



## Course Learning Outcomes for Unit IV

Upon completion of this unit, students should be able to:

4. Identify the basic principles of marketing.
  - 4.1 Identify both the potential target market and the potential market segment that a business intends to reach.
  - 4.2 Identify the connection between a commercial's message and the specific market segment.
  - 4.3 Identify how marketing research contributes to reaching a specific audience.

## Reading Assignment

In order to access the following resource(s), click the link(s) below:

Bhattacharya, C. (2016). Responsible marketing: Doing well by doing good. *Gfk-Marketing Intelligence Review*, 8(1), 8-17. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=115049469&site=ehost-live&scope=site>

Reppe, R. (2016). Structuring for success. *Marketing News*, 50(2), 26-27. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=112932635&site=ehost-live&scope=site>

Schultz, D. E. (2016). From persuasion to shared value creation. *Marketing News*, 50(2), 12-14. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=112932630&site=ehost-live&scope=site>

Milder, N. D. (2013). E-marketing. *Economic Development Journal*, 12(3), 34-40. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=97027224&site=ehost-live&scope=site>

Click [here](#) to access an interactive tutorial that covers market segmentation.

Click [here](#) to access an interactive tutorial that covers some marketing terms, including the vision and research components of marketing.

Click [here](#) to access an interactive tutorial that covers market positioning.

Click [here](#) to access an interactive tutorial that covers marketing strategy and tactics.

Click [here](#) to access an interactive tutorial that covers building customer relationships.

## Unit Lesson

### Introduction

According to Bovée and Thill (2013), marketing is the way in which value is created and relationships are built between customers and organizations so organizations can capture value back from the customers. Basically, what this means is that marketing is the attempt of a business to capture the hearts, minds, and attentions of customers with products and services so that the customers will be more likely to purchase products from the business and increase the firm's profits.

### The Marketing Concept

In order for companies to remain profitable today, they make use of what is known as the *marketing concept*. The marketing concept is the idea that a company will actively attempt to respond to the wants and needs of its customers, while simultaneously attempting to remain profitable in the long run. This approach to achieving long-term profits is known as *customer-focused marketing*, and the companies that utilize this approach do so by constructing marketing efforts with the goal of building and maintaining long and meaningful relationships with customers. The questions, however, are how do companies decide who to market to, what to market to them, and how to put their marketing efforts into play? We will answer these questions by taking a closer look at the marketing concepts of market segmentation, target markets, marketing research, and market strategy implementation.

Businesses are in business to make money. In order to effectively achieve this goal, customers of a business must buy as much of a firm's products and services as possible, but who are the customers of a business, and can everyone afford to buy a company's goods? In order to effectively reach out to as many customers as possible, businesses must know who their markets are. Quite simply, a market is all of the people who may be interested in a particular good or service that a company has to offer and can afford it. Since the number of people in a market can be extremely large, and because not all people are interested in the exact same aspects of the product, a company will attempt to segment its market in efforts to effectively reach as many people as possible.

### Market Segmentation

So, if a market is *all* of the people potentially interested in what a company is offering, a *market segment* is a much smaller group of people, within a larger market, who have similar needs, wants, and purchasing behaviors. In order to segment a market, a business may categorize people based on age, gender, income bracket, race, geographical location, and any other type of demographic information. Once broken down into various segments, marketers can focus on who, specifically, to target their goods and services to. So, does segmenting a market mean that a business will only sell its goods and services to one segment of a particular population? Of course not, but by doing so, companies can better decide on which segment of the market needs more attention as it pertains to building customer relationships.

### Target Markets

As it was mentioned in the previous section, once a business segments its market, it can then make decisions on which segments of the market to target the most. A *target market* is a very specific group of consumers to which a particular good or service is aimed. While a company may sell only one or a few particular products, it will take different measures to target specific groups in an effort to market its product and build relationships with various segments of a market. For example, Coca Cola has several commercials that all advertise their original cola flavored beverage. If you pay close enough attention to the commercials, you will see how each one is different and uses different actors, situations, backgrounds, and/or music in an effort to reach a particular or very specific target market (e.g., teenagers, young adults, men, or women). All of this is done in an effort to reach out to and build/maintain relationships with various groups of customers. Additionally, by having more than one target group, a company can better its chances of achieving profits. If a product or service is not too popular with one particular target or segment of a market, and sales of it are not strong within that market, the potential success of the good or service in the other targets or segments may make up for it. Of course, you have to wonder how a business goes about determining who to market its goods and services to; this is done through marketing research.

## Marketing Research

The collection of data and its analysis in order to make marketing decisions is known as *marketing research*. Each year, companies spend millions and millions of dollars in gathering and analyzing data in attempts to learn more about the ever-increasing dynamic customer bases that they serve. This is done so they know specifically which products and services “fit” various segments of their markets. Without an understanding of customers’ purchasing habits and their needs and wants, organizations would have to guess what people want. Guessing could potentially cost a great deal of money in losses to firms because they may not have guessed correctly about what to market to their customers. So, the more marketers know about customers, the better off they are in terms of making marketing decisions and impacting the profits of the business. Of course, knowing absolutely everything about customers is obviously not realistic, but there are plenty of ways for marketers to conduct marketing research.

This section contains a list of methods for conducting marketing research:

- *Observations*: Observational research can be conducted through personal, mechanical, or electronic observation techniques that record and monitor customer and consumer behavior.
- *Surveys*: Here, data is collected via questionnaires that are completed by various smaller segments of a larger population in an attempt to learn more about the behaviors and habits of the population as a whole.
- *Interviews and focus groups*: Here, researchers will conduct one-on-one or group interviews with people from within a larger population in an effort to determine information about the larger group to which they belong.
- *Process data collection*: This involves collecting consumer data through day-to-day business activities, such as sales transaction records, product warranty registrations, gift card and loyalty card usage, and customer service transactions.
- *Experiments*: In this method, marketing researchers will use controlled scenarios to determine more about various target market behaviors. One popular technique here is exposing different groups of a population to different advertisements to determine which particular ad or ads have the most positive desired effects on customer buying behaviors.

## Marketing Strategy Implementation

Once all of the necessary marketing research data has been collected and analyzed, companies and marketers must then develop effective marketing strategies and implement them. A *marketing strategy* is a particular plan designed to market a particular good or service. In order to effectively implement a marketing strategy, organizations must have already effectively identified the target market segments and their particular consumer behaviors.

Generally, implementing a marketing strategy follows the following steps:

1. Assess the current marketing situation by reviewing previous performances, assessing and analyzing the competition, identifying strengths and weaknesses, and examining the current business environment.
2. *Examine* current opportunities, and establish objectives by examining market opportunities and setting realistic sales targets.
3. *Develop* a marketing strategy, and divide the market into desirable segments before making decisions on how to position the products or services in the minds of those customers identified as the target market.

Of course, implementing a marketing strategy is not as easy as the steps above make it appear, but this is generally the format and steps used to implement such a strategy.

## Reference

Bovée, C. L., & Thill, J. V. (2013). *Business in action* (6th ed.). Upper Saddle River, NJ: Pearson.

## Suggested Reading

Click [here](#) to access an interactive simulation titled BizSkills: Product Development. It allows you to make decisions like a marketing professional, including choosing research methods.

Click [here](#) to access a video about Skechers and how the organization addresses customer needs, style choices, and limited resources.

Click [here](#) to access a video about Body Glove and how they transformed their marketing approach.

Click [here](#) to access a video about BMW Motorcycles and their brand image, web use, and message goal.