

1.3: Why Study Marketing?

Video on Best Advice to Small Business Owners



Products don't, contrary to popular belief, sell themselves. Generally, the "build it and they will come" philosophy doesn't work. Good marketing educates customers so that they can find the products they want, make better choices about those products, and extract the most value from them. In this way, marketing helps facilitate exchanges between buyers and sellers for the mutual benefit of both parties. Likewise, good social marketing provides people with information and helps them make healthier decisions for themselves and for others.

Of course, all business students should understand all functional areas of the firm, including marketing. There is more to marketing, however, than simply understanding its role in the business. Marketing has tremendous impact on society.

Marketing Delivers Value

Not only does marketing deliver value to customers, but also that value translates into the value of the firm as it develops a reliable customer base and increases its sales and profitability. So when we say that marketing delivers value, marketing delivers value to both the customer and the company. Franklin D. Roosevelt, the U.S. president with perhaps the greatest influence on our economic system, once said, "If I were starting life over again, I am inclined to think that I would go into the advertising business in preference to almost any other. The general raising of the standards of modern civilization among all groups of people during the past half century would have been impossible without the spreading of the knowledge of higher standards by means of advertising¹." Roosevelt referred to advertising, but advertising alone is insufficient for delivering value. Marketing finishes the job by ensuring that what is delivered is valuable.

Marketing Benefits Society

Marketing benefits society in general by improving people's lives in two ways. First, as we mentioned, it facilitates trade. As you have learned, or will learn, in economics, being able to trade makes people's lives better. Otherwise people wouldn't do it. (Imagine what an awful life you would lead if you had to live a Robinson Crusoe-like existence as did Tom Hanks's character in the movie *Castaway*.) In addition, because better marketing means more successful companies, jobs are created. This generates wealth for people, who are then able to make purchases, which, in turn, creates more jobs.

The second way in which marketing improves the quality of life is based on the value delivery function of marketing, but in a broader sense. When you add all the marketers together who are trying to deliver offerings of greater value to consumers and are effectively communicating that value, consumers are able to make more informed decisions about a wider array of choices. From an economic perspective, more choices and smarter consumers are indicative of a higher quality of life.

Marketing Costs Money

Marketing can sometimes be the largest expense associated with producing a product. In the soft drink business, marketing expenses account for about one-third of a product's price—about the same as the ingredients used to make the soft drink itself. At

the bottling and retailing level, the expenses involved in marketing a drink to consumers like you and me make up the largest cost of the product.

Some people argue that society does not benefit from marketing when it represents such a huge chunk of a product's final price. In some cases, that argument is justified. Yet when marketing results in more informed consumers receiving a greater amount of value, then the cost is justified.

Marketing Offers People Career Opportunities

Marketing is the interface between producers and consumers. In other words, it is the one function in the organization in which the entire business comes together. Being responsible for both making money for your company and delivering satisfaction to your customers makes marketing a great career. In addition, because marketing can be such an expensive part of a business and is so critical to its success, companies actively seek good marketing people. At the beginning of each chapter in this book, we profile a person in the marketing profession and let that person describe for you what he or she does. As you will learn, there's a great variety of jobs available in the marketing profession. These positions represent only a few of the opportunities available in marketing.

- **Marketing research.** Personnel in marketing research are responsible for studying markets and customers in order to understand what strategies or tactics might work best for firms.
- **Merchandising.** In retailing, merchandisers are responsible for developing strategies regarding what products wholesalers should carry to sell to retailers such as Target and Walmart.
- **Sales.** Salespeople meet with customers, determine their needs, propose offerings, and make sure that the customer is satisfied. Sales departments can also include sales support teams who work on creating the offering.
- **Advertising.** Whether it's for an advertising agency or inside a company, some marketing personnel work on advertising. Television commercials and print ads are only part of the advertising mix. Many people who work in advertising spend all their time creating advertising for electronic media, such as Web sites and their pop-up ads, podcasts, and the like.
- **Product development.** People in product development are responsible for identifying and creating features that meet the needs of a firm's customers. They often work with engineers or other technical personnel to ensure that value is created.
- **Direct marketing.** Professionals in direct marketing communicate directly with customers about a company's product offerings via channels such as e-mail, chat lines, telephone, or direct mail.
- **Digital media.** Digital media professionals combine advertising, direct marketing, and other areas of marketing to communicate directly with customers via social media, the Web, and mobile media (including texts). They also work with statisticians in order to determine which consumers receive which message and with IT professionals to create the right look and feel of digital media.
- **Event marketing.** Some marketing personnel plan special events, orchestrating face-to-face conversations with potential and current customers in a special setting.
- **Nonprofit marketing.** Nonprofit marketers often don't get to do everything listed previously as nonprofits typically have smaller budgets. But their work is always very important as they try to change behaviors without having a product to sell.

A career in marketing can begin in a number of different ways. Entry-level positions for new college graduates are available in many of the positions previously mentioned. A growing number of CEOs are people with marketing backgrounds. Some legendary CEOs like Ross Perot and Mary Kay Ash got their start in marketing. More recently, CEOs like Mark Hurd, CEO of Oracle, and Jeffrey Immelt at GE are showing how marketing careers can lead to the highest pinnacles of the organization.

Criticisms of Marketing

Marketing is not without its critics. We already mentioned that one reason to study marketing is because it is costly, and business leaders need to understand the cost/benefit ratio of marketing in order to make wise investments. Yet that cost is precisely why some criticize marketing. If that money could be put into research and development of new products, perhaps the consumers would be better satisfied. Or, some critics argue, prices could be lowered. Marketing executives, though, are always on the lookout for less expensive ways to have the same performance, and do not intentionally waste money on marketing.

Another criticism is that marketing creates wants among consumers for products and services that aren't really needed. For example, fashion marketing creates demand for high-dollar jeans when much less expensive jeans can fulfill the same basic function. Taken to the extreme, consumers may take on significant credit card debt to satisfy wants created by marketing, with serious negative consequences. When marketers target their messages carefully so an audience that can afford such products is the only group reached, such extreme consequences can be avoided.

Key Takeaway

By facilitating transactions, marketing delivers value to both consumers and firms. At the broader level, this process creates jobs and improves the quality of life in a society. Marketing can be costly, so firms need to hire good people to manage their marketing activities. Being responsible for both making money for your company and delivering satisfaction to your customers makes marketing a great career.

Review Questions

1. Why study marketing?
2. How does marketing provide value?
3. Why does marketing cost so much? Is marketing worth it?

¹Famous Quotes and Authors, “Franklin D. Roosevelt Quotes and Quotations,” http://www.famousquotesandauthors.com/authors/franklin_d_roosevelt_quotes.html (accessed December 7, 2009).

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