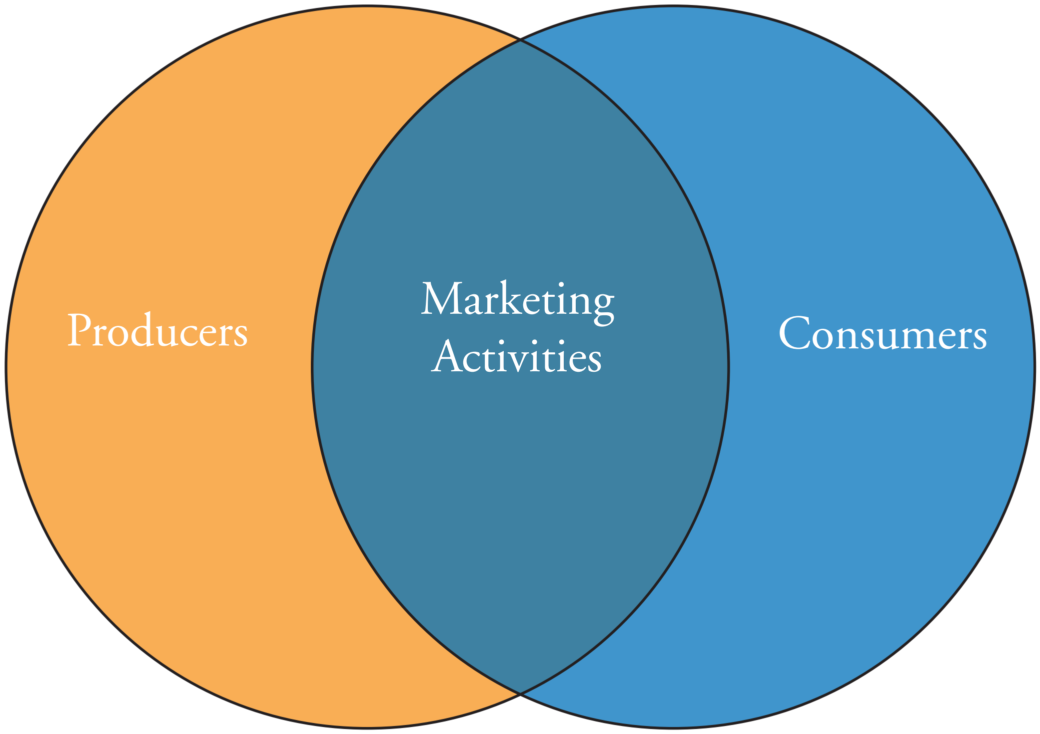
Marketing Option
Key Marketing Concepts

Marketing is an exciting field of study with a wide range of topics. In the Marketing curriculum, information on the following topics will be covered extensively. These topics will be introduced in the MKT 170 course and then reinforced throughout all the other marketing option courses. In future classes it will be expected that you know this material, with each course extending some of these issues. It is expected that you will become familar with the following;

1. The definition and scope of marketing.
2. The "Marketing Concept" and its linkages with satisfaction, quality, value and profitability.
3. The "Marketing Management Process" and its integration of marketing activities.
4. The growth opportunities available to firms that want to expand.
5. The process of market segmentation, targeting and positioning.
6. The environmental forces that affect a company's ability to serve its customers in domestic and international markets.
7. How to collect and utilize marketing knowledge for decision making.
8. The major factors that influence buyer behavior.
9. Personal selling activities and the steps involved before, during and after a transaction.
10. Characteristics and shape of the "Product Life Cycle."
11. The "Innovation Adoption Curve" and the corresponding percentages within each category.
12. "Marketing Math" and an understanding of the importance of numerical calculations in the field of marking.

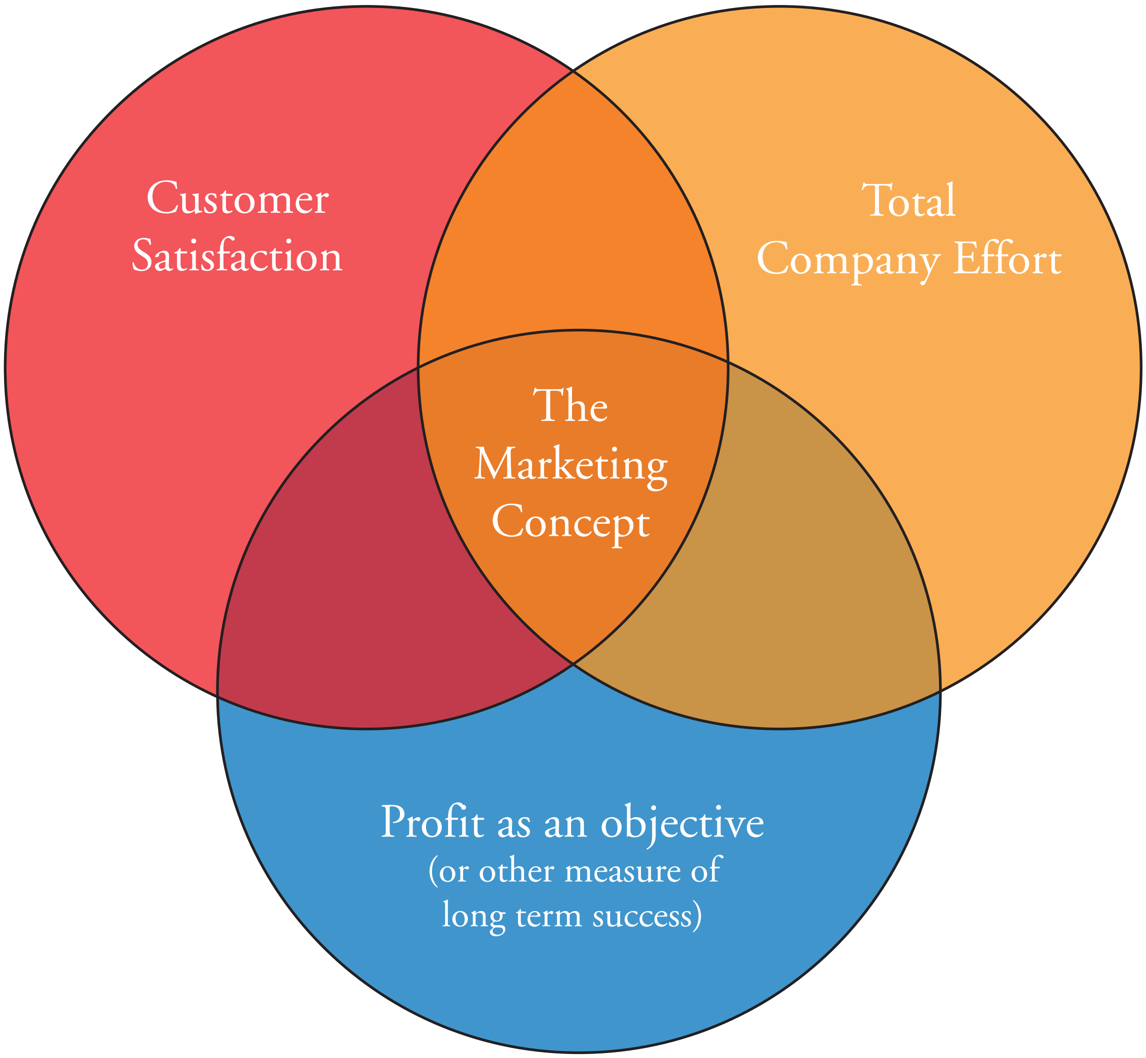
The Definition of Marketing



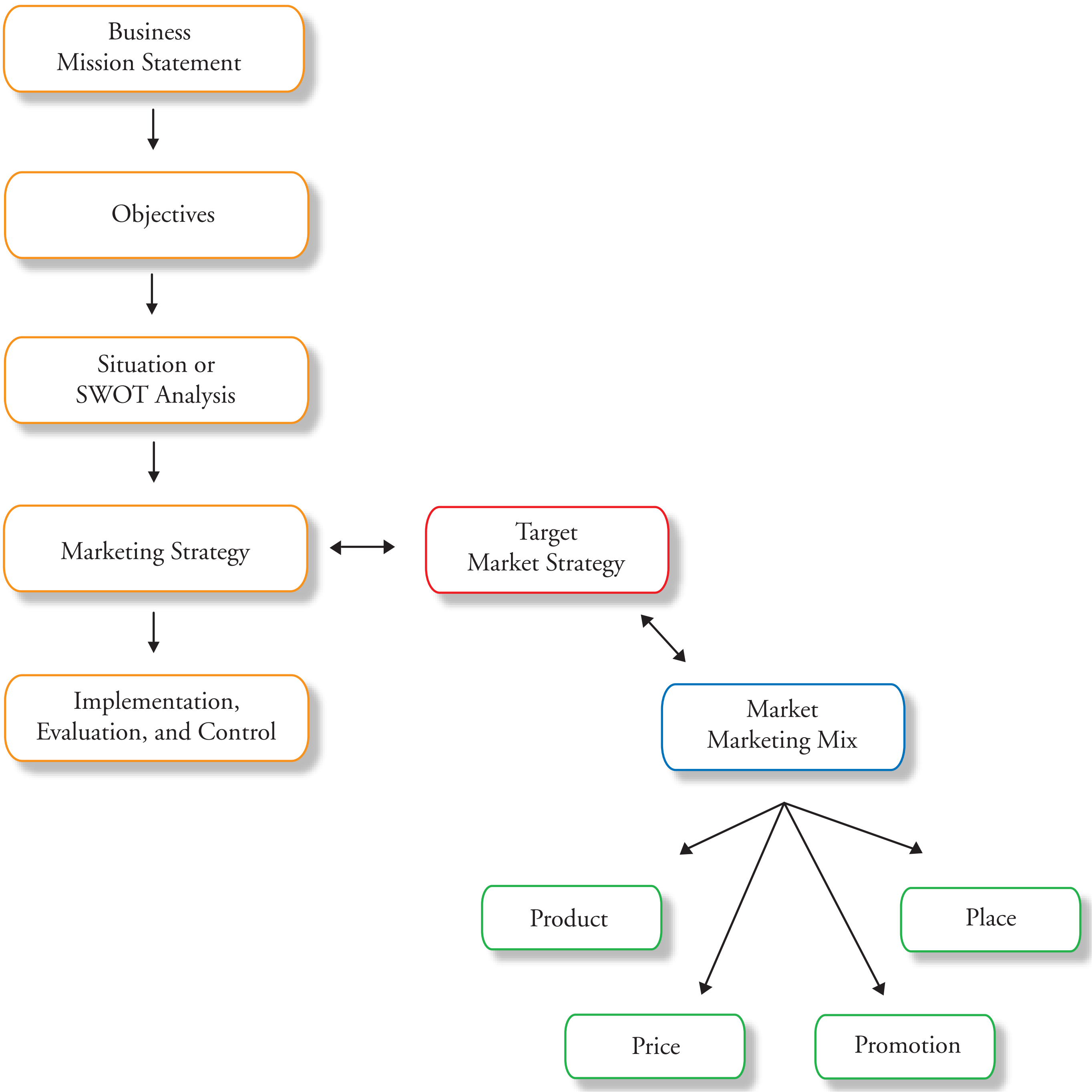
American Marketing Association Definition of Marketing:

Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

The Marketing Concept



The Marketing Management Process



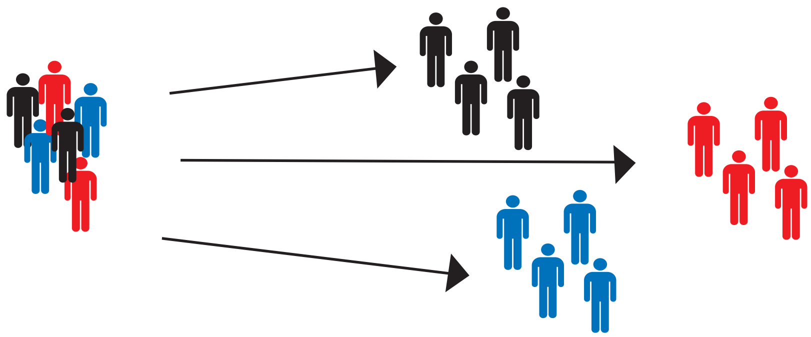
Growth Opportunities

	Present Products	New Products
Present Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Market Segmentation, Targeting & Positioning

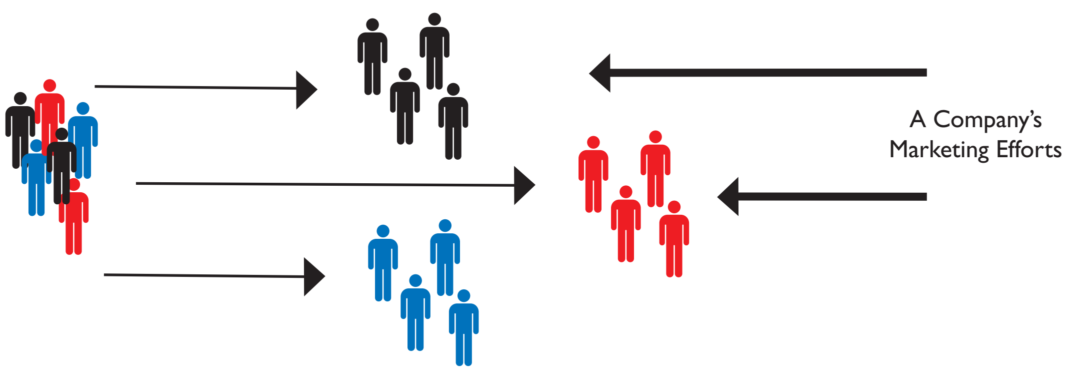
SEGMENTATION

A process that clusters groups of people that have common needs and will respond similarly to a marketing action.



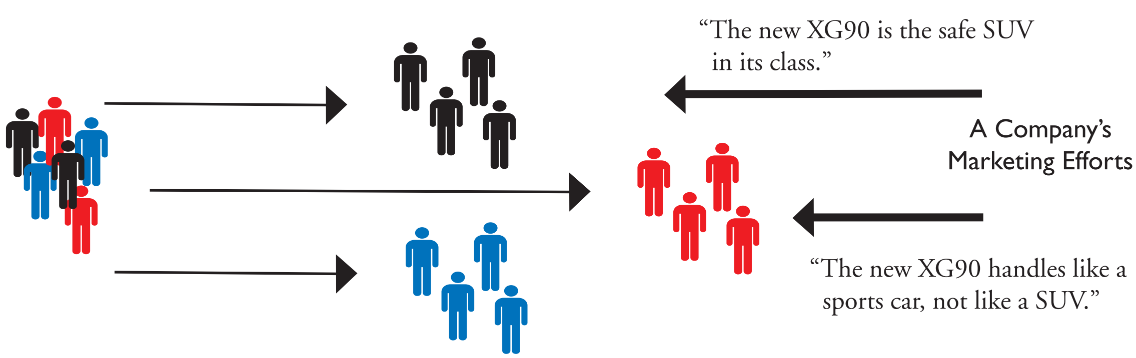
TARGETING

Targeting is the process of focusing marketing efforts on specific segments identified through the segmentation process.

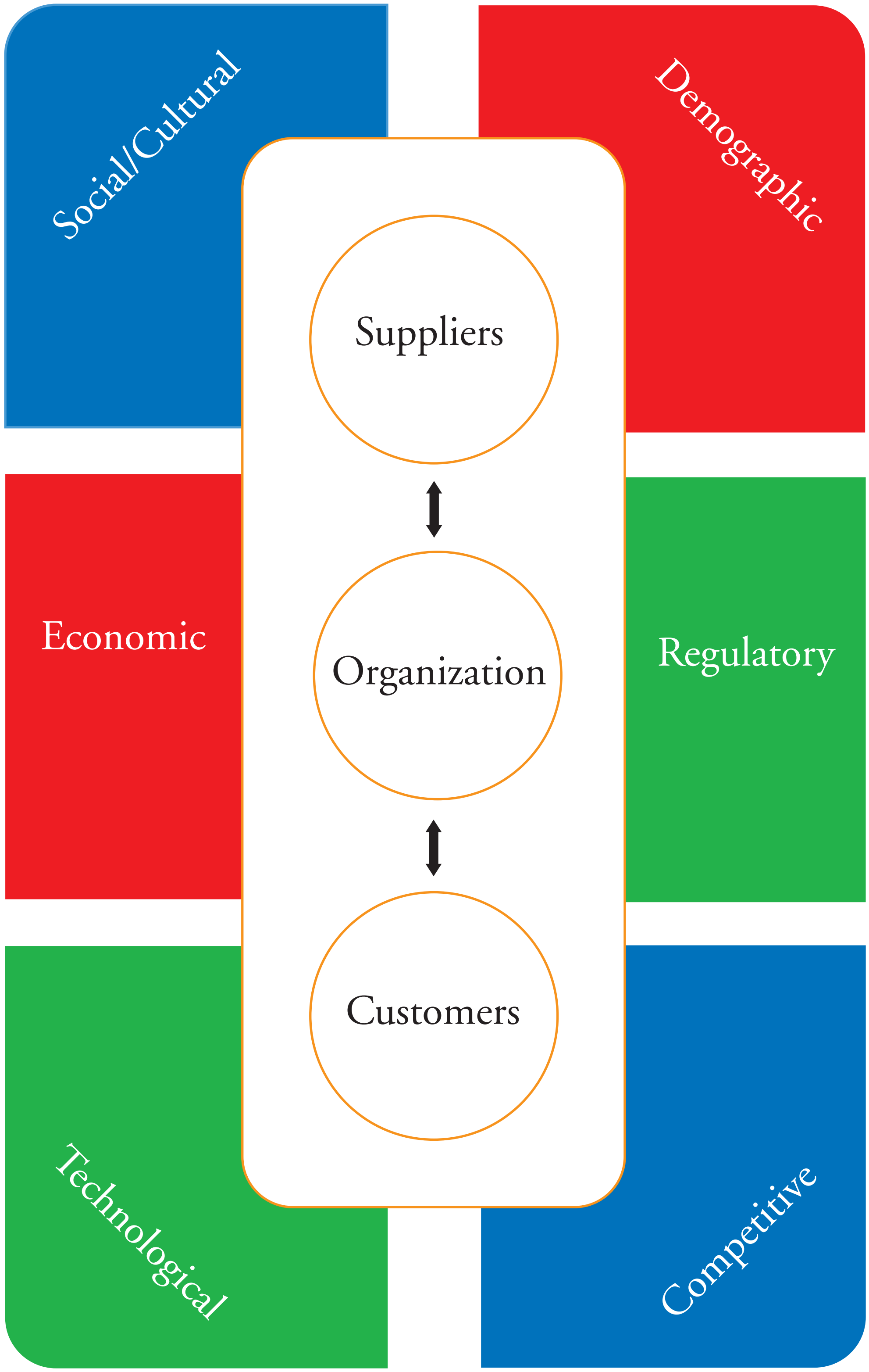


POSITIONING

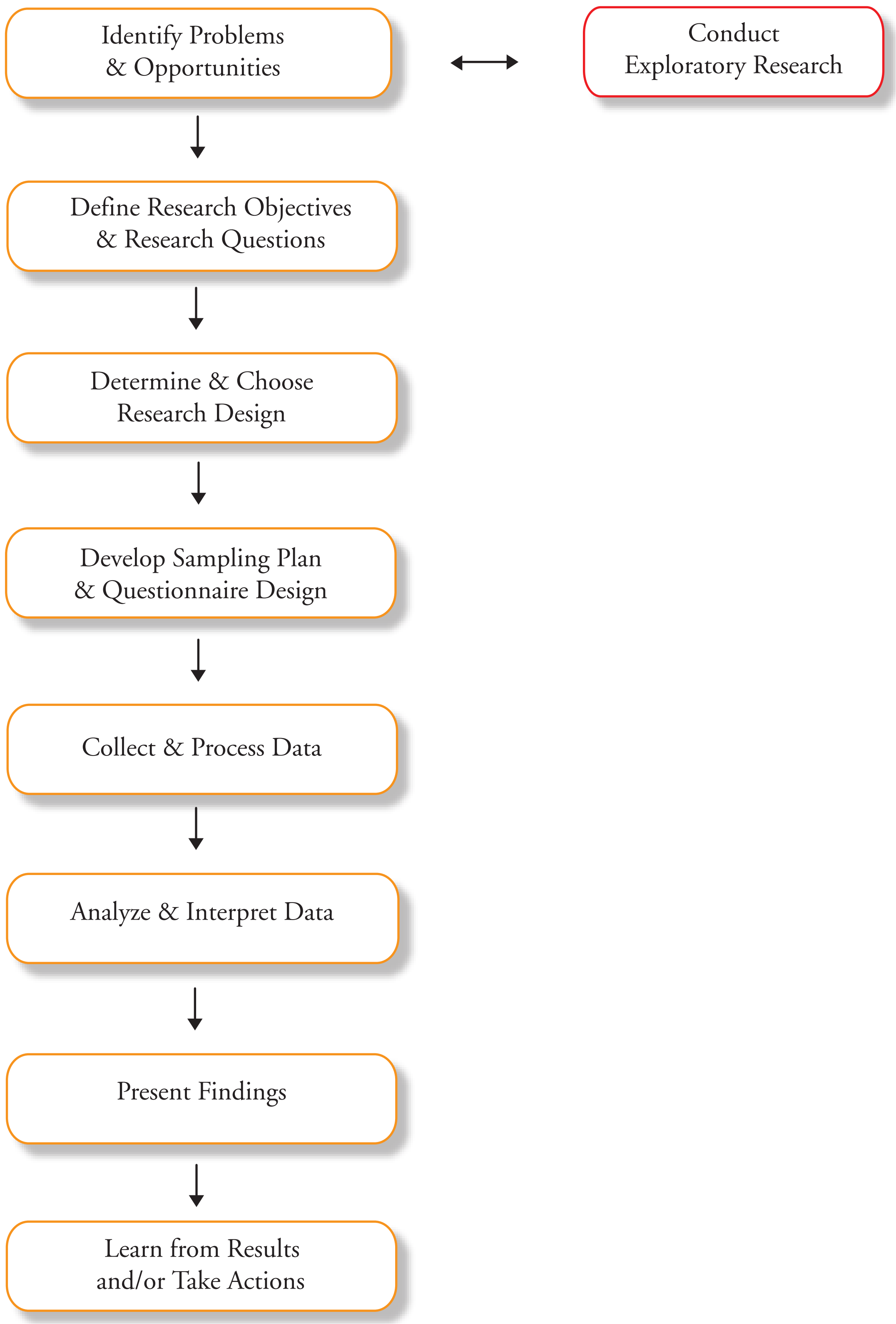
The process of communicating to target market segments how they should think about, view, or perceieve an offering in relation to competitors.



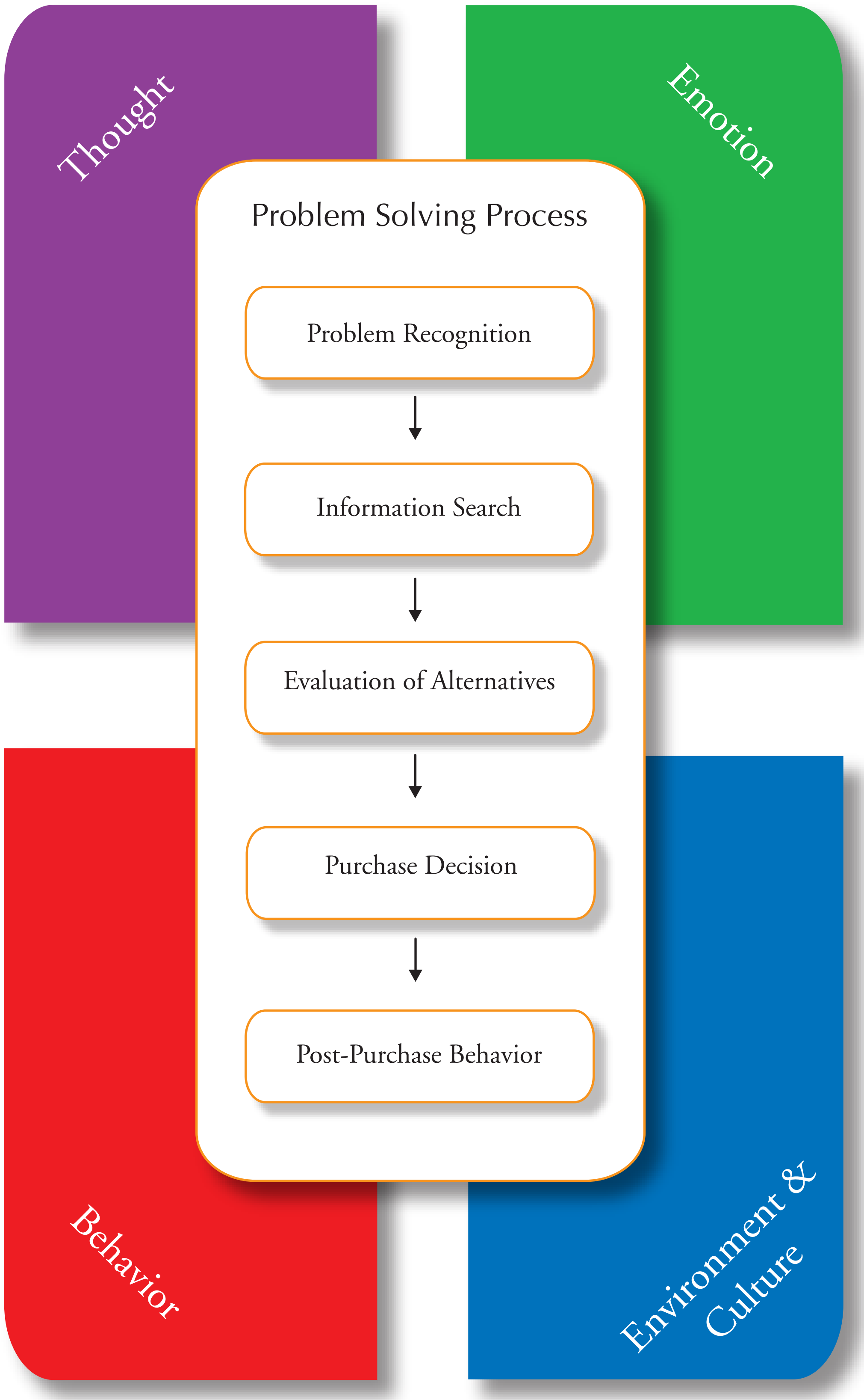
Environmental Forces



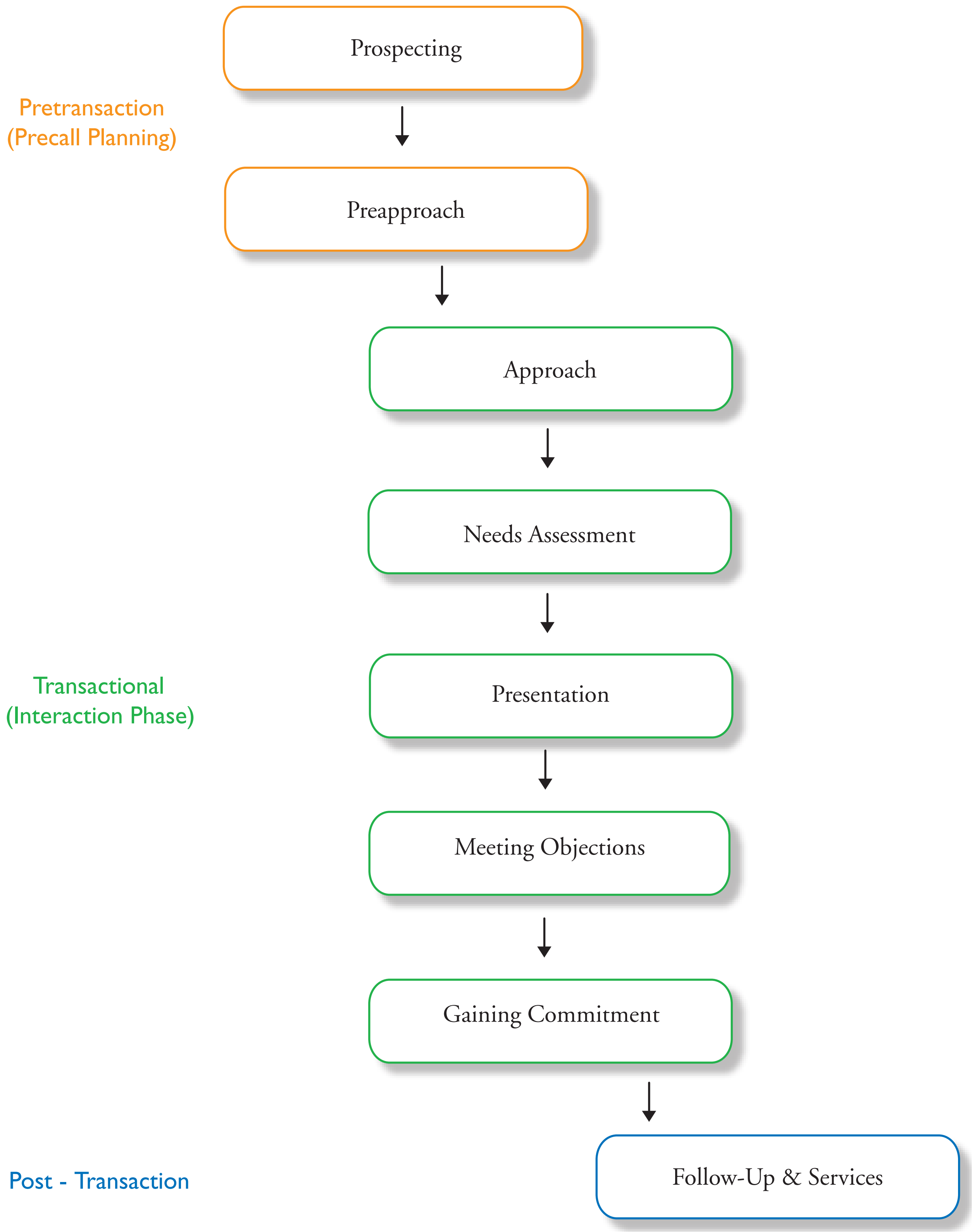
The Marketing Research Process



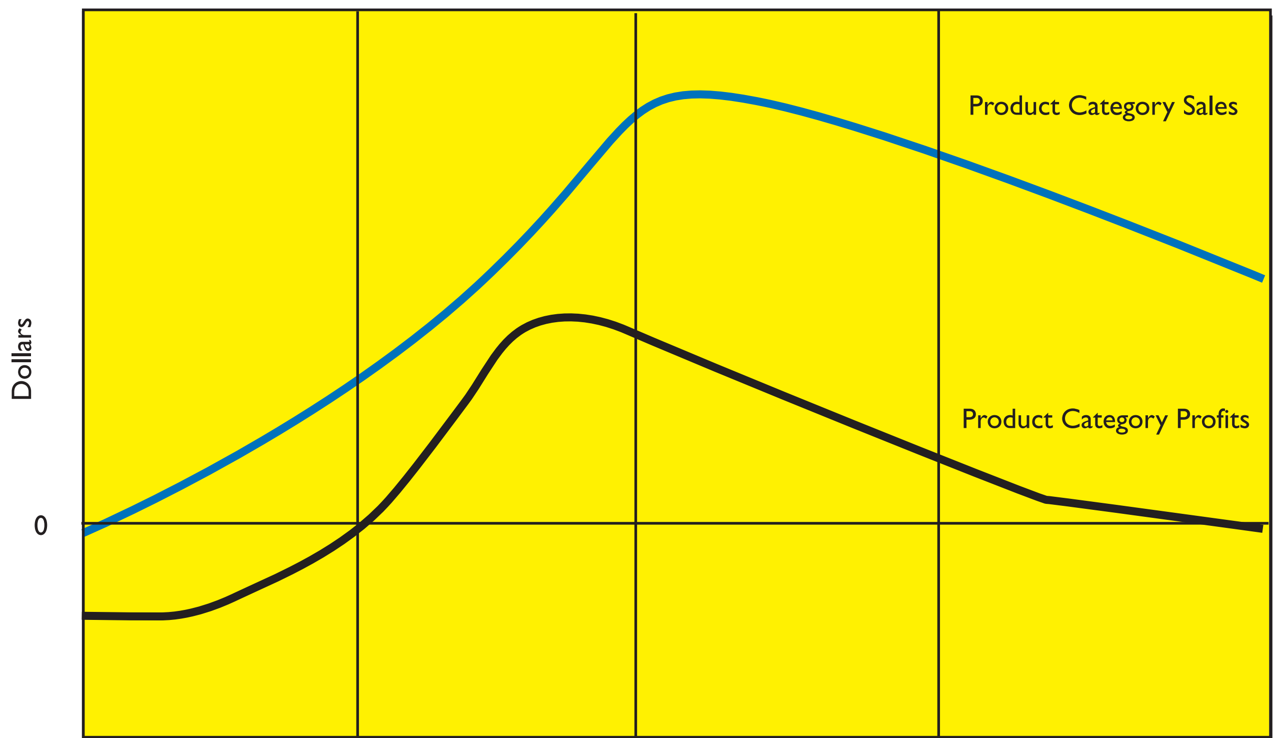
The Consumer Behavior Process



The Personal Selling Process



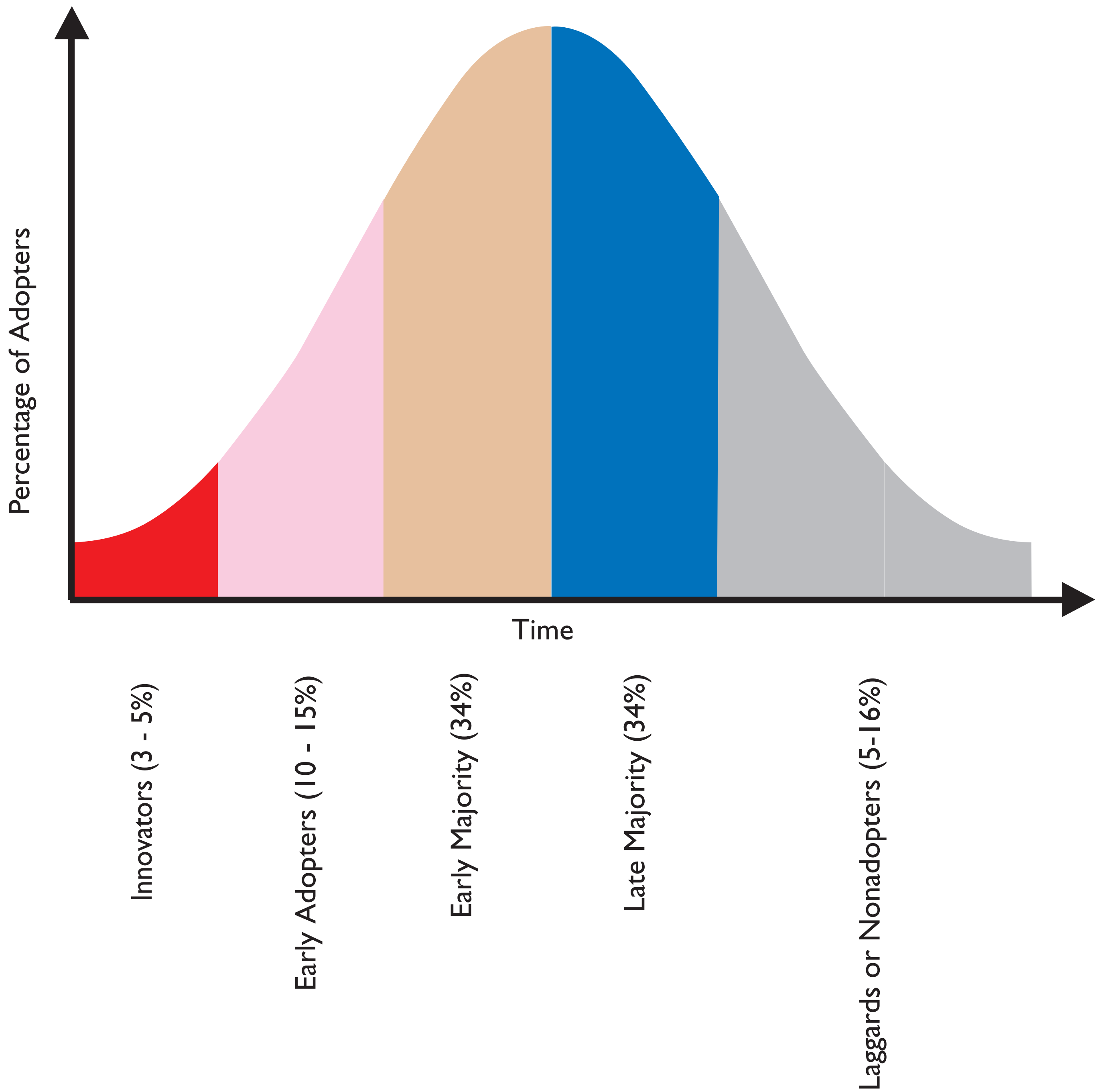
The Product Life Cycle



Time

Product Life Cycle Stages	Market Introduction	Market Growth	Market Maturity	Sales Decline
Marketing Objectives	Gain Awareness	Stress Differentiation	Maintain Brand Loyalty	Harvest/Delete
Competition	Few	More	Many	Reduced
Product	One	More Versions	Full Product Line	Best Sellers
Price	Skimming or Penetration	Gain market share, deal	Defend market share, profit	Stay Profitable
Promotion	Inform, educate	Stress points of difference	Reminder oriented	Minimal Promotion
Place	Limited	More outlets	Maximum outlets	Fewer Outlets

The Innovation Adoption Curve



Marketing Math: Fundamentals of Profit, Break-even & Pricing

PROFIT

is the amount of money earned over the expenses incurred. When provided with price, quantity and cost information, you should be able to algebraically solve the equation if any one piece of information is missing (i.e. you can calculate the selling price if given profit, quantity, fixed costs & unit variable costs).

Total Revenue = Price x Quantity
Total Costs = Fixed Costs + (Unit Variable Costs x Quantity)
Profit = Total Revenue - Total Costs
Therefore,

Profit = (Price x Quantity) - [Fixed Costs + (Unit Variable Costs x Quantity)]

$$\textbf{Return on Sales} = \frac{\text{Profit}}{\text{Total Revenue}}$$

MARGINS

When selling a product, the contribution margin (sometimes called gross margin) is the amount left over after you have covered the costs of the good sold. Contribution margin is often expressed as a percent

Contribution Margin in Dollars = Price - Unit Variable Cost

$$\textbf{Markup Percent} = \frac{\text{Price - Unit Variable Costs}}{\text{Price}}$$

BREAK - EVEN

is the point at which the revenue generated from sales equal the total costs.

$$\textbf{Break Even Point in Units} = \frac{\text{Fixed Costs}}{\text{(Price - Unit Variable Costs)}}$$

$$\textbf{Break Even Point in Dollars} = \frac{\text{Fixed Costs}}{1 - \left(\frac{\text{Unit Variable Costs}}{\text{Price}}\right)}$$

PRICING

Price based on Markup on Cost

Desired Selling Price = Unit Variable Cost (1 + Markup Percent)

Price Based on Return from Price

$$\textbf{Desired Selling Price} = \frac{\text{Unit Variable Cost}}{\text{1 - Desired Return Percent on Price}}$$

$$\textbf{Markup as a percent of cost} = \frac{\text{Dollar Markup}}{\text{Cost}}$$

$$\textbf{Markup as a percent of price} = \frac{\text{Dollar Markup}}{\text{Price}}$$