

Chapter 1 – Section 2
The Importance of Marketing

What You'll Learn:

- Benefits of Marketing
- Meaning of Economic Utility
- Five Economic Utilities
- Applying the concept of utility

Economic Benefits of Marketing

- Creates _____
- New and Improved _____
- Lower _____
- Add Value and _____

Marketing Generates Competition

- **More competition** will result in
 - _____
 - Popular products results in more _____ entering into the _____
 - To remain _____ marketers find ways to lower their prices
 - _____
 - Businesses look to better satisfy customers' _____

Products are created or evolve (i.e. PC's have gotten smaller, more powerful and less expensive)

Lower Prices

- Marketing adds values which should _____
- _____ means manufacturers can make products in _____
- Producing products in large quantities reduces _____ for each product
- Lower _____ means the manufacturer can _____, sell _____ and make _____

Example of Lower Prices

- _____ are costs that remain the same whether no products or a million products are produced (i.e. rent)
- A company has fixed costs of \$20,000

Quantity Produced	Fixed Cost per Unit
10,000	\$2.00
200,000	\$0.10

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UTILITY – ADDED VALUE

- Functions of marketing _____ to a product.
- _____ in economic terms is **UTILITY**
- Five Economic Utilities
 - _____ – **NOT DIRECTLY RELATED TO MARKETING**
 - _____
 - _____
 - _____
 - _____

ECONOMIC UTILITY

- _____ Utility--Form
- _____ Utilities--Place, Time, Information, Possession

Types of Utility

- Form Utility
 - Changing _____ or putting parts _____ to make them more useful
 - Not directly related to _____
 - Lemons + Sugar + Water = Lemonade

Types of Utility

- Place Utility
 - Having a product in a _____ where a customer can buy it
 - Example: A lemonade stand on a busy corner

Types of Utility

- Time Utility
 - Having a product available at a certain _____ or a convenient _____
 - Lemonade available during the summer or the stand is open 24 hours

Types of Utility

- Information Utility
 - Involves _____ with the consumer
 - Provides information about:
 - Features and _____
 - Qualities and _____
 - Where to _____ and how much it _____
 - How to _____ and safety precautions
 - Example: Put up a sign to tell about your lemonade
- Types of Utility

• Possession Utility

- Exchange of a product for some _____ value
- Increases as _____ increase
- Cash, _____, lay-a-way, delivery, _____, etc