supply and demand to develop satisfying exchanges with consumers.

The Law of Supply & Demand

* One of the most important reasons for a business to operate in a market economy is to make a **profit**.
* Businesses try to offer products that have a good chance to make a LARGE profit.
* To determine the most profitable products or services business managers carefully consider
  + **Cost** of producing and marketing products
  + **Prices** they will be able to charge for those products
* Economics predicts how the quantity of products and services produced will change at various prices

The Law of Supply

* As the price of a product increases producers will be willing to manufacture a larger quantity of the product.
* At lower prices, fewer products will be manufactured.
* Whenever possible, producers use their resources to provide products and services that receive the highest prices in order to increase profits.

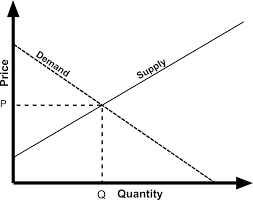
The Law of Demand

* How much consumers are willing to pay for various quantities of products or services.
* As the price of a product or service decreases, consumers will purchase a larger quantity.
* When the price of a product is increased, less will be demanded.
* Consumers want to get the maximum value for the money they spend on the products and services they purchase.

Balancing Supply & Demand

* In a Market Economy businesses and consumers make independent decisions on what to produce and purchase.
* If fewer products are available than consumers want to buy the price usually increases.
* If more products are available than demanded by consumers businesses will have to reduce the price they charge.
* If quantity demanded matches the quantity supplied both consumers and suppliers will be satisfied.

The Law of Supply & Demand



**Checkpoint, pg. 11**

* When are supply and demand balanced in a market economy?

Economic Utility

* Most People have unlimited wants.
* People have to choose to attempt to purchase products/services that provided the greatest amount of satisfaction for the amount of money they are willing and able to spend. (ie. go to a concert or rent a movie)
* Economic utility – the amount of satisfaction a consumer receives from the consumption of a particular product or service.
  + Higher economic utility comes from products that provide greater satisfaction
* Business people can use the concept of economic utility to increase the likelihood that consumers will buy their product/service.

4 Primary ways to increase Economic Utility

* Form Utility
* Time Utility
* Place Utility
* Possession Utility

Form Utility

* The primary way a consumers needs are satisfied by the physical product/service.
* Form utility results from actual changes in the product.
* Examples
  + Construction of
  + Features provided
  + Quantity in which the product is sold

Time Utility

* A product should be **available** when consumers are able to obtain or use the product.
* Time utility results from making the product or service available when the consumer wants it.
* Examples:
  + A bank staying open in the evenings & Saturdays
  + A theatre showing movies in the early afternoon and early evening

Place Utility

* Making products & services available where the consumer wants them.
* Examples
  + Convenience stores
  + ATMs

Possession Utility

* A consumer may not be able to purchase, possess, an item because they do not have enough money, be able to afford the price.
* It is not possible for the business to cut the price and take a loss just to make a sale.
* Cutting the price isn’t the only way to make the product available and more affordable to consumers that can’t possess (afford) their product/service.

Alternative ways for consumers to possess a product/service

* Credit – allows people to borrow money to buy an item they do not have enough money at the time to purchase and pay the money back at a later date.
* Lay-away – pay a small amount of money down and small amounts over several months until it is paid off.
* Other
  + Video rental stores
  + Lease automobiles
  + Rent to own stores

**Checkpoint, pg. 13**

What are the four types of economic utility?

**Marketing Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**1.2 Questions**

Checkpoint Questions

* + Page 11 – When are supply and demand balanced in a market economy?
  + Page 13 – What are the four types of economic utility?

Think Critically

1. Why is an understanding of supply and demand important for marketers?

2. Identify a product or service where it appears the quantity supplied by business and the quantity demanded by consumers is not balanced.

3. How do consumers make decisions when they have more products and services they want to purchase than they can afford?

4. Think of a product or service you purchase regularly. How can the business selling this product or service increase its economic utility?

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**Technology Activity**

* Changes in technology are ways that businesses are able to provide increased consumer satisfaction and sell additional products.
* Use the Internet to research examples of technological improvements being planned by business.
  + - Create a PowerPoint Presentation of 5 new product development ideas in technology. You must have 7 slides in total.
      * 1 title slide
      * 5 product slides
        + 1 product per slide with pictures and information each.
      * 1 Resources slide

**Lesson 1.3 – Marketing Then & Now**

* Identifies the historical changes in marketing and discusses the elements of the marketing concept.

The Changing View of Marketing

* Marketing is not only to the success of manufactures and retailers, but also to government agencies, hospitals, law offices, schools and churches.
* Marketing as we know it today wasn’t always an important part of business.

During the 20th Century the use of marketing shifted.

* Starting with a focus on **production**
* Then to an emphasis on **promotion** & **selling**
* & finally an increase on the **marketing activities** we focus upon today.

Focus on **Production**

* Early 1900’s business focused on producing products consumers needed and could afford.
* The major marketing focus went towards “getting” the product to the consumer.
* Delivery methods were extremely limited back in the day
  + Roads and highways were not well developed
* If you could get your product to the people that was the best way of marketing your product
* ***The more you could transport, the more you could sell, the more you marketed!***
* As standards of living and money available increased, the demands for newer and better products also increased.
* Business people concentrated on production & seldom had to focus on marketing since demand was greater than supply.
* Customers would seek out a manufacturers when they heard of a new product they wanted.

Emphasis on Promotion & Selling

Promotion & Selling

* The production process became more efficient and we were now able to produce larger quantities quicker.
* Railroads and highway systems expanded and improved transportation.
* Businesses now had to compete for customers.
* Advertising & selling was used to convince customers their products were superior.

Increase in Marketing Activities

* Promotion did little to meet customer need.
* Focus to make products more accessible to the consumer.
  + Products sold through more locations
  + More efficient delivery methods getting products to the consumer

To encourage customers to purchase their products, companies make special offers.

* Credit, discounts, added service, guarantees

The Outcome: there was more added attention to marketing, however it created higher costs and lower profits.

**Checkpoint, pg.17** - Name three historical approaches to marketing that businesses used in the twentieth century.

The Marketing Concept

* It was becoming very expensive for businesses to sell their products.
* Businesses realized that the most successful were those that considered the needs of the customers and worked to satisfy those needs as they marketed their product/service.
* This philosophy is the Marketing Concept.

The Marketing Concept

* Using the needs of customers as the primary focus during the planning, production, distribution and promotion of a product/service.

To use the Marketing Concept a business must be able to

* Identify what will satisfy customers’ needs
* Develop and market products/services that customers consider to be better than other choices
* Operate profitably

To Use or Not to Use

* Businesses that don’t use the marketing concept ASSUME they know what the customer wants.
* They produce their product and use advertising to try to *convince* customers to purchase them.
* If it goes unsold they increase advertising, offer discounts and sales, cut prices or use other gimmicks to CONVINCE customers to buy.
* This leads to extra cuts to profits and extra losses to the company.
* Product image is often damaged and customers are unlikely to return.

Companies that do understand and use the Marketing Concept are easy to spot.

* Services are a satisfying exchange and the customers will return to the company time and time again.
* Examples
  + A bank that adds extra hours to serve customers who work late or offers online banking services.
  + Colleges that offer elective courses in cooperation with high schools to allow students to earn credit prior to graduation.

**Checkpoint, pg. 18** – What is meant by the Marketing Concept?

**Marketing Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**1.3 Questions**

**Checkpoint Questions**

* Page 17 - Name three historical approaches to marketing that businesses used in the twentieth century.
* Page 18 – What is meant by the Marketing Concept?

**Think Critically Questions, pg. 19**

1. Why did businesses not have to concentrate on marketing in the early part of the 20th century?

2. Why might too much emphasis on promotion and selling result in dissatisfied customers?

3. How does the use of the marketing concept result in greater customer satisfaction than tradition approaches in marketing?

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History Activity

* Use the Internet to gather information on a U.S. business that was successful in the early 1900’s.
* Prepare a two-page report on the company chosen.
* In the report, be sure to explain what made the company successful.
* OR – a 9 slide PowerPoint Presentation
  + 1 slide must be a title slide
  + 1 slide must be a works cited slide/sources/bibliography
  + 7 data slides
  + Each slide should have an appropriate image
  + Make Connections, pg. 19  
     History #4
* Use the Internet to gather information on a U.S. business that was successful in the early 1900’s.
* Prepare a two-page report on the company chosen.
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  + 7 data slides
  + Each slide should have an appropriate image

**Lesson 1.4 - Marketing & E-commerce**

Illustrates the growth of the Internet and the way marketing is completed on the Web

Business on the Web

* The internet is the new home for many businesses involved in e-commerce.
* E-commerce (electronic commerce) – the exchange of goods, services, information or other business through electronic means.
* The use of the Internet to buy and sell products as well as exchange business related information.

Growth of the Internet

* World Wide Web was introduced in the late 1960’s.
* Access to the Internet has grown astronomically over the years.
* Today
  + How many homes in the US have Internet?
  + How many are there world-wide?

Choosing to Use the Internet

* Dot.com – (clicks and mortar) Companies that carry out most of their business activities through the Internet.
* Bricks and Mortar – Companies that uses stores and factories as the locations to conduct business.

**Checkpoint, pg. 21**

* + What is the difference between a dot.com and a bricks and mortar business?

E-Marketing (Electronic Marketing)

* Success with e-commerce

The primary reasons consumers report they do not shop on-line

* Security concerns
* Difficulty making purchases using the Internet
* Belief they will receive poor customer service if they have a problem with their order or product

Online Shoppers

* Very loyal to specific businesses and brands.
* Usually only switch if an experience is unsatisfactory.
* Businesses must reassure customers that their experience will be positive and trouble-free.

Reasons Customers use an Internet Business

* An understandable easy-to-use website
* Familiar business and brand names
* Useful and accurate information
* Assurance of security

Reasons Customers do not use an Internet Business

* Slow response time in providing information or processing orders
* A web site that is slower or often does not work
* Out-of-date or limited information
* Poor customer service

Effective Internet Marketing

* When information about a companies products and services can be viewed by people in many locations it is very important to understand the customers needs and wants.

To sell products on-line the business must:

* Be sure to sell products/services that the customer wants
* Distribute them effectively
* Make purchases affordable
* Make purchases easy for the customers to order and make payments
* Provide thorough product information
  + Descriptions, pictures, contact information

Marketing-Information Management

* The Internet has improved the ability of business to gather information on current and prospective customers.
* Information requests, purchases and product registrations help to collect customer information
  + Address, phone number, email address
* Information obtained can be used to improve current products or to develop new products.

Types of Information Obtained

* Where was the product purchased
* Reasons for purchase
* Whether you own related products or plan to purchase related products

Competitor information is also easier to obtain using the Internet.

* Businesses put a great deal of information about their products and operations on the web.
* It is easy to learn about the products of your competitions products, prices, credit terms, distribution policies and types of customer service.

Distribution

* Companies that integrate product purchasing into their website make it possible for customers to order online.
* Online shopping carts, pay with credit cards, and submit their order securely to the company.
* Unfortunately, the Internet can’t improve the physical handling and distribution of products.

Many services & some products can move from producer to consumer on-line.

* It can often be easier and cheaper
* ***Do YOU have any ideas?***
* Software and music downloads
  + Saving on CDs
* Newspapers & Magazines
  + Saving on paper & shipping costs
* E-tickets
  + Airlines, concerts; saving fees & time
* E-books
* ***Do YOU have any future product ideas?***

Promotion

* The Internet is an effective promotional tool to communicate information in order to encourage customers to purchase the businesses product/service.
* Both dot.com and bricks & mortar businesses can benefit from using the Internet for promotion.

On-line Advertising

* It can be used to gather information before visiting a bricks and mortar store.
* To encourage customers to make online purchases:
  + Place ads on pages prospective customers are most likely to visit
  + Creative ad designs
  + Varied sizes, colors, placements of ads encourage people to read them.

Internet Reaches Prospective Customers & Promotes Products

* Online Ads
* Website Sponsorship
* Priority Placement in Web Browsers & Comparison Shopping
* Providing Consumer Information Websites

Building recognition of a company name and product with customers.

* Sponsor a related informational web site
* Sponsors name is included on the website so visitors see the name each time they access the site.
* Other Ways to Communicate Using   
  the Internet
* Email to send special offers, new product information or other communications to customers.
* On-line coupons – either print and mail the coupon with an order or enter a special code on the order when purchasing online.

**Checkpoint, pg. 24 -** Name three marketing functions that are important in e-commerce.

**Marketing Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Lesson 1.4 Questions**

**Checkpoint Questions**

* Pg. 21 - What is the difference between a dot.com and a bricks and mortar business?
* Pg. 24 – Name three marketing functions that are important in e-commerce.

**Think Critically Questions, pg. 25**

1. Why does e-commerce currently account for such a small percentage of all consumer purchases?

2. Why have a few dot.com businesses been successful while many have not?

3. Name several reasons customers choose to make purchases online.

4. What are the types of ways that the Internet is used for communication by consumers? By business?

**Complete the Ch. 1 Review Questions – pgs. 26 – 28 (#1-20)**