

## Welcome

eXtension is an interactive learning environment delivering the best, most researched knowledge from the smartest land-grant university minds across America.

[Find a U.S. Institution](#)



# The Basics of Marketing

Last Updated: December 26, 2007

## What is Marketing?

Many individuals would define marketing as either selling or advertising. At best, some might even include both components. But is that all there is to marketing? Not according to Jay Levinson. In his book, *Guerrilla Marketing*, Levinson defines marketing as “everything you do to promote your business from the moment you think of the idea until the customers buy and begin to do so on a regular basis.” Levinson does not even mention selling. His definition is similar to that used in many research studies.



Display is only one component of marketing.

This definition alone may be of little help to business owners. The goal of this fact sheet is to understand the goals and processes of marketing and how various business components affect marketing efforts.

Understanding the goal of marketing is best understood by recognizing the underlying goal of business. That goal is profit. Marketing then helps determine the following:

1. Determining what the customer needs or wants. Analyze the market. Define the particular market segment most likely to purchase your product or service, and then determine the specific benefits desired by the customer.
2. Developing a product or service to meet those needs or wants. Upon understanding what benefits the customer wants, develop a product or service, the features of which provide the customer with the requested benefits. Marketing is selling these benefits rather than the features.
3. Understanding the competition and what they offer. Customers face a large marketplace with many choices. Today, the market place is typically considered to be the entire world. As a business owner, define a target market and distinguish your business from the competition.
4. Linking with the customer as a source for fulfilling needs or wants. Let the customer know you are in business. Tell the customer how you can meet their needs.
5. Doing all of this at a price that provides a profit so the business can continue—the ultimate business goal. This implies a price that allows both the customer and the owner to feel good about the

transaction.

As the process of marketing indicates, marketing efforts begin even before a product is produced or a service is delivered. These efforts continue through the completion of the monetary transaction with after-sales support, including service, assistance, warranties, returns, and refunds. Remember Levinson's definition of marketing—customers buying on a regular basis. This means after sale support. You want the customer to return again and again. A rule of thumb is that 80 percent of sales will come from just 20 percent of your customers.

## Marketing Activities

So what activities are included in marketing? The following list an excellent start:

- **Positioning** - Positioning is defining the purpose of your product or service as it benefits a potential customer. Positioning is finding a market niche and then developing a perception of special value and benefits in your product or service.
- **Production** - Successful marketing achieves business growth. Anticipate and plan for this growth in the production process. The inability to fill orders can quickly strangle a firm's growth and even cause the firm to go out of business.
- **Pricing** - Pricing is a key factor. Pricing can be done by educated guess, but should be done in an orderly fashion understanding your costs and the external environment. The goal in pricing is to maximize your profit potential.
- **Promotion** - Promotion recognizes that the process of selling occurs in every business. Before a sale can occur, the potential customer must know you exist and what you offer. Promotion includes paid advertising and unpaid publicity, such as weekly newspaper columns and press releases. One of the best promotions is word-of-mouth and client testimonials. Promotional efforts must also occur in the media that your prospective customers use. Persuasion, a part of promotion, refers to the ability to turn effort into purchases. Persuasion is a function of speaker credibility, speaker likability, and message content. Think about those times you responded to an advertisement. What was it you were responding to?
- **Place and Packaging** - Place (where the goods or services are marketed) and packaging (how the goods or services are displayed) are extremely important. If a product or service appeals to walk-in traffic, your location must be where such traffic occurs, not in a limited traffic area. If you are developing a product for an up-scale market, the packaging must reflect the image you are trying to attain.
- **Perception** - One's business image develops from the a perception of the business' quality, service, and price. It also reflects the customer's perception of the business through physical space and in written and printed materials. Image can be based on objective reality or subjective perception.
- **People** - People are a key to marketing and business success. "People" include you, your staff, and the customer. The idea of how the customer's perception can influence marketing efforts has already been explored. Control of the business image typically begins internally with you, the owner. You set the tone for satisfaction, quality, and service.
- **Passion**- As the owner, you also set the level of passion and commitment within the business. Commitment leads to staff and customers. It allows the business to overcome tremendous obstacles and keeps you going when times are difficult.

## Summary

Each owner must consider the process of marketing along with the various functions and components that affect marketing. This list of functions and components is only a sample of the wide assortment of aspects the owner must consider. Every letter sent, advertisement placed, brochure distributed, and customer greeted is marketing.

Understanding marketing is one way to reduce the risk of operating a profitable business. Develop a marketing plan that is simple, on-going, consistent, effective, and efficient. Identify your niche market, determine what benefits the customer perceives as important, and then communicate those benefits to the customer. Understanding that marketing is “everything you do” is the best guide for business owners.

*Prepared by Glenn Muske, Oklahoma State University*

This resource area was created by the: [Entrepreneurs and Their Communities](#) community

---

These resources are brought to you by the Cooperative Extension System and your Local Institution. eXtension provides objective and research-based information and learning opportunities that help people improve their lives. eXtension is an educational partnership of 74 universities in the United States.

© 2008 eXtension. All rights reserved.

View this page: [http://www.extension.org/pages/The\\_Basics\\_of\\_Marketing](http://www.extension.org/pages/The_Basics_of_Marketing)