

The Marketing Concept

SECTION 2.1

The Basic Concept

How do businesses become successful? They plan for it by following an idea called the **marketing concept**. The marketing concept states that businesses must satisfy customers' needs and wants in order to make a profit. Keen competition forces businesses to embrace the marketing concept. Businesses must have the right goods and services at the right time, at the right price, and at the right place for purchase. Additionally, businesses must communicate all of this information to their customers. This is not always an easy task. To do so, businesses must truly know who their customers are and how they can be reached.

■ Customers vs. Consumers

When businesses discuss customers, they sometimes make a distinction between customers and consumers. **Customers** buy the product. **Consumers** are those people who actually use the product. For a manufacturer of consumer products, like Sony, the customers are the retail stores that sell Sony's products. Since Sony does not sell its products directly to the consumer, it has to rely on retailers.

The customer and consumer is usually one in the same for the retailer. If you buy a Sony Walkman and you are the person who will be using it, you are both the customer and consumer. There are many situations where the customer is not the intended user of the product, however. If you buy a Sony Walkman as a gift, you are the customer and the person for whom you are buying the Walkman is the consumer. This concept becomes clear when you think of marketing to children. A child may be the consumer of a breakfast cereal, but it is the parent who is the customer. Successful marketers must recognize the need to satisfy both the customer and consumer.

■ What is a Market?

All potential customers who share common needs and wants, and who have the ability and willingness to buy the product, are considered a **market**. A market is further described by its total sales in a product category by competing companies in categories such as hair spray, chewing gum, and soft drinks. For example, everyone who buys video game consoles is part of the \$7 billion game console market (see Figure 2-1 on page 23).

• What You'll Learn

- The marketing concept
- The difference between customers and consumers
- What a market is and how it can be described
- What target marketing is
- The four Ps of the marketing mix

• Why It's Important

In order to participate in the world of marketing, you'll want to understand how businesses focus on the needs and wants of their customers in order to improve their products, remain competitive, and increase their profits.

Key Terms

- marketing concept
- customers
- consumers
- market
- target marketing
- customer profile
- marketing mix

FIGURE 2-2

MARKETING MIX

The strength of a particular marketing mix depends on two things—how well the target market is defined and how well all marketing decisions are directed toward that market. The target market for Polaroid's I-Zone camera is males and females, 12 to 18 years old. *How does the marketing mix for this product measure up to these two standards?*



1 PRODUCT STRATEGIES

Product strategies include what product to make, how to package it, what brand name to use, and what image to project. Polaroid's choice is a pocket-size instant camera with an indoor flash that produces self-developing miniature photos or photo stickers. Polaroid Pocket Film is designed for use with the I-Zone camera. The cameras come in fashionable colors and carry the Polaroid I-Zone brand name.



2 PLACE STRATEGIES

Place strategies determine how and where a product will be distributed. Polaroid's choice is to reach customers through mass market and specialty stores in the United States.

3 PRICE STRATEGIES

Price strategies should reflect what customers are willing and able to pay. Polaroid's choice of suggested retail price for the I-Zone camera is \$24.99, which includes a trial pack of six-exposure sticker film and two AA batteries; Polaroid Pocket Film has a suggested retail price of \$5.99 (non-sticker) and \$6.99 (sticker) film.



4 PROMOTION STRATEGIES

Promotion strategies deal with how potential customers will be told about the new product, what the message will be, when and where it will be delivered, and with what inducements to buy. Polaroid's choices include television commercials, a public relations effort, and a Web site offering users a variety of interactive activities. The image Polaroid wants to create is "self expression" and "creativity."

Satisfying the needs and wants of all customers in a product category would be difficult without further defining and analyzing the current and potential customers of a given commodity. That is where **target marketing** comes in. Target marketing is focusing all marketing decisions on a very specific group of people who you want to reach. The more information you have on your target market, the easier it is to make the marketing decisions.

To develop a clear picture of that target market, businesses create a customer profile. A **customer profile** can include information about the target market with regard to the age, income level, ethnic background, occupation, attitudes, lifestyle, or geographic residence of the targeted customer. Marketers spend a lot of money on research to clearly identify the most important characteristics of the target market's customer profile to help them make intelligent marketing decisions.

■ Marketing Mix

The **marketing mix** comprises four basic marketing strategies, collectively known as the four Ps—product, place, price, and promotion. These strategies involve the decisions that a business must make. The marketing mix is dependent on how well the target market is defined and how well all strategies are directed toward that target audience. Once a target market is clearly identified, it is easier to make decisions regarding strategies that hit the mark.

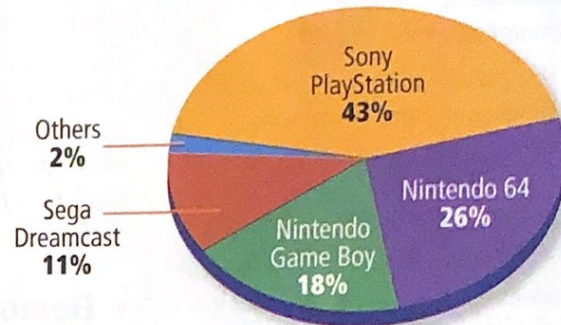
The four elements of the marketing mix are interconnected. Actions in one area affect decisions in

FIGURE 2-1

1999 U.S. Game Console Market

Sales \$7 billion

■ **Fun and Games** A market can be described as the people who are potential customers of a product, as well as by the classification of a product in a category. *Would you be considered part of the market for game consoles? Why or why not?*



another. Each part of the marketing mix contains countless alternatives. From all of the alternatives, management must strategize a combination of marketing mix decisions that will satisfy target markets and achieve organizational goals.

Let's use a specific product in the instant camera category, Polaroid's I-Zone camera, as an example. (See Figure 2-2 on page 22.)

2.1 ASSESSMENT

Reviewing Key Terms and Concepts

1. What does the marketing concept state?
2. Who are the customers of Sony Electronics and Hershey Chocolates? Who are their consumers?
3. What is a market?
4. What is target marketing?
5. What are the four Ps of the marketing mix?

Thinking Critically

6. Many women's magazines like *Glamour* and *Elle* publish advertisements for men's cologne. Explain the rationale for this practice.

Integrating Academic Skills

7. **MATH** Baking soda toothpastes presently represent 25 percent of the \$1.4 billion toothpaste market. What does that percentage represent in dollar sales?