

Understanding Marketing

General Definition

In plain and simple terms, marketing activities and strategies result in making products available that satisfy customers while making profits for the companies that offer those products. That's it in a nutshell!

Marketing produces a "win-win" because:

- Customers have a product that meets their needs, and
- Healthy profits are achieved for the company. (These profits allow the company to continue to do business in order to meet the needs of future customers.)

Stated another way: A focus on what the customer wants is essential to successful marketing efforts. This customer-orientation must also be balanced with the company's objective of maintaining a profitable volume of sales in order for the company to continue to do business. Marketing is a creative, ever-changing orchestration of all the activities needed to accomplish both of these objectives.

How Are The Customer And Business Objectives Met?

The American Marketing Association's definition of marketing is:

The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

You see in the above definition that the process of marketing begins with discovering what product customers want to buy. Providing the features and quality customers want is a *critical* first step in marketing. You'll be facing an uphill battle if you provide something *you want to produce* and then try to *convince* someone to buy it. The marketing process then continues with setting a price letting potential customers know about your product, and making it available to them.

Marketing activities are numerous and varied because they basically include everything needed to get a product off the drawing board and into the hands of the customer. One look at our Marketing Mall Directory shows that the broad field of marketing includes activities such as designing the product so it will be desirable to customers (using tools such as marketing research and pricing; promoting the product so people will know about it (using tools such as public relations, advertising, marketing communications; and exchanging it with the customer (through sales and distribution.)

It is important to note that the field of marketing *includes* sales, but it also includes many functions besides sales. Many people mistakenly think that marketing and sales are the same—they are not.

Another way to describe marketing activities is to consider the big picture of how they fit in with the other business functions.

- Through **marketing** efforts, decisions are made and strategies are implemented concerning:
 - what products (goods, services or ideas) are to be offered
 - to whom (the target market), and
 - how (how to inform potential customers of the offering, how to make the transaction, etc.)
- Products are created through **production** efforts.
- Capital and operating funds are managed and tracked in the **accounting-finance** area.
- The focus of the **human resources** area is employees and the policies concerning them.

Oftentimes, a marketing approach relies upon the coordination of several business areas to be successful. For example,

- The product might need some tweaking by the person who produces the product to respond to customer complaints.
- The person who handles human resource issues might be asked to develop compensation plans that reward sales people who build significant relationships that have tremendous potential but are slow to close.
- Special payment plans might need to be implemented by the accounting staff to accommodate a variety of customer needs.

As a result, marketing usually crosses more departmental boundaries than other business functions because of necessity. So, marketing requires the orchestration of everyone who plays a part in the common goal of pleasing the customer. For a small business owner who has no employees, this means that she needs to mentally tear down the walls between varied business functions and think holistically when it comes to marketing strategies.

In Summary

These are the fundamentals of a true marketing mindset:

- Producing what the customer wants should be the focus of business operations and planning.
- Creating *profitable* sales volume, not just sales volume, is a necessary goal.
- Coordinating between marketing activities and all other functions within a business that affect marketing efforts