

Introduction to Marketing

You Do the Math

Basic Math

Mathematics is an educational discipline that is used extensively in many other educational disciplines. Science, business, economics, accounting, engineering, and many other areas feature mathematics as an integral part of the discipline. For example, accountants must use math to calculate balance sheets, marketers must use math to forecast sales, engineers must use math to calculate loads, and economists must use math to calculate the gross domestic product.

Solve the following problems.

1. A store manager must calculate the total number of winter hats available to sell in the store from a starting number of 293. In the past month, the store sold 43 blue hats, 96 black hats, 28 red hats, and 61 pink hats. The store received a shipment of 48 blue hats, 60 black hats, 18 red hats, and 24 pink hats. How many total hats does the store have for sale?

The number of hats for sale in the store is 215.

$$293 - 43 - 96 - 28 - 61 + 48 + 60 + 18 + 24 = 215$$

2. The volume of liquid in a packaged product must be converted from cubic centimeters to cubic inches. One cubic centimeter is equal to 0.06 cubic inches, and the product's package contains 28.6 cubic centimeters of liquid. How many cubic inches of liquid are in the package?

There is 1.716 in³ of liquid in the flask.

$$1 \text{ cubic centimeter} = 0.06 \text{ cubic inches}$$

$$28.6 \text{ cubic centimeters} \times 0.06 \text{ cubic inches} = 1.716 \text{ cubic inches}$$

3. A marketing manager must calculate the response rate for the latest e-mail marketing campaign. Over the course of the campaign, the marketing department sent 9,500 e-mails. The company received 1,022 responses from the promotional e-mail. What percentage of e-mails generated responses?

10.8% of the e-mails generated responses.

$$1,022 \text{ responses} \div 9,500 \text{ e-mails} = .10757 \text{ rounded to } .1076$$

4. A restaurant must calculate how much flour to order for the week. Each day the restaurant sells 356 biscuits and 48 loaves of bread. One biscuit requires 0.045 pounds of flour and each loaf of bread requires 0.62 pounds of flour. How many pounds of flour must be ordered for the week (seven days)?

The restaurant must order 321 pounds of flour for the week.

356 biscuits per day \times 7 days = 2,492 biscuits per week

0.045 pounds of flour per biscuit \times 2,492 biscuits per week = 112.14 pounds of flour per week

48 loaves of bread per day \times 7 days = 336 loaves per week

0.62 pounds of flour per loaf \times 336 loaves per week = 208.32 pounds of flour per week

112.14 pounds of flour per week + 208.32 pounds of flour per week = 320.46 pounds of flour per week

Section 1.1 Review

Check Your Understanding

1. What is the goal of marketing?
The goal of marketing is to meet customer needs and wants with products they can and will buy.
2. Explain the difference between a good and a service.
A good is a physical item that can be touched. A service is an action that is done for you.
3. What is the broad term applied to a person who works in marketing?
Marketing professional.
4. How does learning about marketing make a person a better consumer?
As a consumer, you need to make informed decisions about the products you buy. Knowledge about marketing will help you understand how businesses influence your purchasing decisions.
5. Provide an example of a situation in which a person might need to market himself or herself.
(Any) Job searching, applying for college, volunteering, and asking for a promotion.

Build Your Vocabulary

consumer

Customer who buys a product for his or her own use.

good

Physical item that can be touched.

idea

Concept, cause, issue, image, or philosophy.

marketing

Dynamic activities that identify, anticipate, and satisfy customer demand while making a profit.

marketing professional

Person who helps determine the marketing needs of a company, develops and implements marketing plans, and focuses on customer satisfaction.

need

Something necessary for survival, such as food, clothing, and shelter.

product

Good, service, or idea.

service

Action that is done for you, usually for a fee.

want

Something that a person desires, but could live without.

Section 1.2 Review

Check Your Understanding

1. List three elements of the marketing concept.
The three elements of the marketing concept are customer satisfaction, total company approach, and profit.
2. Name the four elements of the marketing mix.
Product, price, place, and promotion.
3. Provide examples of activities in the market planning function.
Activities in market planning include (any) identifying the target market, determining appropriate marketing strategies, setting a marketing budget, and using metrics to measure budget effectiveness.
4. What does it mean to add value?
Adding value means enhancing a feature or service to inspire a customer to purchase.
5. How does marketing improve the economy?
Marketing helps to create a positive cycle of economic growth by persuading people to buy goods and services. When customers are spending more, businesses sell more products and increase profits, helping the state of the economy. Marketing positions account for a large portion of all jobs in the United States.

Build Your Vocabulary

business-to-business (B2B) market

Consists of customers who buy products for use in a business rather than for personal use.

business-to-consumer (B2C) market

Consists of customers who buy products for their own use.

channel

Route a product takes from a producer to a customer.

channel management

Handling the activities involved in getting products through the different routes from producers to customers.

market

Anywhere a buyer and a seller convene to buy and sell goods.

market planning

Analyzing the potential of different marketplaces in order to create strategies to target a specific market.

marketing concept

Approach to business that focuses on satisfying customer needs and wants while achieving profit goals for the company.

marketing mix

Strategy for using the elements of product, price, place, and promotion.

marketing-information management (MIM)

Gathering and analyzing information about markets, customers, industry trends, new technology, and competing businesses.

place

Activities involved in getting a product or service to the end users.

price

Amount of money requested or exchanged for a product.

pricing

Activities involved in setting prices for products.

product/service management

Determining which products a business should offer to meet customer needs.

profit

Difference between the income earned and expenses incurred by a business during a specific period of time.

promotion

Process of communicating with potential customers in an effort to influence their buying behavior.

promotional mix

Combination of the elements used in a promotional campaign and includes personal selling, advertising, sales promotion, and public relations.

selling

Personal communications with customers.

target market

Specific group of customers whose needs and wants a company will focus on satisfying.

utility

Characteristics of a product that satisfies human wants and needs.

Review Your Knowledge

1. Discuss marketing.

Marketing consists of dynamic activities that identify, anticipate, and satisfy customer demand while making a profit. These activities help to tell the story of the company, the brand, the person, or the idea. The goal of marketing is to meet customer needs and wants with products they can and will buy.

2. Explain the role of a marketing professional.

A marketing professional is a person who helps determine the marketing needs of a company, develops and implements marketing plans, and focuses on customer satisfaction.

3. Identify why a student might study marketing.

Learning about marketing will make you a better consumer. As a consumer, you need to make informed decisions about the products you buy. Knowledge about marketing will help you understand how businesses influence your purchasing decisions. Learning about marketing will make you a better employee. You can become a more valuable worker by understanding marketing functions and how to work with a marketing team. Learning about marketing also helps you learn how to market yourself, which means selling your talents and abilities. Learning about marketing can influence your career path.

4. Discuss the marketing concept.

The marketing concept is an approach to business that focuses on satisfying customers while achieving profit goals for the company. The three elements of the marketing concept are customer satisfaction, total company approach, and profit. These three elements overlap and work together.

5. Explain the concept of the marketing mix.
The marketing mix is the strategy for using the elements of product, price, place, and promotion. Products include goods, services, and ideas. Price is the amount of money requested or exchanged for a product. Place refers to activities involved in getting a product or service to the end users. Promotion is the process of communicating with potential customers in an effort to influence their buying behavior.
6. What are the keys to creating a successful marketing mix?
The keys to creating a successful marketing mix are 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.
7. Identify the seven functions of marketing.
The seven functions of marketing are: channel management; marketing-information management; market planning; pricing; product/service management; promotion; and selling.
8. Explain different forms of economic utility.
Form utility is the characteristic added when a business changes the form of something to make it more useful. Place utility is the characteristic added when products are available at convenient places. Time utility is the characteristic added when products are made available at the times that customers need and want them. Information utility is the characteristic added when marketing provides information about a product to a customer. Possession utility is the characteristic added when it becomes easier for a customer to acquire a product.
9. Describe benefits of marketing.
Marketing provides information to educate consumers to enable those who are purchasing products to make educated decisions. Marketing stimulates competition to create more and better products at competitive prices. Marketing helps to create a positive cycle of economic growth by persuading people to buy goods and services. Marketing activities help to identify new business opportunities.
10. How does marketing impact the economy?
Marketing helps to create a positive cycle of economic growth by persuading people to buy goods and services. When customers are spending more, businesses sell more products and increase profits, helping the state of the economy. Marketing positions account for a large portion of all jobs in the United States. Jobs are vital to the success of any community. Businesses are aware of the importance of their standing in the community. When an economy grows, more people are employed. More purchases are made and businesses can help their communities more.

Apply Your Knowledge

Student answers will vary for Apply Your Knowledge questions.

1. Identify three ways that marketing has influenced you.
2. There are many definitions of marketing. Now that you have read this chapter, what does marketing mean to you?
3. What inspired you to take this marketing course?
4. How will marketing play a role in your future?
5. Imagine yourself as a marketing professional. How would you make the customer the focus of your marketing activities?
6. How can you use the marketing concept to promote the school store or a CTSO?

7. In this text, you will be creating a marketing plan for a business you select. Make a list of several goods, services, or ideas that you would consider as the focus of a marketing plan.
8. Based on the last question, identify the customer for your chosen marketing product.
9. List three instances of marketing providing information that informed a purchasing decision of yours.
10. How has marketing influenced the economy of the area in which you live?

Apply Your Math Skills

Math skills will be important to a successful marketing career. Apply your math skills to solve the following problems.

1. Marcy purchased an airplane ticket to visit a college in another state. There were 159 other passengers on the plane. Each individual's ticket cost \$114. How much money did the airline make on ticket sales for this flight?

The airline made \$18,240.

$$\$114 \times 160 = \$18,240$$

2. Benny purchased a dishwasher from a department store for \$600. The appliance has required repairs three times in six months. The repair company charged \$75 for each service visit in addition to a rate of \$25 per hour. The first service call took 3 hours. The second service call took 1 hour and required a new part which cost \$20. The third service call took 1.5 hours. Benny is going to write a letter to the manufacturer of the dishwasher asking to be reimbursed for the cost of the repairs. How much money will he ask for?

Benny will ask for \$382.50.

First repair:

$$\$75 + (3 \times \$25) =$$

$$\$75 + \$75 = \$150$$

Second repair:

$$\$75 + (1 \times \$25) + \$20 =$$

$$\$75 + \$25 + \$20 = \$120$$

Third repair:

$$\$75 + (1.5 \times \$25) =$$

$$\$75 + \$37.50 = \$112.50$$

$$\$150 + \$120 + \$112.50 = \$382.50$$