1. **Define the following terms: marketing and marketing concept.**
	1. Marketing:
		1. “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”
		2. The process of developing, promoting, pricing, selling, and distributing **products** to satisfy customer’s wants and needs.
		3. Marketing involves all the activities necessary to get a product from the manufacturer to the consumer.
	2. Marketing concept: “The Marketing Concept is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition.” A business approach that directs all marketing efforts towards satisfying customer’s wants and needs.
		1. By offering goods and services that consumers want, businesses will make a profit.
		2. The marketing concept recognizes the importance of establishing and maintaining relationships with consumers.
2. **Identify marketing activities.**
	1. Marketing is composed of six interrelated activities that must work together to get goods and services from producers to customers.
	2. The six marketing functions must work together to attract target customers to the business.
	3. Describe the six marketing functions.
		1. Channel management involves identifying, selecting, monitoring, and evaluating sales channels
		2. Marketing-information management involves gathering, accessing, synthesizing, evaluating, and disseminating information.
		3. Pricing involves determining and adjusting prices to maximize return and meet customers’ perceptions of value.
		4. Product/Service management involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities.
		5. Promotion involves communicating information about goods, services, images, and/or ideas to achieve a desired outcome.
		6. Selling involves determining client needs and wants and responding through planned, personalized communication that influences purchase decisions and enhances future business opportunities.
3. **Categorize items that are marketed.**
	1. Products; include both goods and services.
		1. Goods: Tangible (touchable) items that satisfy customer’s needs and wants. For example, television, car, and clothing.
		2. Services: Intangible (not touchable) items that satisfy customer’s needs and wants. For example, admission to an amusement park, getting a haircut, and seeing a movie.
	2. Needs vs. Wants – what’s the difference?
		1. Needs are required (air, water, food, shelter, transportation for a job, etc.)
		2. Wants are things the customer would LIKE to have but can live without (a sports car, going to a movie, a cell phone, etc.)
	3. Ideas – Go Green, Cancer Awareness, Stop Smoking, Stay in School
	4. Organizations – Profit & Non-profit. Ex: Nike, Microsoft, Red Cross, and Victory Junction.
	5. People – politicians, movie stars, athletes, you
4. **Explain where marketing occurs.**
	1. Everywhere – Between businesses, in our homes, schools, on the street, in your car, between friends, etc.
	2. Marketing yourself – getting a date, getting a job or a promotion, asking for a favor
	3. Marketing for your business – formal and informal
	4. Networking
5. **Explain the elements of the marketing concept.**
	1. Businesses become successful by directing all of their efforts to satisfying the needs and wants of the customers.
	2. Businesses make a profit by offering the goods and services that the consumer wants.
	3. Recognizes the importance of the consumer in the buying process – Using the needs of the customers as the primary focus during the planning, production, distribution, and promotion of a good or service.
6. **Explain the role of marketing in a private enterprise system.**
	1. Explain free enterprise.
		1. Free enterprise encourages individuals to start and operate their own business with limited government involvement.
		2. It allows the market to determine prices through supply and demand.
		3. The free enterprise system is also referred to as private enterprise.
	2. Summarize the principles of a free enterprise system.
		1. Freedom of ownership: The ability to choose a house, car, job or business. For example, Evadale likes golf so she opens a driving range. However, there are restrictions on how and where her business can operate. For example, if the area is zoned as residential, she cannot open her driving range in that area.
		2. Competition: A rivalry between two or more businesses to gain as much of the total market sales or customer acceptance as possible. It helps to maintain reasonable prices, provide consumers with new and improved products, and results in a wide selection of products from which to choose. It forces businesses to operate efficiently.
			1. Direct competition: Two or more companies that utilize the same type of business format. For example, McDonalds versus Burger King.
			2. Indirect competition: Two or more companies that employ different types of business formats to sell similar goods. For example, McDonalds versus Applebee’s.
			3. Price competition: Focuses on the selling price of a product. Consumers prefer to buy products that are lowest in price. For example, Wal-Mart promotes its company as having great value at everyday low prices.
			4. Non-price competition: Based on factors that are not related to price. Non-price competition includes the quality of products, customer services, business location, business reputation, and the qualifications of the salespeople. For example, shopping at Nordstrom’s because of their outstanding customer service.
			5. Monopolies: When one company has exclusive control over a product or the means of producing it. For example, there may be only one gas station or grocery store in a small town.
	3. Risk: The potential for loss or failure. For example, when investing in a new business venture, there is no guarantee of success.
	4. Profit: The money earned from conducting business after all costs and expenses have been paid.
		1. Profit for many businesses is 1-5% of sales.
		2. Ninety-five to ninety-nine percent of the selling price goes to pay costs, expenses and business taxes.
7. **Describe ways in which consumers and businesses would be affected if marketing did not exist.**
	1. Without Marketing society would remain in a self-subsistence style of living. You would have less competition which would result in higher prices, less choices, less improvements to existing products and less information being available.
	2. No knowledge of new products that have been invented or updated (imagine the cell phone industry if you never heard of 3G, 4G or the all the G’s yet to come).
	3. How would you get a job? (Resumes are a form of marketing.)
8. **Explain how marketing benefits our society.**
	1. New and improved products.
		1. Businesses create new products and improve existing products to maintain their current customers or attract new ones.
			1. For example, Verizon has introduced their new Xperia Play phone by Sony Ericson as the world’s first Playstation certified phone.
	2. Lower prices.
		1. Lower prices benefit customers while businesses benefit by selling more product at the lower price.
		2. For example, when BluRay players, e-readers, tablets, and laptops,were first introduced they were expensive and only a few sold. As prices dropped, more customers purchased them.
	3. Societies benefit from Marketing through increased competition, lower prices, larger variety of goods/services, and mass communication with information about products/services.
		1. Fueled with more information, better choices are made utilizing our scarce resources within businesses, governments, and households.
		2. There are foreign and domestic societies and both benefit from marketing activities.

***Performance Indicator***: Describe marketing functions and related activities

*Objectives*:

1. Define the following terms: channel management, marketing-information management, pricing, product/service management, promotion, and selling. These are the “Functions of Marketing.”
	1. **Channel Management**: Transporting, storing, and handling goods from the manufacturer to the consumer.
	2. **Marketing information management (MIM**): Gathering information (such as customer buying habits, prices customers are willing to pay for products, or test marketing potential new products), analyzing information, and utilizing information for use in making marketing decisions.
	3. **Pricing**: Determining a value to charge for products. It is important to consider what competitors are charging, the amount customers are willing and able to pay and what it costs to make the product.
	4. **Product/service management (PSM):** Designing, producing, maintaining, improving, and obtaining products to meet customer’s wants and needs.
	5. **Promotion**: Communication used to inform, persuade, or remind customers about a business’s products. The most common form of promotion is advertising.
	6. **Selling**: Determining and responding to customer’s needs and wants through personalized communication.
2. **Explain the purposes of each marketing function.**
	1. Channel Management is controlling the movement of the product(s) through the system.
		1. Logistics deals with the movement of goods and timing of the deliveries
		2. Distribution involves the movement, storage and inventory control of the product(s).
	2. Marketing information management (MIM): Talking/communicating with the customer. What are they thinking? What do they want? For example, Amazon.com sends a questionnaire to customers who purchased the latest *New York Times* best sellers.
	3. Pricing: Ensure that the company can cover the costs of making and delivering the product while making a profit so they can stay in business. For example, when deciding what price to charge for their latest athletic shoe, Nike must take into consideration the cost of producing, promoting, and distributing the shoe.
	4. Product/service management (PSM): Improving the product. Adapting it to better meet the needs and wants of the consumer. For example, redesigning the Chevrolet Corvette.
	5. Promotion: Introduce new products, build interest in existing ones, remind customers to come back for more and/or convince them to buy. For example, McDonalds decides to broadcast a 30 second television commercial during the Super Bowl
	6. Selling: It is intended to influence purchase decisions and increase customer satisfaction. For example, at The Limited, Taylor searches for a birthday present for her sister, when Gwen (a sales associate) asks if she could help her find the correct size.
3. **Describe the importance of each marketing function to marketing.**
	1. Each function supports the company’s goal of reaching the customer and convincing him/her to buy.
4. **Explain the interrelationships among marketing functions.**
	1. MIM gives the company the needed correct information for adapting the product (PSM).
	2. PSM makes the product more desirable to the consumer, improving the odds that s/he will buy it from the company.
	3. Promotion informs the customers of what is available and where they can buy it. It builds interest in the company’s products and thereby helps to keep the price high enough to make a profit.
	4. Channel Management ensures that the products will be available to the customers when they want/need them. Managing the movement of the products efficiently means that prices can remain competitive and customers will buy.
	5. Effective selling ensures that the company’s products are turned back into enough money (profits) so the process can continue. Selling can also provide feedback (MIM) from the customers.
	6. Pricing allows a company to offer better products and options to customers, increasing its profits.

Identify which marketing function is represented

|  |  |
| --- | --- |
| **Situation** | **Answer** |
| Using technology to improve MP3 players. | Product/Service Management |
| Management decides to mark up products by 100% | Pricing |
| Customers fill out an in-store survey. | MIM |
| Salespeople assist all customers in the store. | Selling |
| Internet advertising is used in conjunction with television advertising. | Promotion |
| Fruits and vegetables are delivered by tractor-trailers. | Distribution |

**1.02 *Performance Element*: Employ marketing-information to develop a marketing plan.**

*Knowledge****/****Skill Statement*: Understands the concepts and strategies utilized to determine and target marketing strategies to a select audience

*Level*: Career-sustaining.

***Performance Indicator***: Explain the concept of marketing strategies

1. Define the following terms: marketing mix, product, price, place, promotion, goals, strategies, and tactics.
	1. **Marketing mix**: A combination of decisions a business makes in order to best reach its target market. Known as the four Ps (**product, price, place, promotion**).
	2. **Product**: Businesses must decide which products to offer customers.
		1. What products should be offered for sale?
		2. How should the product be packaged?
		3. What level of product quality will be offered?
		4. Will brand name products be sold?
		5. Will guarantees or warranties be offered?
	3. **Price**: The amount a business charges customers for a product.
		1. Will price be based on competitor’s current price?
		2. What are customers willing to pay?
		3. Will price be based on cost of production + markup?
		4. Will the product be discounted at certain times of the year?
	4. **Place**: Having the product available at the right time and location. Also known as channel management/distribution.
		1. Will the product be sold by a wholesaler or a retailer?
		2. Will the product be sold in a department store, boutique, discount store, specialty store, or on the Internet?
		3. Will the product be transported by truck, plane, boat, or pipeline?
		4. How will the inventory be handled and controlled?
	5. **Promotion**: Informing and reminding customers of the products available to them and persuading them to purchase. Promotion includes advertising, personal selling, sales promotion, and publicity.
		1. Should coupons or newspaper advertisements be used to promote products?
		2. How often should the business advertise?
		3. Should contests and games be used to promote products?
		4. Should additional sales people be used at particular times of the day or year?
		5. Should a celebrity be used as part of an event to entice customers?

Identify the marketing mix element being illustrated (product, price, place, promotion).

|  |  |
| --- | --- |
| **Question** | **Answer** |
| How should the product be packaged? | Product |
| Should we offer credit and layaway? | Pricing |
| Should we allow our product to be sold by a wholesaler? | Place |
| How often should we advertise? | Promotion |
| How many sales people should we hire?  | Promotion |
| Should we offer guarantees or warranties? | Product |
| Which type of transportation should we use to move the product? | Place |
| What should be offered for sale? | Product |
| How often should we put the product on sale? | Price |
| Which celebrity could we use to entice customers into the store? | Promotion |

* 1. Goals/Objectives: Specific statements that clearly communicate what the business expects to achieve.
		1. Established to fulfill the mission statement
		2. Must be single-minded, realistic, specific, measurable, consistent with each other and with overall company goals, and must include a time frame for completion
	2. Strategies: Specific statements indicating how the business expects to accomplish its objectives taking the demands of the target market(s) into account.
		1. Identify target markets
		2. Identify appropriate marketing mix choices
		3. Utilize information obtained during SWOT analysis
	3. Tactics: Tangible, measurable tasks that have to be completed to accomplish the strategic objectives.
1. Identify the components of the marketing mix.
	1. Product:
		1. What products should be offered for sale?
		2. How should the product be packaged?
		3. What level of product quality will be offered?
		4. Will brand name products be sold?
		5. Will guarantees or warranties be offered?
	2. Price:
		1. Will price be based on competitor’s current price?
		2. What are customers willing to pay?
		3. Will price be based on cost of production + markup?
		4. Will the product be discounted at certain times of the year or day? (Think about a bakery.)
	3. Place:
		1. Will the product be sold by a wholesaler or a retailer?
		2. Will the product be sold in a department store, boutique, discount store, specialty store, or on the Internet?
		3. Will the product be transported by truck, plane, boat, or pipeline?
		4. How will the inventory be handled and controlled?
	4. Promotion:
		1. Should coupons or newspaper advertisements be used to promote products?
		2. How often should the business advertise?
		3. Should contests and games be used to promote products?
		4. Should additional sales people be used at particular times of the day or year?
		5. Should a celebrity be used as part of an event to entice customers?
2. Describe the importance of each of the components of the marketing mix.
	1. It is called a Marketing Mix because the 4 P’s can each be adjusted to better meet the needs of the customers and company.
	2. The proper combination of product, price, place and promotion helps companies reach their target market and convince customers to buy.
3. Explain the relationship of goals, strategies, and tactics.
	1. Typical time frames for completion of goals
		1. Daily
		2. Short term – completion expected to take less than a year
		3. Medium term – completion expected in one to five years
		4. Long term – expected to require over five years to accomplish
	2. Strategies are long-term “hows.” How do we intend to meet our goals?
		1. Create the environment in which sales efforts can be successful and that set the stage for carrying out the tactical objectives.
	3. Tactics are the day-to-day activities that step the company toward its goals.
	4. Tactics are used to reach the strategies that then meet the goals.
4. Describe the importance of marketing strategies.
	1. Without developing a marketing strategy (how we will reach our customers) the long-term success of a company is in jeopardy.
5. Explain the factors that may cause marketing strategies to change.
	1. Competitors
		1. Entering or leaving the market
		2. Changing their products
		3. Changing their prices
		4. Changing technology
	2. The economy
	3. Changes in consumer wants and attitudes (a 1990’s cell phone vs. 4G)
6. Explain the importance of strategies in the marketing mix.
	1. Since strategies determine how a company will reach its goals, thinking about the details of the marketing mix are critical to a company’s success.
	2. The marketing mix will change based on whether a company is trying to grow market share or introduce a new product line.

*Knowledge****/****Skill Statement*: Understands the concepts and strategies utilized to determine and target marketing strategies to a select audience

*Level*: Career-sustaining.

*Objectives*:

1. **Define the following terms: market, target market, mass marketing, marketing segments, market segmentation, demographic segmentation, geographic segmentation, psychographic segmentation, and behavioral segmentation**.
	1. Market: The group of all potential customers who have similar needs and wants and have the ability to buy the product. Businesses must understand who the potential consumers are in order to effectively meet their needs and wants.
		1. Consumer markets: Consumers who make purchases for personal use. For example, Debbi buying a Dell computer for her home so she can pay her bills online
		2. Industrial markets: Businesses that buy products to use in their own business. Also referred to as a business-to-business (B2B) market. For example, Bathel’s Accounting Firm buying a Dell computer to process customer tax returns
	2. Target market: The group of consumers a business desires to have as customers.
	3. Mass marketing: A single marketing plan used to reach all consumers. For example, chewing gum and light bulbs.
	4. Market segmentation: Dividing the entire market into smaller groups who share similar characteristics. Segmentation allows businesses to customize products to reach specific markets. For example, Coca-Cola offers Caffeine Free Coke for customers who prefer no caffeine. Diet Coke is offered to customers who prefer a low-calorie or low carb diet.
	5. Demographic segmentation: Dividing the market based on personal characteristics such as age, gender, income, ethnic background, education, and occupation. For example, *Teen Vogue* is marketed to females ages 12-17 years old.
	6. Geographic segmentation: Dividing a market based on where a person lives (local, regional, state, national, or global markets). For example, swimwear and body boards sell best on the coast of North Carolina, while snow skis sell best in the North Carolina mountains.
	7. Psychographic segmentation: Dividing the market based on values (ethics, morals, standards), attitudes (personality), and lifestyles (how people spend their time). For example, Schwin Bicycle manufacturer should advertise their new line of bikes in *Cyclist* magazine.
	8. Behavioral segmentation: Dividing the market into groups based on what they are looking for in a product and why they buy the product. For example, Evadale buys Crest whitening toothpaste to brighten her teeth, Maria buys Crest for cavity prevention because she eats a lot of sweets, and Jamar buys Crest with Scope to combat his love of onions and garlic.
2. **Explain the importance of target markets to businesses.**
	1. Since a target market is a group of consumers that are interested in my products, I want to spend my time and money reaching out to them.
		1. Why don’t Lamborghini dealers advertise in high school yearbooks?
		2. Why do pizza shops advertise before the Superbowl?
3. **Describe advantages and disadvantages of mass marketing**.
	1. Advantages:
		1. Same ad works for everyone who buys our product
		2. Same marketing mix works across the area or country
	2. Disadvantages:
		1. Everyone who sells the product gets a boost from a mass marketing program
			1. Think about milk, does the brand matter?
			2. What about light bulbs?
		2. Mass marketing spends money reaching out to people who aren’t interested in buying
4. **Describe advantages and disadvantages of using market segments.**
	1. Advantages:
		1. You reach people interested in buying your products
		2. You have very specific customers and can tailor your products to them
	2. Disadvantages:
		1. You have to find your market
		2. You have to adjust you marketing mix
		3. Smaller customer base means less room for errors
5. **Explain why the use of market segments is increasing**.
	1. Money isn’t wasted talking to people who won’t buy
		1. Narrowed advertising = lower costs and bigger profits
	2. Segmentation allows businesses to customize products to reach specific markets. This improves the odds of success.
6. **Describe demographic characteristics that are analyzed by marketers**.
	1. Age, gender, income, ethnic background, marital status, education, and occupation
	2. Demographics are those characteristics we would use to describe a person
7. **Explain the value of geographic segmentation.**
	1. Products are offered to those most interested in buying
		1. A local newspaper
		2. Surf boards near the oceans
		3. Lower shipping and advertising costs
8. **Discuss the value of psychographic segmentation**.
	1. Reaching out to what motivates people (fun)
	2. Aiming at their personal interests
9. **Describe types of behavioral segmentation**.
	1. Loyalty
	2. Product benefits