

Basics of Marketing

by Sophia



WHAT'S COVERED

Now, we've all heard the term "marketing." What is it, exactly? Is it advertising? Is it selling? How does it relate to us in the world of business and the world at large? This tutorial will answer those questions and cover the basics of marketing. Our discussion breaks down as follows:

1. [What Is Marketing?](#)
2. [Consumer Values and Benefits of Marketing](#)
3. [Types of Utility](#)
4. [Marketing vs. Advertising and Public Relations](#)

1. What Is Marketing?

Marketing is defined as the process of developing a reciprocal exchange, including the development of information and promotional materials that stimulate demand.

Marketing has an association attached to it called the AMA, or the American Marketing Association. In their view, marketing encompasses a lot of processes and activities that are involved in delivering and exchanging offerings that have value--to you, to me, and to society at large.

IN CONTEXT

You can get an idea of how important marketing is by how much companies spend on it. For instance, between 2009 and 2013, Apple Corporation went from spending \$500 million on marketing to over a billion, in order to stimulate the demand of their products.

In that same time period, Samsung went from spending \$2 billion a year in 2009 to over \$4.5 billion. As you can see from the amount of money that companies invest in marketing, it's clearly important to them.

Now, marketing can be a product, a service, or an idea. Marketing is involved with profit businesses and non-profit organizations alike.

⇒ **EXAMPLE** For example, marketing can involve a product, like Coca-Cola, or a service like tax help from H&R Block, which is designed to help save you money or deal with an audit. Marketing also involves ideas such as anti-drug PSAs, which are designed to help keep kids away from drugs or encourage them not to start.



TERM TO KNOW

Marketing

The process of developing a reciprocal exchange; including the development of informational and promotional materials to stimulate demand.

2. Consumer Values and Benefits of Marketing

Value is the corresponding usefulness, practicality, or significance. To put it another way, value equals benefit divided by the cost. What am I getting out of it for how much I'm going to pay for it?

What are the values and benefits of marketing? Marketing can create value for customers. It can inform customers about the benefits associated with a product that they may not already know about. It can describe benefits that are both tangible and intangible.

⇒ **EXAMPLE** Marketing can tout the benefits of tangible things like the breathability of cotton shirts. Tangible benefits are those that can be seen or touched. Marketing can also tout intangible benefits, things like the coolness or the fit or being able to fit in with your peers when you wear the shirts. An intangible benefit could also be the boost in ego or reputation that can go along with owning a Rolls Royce automobile. Many times, intangibles are associated specifically with brands, especially high-end brands--like Gucci, Omega, Mercedes, and Rolls Royce.



TERM TO KNOW

Value

The corresponding usefulness, practicality or significance.

3. Types of Utility

Next, we'll take a look at utility and the types of utility, such as things like time or the hours of operation. Utility refers to the answers to these types of questions:

- What am I getting out of it?
- What is the benefit for me?
- What's best or good that fills my needs?

The types of utility include:

Type of Utility	Description	Example
Time	When can the consumer buy?	24 hours a day or a business that is operated on the internet provides utility for consumers.
Place	Where can the consumer buy?	Fifteen choices in a movie theater or a mall containing a lot of different things in one place provides utility for consumers.
Ownership	What benefits does the consumer gain from buying?	Buying a 5.1 stereo system, making movie-watching on a television sound like the theater, provides utility for consumers.
Form	What styles can the consumer buy?	A vehicle that has heated leather seats or a coffee shop with free wifi provides utility for consumers.

Therefore, utility relates to a lot of different things within marketing as a whole. It helps define that benefit: what am I getting out of this particular product or service or idea?

4. Marketing vs. Advertising and Public Relations

What's the difference between marketing, advertising, and public relations? Advertising and public relations are both forms of marketing, used by businesses to promote and sell their products or services and build their brand reputation. However, they have some differences.

- **Advertising:** Paid communication to promote or inform potential customers about a product, idea, or service. The message, its timing, and frequency are usually controlled by the advertiser. It involves things like putting billboards up or paying for spots within a sports stadium as placement for solicitations.
- **Public relations:** Communication that's not directly paid for, but functions to inform about a product, idea, or service. Public relations often involves gaining free publicity through media coverage. Content is typically informational and aims to create a positive image of the company or product. It might include press releases, public appearances, or any other activities that could generate positive media coverage. It is still marketing; it's still informing about benefits and cost versus service. However, it might be done by a company to build goodwill.

➦ **EXAMPLE** A company might sponsor or host an event or a charity, utilizing their company logo. They may pay for it, or simply provide a space to do it. In doing so, though, they are now associating their product name and company name with that particular charity or event, to build goodwill with the public.



TERMS TO KNOW

Advertising

Paid communication to inform about a product, idea or service.

Public Relations

Communication that is not directly paid for, but functions to inform about a product, idea or service.



SUMMARY

Today we answered the question, **What is marketing?** by defining the term and exploring what marketing involves, whether it be a product, a service, or an idea. We learned about the **consumer values and benefits of marketing**. We also learned about the different **types of utility**, or those things that consumers find useful and beneficial.

We discussed a comparison of **marketing vs. advertising and public relations**, noting that while they are still part of marketing, they are just that--parts. They're not the whole thing.

Good luck!

Source: adapted from sophia instructor james howard



TERMS TO KNOW

Advertising

Paid communication to inform about a product, idea or service.

Marketing

The process of developing a reciprocal exchange; including the development of informational and promotional materials to stimulate demand.

Public Relations

Communication that is not directly paid for, but functions to inform about a product, idea or service.

Value

The corresponding usefulness, practicality or significance.