

## Chapter34

### The importance of marketing

#### Overviews

1. The importance of marketing: satisfying customer needs, building customer relationships, keeping customer loyalty, market orientation and product orientation, market share and analysis and niche and mass marketing.
2. How businesses respond to changes in the market; changing customer needs, changing customer/consumer spending patterns and increased competition

#### 1. Market and marketing

**Market** : set of arrangements that allows buyers and sellers to communicate and trade in goods and services

**Marketing** : identify customers needs and satisfying them profitably.

- Marketing involves :
  - 1.1. Identifying needs and wants
  - 1.2. Designing products
  - 1.3. Telling customers about the products
  - 1.4. Charging the right price
  - 1.5. Persuading customers to buy
  - 1.6. Making products available in convenient locations

#### The role of marketing

1. **Satisfying customer needs**: find out what products or services customers want, the price they are willing to pay, where and how they want to buy, etc.
2. **Building customer relationship** : through effective communication and meet their needs.
3. **Keeping customer loyalty** : to make them continue buying in the future by reward cards, free gifts, charitable donations, and partnership deals

## 2. Product orientated and market orientated

1. **Product orientated:** where a business focuses on the design and manufacture of the product itself rather than the needs of customers.
2. **Market orientated:** where a business focuses on the needs of customers when developing products.

## 3. Market share and market analysis

**Market share:** proportion of sales in a total market that a total market that a business or product enjoys.

$$\text{Market share} = \frac{\text{Total product or business sales.}}{\text{Total sales in the whole market}} \times 100$$

**Market analysis:** quantitative and qualitative assessment of a market.

## 4. Mass marketing and Niche marketing

1. **Mass market:** is where the business sells the same products to all customers and market in the same way, such as cereals soft drink.
2. **Niche market:** is a small market segment, usually specialised, segment of a much larger market such as vegan food.

## 5. Responding to changes in the market

**Market changes is caused by**

1. Changing customer needs, due to changes in income, trend, education, technologies
2. Changing customer/consumer spending patterns.
3. Increased competition
4. Competition puts business under some pressure such as lowering price, make product differentiation.