

4-1

Changes in Today's Marketing

GOALS

- Explain how marketing today differs from marketing in the past.
- Show why understanding customers is crucial to applying the marketing concept.

KEY TERMS

- integrated, p. 92
- market opportunities, p. 92

marketing matters

Marketing as it is practiced today is much different from what it was just a few decades ago. It is more complex and more interconnected with other business functions. For those reasons, it is even more important that businesses focus on making the best marketing decision possible from the beginning. Today's businesses know that marketing must be planned carefully. Satisfying customer needs has to be their primary objective. Even the best products and services will fail if they do not fit the needs of their customers.

Make a list of four products or services that you have purchased recently that provided you with a high degree of satisfaction. What characteristics do these products or services and the companies that offer them have in common?

Marketing Has Changed

Camilla and Marcos are waiting for the start of their career seminar. As they look at the course outline, they see that they are beginning a study of marketing today. They begin to talk about their interest in marketing careers.

Camilla: Marketing seems to be an area where there are a lot of jobs. You hear about marketing all the time. Several of my friends are planning to major in marketing in college.

Marcos: I'm not sure I'm interested in a marketing job. It seems like you have to be a salesperson, and you know what people think of salespeople. It doesn't seem to take much to be a retail salesperson. Do you know how many people work long hours for no money in retail? What is your image of an automobile salesperson? What do you think about the telemarketer who calls you on the telephone at home to sell



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Why do you think it is important to learn about marketing regardless of your career choice?

something? Even the good sales jobs in industry require you to travel all of the time. It seems like you have to be able to out-think and out-talk your customers to convince them to buy your products.

Camilla: It does seem that way, but there are other marketing jobs.

Advertising is a part of marketing. Don't you think it would be exciting to create magazine or television commercials or even some of the new video ads we see on the Internet? Some ads are not very good, but the good ones are really creative. They get me interested in the products they are selling.

Marcos: I guess you're right. Still, it seems that marketing is used to get people to buy things they don't really need. I know companies need to sell their products to stay in business. I'm not sure, however, that I want to be the one who has to convince someone to spend their money on my business's product or service, whether it is with advertising or selling.

Camilla: Well, I'm going to be open-minded. I want to work in business, and everything I read now says that marketing is one of the fastest-growing and highest-paying career areas in business. I'll be interested to see what types of jobs are available and what it takes to be successful.

Marketing Experiences

Just like Camilla and Marcos, you may have started your study of marketing with limited understanding of this important business function. Much of your understanding comes from experience, and people have not always had positive experiences with marketing. They may not have recognized that some of their positive experiences with business occurred because of effective marketing.

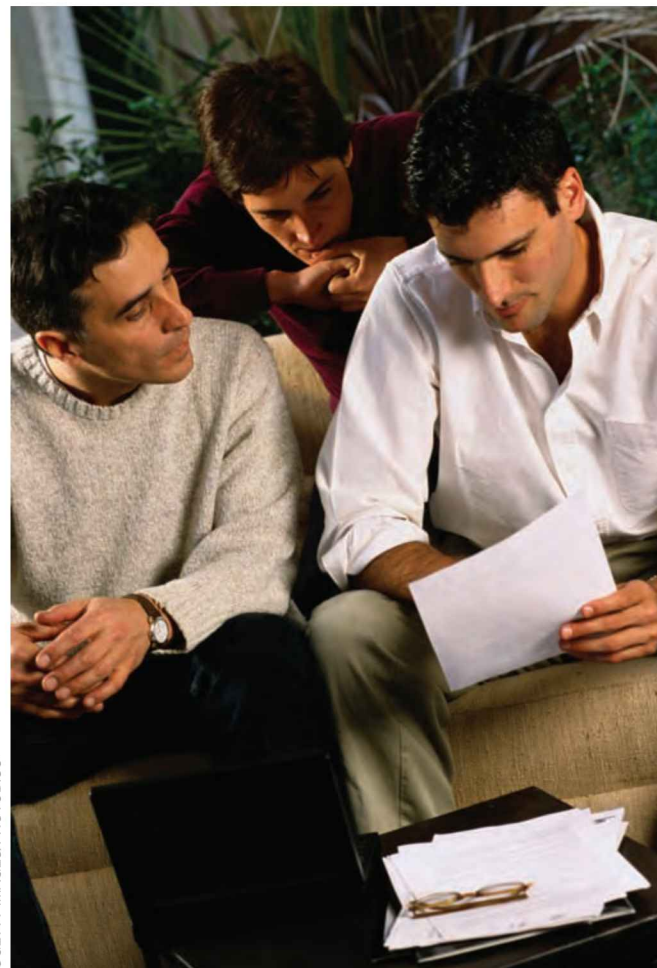
Now that you have begun the study of marketing, you know that marketing is different than many consumers and business people realize. There are many marketing activities and many ways to improve exchanges between businesses and consumers.

Understanding the Differences

Marketing today is quite different from marketing only a few years ago. Understanding those differences will help you use marketing more effectively.

From Few to Many Marketing has expanded in scope from a few activities to a variety of activities. The earliest use of marketing was to move products from the producer to the consumer. Then promotion and sales were added to help persuade customers to buy a business's product. Today, businesses are able to complete a vast number of marketing activities ranging from research to offering customers credit. Effective marketers understand all of the marketing tools and know when and how to use them.

From Independence to Integration Marketing has changed from an activity that was an independent part of most businesses to one that is well integrated with other business functions. In



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How can the integration of marketing into business planning benefit a company?

the past, marketing was not well understood by business people who did not have marketing backgrounds. Marketers often worked by themselves and had little contact with others in the business. Planning for marketing was done after other business planning was complete. Now, marketing is **integrated**, meaning it is considered an essential part of the business. It is involved in all important business decisions. Marketing strategies are developed as a part of the business plans.

From Problems to Opportunities

Marketing used to be handled as a problem-solving tool, but now it is regarded as an opportunity-creation tool. Businesses often called on marketing when they faced a problem. If inventory was too high or competitors were attracting customers away from a business, marketers were asked to increase sales and promotion efforts or to find weaknesses in the competitor's programs.

Today's businesses cannot afford to wait until problems occur. They are continuously looking for market opportunities. **Market opportunities** include new markets and ways to improve a company's offerings in current markets. Marketing is responsible for identifying and planning for opportunities.

From Expense to Investment What used to be thought of as an expense is now prized as a critical investment. Marketing can be very expensive. In the past, when businesses have faced financial problems, some have viewed marketing as a place to cut costs. Most business people today recognize that companies will not be able to make a profit if products remain unsold. Effective marketing is an investment because it is responsible for matching a company's offerings with market needs. Spending money to improve marketing usually results in increased profits.



Get the Message

Pinpointing Promotion

Imagine you are walking down the street and pass a music store. Suddenly, your cell phone rings, and you receive an advertisement for the new CD of your favorite band. Wireless telephone and Internet services offer a new method of providing specific advertising messages to consumers. The message is targeted to those people who have an interest in the product. It can also be sent at a specific time when the consumer may be most interested in making a purchase.

This targeted advertising uses the new global positioning system (GPS) technology that is integrated into many of the newest cell phones. The GPS can identify where the user is at any time. If you are walking through a mall, a store could send you a digital coupon for 20 percent off of a

purchase if you visit the business within the next 15 minutes. If you are driving down the interstate, ads from gas stations and restaurants may encourage you to stop.

Think Critically

1. Why is the targeted marketing used in GPS technology more likely to boost sales than traditional media advertising such as TV ads?
2. There are concerns that businesses and others will misuse the new technology to pinpoint your location at any time. Do you believe there should be restrictions on GPS technology?
3. Would you be willing to complete a survey from your cellular service provider that helps identify your interests? Why or why not?

Understanding and using marketing is an important business skill. Marketing is a valuable business asset in today's competitive world. People who understand the basics of marketing are in high demand in the business world. Those basics include understanding the marketing concept, planning a marketing strategy, responding

to competition, and integrating marketing into the business.

Checkpoint

What are the four ways that today's marketing differs from marketing practices in the past?

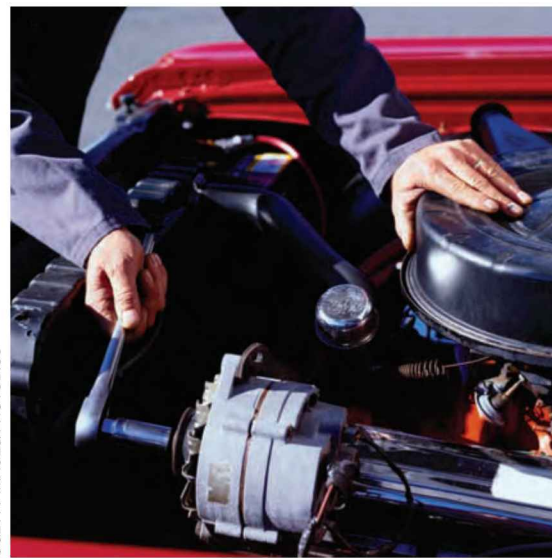
What Does Marketing Mean to a Business?

The marketing concept has changed the way businesses operate. It is more than just a new way to complete marketing activities. It requires a totally new approach to thinking and planning. The marketing concept keeps the main focus on customers' needs during the planning, production, distribution, and promotion of a product or service. That may seem simple, but some examples show how difficult it actually is.

Reliable Auto Service

Maria Santoz has always enjoyed repairing cars. As a teenager, she bought older cars, fixed them, and resold them at a profit. She studied auto mechanics in high school and became a certified mechanic at a local community college. She began working at a franchised auto repair center, but she became dissatisfied. She had to complete repairs as quickly as possible and use inexpensive repair parts rather than those specified by the manufacturer. Maria wanted to be able to spend more time with each car to make sure that all problems were identified and repaired with the best available parts.

After a few years, Maria decided to open her own auto repair business. She rented a small building on the edge of a large shopping center two miles from her home. She opened Reliable Auto Service and was pleased with the early response. She didn't spend a great deal on advertising, but the store's location and signs seemed to attract customers. Many people



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Why would the owner of an auto repair shop need to be concerned about marketing?

liked the convenience of being able to leave their car while they were shopping. They also said they had more confidence in a business where the owner worked on their car. Now that she owned the business, Maria knew she would be able to give each car special attention and the best possible service.

It didn't take long, however, for Maria's customers to start complaining. Many were upset when they had to leave cars overnight while Maria completed repairs. They were also concerned that repair costs were higher than they were used to paying. Maria told them that the price reflected the highest quality parts and that she guaranteed all repairs. Customers told her that other

businesses also offered guarantees at much lower prices. Maria's business began declining. She was disappointed that customers did not value the quality of her work.

Dee's Designs

Dee Sloan combined her talents in art and sewing to work with the community theater. She designed and made the costumes for the theater's productions. Several of the actors and actresses were impressed with her unique designs. They asked her to create some items for their personal wardrobes.

Dee enjoyed the work, and word-of-mouth from her customers soon resulted in more orders than she could fill. Because of her success, she hired several people so that she could expand into a full-time business. She believed that she could sell her products through small businesses that would use the unique designs to compete with larger stores. She contacted several small retail chains hoping to find one that would agree to buy and distribute her fashions.

After three contacts, Dee was discouraged. Retailers agreed that the

clothing was unique and well constructed. However, the first retailer felt the fashions did not fit the image of her stores. The second retailer was willing to buy one or two of the designs if Dee could produce a large volume of each in various sizes. Dee preferred to produce a variety of designs and styles. The last contact was willing to display Dee's fashions but required a full display for each store in the chain and was unwilling to pay until 60 percent of the original order was sold. Dee could not afford that investment.

Dee could not understand how her current customers could be so excited about her work, yet she could not interest people in the fashion business.

Working in Teams

As a team, select either Reliable Auto Service or Dee's Designs for analysis. What did the owner do right? What did she do wrong? As a team, suggest the changes that should be made in the marketing strategy to demonstrate understanding of the marketing concept.



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How might marketing be used for a clothing design business?

Focus On Customer Needs

These experiences illustrate the difficulty of applying the marketing concept. These businesses both offered a quality product or service. Initial reactions from customers were positive, yet they were unable to develop a successful business strategy. They were unsuccessful for several reasons.

1. They were concerned only about the product or service.
2. They believed that they knew what customers wanted.
3. They did not study the market.
4. They failed to use a variety of marketing tools available to them.

It is not just new businesses that do not use marketing effectively. Car manufacturers, retailers, and restaurants fail, often after many years of successful operations. A business that is unwilling to study the needs of its customers when planning and marketing products and services is taking a big risk. Competitors who understand and use the marketing concept will turn that understanding into an advantage.

Checkpoint

What different approach to marketing planning is required of businesses that use the marketing concept?

4-1 Assessment



Key Concepts

Determine the best answer.

1. The earliest use of marketing was to
 - a. conduct marketing research
 - b. move products from producer to consumer
 - c. use advertising and selling to convince customers to buy
 - d. identify new market opportunities
2. New markets and ways to improve a company's offerings in current markets are known as
 - a. innovations
 - b. the marketing concept
 - c. market opportunities
 - d. none of the above
3. When marketing is integrated, it is considered a(n) ____ part of the business, and it is ____ in all important business decisions.
4. Which of the following is evidence that a business is using the marketing concept?
 - a. being concerned only about the product or service
 - b. believing they know what the customer wants
 - c. using only a few marketing tools
 - d. studying the market

Make Academic Connections

5. **Math** Maria Santoz can purchase economy car batteries for \$28 each and sell them for \$42. She can buy heavy-duty batteries for \$68 and sell them for \$86. Research tells her that she can sell 38 economy batteries or 21 heavy-duty batteries per month. What will be the difference in monthly profit for her business based on selling the economy batteries instead of the heavy-duty batteries?
6. **Communication** Market opportunities consist of either totally new markets or ways to improve a company's offerings in existing markets. Choose a business in your community. Write a three-paragraph memo to the owner or manager identifying a possible market opportunity and the reasons you believe the company should consider the opportunity.

Connect to



7. Dee Sloan of Dee's Designs has asked you to help her use the marketing concept to improve her business. Develop a two-minute presentation explaining the changes you recommend in her approach to marketing. Give your presentation to your teacher (judge). Be prepared to answer questions about your recommendations.