

Marketing Made Simple:

What it is, what it isn't, ***PLUS*** how it
increases sales, revenue & profits

By Philip A. Grisolia, CBC

A White Paper published by:

PhilGrisolia.com

For Results You Can Take To The Bank!

P.O. Box 368 | Huntley IL 60142-0368

On the Web at: www.PhilGrisolia.com

Marketing Made Simple:

In the minds of many, “marketing” conjures up all kinds of strange notions, not the least of which is that “marketers” – those practitioners of some dark and sinister art – have mastered the ability to convince people to buy things then don’t want, don’t need and often can’t afford. Not true! None of it, as you’ll soon discover.

The word “marketing” originally referred to the act of common people going to their local “market” – often a village square – to buy, sell or exchange their goods or services.

In modern times “Marketing” – now spelled with a capital “M” to add and touch of professionalism – has grown to include the processes of creating, communicating and delivering products and service that have some measure of perceived value to customers, clients and/or society. A more meaningful definition might read something like this:

Marketing is the communications-based process through which companies and individuals seek to discover which, if any, new or existing needs and wants individuals and companies might have that may be satisfied by profitably providing relevant products or services.

Though long considered an art because of its reliance on creativity to promote the sale of products and service, Marketing today is considered a science because it makes extensive use of social sciences, psychology, sociology, anthropology and neuroscience, in addition to mathematics, economics.

Depending on the type of product(s) or service(s) to be promoted, Marketing makes use of those and similar disciplines to increase sales, create additional revenue, and generate greater profits.

The Marketing Process...

...begins with Market Research, and generally includes a number of other activities such as Business Planning, pre-sale promotional activities, market segmentation, post-sale promotional activities, at times even product development.

Marketing today...

...involves not only the discovery of needs and wants, but may occasionally involve creating wants. Marketing can also involve the development as well as the manufacturing of products that attempt to satisfy the identified needs and wants of potential buyers. Essentially the same process applies to services, minus the manufacturing aspect since services are developed not manufactured.

Marketing Oriented...

...is a term used to describe a firm that bases its Marketing Plans around products or services that meet the changing desires of its customers. For example, Company A determines through market research what its customers – whether consumers or other companies – want or need. It then develops products or services to satisfy those desires. Once those

products or services exists, Company A's next step is to begin promoting them in ways that inform potential buyers that Company A has what it is they want or need.

Those varied promotional activities – often involving a mix of media – are designed to increase sales and generate additional revenue, all with the end result of increasing profits.

A **Marketing Oriented** firm is often described as **Customer Oriented**, meaning it attempts to sell what its research has indicated current and potential customers are willing and able to buy.

Determining that demand accurately is vital to the success of a **Customer Oriented** firm, its revenues and its bottom line profit. Virtually all departments within a **Customer Oriented** firm focus on satisfying its customers.

Product Oriented companies...

...on the other hand, are more concerned with the quality of their products or services than with discovering what their customers want or need.

Product Oriented firms typically assume that as long as their products or services maintain a high level of quality, people will continue to buy them.

Firms that are **Product Oriented** specialize in producing as much of a given product or service as possible, taking maximum advantage of its economies of scale to achieve minimum cost and maximum efficiency, all with the focus on maximizing profits.

Product Orientation tends to work best in monopolistic markets, ones in which there are significant barriers to entry – cost or technology, for example – thus minimizing competition. **Product Oriented** firms most

often thrive when there is a large demand for a particular product, combined with a reasonable certainty that customer tastes will not rapidly change. **Product Oriented** companies are usually **Sales Oriented** as well.

As profitable as a **Product Oriented** philosophy can be, it also has disadvantages. For example, when the failure to monitor and respond to changing wants and needs results in Company A losing a portion of its market share to a competitor, Company B, because Company B produced a superior product or service that increases the total number of potential buyers for that product or service. That increase in the total number of potential buyers can result in Company B gaining a larger share of a larger market because Company B's efforts not only created a larger pool of potential customers, it also won many over as actual customers.

Sales Oriented...

...is also a term that typically describes a firm focused on promoting and selling a particular product with little or no regard for the changing needs or wants of its customers.

As a result, **Sales Oriented** firms typically focus on selling existing products or services rather than on developing new ones. A **Sales Oriented** firm uses a variety of promotional techniques to achieve the highest possible level of sales, the goal being to maximize its revenue and profits by maximizing its sales.

A **Sales Oriented** firm often makes and sells products or services already in high demand. More often than not, however, eventual changes in customer needs or wants will result in a decrease in its sales.

A “mutually beneficial exchange”...

...is what drives today’s “market economy,” an economy in which companies rely on increased sales to increase their revenue, gain a greater share of their market, and generate greater profits. At the same time, buyers often benefit from having their needs or wants better satisfied, from a possible increase in product utility or service reliability, and from more value for their money when purchasing particular products or services.

Because in a “market economy” no individual or business is forced to purchase any product or service from one specific supplier, individual firms must compete with each other to entice buyers to purchase specifically from them.

If the exchange of money for goods or services is not mutually beneficial, buyers will look elsewhere for a new source of supply, or sellers will attempt to expand their potential customer base.

Over time, the responsibilities of modern day Marketing in many firms has been expanded to include distribution and selling, as well as advertising and sales promotion, always with the intent of increasing sales, revenue and profits.

Advertising...

...is a form of communication, the goal of which is typically to persuade potential buyers to purchase a particular brand, product or service. Not too surprisingly, today’s advertising methods began to develop in the late 19th and early 20th centuries along with the increased use of mass production techniques.

Most advertising – typically persuasive messages – is intended to generate increased consumption of a product or service through the development of a "brand" or creation of an "image" – a reputation, if you prefer – in the minds of potential customers. For mature products or services, those that have existed for some period of time, advertising may also include attempts at repositioning the "brand" or redirecting its "image."

In larger companies, advertising is usually created and placed by advertising agencies on behalf of their client companies. With their clients' approvals, of course. In smaller companies that work is the responsibility of one or more employees in the firm's Marketing Department.

A number of firms and organizations invest large sums of money to advertise what is neither a product or a service. Among those groups are lobbying firms, political parties, special interest groups, religious organizations, even military recruiters. The goals of such groups often have little to do with selling products or services. They're more interested in spreading ideologies or attracting new recruits, depending on the activities by which their particular "bottom lines" are measured.

Non-profit organizations typically do not pay for their advertising. Instead, they rely on no-cost media exposure such as press releases, public service announcements and the like. Most recently NPOs are beginning to rely on what has become known as social media marketing, including such outlets as Twitter, Facebook, etc.

Advertising is a major stimulus for economic growth, both in terms of the money firms invest in it, the number of people employed to create and produce advertising materials, and in terms of the sales advertising generates. Money invested in advertising has increased dramatically in recent years. In 2007, for example, advertising spending in the U.S. was

estimated to barely exceed \$150 billion, more than \$385 billion worldwide. By 2010, worldwide advertising related spending is expected to exceed \$450 billion.

Marketing vs. Sales..

...is a discussion that has continued – at times vigorously – for decades. Sales professionals tend to think of Marketing as a series of interconnected processes, believing as a result that these two very distinct disciplines – Sales and Marketing – are actually one.

Marketing, however, typically precedes Sales by identifying and preparing potential buyers for the selling process.

The “4 Ps” of Marketing...

...is a Marketing concept initially introduced by Neil Borden, a professor at Harvard’s Business School in the early 1960s. He identified a number of factors he claimed influenced why and how people purchase products and services. He called those factors a “Marketing Mix.”

Shortly thereafter, Jerome McCarthy, a professor at the same school, suggested that Borden’s “Marketing Mix” could be reduced to four key elements – Product, Price, Place and Promotion. These four elements, used most often to market consumer products of modest value – products and services that generate enormous sales, generous revenues and substantial profits for literally thousands of companies – have become known as “The 4 Ps of Marketing.”

PRODUCT, as used in the 4Ps, refers to the benefits – and occasionally the features – capable of satisfying the needs and/or wants of the buyer.

Today, guarantees, warranties, and seller or manufacturer “product support” are generally included as part of the 4Ps’ definition of Product.

It is not necessary that the firm Marketing a product or service - even selling them – be the firm that manufactures them. Products can be items purchased from a manufacturer for the sole purpose of reselling them at a profit. The same is essentially true with services. They, too, can be purchased solely for resale at a profit.

Product = Solution, the satisfaction of buyers’ need and/or wants.

PRICE refers to what the product or service will sell for. Price need not involve the transfer of money. It can be anything of value which may be exchanged for a particular product or service. For example, the exchange of other goods or services, of time, of labor, etc.

Price = Value, the seller’s estimate of what the buyer is willing to pay.

PLACE – sometimes called “Placement” – refers to distribution, to where and how a product is available to the buyer. Purchased online compared to at an actual brick-and-mortar store, for example. Where and how a product is available can significantly affect how well it sells, its price and its profit potential.

Place = Access, the ease with which the buyer can view / purchase an item.

PROMOTION most often starts with the name given to a particular product or service. In many cases, however, it can begin even earlier, with the name given the company that will manufacture or promote its sale.

Promotion also includes how a product or service is presented, its labeling and packaging. And it obviously includes advertising, sales promotion and publicity efforts, even who sells it and how they do that.

Promotion, however, has nothing to do with “**Brand Building**” or “**Branding.**” Those terms refer to the often gradual process by which current and potential customers of a product, service, brand or company develop and display their preference for it.

Promotion = Information, persuasive in nature, meant to stimulate sales.

The 4Ps of Marketing together form the traditional core around which most Marketing Plans are developed. However...

1. When marketing industrial products, services, or consumer products of significant value, use of the four Ps may require some adjustment. The marketing of an expensive service, for example, must take into account the unique nature of that service.
2. Likewise, Business-to-Business Marketing – also known as “B2B” or “Industrial Marketing” – must take into account whatever long-term contractual agreements are typical in a supply chain transaction.
3. In much the same way, Relationship Marketing – typical in Business-to-Consumer (B2C) or “Consumer” marketing – is built around attempting to create a satisfying long-term relationship with individual consumers. However, not until a product, service or brand has undergone the “branding” process described earlier do long-term emotional relationships exist with individual consumers.