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# Marketing Is Dynamic!

Every day someone markets something to you. What do you think marketing is? Do you like being "marketed to"?

## Marketing Terms

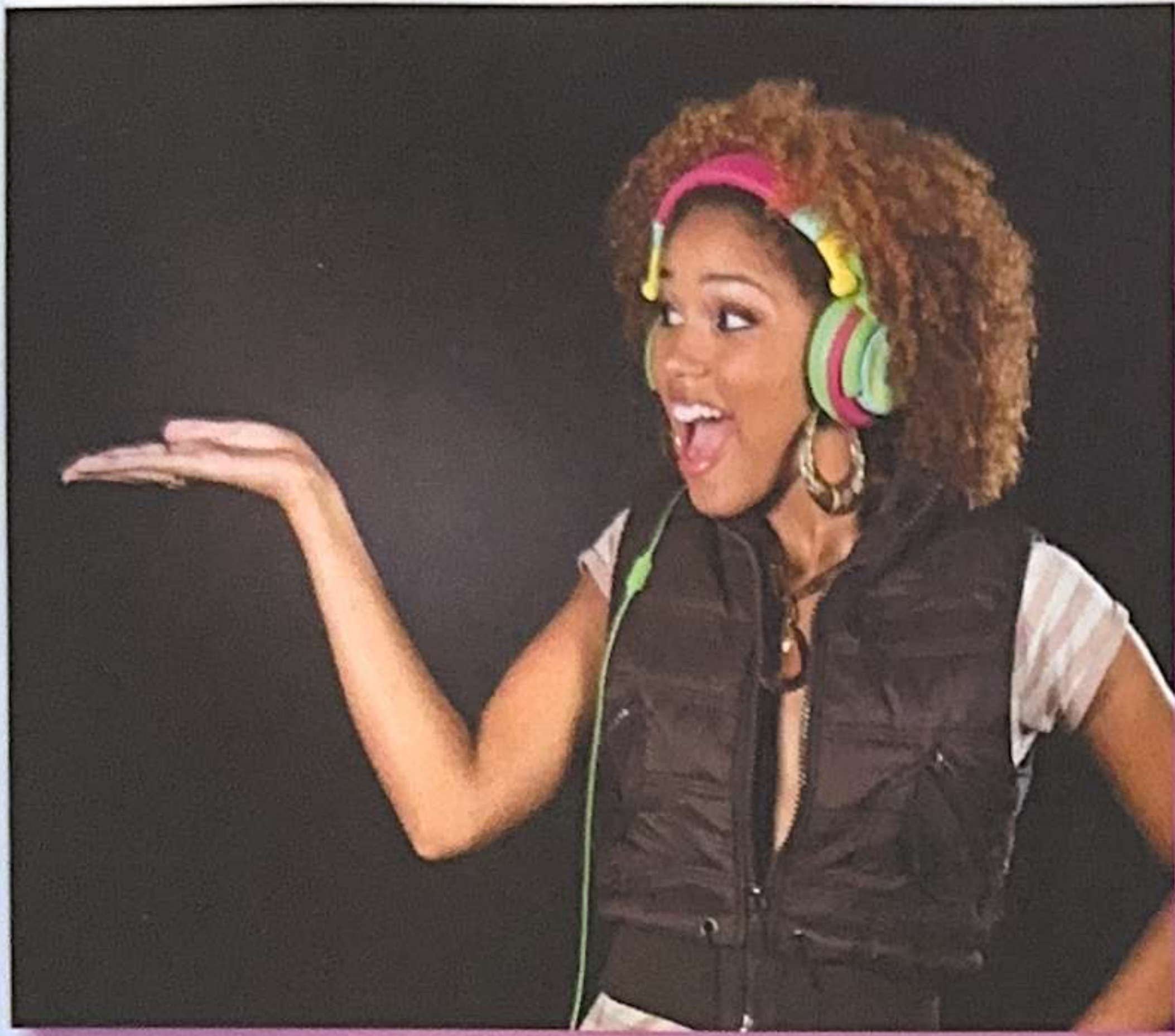
marketing	retailer
customer	distribution
target market	price
Four Ps	promotion
product	marketing mix
good	marketing plan
service	SWOT analysis
idea	forecast
place	

## Learning Goals

- explain why companies market goods, services, and ideas
- describe each of the Four Ps of marketing
- define good, service, and idea
- explain how marketers determine the marketing mix
- summarize the key elements of a marketing plan

Look around. Have you seen any marketing activities recently? Maybe you saw a pop-up ad on Google. Perhaps a sales associate helped you with a purchase at the mall. Advertising and selling are the most visible marketing activities, 1-1. However, marketing is much more than advertising and selling. Here are some other marketing activities:

- developing a new video gaming system
- asking customers their opinion of new computer software
- arranging financing for a purchase
- delivering beverages to a stadium
- ordering a new shipment of jeans



## 1-1

Selling and advertising are the most visible forms of marketing. This young woman is demonstrating a product for customers.

- displaying the new jeans in the store window
- deciding the price to charge for the jeans

Marketing includes these activities and many others. Marketing is essential to business success.



## Connect...

How many marketing activities have you seen this week? Give five specific examples.

## Marketing Defined

How would you define marketing? Take a few minutes to jot down your definition of marketing. Then read these current definitions:

- The job of marketing is “to sell lots of stuff and make lots of money.” (Sergio Zyman, former chief marketing officer at the Coca-Cola Company)

- Marketing is “to find out what your customers want and then give it to them.” (Tim Cohn, marketing consultant)
- “Marketing is building an offer you believe and know in your bones you can deliver on consistently and elegantly to the people who will love it.” (Liz Strauss, founder, Inside-Out Thinking)
- “Marketing is a set of business practices designed to plan for and present an organization’s products or services in ways that build effective customer relationships.” (Canadian Marketing Association)

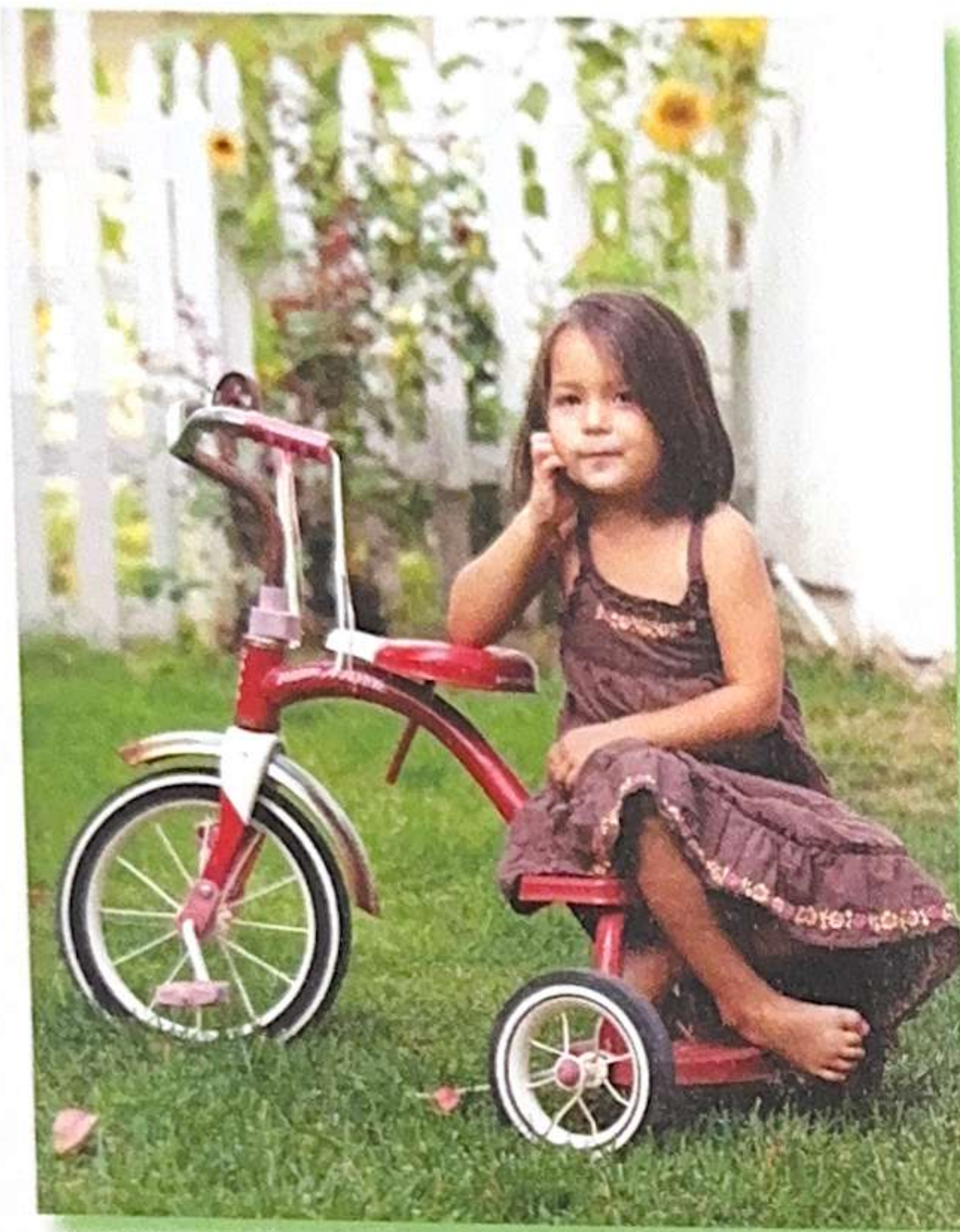
If marketing could be easily defined in one sentence, there would be no need for a whole textbook! However, here is a basic definition to keep in mind as you proceed through the book and learn the details.

**Marketing** consists of dynamic activities that focus on the customer to generate a profitable exchange. The goal of marketing is to meet customers’ needs (goods and services you must have, such as food and shelter) and wants (goods and services you would like to have but do not need) with products that customers can and will buy. The rest of the book will explore and clarify these ideas.

## Marketing Is Dynamic

What makes marketing dynamic? The word *dynamic* describes something that is constantly changing. The needs and wants of customers are constantly changing. The goal of marketing is to meet customers’ needs and wants with products they will buy. Therefore, marketing must constantly change to meet those needs and wants.

Why do customers’ needs and wants change? One reason is that customers change. As customers get older, their needs and wants change, 1-2. Think of the things you wanted and needed in kindergarten. Do you want and need the same things now?



## 1-2

How have your wants and needs changed since you were a child?

Customers' needs and wants also change because the world that customers live in is changing. Changes occur in the economy, technology, and social trends. Changes in technology provide the clearest example. Although the Internet was developed in the 1960s, the first commercial use of the Internet occurred in the early 1990s when Delphi began offering e-mail and Internet access. In recent years, Internet use has exploded. In 2010, almost 80 percent of Canadians were connected to the Internet and half shopped online. Those figures are expected to increase yearly and surpass the rate of e-commerce growth in the United States.

## Marketing Is Customer-Focused

A **customer** is an individual or group who buys products. A customer can be an individual person, a business, a not-for-profit organization, or a government. For example, when you buy jeans at the local jeans store, you (an individual person) are the customer.

When a manufacturer buys denim to make jeans, the manufacturer (a business) is the customer. When a school buys food for the cafeteria, the school (an organization) is the customer. When the government buys equipment for the military, the government is the customer.


In order to be successful, a business has to sell its products. In order to be able to sell its products, the customers have to want to buy the products. In order for customers to want to buy products, the products have to meet the customer's needs and wants. As a result, the main goal of marketing is to meet customers' needs and wants. Marketers focus on learning what customers need and want. They then develop and market products that meet those needs and wants.

A **target market** is the specific group of customers whose needs a company will focus on satisfying, 1-3. There are many kinds of target markets. Think of the potential customers for clothing. There are many groups of customers with different clothing needs. For example, teenagers need different kinds of clothing from business people

**1-3**

A target market is the group of customers whose needs and wants marketers try to satisfy. Teens are a popular target market.

who work in offices. Babies need different clothing from adults. You will learn more about target markets in Chapter 5.

 **Connect...**

Think of something that you purchased recently. How did that product meet your needs and wants?


## Marketing Is Relationships

Marketing is based on the relationship between the buyer and the seller. For some businesses, the relationship is brief. For others, a long-term relationship leads to customers who are more satisfied and loyal to the business. Research has shown that it is less costly to keep a current customer than to get a new customer. As a result, many businesses focus on developing and maintaining relationships with their customers.

One way salespeople develop relationships is to contact the customer after the sale to make sure the product is functioning properly and meeting the

customer's needs. If there are any problems, the salesperson can correct them at that time. Salespeople might send birthday greetings and notices of sales of items that are of special interest to each customer. For example, Amazon customers can sign up for personalized recommendations based on their interests and preferences.


Many businesses reward repeat customers with discounts or free products. Programs that offer such rewards include the Shoppers Drug Mart Optimum card or the Scotiabank/Cineplex SCENE card. Many bookstores, coffee shops, and sandwich shops also offer frequent buyer programs. Through these programs, the businesses establish long-term relationships and develop customer loyalty.

 **Connect...**

Do you or does someone you know belong to any frequent buyer programs? Name the business that offers it and describe the program.

## Marketing Is International

In the twenty-first century, people around the world are linked by telephone, fax, Internet, and jet travel. Japanese products, such as the Nintendo Wii, are available at your local mall. A Chinese student who lives in Beijing can buy a hamburger at a McDonald's Restaurant near his or her home, 1-4. Through the Internet, people can buy products from anywhere in the world.

 **Connect...**

Find the "Made in" tag on an article of clothing or a product that you have with you. Name the country where the item was made.



1-4

Marketing is international. A McDonald's sandwich can be purchased in China.

## Marketing Is the Four Ps

How can a marketer meet customer needs and make a profit? There must be hundreds of ways to meet this goal. Marketers meet this goal by developing a plan of action. Each plan of action consists of four elements called the Four Ps. Product, place, price, and promotion are the **Four Ps**, 1-5.

### Product

A **product** is anything that can be bought or sold. Products include goods, services, and ideas. A **good** is a physical item, something that you can touch. Examples of

goods include jeans, snacks, and cellphones. A **service** is an action that is done for you, 1-6. You cannot touch a service or take it with you. Examples of services include a haircut, a concert, and medical care. An **idea** is a concept, cause, issue, image, or philosophy that can be marketed. Examples of ideas include *contribute to charity*, *buckle up for safety*, and *vote for this candidate*. Image has become a very important product. Marketers sell the image of goods and services, the business itself, and people.

Marketers change products to meet customer needs and wants. For example, some kitchen toolmakers have developed special grips to help people who have trouble grasping regular kitchen tools. Another example is the fabric denim—it has become so popular that clothing manufacturers make a wide variety of clothing and accessories from that material.



### Connect...

Think of a product that you use. How would you change it to better meet your needs? How would you change it to meet others' needs?

### Place

**Place** involves making products available to customers. Place decisions involve determining when, where, and how products get to customers. Place includes decisions about where to locate stores and the decisions related to retailing. A **retailer** is a business that buys products to resell to final consumers. Place also includes decisions such as whether to develop a store website. In marketing, the Internet is considered a place.

Marketers try to make products available to customers at convenient times and places. For example, originally, gas stations sold only gas. Then the marketers of milk realized that it would be very convenient

### The Four Ps

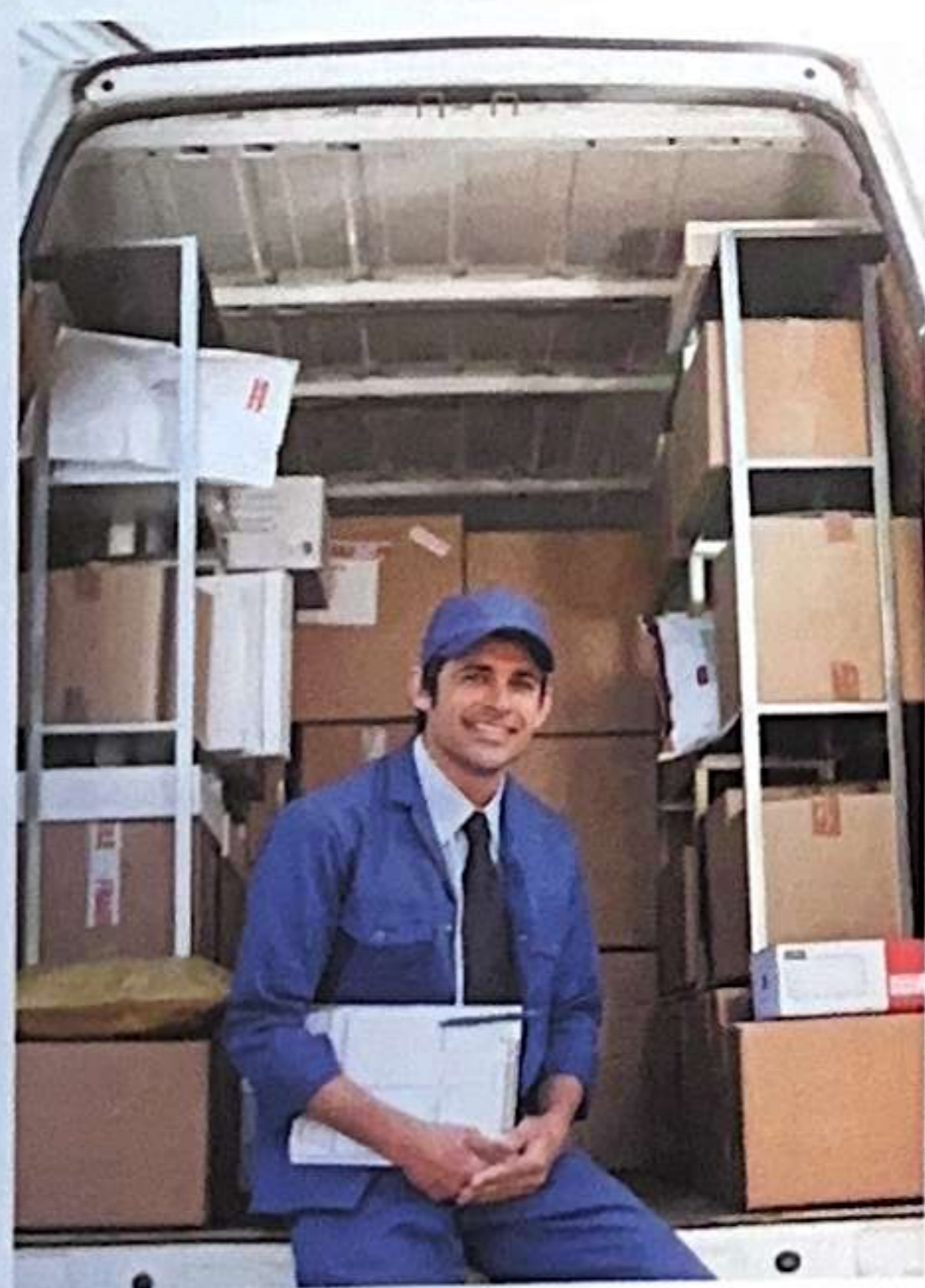
**Product**  
Goods, services, ideas



**Price**  
Amount of money exchanged or requested for a product



**Place**  
Getting products to customers



**Promotion**  
Telling people about the product, price, place, or company



**1-6**

Services, such as a haircut, are considered products.

if milk customers could buy milk when they buy gas. The marketers of milk made arrangements with gas stations so that the gas stations could sell milk. The result was more convenience for customers and more sales of milk for the milk marketers.

The place element includes distribution. **Distribution** is the process of physically delivering goods to customers. Distribution includes shipping, storing, inventory, and stocking of goods.

Good decisions about place help a business run smoothly, 1-7. When poor place decisions are made, major problems can result. Customers get upset because products are not

available when they want them. Customers might express their dissatisfaction by shopping at a competitor's store. This type of loss of customers might lead to financial losses for the business. For example, suppose you went to an ice cream shop, but they were out of your favourite flavour. This is an example of a poor place decision because the store did not have the product on hand when you wanted to buy it. As a result, you might go to a competing ice cream shop. If your experience at the competitor's shop is satisfying, you may never return to the first shop.

**Connect...**

Have you experienced poor place decisions? Describe one example.

**Price**

**Price** is the amount of money requested or exchanged for a product. Marketers determine the price they charge for their products. Marketers can set prices at any level. However, if marketers set prices too high, customers might not buy the product. If marketers set prices too low, they might not take in enough money to cover expenses and make a profit. Setting the best price is important for business success and customer satisfaction.

**Connect...**

Does the price of a product affect whether you will buy it? Give an example.

**Promotion**

**Promotion** is the process of telling people about the product and the company that offers it. It includes telling people about



## 1-7

The place element includes deciding where to locate your store and how to get goods to your store.

the price and the place where it is offered. If customers do not know that a product exists, they cannot buy it. If customers do not know where to find a product, they will not be able to buy it.

Promotion is the most visible part of marketing. Promotion includes a variety of activities designed to include a customer in the process of buying products, 1-8. These activities include selling, advertising, sales promotion, and publicity. A salesperson delivers promotional messages when he or she helps a customer. Advertising delivers promotional messages on TV, radio, websites, cellphones, billboards, magazines, and through many other formats. Sales promotion includes free samples and contests.

Another aspect of promotion focuses on the company rather than the product. This type of communication is often designed to promote a positive image of a company and its products. For example, a company may send out a publicity release about its charitable activities to print in a local newspaper. This aspect of promotion is called publicity, or public relations.

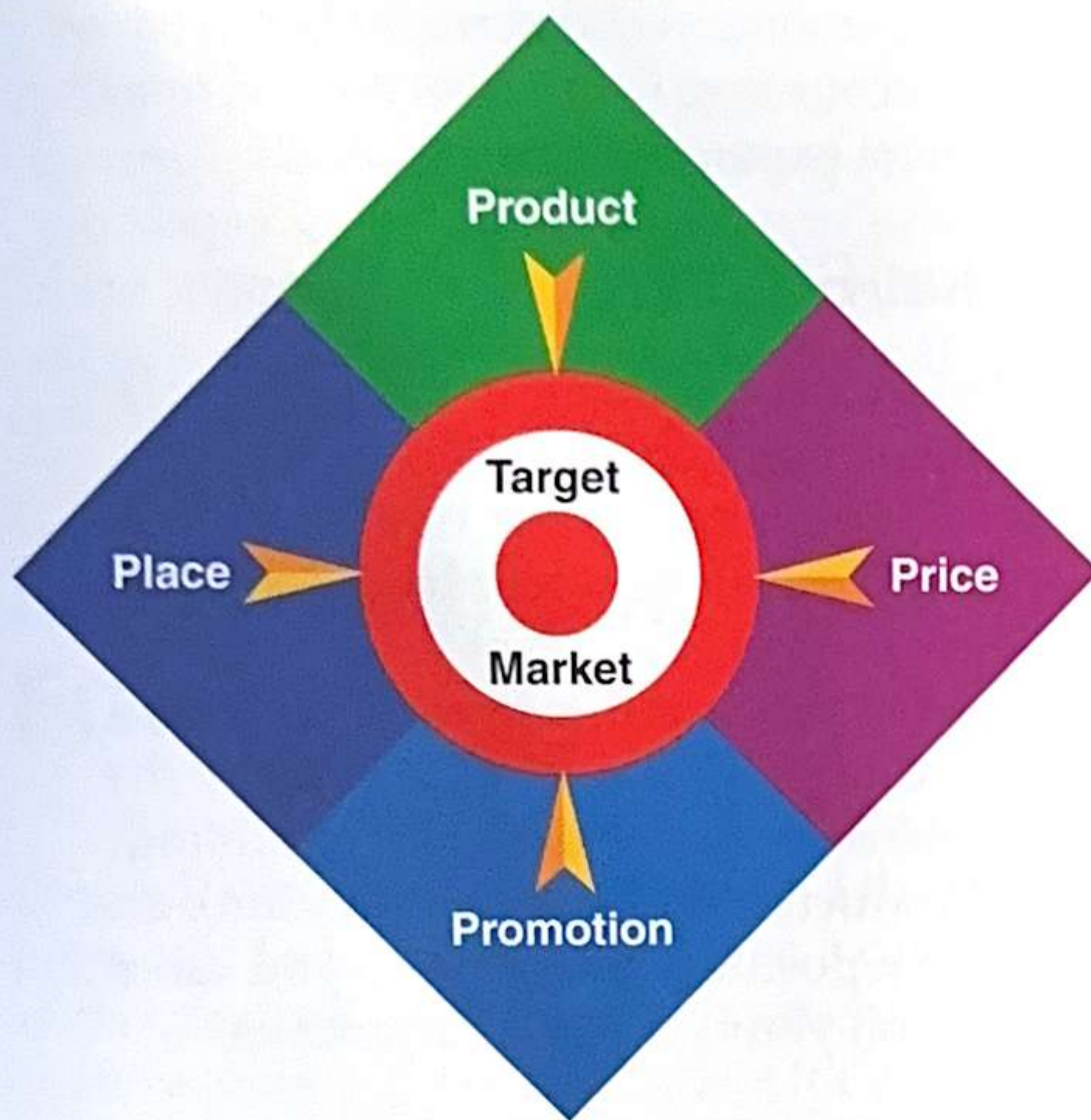


### Connect...

Name three locations where you have seen an ad in the past week. What were the ads? Did any of them influence you to make a purchase? Why?







## 1-9

The marketing mix consists of the decisions made about the Four Ps: product, place, price, and promotion.

product decision. The car will have to be made as inexpensively as possible so that the price can be as low as possible.

The same marketing mix usually does not meet the needs of all customers. The key to a successful marketing mix is choosing the right product, selling it at the right price, making it available at the right place, and promoting it in a way that will reach the target customers.



### Connect...

Think of a favourite product or store. Describe the target market for this product or store.

## The Marketing Mix in Action

Imagine that you want a personal media player. You search the Internet for a sale on personal media players. You find a sale price of \$199.00. You have saved \$225.00 for

a player. The website shows the personal media player at an electronics store in the mall near your home. You go to the store, and a salesperson helps you find the right player. You buy the media player. Can you identify the Four Ps in this marketing mix?

Here are the marketing mix elements. The media player is the *product*. The ad is part of the *promotion*. The salesperson is also part of the *promotion*. The *price* is \$199.00. The electronics store is the *place*. Since (in this example) you bought the player, the marketers for the media player developed the right marketing mix for you. They provided the product you wanted, at a price you could afford, at a place convenient to you. They also let you know about the availability of the product by advertising on a website that you found.

Notice that the *customer* is not part of the marketing mix. The customer is the target of the marketing mix. The marketing mix decisions are made to satisfy the customer.

## Marketing Is the Marketing Plan

Have you ever been lost? Do you remember how you felt when you were lost—you were not sure what to do, who to call, or where to go? You were probably lost because you did not make a good plan. That is the same feeling a company might experience if it does not have a *marketing plan*. A **marketing plan** is like a road map—it guides a company so that it avoids such pitfalls and detours as lost sales, lost opportunities, and poor product planning. According to a survey by the Kauffman Center for Entrepreneurial Leadership, companies with business plans have 50 percent higher sales growth and 12 percent higher gross profit margin compared to those that do not have plans.

Most marketing plans are developed with the future in mind—at least one year in

advance. However, marketing plans for some larger companies will be for a much longer time period.

## Key Elements of a Marketing Plan

The key elements of a marketing plan include: market opportunities and analysis, market strategy, an action plan, and monitoring and evaluating the plan. Read further to learn how each of these elements combines to lead a company to success, **1-10**.

### Market Opportunities and Analysis

The market opportunity and analysis includes the best description about the current marketplace—this is no time for guessing. It is important to conduct a SWOT analysis. A **SWOT analysis** helps a company determine its Strengths, Weaknesses, Opportunities, and Threats. For example, if you own an accounting firm, one of your strengths might be that you have been in business for 25 years. One of your weaknesses might be that you are located on a side of town with the least amount of business growth. An opportunity might be that two new companies are relocating to your town and have asked you to submit a proposal to do

their accounting. A threat might be that a larger accounting firm has just hired one of your most experienced accountants.

### Market Strategy

Before completing any marketing plan, you have to set goals and objectives. Do you want to increase your market by five percent? Do you want to introduce a new product line? Do you want to open a new location in the next three years? Once you know your goals, you need to identify the target market, determine your marketing mix (Product, Place, Price, Promotion), and develop a position statement so you can stay focused on your goals and objectives.

### Action Plan

Once you have a plan, it is time to put it into action. Develop a timeline or calendar and determine your budget. Make sure you include the specific activities for accomplishing the goals of the marketing plan. Identify who is responsible for carrying out these activities.

### Monitor and Evaluate the Plan

If you do not monitor and evaluate the plan, you might never know if it was

Key Elements of a Marketing Plan			
Market Opportunity and Analysis	Market Strategy	Action Plan	Monitor and Evaluate Plan
<ul style="list-style-type: none"> <li>Analyze company performance.</li> <li>Perform a SWOT analysis.</li> <li>Describe the competitors.</li> <li>Analyze changes and trends in the industry and economy.</li> <li>Describe information about current and potential customers.</li> </ul>	<ul style="list-style-type: none"> <li>Develop marketing objectives.</li> <li>Identify the target market.</li> <li>Determine the marketing mix (the Four Ps).</li> <li>Develop a position statement.</li> </ul>	<ul style="list-style-type: none"> <li>Identify specific activities to carry out the marketing plan including ways to use technology.</li> <li>Create a budget.</li> <li>Develop a timeline or calendar for meeting objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor the budget.</li> <li>Review sales and revenue forecasts.</li> <li>Monitor the market response to the marketing plan.</li> </ul>

**1-10**

A strong marketing plan helps a company stay focused on its goals and objectives.

successful. It is important to monitor sales, market reactions, and other factors to determine plan success. Reviewing revenue from sales can help you **forecast**, or predict future sales and revenue. The information you collect can also help to determine if you need to modify the current plan.

## Is Marketing in Your Future?

If you choose a career in marketing, you will be part of an exciting field that is growing, **1-11**. You will also be in a career with great potential for advancement and high earnings. There are careers for all types of people in marketing.

Are you outgoing and friendly? Consider a career in sales or customer service. Do you love art and design? A career in advertising, visual merchandising, or website design might be right for you. Is math your strength? A career in marketing research involves math as well as research skills. Are you a problem solver? You might enjoy a career in distribution.

Are you a sports fan? Do you love to travel? Do you prefer theatre and the arts? Consider a career in sports, recreation, or entertainment marketing. Are you the best shopper ever? You might enjoy a career as a buyer in a store that sells your favourite goods. Does money fascinate you? A career in financial services marketing involves working with money. Would you like to be your own boss? Consider becoming an entrepreneur by starting your own business. For almost any area of business, you can find a marketing-related career.

Suppose business careers do not interest you that much. Perhaps you are interested in a career in education, government, the military, health occupations, social



### 1-11

Is a marketing career in your future?

services, the clergy, or charitable causes. Knowledge of marketing will also help you accomplish your goals in these fields. Today not-for-profit organizations, such as hospitals and charities, have marketing plans. Even government agencies use marketing. (You will learn more about marketing for not-for-profit organizations in Chapter 8.)

Marketing skills will also come into play when you start your career. How can you impress an interviewer? How will you improve your chances of getting accepted at an institution of higher education? How will you convince a loan officer to lend you money for your new business? Your marketing skills can help you present yourself effectively in many situations.

You will always be a consumer. As long as you are alive, you will be buying goods, services, and ideas. Nearly half of every dollar you spend goes for the marketing of the products you buy. Knowing about marketing will not only help you in your career, but it will also help you to be a wise consumer.

# CHAPTER 1 REVIEW

## Key Learnings

- Marketing consists of dynamic activities that focus on the customer to generate a profitable exchange.
- The main goal of marketing is to meet customer needs and wants with products that customers can and will buy.
- The Four Ps are product, place, price, and promotion.
- A product is a good, service, or idea that can be marketed.
- The marketing mix is a plan of action for marketing a product; it consists of the decisions made about each of the Four Ps for that product.
- Decisions about the marketing mix are made with the target market in mind.
- Marketing plans guide a company and help avoid the results of poor planning.
- A SWOT analysis helps define a company's strengths and weaknesses for market planning.

## Knowledge & Understanding

1. Define *marketing*.
2. Why is marketing dynamic?
3. Why should marketing focus on the customer?
4. In what ways is marketing international?
5. Describe each of the Four Ps. Give an example of each.
6. Describe the difference among goods, services, and ideas.

7. Give an example of each of the three different kinds of products.
8. How do marketers make marketing mix decisions?
9. Draw a diagram that shows the relationship between the marketing mix and the target market.
10. How can knowing about marketing help you, even if you do not go into a career in marketing?

## Thinking

1. Can one store or business sell all three types of products? Name a store or business and give an example of each type of product that it sells.
2. Look at Figure 1-9. Why is the target market at the centre of the diagram?
3. Organizations such as student council, student career organizations, and sports teams use marketing. Choose an organization with which you are familiar. Give an example of the Four Ps for that organization.
4. Suppose you have an idea for a new business. What would the business be? Draw conclusions about how a marketing plan could benefit your business. When and how would you conduct a SWOT analysis?
5. Think about your life after high school. How might marketing affect your future? Give three examples.

## Application

1. List three products or services that you or members of your family often buy. Why are you or your family a target market for these products or services? Explain with reference to the definition of a target market.
2. A charitable organization, such as Free the Children, sells a product. What type of product does it sell?
3. Name a product that you own or would like to own. What product, place, price, and promotion decisions did the marketer make for that product? In other words, what is the marketing mix for that product?
4. How does marketing affect your family? Give an example.
5. Talk with the manager of your workplace, your school store (if you have one), or a store in your neighbourhood. Ask, "How does marketing help your business achieve its goals?" Record the answer and compare your findings with those of other students. What observations can you make?
6. Look in the "Help Wanted" section of your local newspaper. Find a marketing job that appeals to you. Explain why you are interested in the job.
7. Despite high prices, products such as the following are selling quite well: organic produce; meatless "hamburgers"; and low-fat, low-carbohydrate, and low-calorie foods. Explain why customers are willing to pay higher than average prices for these products.

## Communication

1. Collect two or more advertisements for a specific product. Make a poster that illustrates the marketing mix. Label each of the Four Ps.
2. Name a product that you would like to buy. Find a website where that product is sold. In a one-page report, describe the marketing mix for that product, based on the information on the website, and assess whether or not this marketing mix meets your needs.
3. In a small group create a SWOT analysis for one of the coffee shops in Canada that you enjoy visiting. You can find information on SWOT on page 14.
4. Peter Drucker once stated: "The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself."
  - What do you think Drucker means by this statement?
  - Research who Peter Drucker is and what his achievements in business have been.
5. Find the website for the Canadian Marketing Association (CMA). Find out what the organization does. What kind of information can you get from this website? Write an e-mail to the CMA describing how its website could help make you a better marketer.