



Marketing

Buying, selling, market research, transportation, storage, advertising – these are all parts of the complex area of business known as marketing. In simple terms marketing means the movement of goods and services from manufacturer to customer in order to satisfy the customer and to achieve the company's objectives. Marketing can be divided into four main elements that are popularly known as the four P's: product, price, placement and promotion. Each one plays vital role in the success or failure of the marketing operation.

The product element of marketing refers to the good or service that the company wants to sell. This often involves research and development (R&D) of a new product, research of the potential market, testing of the product to insure quality, and then introduction to the market.

A company next considers the price to charge for its product. There are three pricing options the company may take: above, with or below the prices that its competitors are charging. For example, if the average price of a pair of woman's leather shoes is 27\$ a company that charges 23\$ has prices below the market; a company that charges 27\$ has prices with the market; and a company that charges 33\$ has prices above the market.

Most companies have price with the market and sell their goods and services for average prices established by major producers in the industry.

The producers who establish these prices are known as price leaders.

The third element of the marketing process – placement- involves getting the product to the customer. This takes place through the channels of distribution. A common channel of distribution is:

Manufacturer – Wholesaler – Retailer – Customer.

Wholesaler generally sell large quantities of a product to retailers, and retailers usually sell smaller quantities to the customers. Finally, communication about the product takes place between buyer and seller. This communication between buyer and seller is known as promotion. There are two major ways promotion occurs: through personnel selling, as in a department store; and through advertising, as in a newspaper and magazine. The four elements of marketing – product, price, placement and promotion – work together to develop a successful marketing operation that satisfies customers and achieves the company's objectives.

Practical Assignment

Answer the following questions.

1. What is marketing?
2. What are the four main elements of marketing?
3. What is involved the product element of marketing?
4. What are the three pricing options a company may take?