

FUNDAMENTALS OF MARKETING

Chapter 1 Section 3

Chapter 1 – Section 3



- What You' ll Learn
 - ▣ Describe the concept of marketing
 - ▣ Differentiate between consumer and industrial markets
 - ▣ Describe market share
 - ▣ Define target market
 - ▣ List the components of the marketing mix

The Basic Concept

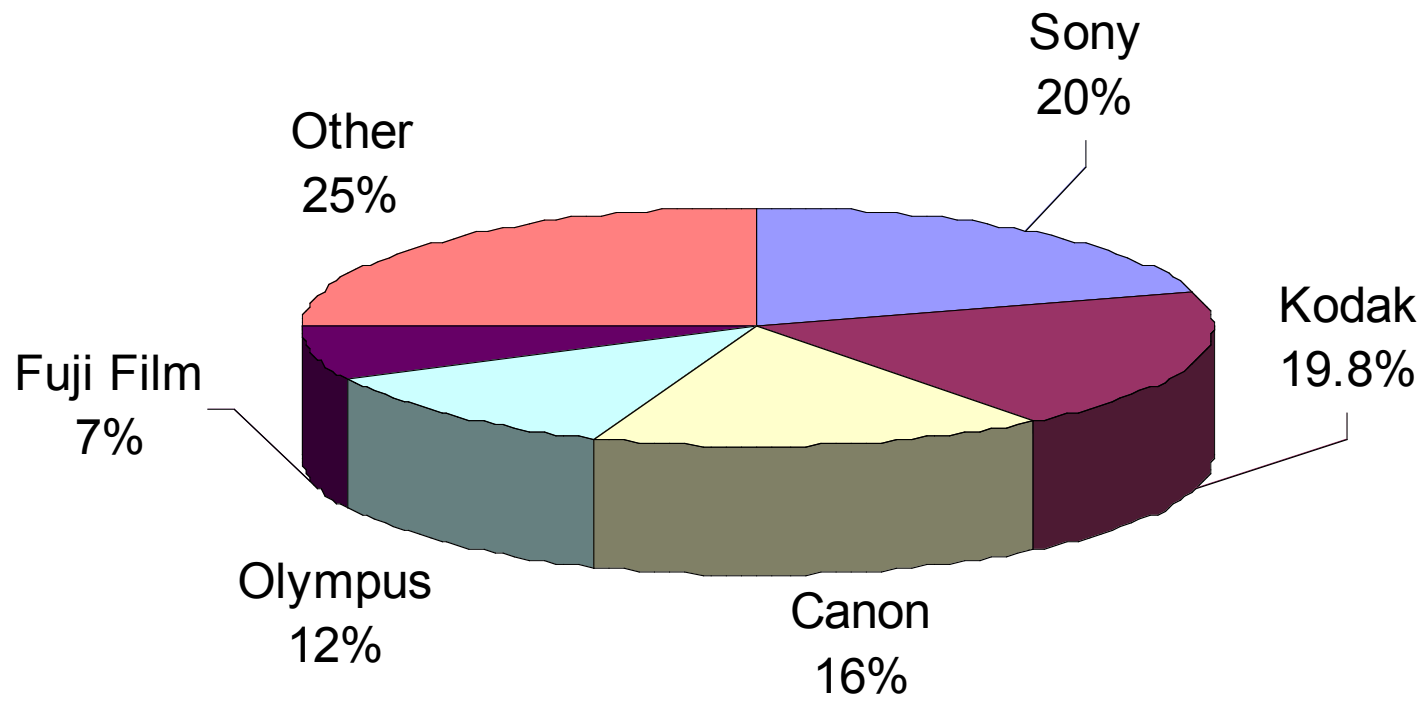


- **Marketing Concept** states that businesses must satisfy customer needs and wants in order to make a profit
- Businesses must know their customers and how they can be reached
- Competition forces businesses to embrace the concept

What is a Market?

- 3 Characteristics of a Market
 1. Potential customers who have common needs and wants
 2. Potential customers who have the willingness to buy the product
 3. Potential customers who have the ability to buy the product
- A market is described as the total sales in a product category by all competing companies
- Market share is a company's percentage of total sales volume generated by all companies that compete in a market

Camera Market



Consumer Markets vs. Industrial Markets



□ Consumer Market

- Consists of people who purchase items for personal consumption
- Generally products that:
 - Save the customer money
 - Makes their life easier
 - Improve their appearance
 - Create status in the community
 - Provide satisfaction for other personal motivations

Consumer Markets vs. Industrial Markets

□ Industrial Markets

- Also referred to as business-to-business (B-to-B)
- Includes all businesses that buy products for use in their operations
- Common purchase objectives:
 - Increase profits
 - Improve productivity
 - Increase sales
 - Decrease expenses/costs
 - Make their work more efficient

Target Marketing

- ***Market Segmentation*** is the process of classifying customers by needs and wants
- ***Target Marketing*** is focusing all marketing decisions on a very specific group of people who are most likely to buy the product
 - ▣ KEY TO SUCCESS
- Businesses that do not identify a target market have marketing plans with NO FOCUS

Customers vs. Consumers

- Customers **buy** the product
- Consumers **use** the product
- Successful marketers must recognize both and address both their needs
- Example: Marketing to children
 - ▣ Breakfast Cereal
 - Customer is Parent – Approve and purchase
 - Consumer is Child – Ask for cereal and eat it



Customer Profile

- **Customer Profile:** Lists information about the target market
 - Businesses use a customer profile to develop a clear picture of the potential customers
 - The profile of a target market can be comprised of:

Age

Income

Ethnic background

Occupation

Attitudes

Lifestyle

Geographic Residence

MARKETING MIX

- Comprised of four basic marketing strategies
(4 P' s of Marketing)

PRODUCT

PLACE

PRICE

PROMOTION

- Additional P for Marketing (Actually 5 P' s)

- **PEOPLE**

- Success of Marketing Mix depends on:

- How well the target market is defined

- How well the marketing decisions are directed toward the target market

Marketing Mix



- Product – Choosing what products to make and/or sell
 - ▣ Includes product features, brand name, packaging, service and warranty
 - ▣ Developing new products, maintaining, improving or deleting existing products
- Place – the means of getting the product into the consumer's hands
 - ▣ Includes where a product will be distributed, method for distribution, tracking and storage

Marketing Mix



- Price – what is exchanged for a product
 - ▣ Must reflect what customers are willing and able to pay
 - ▣ Price strategies include list price, promotional price, discounts, allowances, credit terms and payment periods
- Promotion – decisions about advertising, personal selling, sales promotion and publicity
 - ▣ Includes the message, media selection, special offers and timing of campaigns

Example of Marketing Mix



□ Target Market (People)

- Males and Females
- 12-18 Years Old

□ Product Strategies

- Pocket-size instant camera with an indoor flash
- Produces self developing instant photos
- Fashionable colors
- Carry Polaroid Name
- Image is “self expression,” and “creativity”

□ Place Strategies

- Mass Marketing and Specialty Stores in US

□ Price Strategies

- Suggested retail price is \$24.99 includes the camera, a pack of 6 sticker film and batteries
- Pocket file is priced at \$5.99 (non-sticker) and \$6.99 (Sticker)

□ Promotion Strategies

- TV Commercials, public relations and a web site

PowerPoint Assignment (25 points)

- **Develop a PowerPoint with the following:**
 - Identify a product you have purchased recently
 - Create a title slide (**1 pt**)
 - Include product name and team members
 - Identify the benefits of the product to the customer (**4pts**)
 - Define place, price, and promotion for the product
 - Be specific, give examples, do RESEARCH! (**12pts**)
 - Define the target market (people) (**4pts**)
 - Slide are neat, creative, & include at least 2 images (**3pts**)
 - Includes resources used (**1 pt**)
 - Print handout version and turn in

Marketing Disasters Video



- <http://www.youtube.com/watch?v=hxRqKgjd3vY&feature=related>