

Chapter 13

MANAGING THE MARKETING FUNCTION

What is the Marketing Concept

- Marketing is a group of activities designed to facilitate and expedite the selling of goods and services.
- The marketing concept indicates that the manager must try to satisfy the needs of his clients by means of a set of coordinated activities.

The Firm and the Four P's of Marketing

- The business firm will be able to meet the requirements of its clients (or customers) depending on how it applies the concept of the four P's of marketing which consist of the following:
 1. the product (or service);
 2. the price;
 3. the place; and
 4. the promotion.

The Product

- In the marketing sense, the term “product” includes the tangible (or intangible) item and its capacity to satisfy a specific need.

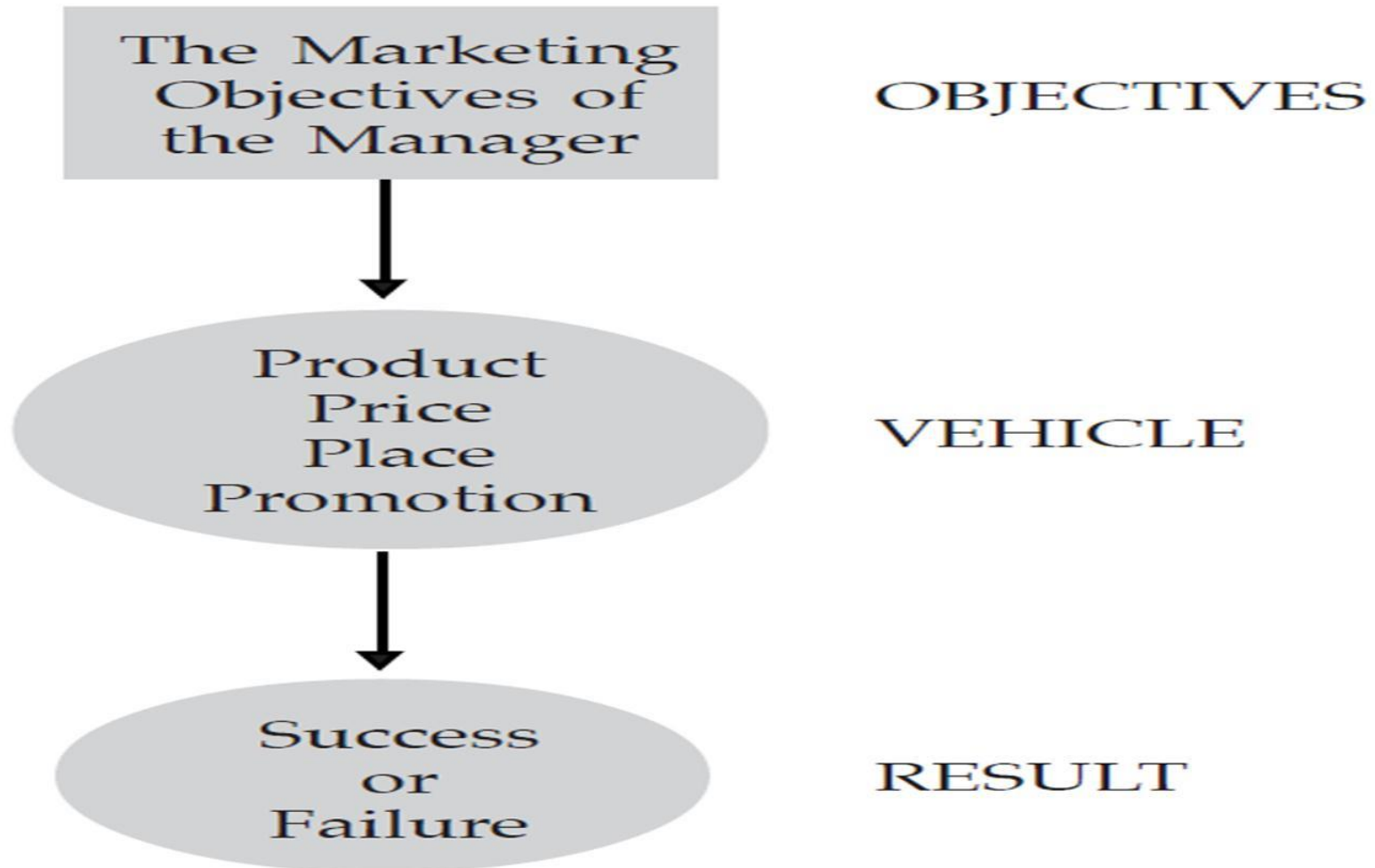


Figure 70. The Manager and the Four P's of Marketing

The Price

- The price refers to the money or other considerations exchanged for the purchase or use of the product, idea, or service.
- When products are similar in quality or characteristics, price will be a strong factor on whether or not a sale will be made.

The Place

- If every factor is equal, customers would prefer to buy from firms easily accessible to them.
- If time is of the essence, the nearest firms will be patronized.
- When a business firm cannot be near its customers, it uses other means to eliminate or minimize the effects of the problem.

- Manufacturing firms can choose any or adapt all of the abovementioned options.
- Service companies like construction firms may use them but in modified versions.
- The magic of the Internet and the cellphone now makes it possible for companies to serve customers and prospects including those situated overseas.

- Some of these are:
 1. hiring sales agents to cover specific areas;
 2. selling to dealers in areas that cannot be covered by the company;
 3. establishing branches where customers are located;
 4. granting franchises in selected areas; and
 5. installing communication systems that make it easier for customers and prospects to contact the company.

The Promotion

- Promotion may be defined as the activity involved in communicating information between seller and potential buyer to influence attitude and behavior.
- There are promotional tools available and the manager must be familiar with them if he wants to use them effectively.
- These tools are as follows:
 1. advertising;
 2. publicity;
 3. personal selling; and
 4. sales promotion.

Advertising

- Advertising is that paid message that appears in the mass media for the purpose of informing or persuading people about particular products, services, or institutions.

Publicity

- The promotional tool that features publication of news or information about a product, service, or idea on behalf of a sponsor but is not paid for by the sponsor is called *publicity*.

Personal Selling

- A more aggressive means of promoting the sales of a product or service is called *personal selling*.
- It may be defined as the oral presentation in a conversation with one or more prospective buyers for the purpose of making a sale.

Sales Promotion

- Any paid attempt to communicate with the customers other than advertising, publicity, and personal selling may be considered as sales promotion.

Strategic Marketing for Managers

- Companies must serve markets that are best fitted to their capabilities.
- To achieve this end, a very important activity called *strategic marketing* is considered.
- Under the set-up, the following activities are undertaken:
 1. selecting the target market; and
 2. developing the marketing mix.

Selecting the Target Market

- The market consists of individuals or organizations, or both, with the desire and ability to buy specific product or service.
- To maximize sales and profits, the company has the option of serving entirely or just a portion of its chosen market.

- In selecting the target market, the following steps are necessary:
 1. Divide the total market into groups of people who have relatively similar product or service needs.
 2. Determine the profit potentials of each segment.
 3. Make a decision on which segment or segments will be served by the company.

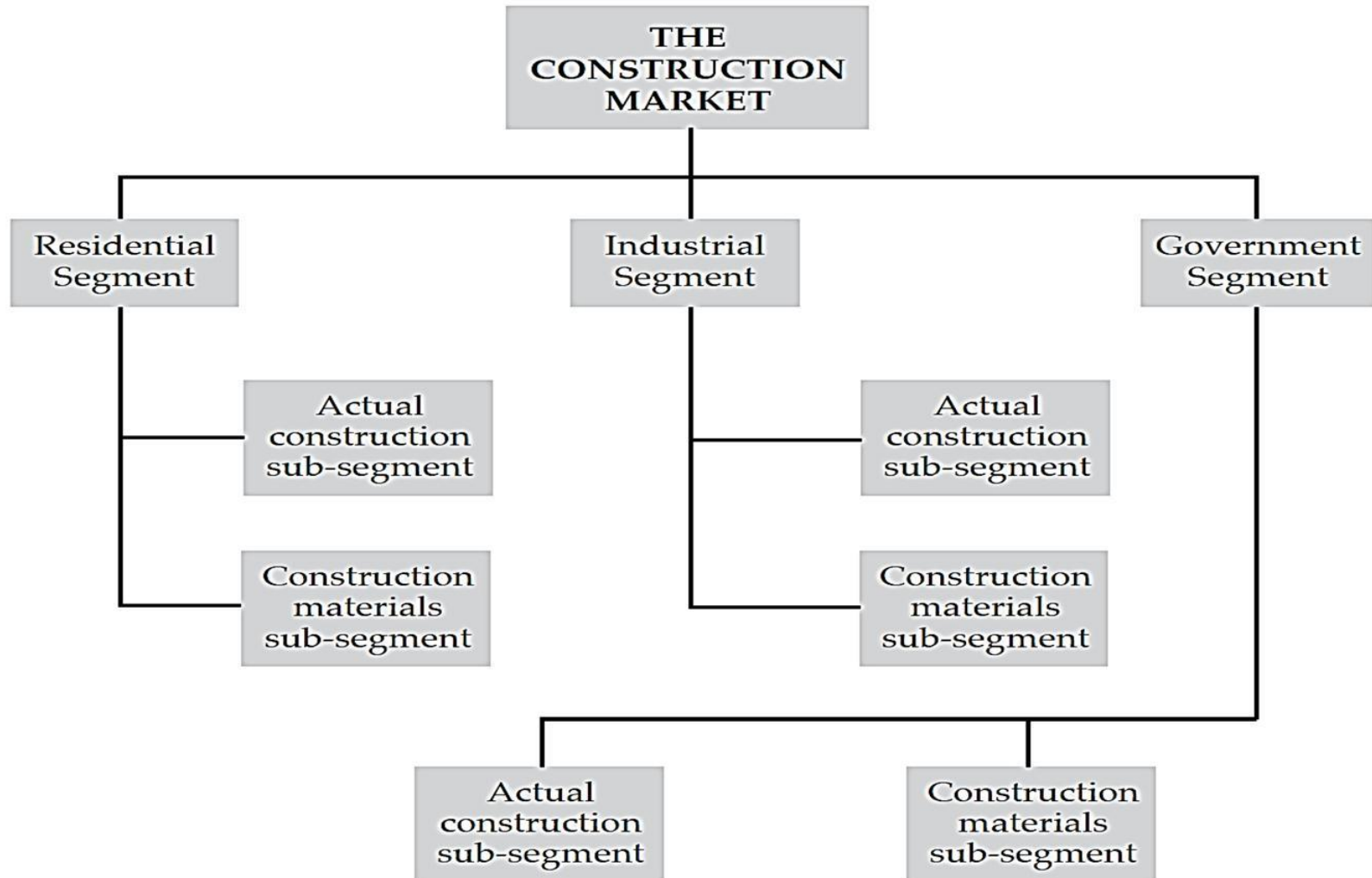


Figure 73. The Construction Market and Its Segments

Factors Considered in Selecting a Target Market

- The target market must have the ability to satisfy the profit objectives of the company.
- In selecting the target market, the following factors must be taken into consideration:
 1. the size of the market; and
 2. the number and capability of competitors serving the market.

Developing the Marketing Mix

- After the target has been identified, a mix of the marketing variables must be put in place and maintained.
- The marketing mix will consist of application in various degrees of the marketing variables of product, price, promotion, and place (or distribution).

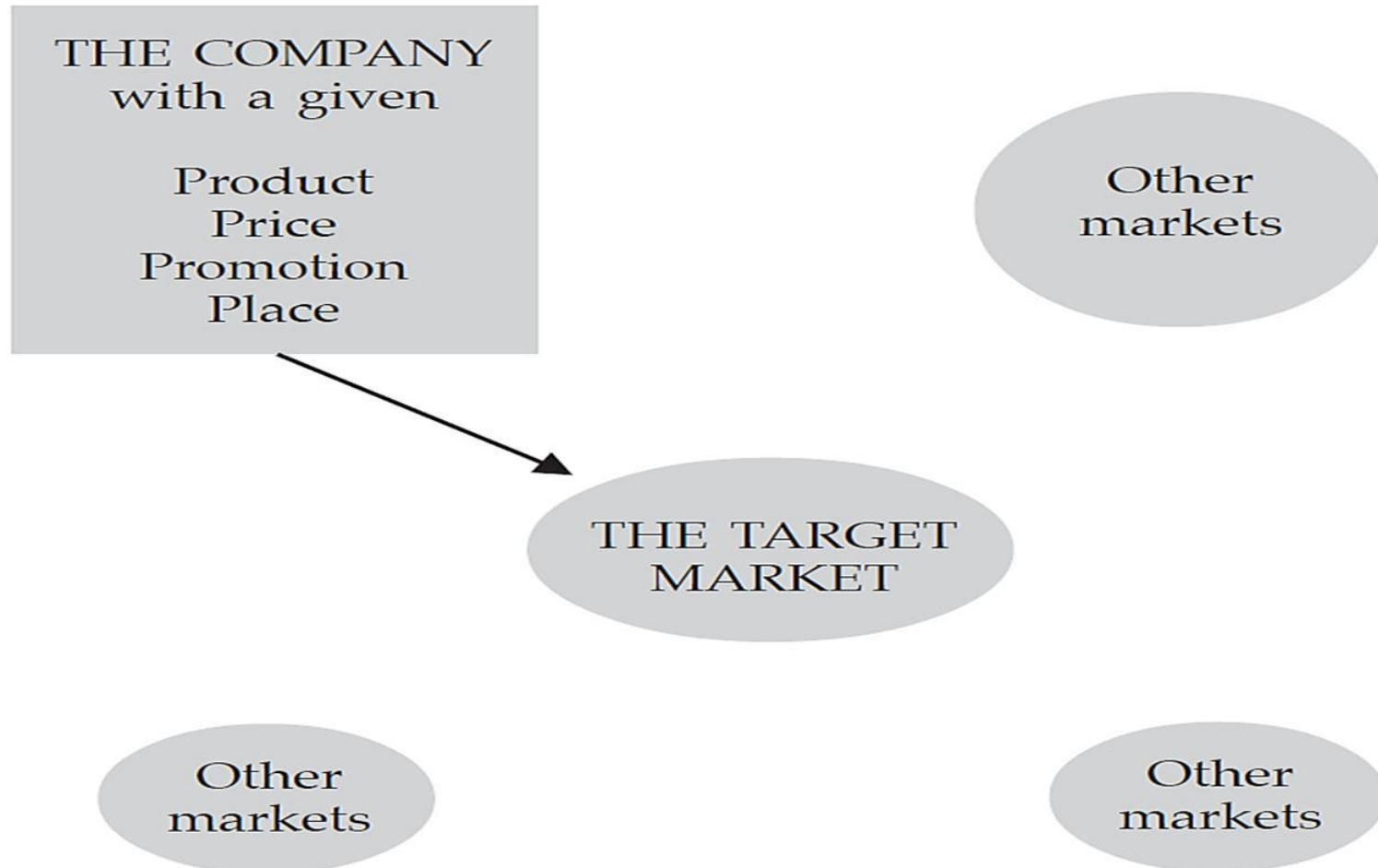


Figure 75. The Company, The Marketing Mix, and the Target Market