Chapter 10

Marketing

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Marketing Basics

Goals

- Define important marketing concepts.

- Identify the steps in a marketing strategy.

- Describe the consumer decision-making process.

Key Terms

- marketing
- marketing strategy
- target market
- marketing mix
- marketing orientation

- final consumers
- business consumers
- consumer decision-making
- process
- buying motives

UNDERSTAND MARKETING

- Marketing activities
- Marketing businesses
- Marketing functions

MARKETING FUNCTIONS

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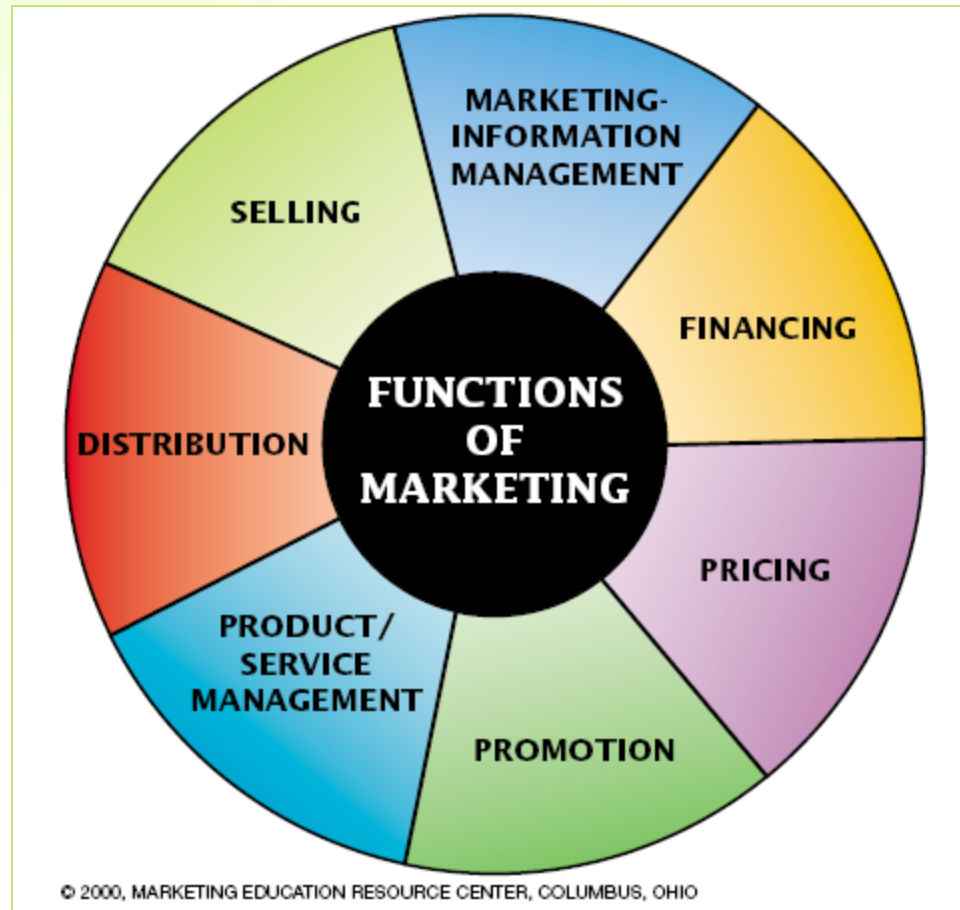
>> CHECKPOINT

Define marketing and the seven marketing functions.

MARKETING STRATEGY

- **Marketing planning**
- **Develop a successful marketing strategy**
  - Identify a target market
  - Create a marketing mix

>> CHECKPOINT

What are the two steps in developing a marketing strategy?

UNDERSTAND CUSTOMERS

- ■ Consumer decision-making
- ■ Buying motives

STEPS IN THE CONSUMER DECISION-MAKING PROCESS

1. Recognize a need.
2. Gather information.
3. Select and evaluate alternatives.
4. Make a purchase decision.
5. Determine the effectiveness of the decision.

>> CHECKPOINT

What are the steps in the consumer decision-making process?

Develop Effective Products and Services

Goals

- Justify the importance of marketing research.

- Identify the components of a product.

- Describe how services differ from products.

Key Terms

- marketing research
- product
- services
- intangible
- inseparable
- perishable
- heterogeneous

CREATE AND IMPROVE PRODUCTS

- Totally new products

- Major improvements in existing products

- Minor improvements in existing products

PLAN MARKETING RESEARCH

- Steps in marketing research
  1. Define the marketing problem.
  2. Study the situation.
  3. Develop a data collection procedure.
  4. Gather and analyze information.
  5. Propose a solution.

TYPES OF RESEARCH STUDIES

- Surveys
- Focus groups
- Observations
- Experiments

>> CHECKPOINT

List the steps in a marketing research study.

PRODUCT PLANNING

- **Parts of a product**
- **Product planning procedures**
  - Idea development
  - Idea screening
  - Strategy development
  - Production and financial planning
  - Limited production and test marketing
  - Full-scale production

>> CHECKPOINT

What are the components of a product?

SERVICES

- Intangible

- Inseparable

- Perishable

- Heterogeneous

>> CHECKPOINT

In what ways are services different from products?

Price and Distribute Products

Goals

- Discuss how the selling price of a product is calculated.

- Differentiate between a direct and an indirect channel of distribution.

Key Terms

- price
- distribution
- channel of distribution
- channel members

VALUE AND PRICE

- Buyers usually want to pay the lowest price possible.

- Sellers want to charge the highest price possible.

PRICING FACTORS

- Supply and demand
- Uniqueness
- Age
- Season
- Complexity
- Convenience

PRICE A PRODUCT

- Selling price
- Product costs
- Operating expenses
- Profit

- Gross margin

$$\textbf{Gross Margin} = \text{Selling price} + \text{Product costs}$$

$$\textbf{Selling price} = \text{Product costs} + \text{Operating expenses} + \text{Profit}$$

PRICE A PRODUCT

- Markup
- Markdown

>> CHECKPOINT

What is the formula for calculating the selling price of a product?

CHANNELS OF DISTRIBUTION

- ■ Need for distribution channels
    - ■ Differences in quantity
    - ■ Differences in assortment
    - ■ Differences in location
    - ■ Differences in timing
- ■ Channels and channel members

>> C H E C K P O I N T

What is the difference between a direct and an indirect channel of distribution?

Plan Promotion

Goals

- Justify the importance of communication in marketing.

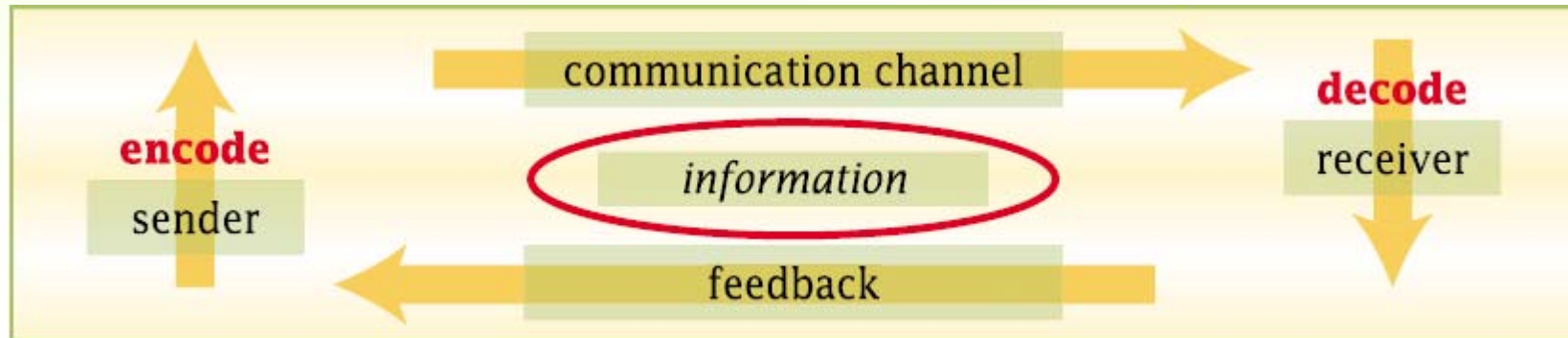- Identify and describe the common types of promotion.

Key Terms

- promotion
- effective communication
- personal selling
- advertising

COMMUNICATION

- The communication process
- Communicating through promotion

COMPONENTS OF EFFECTIVE COMMUNICATION

>> CHECKPOINT

How does identifying a target market improve promotion communications?

PROMOTION

- Personalized promotion

- Mass promotion

- Mass personalization

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Describe the advantages and disadvantages of the major types of promotion.