

Ch 1 Study Guide

Production – actually making goods or performing services

Marketing – provides needed direction for production and helps make sure that the right goods and services are produced and find their way to consumers. Plays an essential role in providing consumers with need-satisfying goods and services and in creating customer satisfaction.

Customer satisfaction – extent to which a firm fulfills a customer's needs, desires, and expectations.

Marketing plays a big part in economic growth and development. **Innovation** – development and spread of new ideas, goods, and services.

Micro view – set of activities performed by organizations *macro* – social process

Marketing should begin with potential customer needs. Marketing doesn't occur unless two or more parties are willing to exchange something for something else. **Pure subsistence economy** – when each family unit produces everything it consumes – no marketing.

Within every society there are both heterogeneous supply capabilities and heterogeneous demands for goods and services. Role of a macro-marketing system is to effectively match this heterogeneous supply and demand and at the same time accomplish society's objectives.

Economies of scale – as a company produces larger numbers of a particular product, the cost of each unit of the product goes down. Each producer specializes in producing and selling large amounts of a narrow assortment of goods and services, but each consumer wants only small quantities of a wide assortment of goods and services.

Universal functions of marketing – buying, selling, transporting, storing, standardization and grading, financing, risk taking, and market info.

Buying function – looking for and evaluating goods and services. **Selling function** – promoting the product

Standardization and grading – sorting products according to size and quality

Market info function – collection, analysis, and distribution of all the info needed to plan, carry out, and control marketing activities, whether in the firm's own neighborhood or in a market overseas.

Intermediary – someone who specializes in trade rather than production

Collaborators – firms that facilitate or provide one or more of the marketing functions other than buying or selling.

E-commerce – exchanges between individuals or organizations – and activities that facilitate these exchanges – based on applications of info technology.

Economic system – the way an economy organizes to use scarce resources to produce goods and services and distribute them for consumption by various people and groups in the society

Command economy – gov officials decide what and how much is to be produced and distributed by whom, when, to whom, and why. "planned"

Market directed econ - individual decisions of many producers and consumers make the macro-level decisions for the whole econ. Price is measure of value. Freedom of choice. Society assigns supervision of the system to the gov. Public interest groups and consumers provide an additional check on a market directed econ.

Simple trade era - a time when families traded or sold their "surplus" output to local distributors. These specialist resold the goods to other consumers or other distributors.

Production era - time when a company focuses on production of a few specific products. "if we can make it, we can sell it"

Sales era - time when a company emphasizes selling bc of increased competition

Marketing department era - time when all marketing activities are brought under the control of one department to improve short-run policy planning and to try to integrate the firm's activities

Marketing company era - time when, in addition to short-run marketing planning, marketing people develop long-range plans - sometimes 5 or more years ahead - and the whole company effort is guided by the marketing concept

Marketing concept - organization aims all of its effort at satisfying its customers- at a profit.

Production orientation - making whatever products are easy to produce and then trying to sell them

Marketing orientation - trying to carry out the marketing concept. 1) Customer satisfaction 2) total company effort 3) profit

Profit - the difference between a firm's revenue and its total costs - is the bottom line measure of the firm's success and ability to survive.

Triple Bottom Line - measures an organization's economic, social, and environmental outcomes. People, planet, profit.

Customer value - difference between the benefits a customer sees from a market offering and the costs of obtaining those benefits

Nonprofit must take in as much money as it spends or it won't survive.

Micro-macro dilemma - producers and consumers making free choices can cause conflicts and difficulties.

Social responsibility - a firm's obligation to improve its positive effects on society and reduce its negative effects

Marketing ethics - the moral standards that guide marketing decisions and actions