



The Importance of Marketing

Entrepreneurship



What is Marketing

- Made up of all activities needed to generate an exchange that will satisfy human needs and wants
- Involves
 - Planning
 - Pricing
 - Promoting
 - Distributing
- A product, service or idea
- Crucial to businesses in order to promote the selling of their products, services and ideas in order to generate revenue



Factors that Influence the Marketing Environment

- ☀ Demographics
- ☀ Economic conditions
- ☀ Competition
- ☀ Social and cultural change
- ☀ Technology



Demographics

Characteristics of a population categorized by

- Age group
- Gender
- Income level
- Level of education
- Ethnicity

– Change constantly

Demographics are used to help understand markets and predict opportunities that might exist



Economic Environment

- Where is society in terms of the business cycle?
- At a high point
 - Luxury goods are sellable
 - Advertising is huge
 - People spending money
- At low Point
 - Emphasis on need
 - Essential goods and services
 - Less on advertising



Competition

☀ Direct competition

- Rivalry that exists between two or more businesses producing similar goods and services
 - Earls and Cactus Club
 - Pepsi and Coca Cola

☀ Indirect (substitute) competition

- Rivalry that exists between two or more businesses producing alternate goods and services
 - Bottled water vs. Coca Cola
 - Cactus Club vs. Dominoes



Social and Cultural Change

- ☀ Change in consumer's lifestyles, values, and beliefs cause a change in purchasing
 - Environmental consciousness = reduction in packaging
 - Aging population = change in necessities
 - Technological age = more techno toys
 - Decreasing natural resources = fuel efficient vehicles



Technology

- ✦ Technological breakthroughs make older technologies obsolete
 - Typewriter = computer
 - Telephones = cell phones
 - Planners = palm pilots
 - VHS = DVD
 - CDs = MP3s



Functions of Marketing

☀ Two main functions

- Determine target markets
- Provide consumers with the product they want, when they want it, where they want it at the price they want it.



Target Markets

Group of consumers toward which a business aims its marketing efforts

- Similar in some way (ie gender, age, ethnicity)



Questions to ask when determining target market

- Who will buy this product or service
 - demographics
- When do they want to buy
 - Season, time of day, time of month
- Where do they buy
 - Retail stores, discount stores, mail-order, catalogues, internet, region of country
- Why do they buy
 - Necessity, luxury, planned purchase, impulse buy

Way to get answers is through Marketing Research



Marketing Research

- Gathering and analyzing of data to provide a business with information on consumers' needs and wants
 - Carefully
 - Planned
 - Administered
 - Analyzed
 - So that results are meaningful



Marketing Mix (second function)

- ☀ 4 components

- Product
- Price
- Place
- Promotion

- ☀ Vary for each product

- ☀ The “Four P’s” are combined in an overall policy designed to reach the product’s target market



Product

☀ Includes

- Actual good and service
- Name
- Packaging
- Labeling
- Guarantees
- Etc
- Image
- Brand name
 - Name that identifies the goods or services of one firm
- Trademark
 - Logo, symbol



Product Continued

✦ Packaging

- Container or wrapper for a product
- Design of the container
- Information printed on the container
 - Must protect the product
 - Before/after purchase
 - Must attract the attention of the customer
 - Must help sell the product

✦ Labeling

- Part of the packaging that informs the consumer
 - Ingredients
 - Producer
 - How to use product
 - Picture
 - Assembly instructions
 - Warnings
 - Directions
 - Nutritional information



Price

- Generally determined by the demand for the product
- Plays an important with how well the product does
- Must take into account what the competition is selling their product for



Place

- ☀ Where the consumer gets the product from
 - Vending machines
 - Specialty stores
 - Department stores
 - Wholesalers
 - Internet
 - Catalogues
 - Mail order
 - Etc



Promotion

- ☀ Informing of consumers about a product or service
- ☀ Encourages them to buy it
- ☀ Reminds them of product
 - Personal selling
 - Sales promotion
 - Publicity
 - Public relations
 - advertising