

ENGINEERING ECONOMY

*WHAT IS MARKETING?
INTRODUCTION TO MARKETING
4P's of Marketing*

SERHAT HOCA - 2020

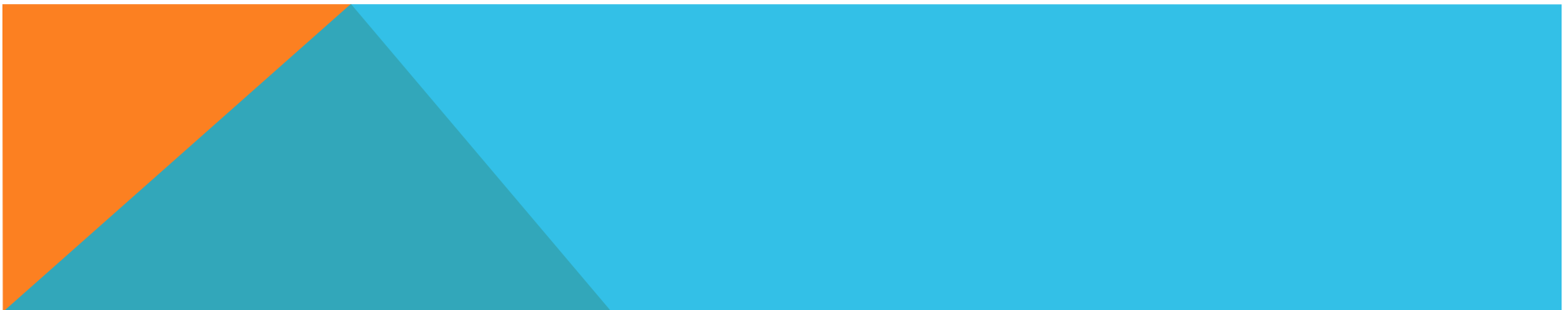
WHAT IS MARKETING?

The process of developing, promoting, pricing, selling, and distributing products to satisfy customer's wants and needs.

All activities necessary to get a product from the manufacturer to the consumer.

The creation and maintenance of satisfying exchange relationship.

Dynamic activities that focus on the customer to generate a profitable exchange.



MARKETING ACTIVITIES (THE 4 P' S)

Product/Planning

Considers the direction in which the firm is heading and how marketing lines up with that direction

This thinking process provides the basis for all marketing goals and actions.

- Analyzes who the customers are and what goods or services they need
- Determines which goods or services to produce, sell, or provide

Since coordinating all of the pieces of marketing is an essential role of the marketer, thorough planning is necessary.



MARKETING ACTIVITIES (THE 4 P' S)

Pricing

Keeps two pricing issues in mind:

- Customer' s perception of value
- Selling firm' s objectives
 - Make a profit?

Goal is to strike the right balance.



MARKETING ACTIVITIES (THE 4 P' S)

Promoting

Conducts activities to capture attention about a good or service

Each activity involves contact with a customer, whether in person or not.

Examples:

- Advertising—television commercials
- Personal selling—door-to-door sales, professional sales
- Publicity—press releases
- Sales promotion—logo-imprinted giveaways

Objectives include informing, persuading, and reminding.

MARKETING ACTIVITIES (THE 4 P' S)

Place/Distribution

Figures out which steps to take to ensure a timely delivery

- Download it via Internet?
- Transport it? How?
- Store it?



MARKETING ACTIVITIES (SWOT)

SWOT analysis: The acronym for strengths, weaknesses, opportunities, and threats.

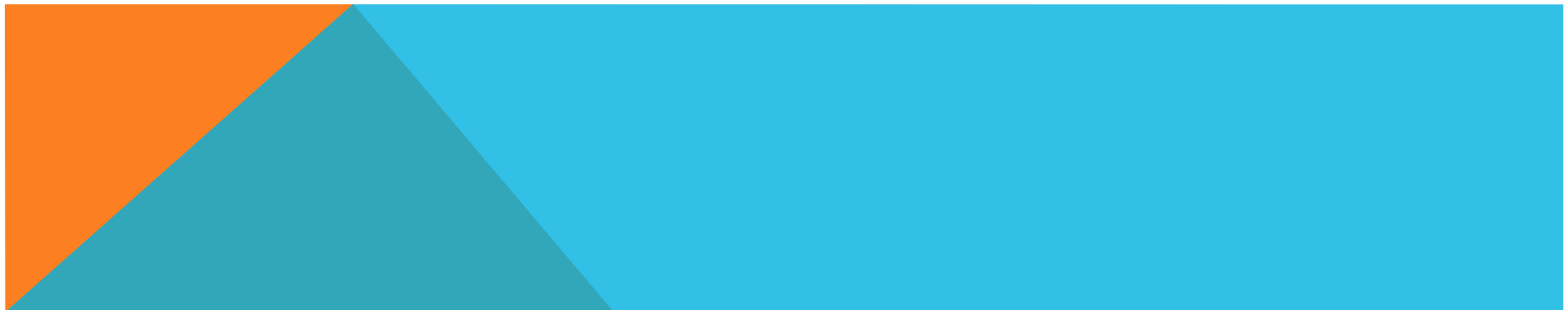
A SWOT analysis reviews the potential for success or failure of a business or product.



MARKETING ACTIVITIES (SWOT)

SWOT

Internal - Businesses must continually review internal strengths and weaknesses. For example, McDonalds introduced the fruit cup as an alternative to fries. After one month of its introduction, McDonalds evaluated the strengths and weaknesses of the product. Businesses are also looking at their staff, financials, 4 P' s and production.



MARKETING ACTIVITIES (SWOT)

SWOT

External - Opportunities and threats are external factors that will also affect operating the business. For example, staying abreast of what current products are offered by competitors. For example, when Coke introduced its new product, Vault, Pepsi suffered a decrease in sales for its existing product Mountain Dew. Businesses are also looking at environmental issues, political climate, cultural issues, and technology.



ITEMS THAT ARE MARKETED

Broad categories

- Goods – tangible items
 - Durable – DVD player, clothing, car
 - Nondurable – gasoline, food, medication
- Services – intangible items
 - delivery, haircut, movie entrance
- Organizations
 - Profit – Nike, Microsoft
 - Non-profit – Red Cross, United Way
- Places – New Zealand, Outer Banks
- Ideas – “Stand” (no smoking), Go Green, Cancer Awareness
- People – “Shaq Attaq” (athletes), celebrities, politicians

Almost anything can be marketed.

WANTS VS. NEEDS

Wants: Not a necessity, a desire. For example, a sports car versus an economical car.

Needs: A necessity for living. For example, clothing, food, and shelter.



WHERE DOES MARKETING OCCUR?

Everyday and everywhere by people, in places, with communication

Marketing occurs wherever customers are



MARKETING CONCEPT

- A philosophy of conducting business that is based on the belief that all business activities should be aimed toward satisfying consumer wants and needs while achieving company goals and maintaining a profit.

Joe Dirt

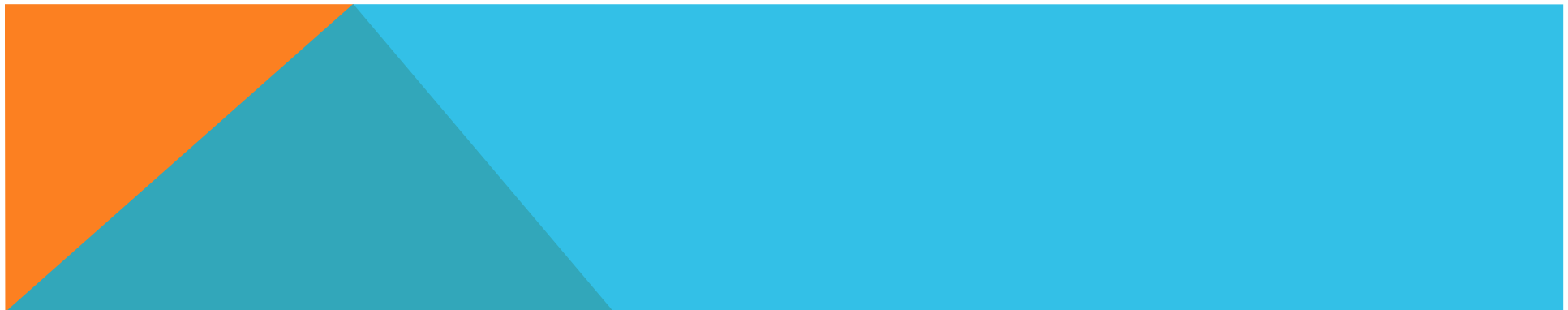


CUSTOMER VS. CONSUMER

Consumer: The person who uses the product. For example, Carrie buys denture cream toothpaste for her grandmother to use. Her grandmother is the consumer for this product, while Carrie is the customer.

Customer: The person who purchases the product. For example, Alyssa buys steak at the grocery store this week to cook for her family's dinner. Alyssa will not eat the steak because she is a vegetarian. Alyssa's family is the consumer, while Alyssa is the customer.

In many cases, the customer is also the consumer. For example, Tracey purchases and uses Tide detergent.



ELEMENTS OF THE MARKETING CONCEPT

Customer orientation: Do it their way.

- Finding out what customers want and producing those products the way they want them

Company commitment: Do it better.

- Make/price the product better than the competition's model.

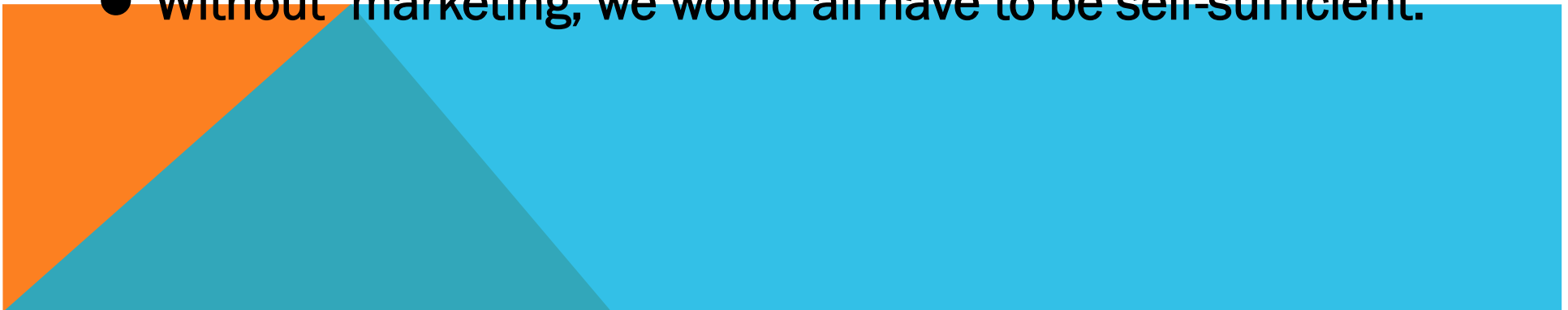
Company goals: Do it with success in mind.

- Maintain your firm's purpose while you apply the marketing concept.



MARKETING' S ROLE IN A PRIVATE ENTERPRISE SYSTEM

- Marketing fits into every facet of our lives, whether on a global scale or right in our own neighborhoods.
- Provides benefits that make our lives better, promoting using natural resources more wisely, and encourage international trade.
- Without marketing, we would all have to be self-sufficient.



HOW WOULD CONSUMERS AND BUSINESSES BE AFFECTED IF MARKETING DID NOT EXIST?

Our nation would have difficulty linking producers to consumers.

Our own routines would be different because marketing shapes everything we do.

- Ex: Out of milk? Go to the store.



BENEFITS OF MARKETING

New and improved products. (iPod Skit)

- Businesses create new products and improve existing products to maintain their current customers or attract new ones. For example, Verizon has introduced their new Xperia Play phone by Sony Ericson as the worlds first Playstation certified phone. Verizon Xperia

Lower prices.

- Lower prices benefit customers while businesses benefit by selling more product at the lower price. For example, prices for e-readers, tablets, laptops, etc. they were expensive and few sold. As prices dropped, more customers purchased them.



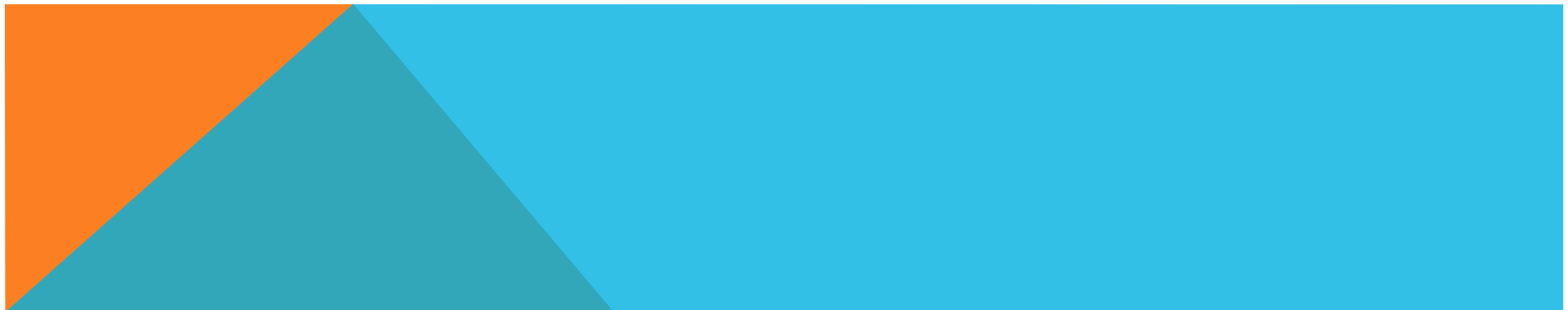
BENEFITS OF MARKETING

If Marketing did not exist

- Without Marketing society would remain a self-subsistence style of living. You have less competition which results in higher prices, less choices, less improvements on existing products, and less information is available.

Marketing's benefit to society

- Societies benefit from Marketing through increased competition, lower prices, larger variety of goods/services, and mass communication with information about products/services. Fueled with more information, better choices are made utilizing our scarce resources within businesses, governments, and households. There are foreign and domestic societies and both benefit from marketing activities.



HOW DOES MARKETING BENEFIT OUR SOCIETY?

Marketing visibly benefits our lives, our natural surroundings, and our global trade.

Makes our lives better

- Because problem solving is at the heart of marketing, each year we add some new products to our home, often at lower prices.

Promotes using the earth's resources more wisely

- If available resources are used sensibly, benefits can extend well into the future for the marketer, the nation, and the entire world.

Encourages trade between nations

- Because resources are valuable to marketers, it doesn't take them long to pinpoint where a particular resource can be found in abundance.
- If our nation lacks a resource, we can usually trade something to get it.

THE SEVEN FUNCTIONS OF MARKETING

Channel Management (a.k.a. Distribution): identifying, selecting, monitoring, and evaluating sales channels as well as transporting, storing, and handling of goods on their way from the manufacturer to the consumer.

Marketing-Information Management: gathering, accessing, synthesizing, evaluating, and disseminating information to aid in business decisions

Pricing: determining and adjusting of prices to maximize return and meet customers' perceptions of value

Product/Service Management: obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities

Promotion: communicate information about goods, services, images, and/or ideas to achieve a desired outcome

Selling: determining client needs and wants and responding through planned, personalized communication that influences purchase decisions and enhances future business opportunities

Financing: Acquiring the money for starting and running a business. Business loans for upstart money, cash flow issues, or new business ventures.

CHANNEL MANAGEMENT (A.K.A.) DISTRIBUTION

Responsible for moving, storing, locating, and/or transferring ownership of goods and services

Main goal is to move products from the producer to the consumer.

Determines who will offer products and where they will be offered

Develops relationships with channel members



Assesses quality of vendor performance

DISTRIBUTION IS IMPORTANT BECAUSE:

Gets products from producers to consumers so they are on hand when consumers want to buy.

Allows adequate supplies of products in the right place at the right time.

This function includes selecting methods of transporting products.

- Some methods are less expensive than others.
 - Making the right decision helps to control expenses.
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MARKETING-INFORMATION MANAGEMENT

Provides data that can be used for business decision-making

Provides data about effectiveness of marketing efforts

Provides data about customer satisfaction, customer loyalty, needs, and wants



MARKETING-INFORMATION MANAGEMENT IS IMPORTANT BECAUSE:

**Allows businesses to make decisions based on
information gathered rather than making guesses**

**Goal is to forecast, or predict, what will be happening
that might affect the business in the future.**

**Might lose money because they are not keeping up
with the times or selling the right products**



PRICING

Establishes products' prices

Determines whether prices need to be adjusted

Sets policies and objectives for prices



PRICING IS IMPORTANT BECAUSE:

Affects how well a product will sell and how much profit the business will make

Businesses need to set prices that customers are willing to pay.

Prices need to cover costs and include sufficient profit.



PRODUCT/SERVICE MANAGEMENT

Helps to determine which products a business will offer and in what quantities

**Aids in determining and developing a company's/
product's image**

Provides direction for other marketing activities based on changes in a product's life cycle



PRODUCT/SERVICE MANAGEMENT IS IMPORTANT BECAUSE:

Involves deciding on the products that a business will produce or offer

Businesses must offer the products that customers want and need to be successful.

Helps businesses decide on the type of image they want customers to have of them and their products.

Rely on the marketing-information management function to provide the necessary data.

A decorative graphic at the bottom of the slide consisting of overlapping geometric shapes. On the left, there is an orange triangle pointing right. Overlapping its right side is a teal triangle pointing left. The background of the bottom right section is a solid light blue rectangle.

PROMOTION

Reminds customers about products/businesses

Informs customers about products/businesses

Persuades customers about products/businesses



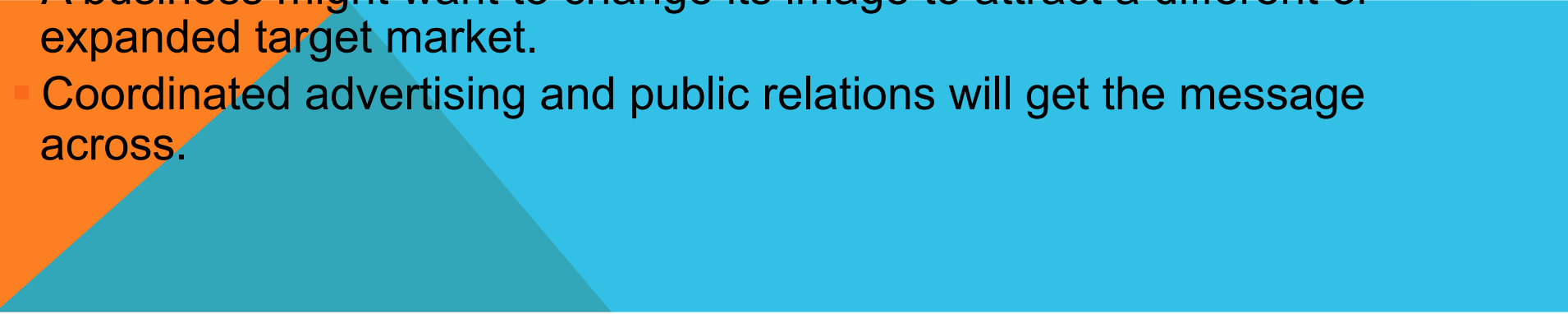
PROMOTION IS IMPORTANT BECAUSE:

Can create and/or increase consumer demand for products.

Promotions inform customers about:

- New products
- Improved products
- New uses for existing products
- Special values on products

Helps to create an image or impression of a business.

- A business might want to change its image to attract a different or expanded target market.
 - Coordinated advertising and public relations will get the message across.
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SELLING

Creates a following of loyal customers

Completes the exchange transaction

Provides services for customers



SELLING IS IMPORTANT BECAUSE:

This function is important because it involves contact with customers.

- Other marketing functions pave the way for successful selling.

Businesses work to meet customers' needs and sell them the most appropriate product.

All businesses have something to sell.

Everyone benefits from selling.

- Selling benefits businesses.
 - Creates a desire for their products
 - Helps get their products into the hands of consumers
- Selling benefits consumers by providing:
 - Help with their buying decisions
 - Information about new products
- Selling can benefit society.
 - Creates employment
 - Encourages economic growth

FINANCING

Business owners often obtain bank loans to start a new business.

Some form corporations and sell shares (or stock) of the business.

Involves decisions such as whether to offer credit to customers.

- MasterCard, Visa, or store credit



FINANCING IS IMPORTANT BECAUSE:

Allows businesses to begin their venture with the essentials needed through loans, stock, etc.

Allows businesses to maintain operation and cash flow within the business.

Offers customers credit as a payment option.

All businesses need money in order to operate.



INTERRELATIONSHIPS AMONG MARKETING FUNCTIONS

Can't forget to advertise even if you have a great product

Can't forget to have a sufficient supply of those great products in stock for an upcoming sale

Can't forget to set prices that are competitive and attract customers

Forgetting any of these functions means your marketing effort won't be as effective.

Your competitors will have an advantage...

YIKES!