

# The market and marketing

## What is a market?

When you think of a market, the first image that might come into your head is that of an open area where various sellers are offering their goods. Maybe you go to markets like these regularly in your town or city, or perhaps you have been to one while travelling.



**Figure 1.** Markets like this one are common around the world, but in business the word ‘market’ has different meanings.

Credit: Rich Legg, Getty Images

In reality, each time you enter a shop you are in a market. But in business management the term ‘market’ has three different meanings:

- a place where buyers and sellers come together or interact
- a location
- a type of product

These three meanings are explained further below.

# A market as a place where buyers and sellers come together

This is the simplest use of the term ‘market’. A market is any place, physical or virtual, where buyers and sellers come together to exchange goods. In addition to open air markets and physical shops, virtual marketplaces such as eBay, stock markets, cryptocurrency markets and carbon markets are all examples.



Credit: Tassii,  
Getty Images



Credit: Oscar  
Wong,  
Getty Images



Credit: Witthaya  
Prasongsin,  
Getty Images

**Figure 2.** Markets can be physical places, or they can exist virtually.

## A market as a location

When a business talks about its market, it might be referring to a particular geographic location. A multinational company such as McDonald's, for example, reports its sales by continent. However sales figures can be broken down into much smaller areas. For example, there are several McDonald's restaurants in Jakarta, Indonesia. To which geographic market do these restaurants belong? Asia? Indonesia? Jakarta? All of these are correct; it just depends on the geographic scale of your definition.

Certain products will be sold only to certain markets, and location is important for the marketing of the product. Sometimes, in order to satisfy local customers, products are changed according to location or to the culture of a region. For example, McDonald's changes the menu it offers in different countries to accommodate local tastes.

### Making connections

You will learn more about how businesses adapt their products for different geographic markets in [Subtopic 4.6 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39021\)](https://study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39021) on International

## Marketing.



**Figure 3.** A market can refer to a specific geographic location.

Credit: Richard Drury, Getty Images

## A market as a type of product

Businesses might also refer to a market as a particular type of product, for example the market for recycled paper or the market for mobile phones.

When referring to these markets, a business is looking at the size and strength of consumer demand for the products and the number and strength of competitors. Thinking about a market in this way can help a business evaluate whether it makes sense to enter the market. In [Section 4.1.4 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/market-share-and-leadership-id-37439\)](https://study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/market-share-and-leadership-id-37439), you will be looking at the market for electric vehicles. This market is growing rapidly, and consumer demand is strong. This makes the electric vehicle market attractive for businesses.

## Marketing

You can think of marketing as all the processes involved in identifying and satisfying customer needs. In business-to-consumer (B2C) marketing, the customer needs to be convinced to make a purchase in the short space of time between entering the physical

or online store and leaving again. Businesses need to plan all aspects of the marketing mix to ensure a successful marketing strategy. You will learn in detail about each element of the marketing mix (the seven Ps) in [Subtopic 4.5 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39004\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39004).

In [Subtopic 1.3 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-36515\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-36515) and [Subtopic 1.5 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-36532\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-36532), you learned about various broad business objectives including growth, profit, ethics and sustainability objectives. Marketing strategies will help a business meet its overall business objectives. These marketing strategies may be different for for-profit commercial enterprises, for-profit social enterprises, and non-profit enterprises. These types of businesses will prioritise profits and social or environmental impact differently and will need appropriate marketing strategies to meet their objectives.

### Exam tip

Make sure that you consider the type of organisation carefully before making marketing recommendations in the exam or internal assessment (IA). For-profit commercial businesses will have different marketing objectives from for-profit social enterprises, or non-profit organisations.




**Figure 4.** Non-profit social enterprises may need to set marketing objectives related to fundraising.




Credit: Krisana Antharith / EyeEm, Getty Images


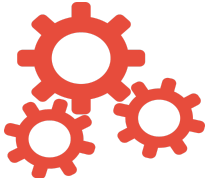

**Table 1** outlines the elements of the marketing mix, where the first four elements refer to the marketing of goods, and all seven elements refer to service markets. Because most products involve both goods and services, many businesses use all seven elements of the marketing mix (the seven Ps) to plan their marketing strategy.

**Table 1.** The elements of the marketing mix, with the first four elements referring to goods and all seven elements referring to services.

Element of the marketing mix		Description
<u>Product</u>		The good or service that the business is offering the customer. Businesses must ensure that products match customer needs and expectations. This is known as the <u>product–market fit</u> .



Element of the marketing mix		Description
<b><u>Price</u></b>		<p>The amount of money that a business charges for its product. Businesses must choose the right price for their products based on the business objectives, costs of production, consumer expectations and level of competition.</p>
<b><u>Promotion</u></b>		<p>The publicising of a product, an organisation or an activity in order to increase sales or public awareness. Promotion takes many forms and businesses must ensure they send the right message and that the message reaches the <u>target market</u>.</p>
<b><u>Place</u></b>		<p>How products travel from producers to consumers. Some producers may sell directly to consumers; other producers may have intermediaries. All businesses must consider how their products are distributed because this is a critical part of meeting consumer needs and expectations.</p>

Element of the marketing mix		Description
<b><u>People</u></b>		<p>Everyone who works in the service business and has contact with customers. The friendliness, helpfulness and problem-solving abilities of employees are critically important for a business to satisfy its customers.</p>
<b><u>Processes</u></b>		<p>How a service is delivered to customers including how a customer places and pays for an order, the delivery systems and customer feedback. When these processes work smoothly, customers hardly notice them.</p> <p>When processes go badly, customers may leave dissatisfied, even if other elements of the marketing mix are excellent.</p>
<b><u>Physical evidence</u></b>		<p>Every tangible aspect of the service, that is, all the physical things a customer sees and experiences. The visual, spatial, auditory and olfactory elements can have an enormous impact on how a customer perceives an experience – affecting satisfaction levels.</p>

## Exam tip

Often in the media and elsewhere you will hear people use the term 'marketing' when they actually mean 'promotion'. Do not confuse the two. Marketing refers to the entire range of areas in which a business can adapt strategy to meet the needs and expectations of consumers and sell their products; the entire range of the seven Ps. Promotion is just one area of marketing.

## Activity

**Learner profile:** Knowledgeable

**Approaches to learning:** Thinking skills (transfer)

In [Section 1.1.1 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-nature-and-role-of-business-id-36498\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-nature-and-role-of-business-id-36498), you were introduced to the main business functions: human resources management, finance and accounts, marketing and operations. The marketing function is deeply connected to the other three business functions.

A great deal of planning will take place before production, in order to determine the needs and wants of the customer. All of this is the role of the marketing department, which must also work alongside other departments to make the product a success.

- Can you identify a connection between marketing and each of the other three business functions? Discuss with a partner or in your class.