

Chapter 13: Marketing in Today's World

I-Summary: This chapter describes the basic purpose and functions of modern marketing. A market is a group of potential customers who share common needs and wants. Marketing has seven basic functions: distribution, financing, marketing information management, promotion, product/service management, and selling. The marketing mix consists of the four Ps: product, place, price, and promotion. Sometimes marketers include a fifth P—people—to stand for good employees and customers. A channel of distribution may be direct or indirect. If direct, the product is sold directly by the producer to the consumer. More often, though, the channel of distribution is indirect and involves intermediaries. Marketers determine the price of a product based on several factors, including the break-even point of the product. Promotion of a product may involve ads, sales, coupons, and endorsements. Research marketers study demographics, facts about the population, to determine their target market for a product. The development of a new product starts with generating ideas. The process then proceeds to screening ideas, developing a business plan, developing the product itself, test-marketing the product, introducing the product, and, finally, evaluating customers' acceptance of the product.

I-Quiz

Quiz yourself to check your understanding. For each question, you will hear four answer choices. After you hear all four answer choices, choose your answer during the pause. Then you will hear the correct answer. Let's begin.

Question 1

Which department in a large company would most likely be responsible for creating advertising?

- a. distribution
- b. information management
- c. promotion

- d. sales

Question 2

Which term describes the pathway by which products get to consumers?

- a. marketing mix
- b. channel of distribution
- c. product strategies
- d. indirect distribution

Question 3

Which is NOT an aspect of promoting a new product?

- a. securing endorsements
- b. creating an advertising program
- c. offering rebates
- d. determining the break-even point

Question 4

What do marketers study to analyze their target market?

- a. potential customers
- b. demographics
- c. brainstorming
- d. marketing concept

Question 5

Which term refers to a model of a new product used to test how it can be made?

- a. prototype
- b. test-market
- c. brainstorm
- d. segmentation

Answer Key

- 1.** The correct answer is C, promotion. Promotion means to inform, persuade, and remind potential customers about a business's products or services. Creating advertisements are just one way to do promote a company.
- 2.** The correct answer is B, channel of distribution. The channel of distribution describes the route a product took from production to the seller to the consumer. Each intermediary along the way adds to the cost.
- 3.** The correct answer is D, determining the break-even point. The break-even point is part of the pricing function.
- 4.** The correct answer is B, demographics. Demographics are facts about the population, which helps a company determine the people who would most likely buy their products.
- 5.** The correct answer is A, prototype. A prototype is a model of an actual product. A company uses it to test the product and to see if any changes need to be made to it.