GOALS	KEY TERMS
- Explain why businesses need marketing. - Understand how marketing developed as a part of business. - Describe the functions of business.	self-sufficient, bartering, specialization of labor, money system, central market, production, merchandising, operations, accounting and finance, management

The Need For Marketing

Ever since people began exchanging things with each other, there has been a need for marketing. In the past, marketing was viewed as a simple set of activities that helped a business sell its products to more customers. The first businesses developed ideas and activities designed to attract interest and sell their products.

Business executives know that marketing must be carefully planned and coordinated with other business activities. The approach to managing marketing activities changes as organizations understand what makes marketing effective.

Marketing is necessary in every business. Some people believe that if a business offers a good product, marketing is not necessary. However, if the customer does not know about the product, does not know where to purchase it, is unable to get to the place where it is sold, cannot afford the price being charged, or does not believe it is a good value, the product will not be purchased. A variety of marketing activities are required so that customers will be able to purchase the product and will be satisfied with their decision.

Marketing cannot be successful if the product is not what the customer wants or if the quality is low. While a customer may be encouraged to buy a product through advertising, selling, or low pricing, the product must be viewed as satisfying a need. If the customer decides to buy the product but it is defective or does not work the way the customer was led to believe, the customer will likely return it for a refund. Even if the product is not returned, it is unlikely the customer will buy the same product again, and he or she may have a negative attitude about the business where the purchase was made.

Businesses and other organizations use effective marketing to provide satisfying exchanges of products and services with customers. The ways marketing is used have changed over the years, but the need for marketing has not changed.

The Development Of Marketing In Business

There have been times in history when people were self-sufficient. Being self-sufficient means you do not rely on others for the things you need to survive. People were able to find or produce the food and materials needed for themselves and their families. That type of lifestyle required hard work and was very risky. Self-sufficient people had to have good hunting, fishing, or farming skills as well as the capability to produce shelter, clothing, and other necessities. Often it was not possible to

obtain everything needed to survive because of poor weather, competition with other people, sickness, or lack of skills.

Bartering

Some people who found they were not successful at being self-sufficient tried to find other ways to survive. They discovered that often when they did not have certain things they needed, other people did. If each person had something that the other person valued, they were able to make an exchange, so each would be better off than before. Exchanging products or services with others by agreeing on their values is known as **bartering**. A system of bartering was developed so that people could exchange with others to obtain the things they needed. For example, in an early bartering system, someone who was a good hunter but was not able to grow grain might exchange products with a person who had extra grain but needed meat. People who had developed skills in weaving cloth might barter with people who raised animals. Exchanging products through bartering was one of the first examples of marketing. Bartering still takes place today among individuals and businesses. Can you identify examples of bartering in your neighborhood or community or on the Internet?

Specialization of Labor

People discovered that they had particular interests or skills in certain kinds of work while they were not as good at or were uninterested in other types of work. When people concentrated on the work they did well, they were able to accomplish much more than when they tried to do a variety of things. Concentrating on one thing or a few related activities so that they can be done well is known as specialization of labor. Specialization of labor made it possible for people to produce larger quantities of a product rather than trying to produce many different products. Therefore, more of that product would be available to ex-change with other people.

Money Systems

As specialization of labor became more common and a greater variety and quantity of products were available, bartering was not always possible. Not all people
needed the products of others, and it was not always possible to reach agreement on what products were worth so that they could be exchanged directly. To assist with the exchange, a money system was developed. A money system established the use of currency as a recognized medium of exchange. With money, people could obtain products even if they did not always have something to exchange. Those with products to sell could do so for money, which could then be used for future purchases. The development of a money system is another example of marketing.

Central Markets

With many people producing more types of products and with people having money to purchase the items they needed, the demand for products increased. Locating and gathering all of the products people wanted and needed was a difficult process. Much time was spent traveling to sell and purchase products. To solve that problem, central markets were developed. A central market is a location where people bring products to be conveniently exchanged. Central markets were often located at places where many people traveled, such as where rivers or roads met. Towns and cities developed at those locations and became centers of trade. People brought the products they wanted to sell to the markets. When people needed things they could not produce, they would

travel to the market to make purchases. Developing locations where products could be bought and sold was another step in the development of marketing.

Other Marketing Activities

As central markets expanded, other types of business services were created to make exchanges easier. It was not always possible for sellers and buyers to travel to the markets at the same time. Therefore, individuals often formed businesses to purchase products from producers and hold them for sale to purchasers as needed. Other businesses were started to loan money to buyers or sellers, to help with transportation of products, or to locate products that were not available in the market but that customers wanted. Each of those activities resulted in the development of another marketing activity and made the exchange process more effective for those who produced products and those who purchased and consumed the products. Soon marketing became a complex set of activities with some businesses specializing in marketing while others used the services of marketing businesses. Exchanges became easier as businesses added marketing services and improved the ones already provided.

The Functions Of Business

From the previous discussion of the development and improvement of marketing activities, it is clear that marketing is an important part of business and that businesses cannot be effective without marketing. But marketing cannot be successful alone. Other important business functions are production, operations, accounting and finance, and management. These business functions are shown in Figure 1-4.

FIGURE 1-4
Marketing is one of several important business functions.

Production

The primary reason for a business to exist is to provide products or services to consumers and to earn a profit. The production function creates or obtains products or services for sale. Think of the variety of products and services available, and you can see that production can take various forms.

Raw Materials

Production includes obtaining raw materials for sale to customers. Mining, logging, oil drilling, and similar activities are examples of this type of production.

Processing

Other businesses take raw materials and change their form through processing so that they can be used in the production of other products or in the operation of businesses or equipment. Examples include oil refining and the production of steel, paper, plastics, and food products.

Agriculture
A third example of production is agriculture. Food and other materials are grown for consumption or for processing into a variety of products.

Manufacturing
Manufacturing businesses are also involved in production. Manufacturers use raw materials and other resources to produce products for sale to consumers or to other businesses. Most of the products consumed by you, your friends, your family, and businesses have been produced by manufacturers.

Services
Creating and providing services is also an example of production. While a physical product is not provided to the customer, offering a service such as preparing tax returns, cutting hair, providing lawn care, or performing a concert meets customer needs in the same way that making consumable products does.

Merchandising
Finally, some businesses do not produce or manufacture products. Instead, they accumulate products for resale to customers. Offering products produced or manufactured by others for sale to customers is known as merchandising. Retailers and wholesalers are examples of merchandising businesses. While merchandising is not production, it makes the products of other businesses available for sale.

Operations

The ongoing activities designed to support the primary function of a business and keep it operating efficiently are known as operations. Many things must occur for a business to successfully produce and market products and services. Buildings and equipment must be operated and maintained. Products must be obtained, transported, and stored. Paperwork and computerized records must be prepared and maintained. The ongoing operations or day-to-day activities of a business must be performed well in order for the business to be successful.

Accounting and Finance

Businesses are complex with a variety of activities occurring at once. Money is needed to finance those activities, and that money must be carefully monitored and managed. Many types of money, including cash, checks, and credit, are used in a business. The accounting and finance function plans and manages financial resources and maintains records and information related to a business's finances. Finance begins by determining the amount of capital needed for the business and where that capital will be obtained. Budgets must be developed, monitored, and updated. Most businesses must borrow money for major purchases as well as for some day-to-day operations. Determining sources for borrowing, interest rates, and loan payback

schedules are important responsibilities of accounting and finance personnel. Managers rely on accounting and finance personnel to provide the financial information they need to plan the activities of the business.

Management

Even in the smallest businesses, considerable time must be spent developing plans and organizing work. Someone must determine what the business will do, how it can best meet the needs of customers, and how to respond to competitors' actions. Problem solving, managing employees and evaluating the activities of the business are ongoing responsibilities of managers. The management function involves developing, implementing, and evaluating the plans and activities of a business.
Managers are responsible for everything that occurs in the business including the work of the employees. They must develop objectives and plans, make sure the appropriate resources are available, be responsible for buildings and equipment, and assign responsibilities to others. Managers are responsible for the performance of the company, including whether or not it is profitable.

Marketing
Marketing is also an important function of business. All businesses need to complete a variety of activities in order to make their products and services available to consumers and to ensure that satisfying exchanges occur.

Coordination of Business Functions

Each of the functions of an effective business depends on the other functions. Products can be produced, but if the company is not operated or managed well, adequate records are not maintained, or marketing is ineffective, the products will not be sold at a profit.
In the same way, operations maintains buildings and equipment and management plans and coordinates the work occurring in all parts of the business. Finance and accounting provide information to the other parts of the business to make sure that adequate funds are available and are used efficiently. Some organizations have not been successful in coordinating business functions. Functions operate independently and often compete with each other. Products are produced that cannot be sold. Marketing activities are planned without considering costs. Managers concentrate on specific activities without considering if their decisions may have negative effects on other functions.

As a result, product quality and customer service decline while prices increase. Customers become unhappy about the declining product quality and service and rising prices. Competitors who are better organized can take advantage of those situations.

Video 1

0:00
all right first video explain why
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businesses need marketing if you're
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talking about advertising not all
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businesses need advertising all
0:08
businesses do need marketing this is
0:11
just one example look at this Frosted
0:13
Mini spooners you better believe that is
0:17
intended to be like Frosted Mini Wheats
0:20
and I guess they can't quite patent that
0:24
you know they can't quite get the rights
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to the oats and the sugar you know
0:28
there's no way that you could uh patent
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that so that doesn't require any
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advertising but it does require
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marketing business Executives know that
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marketing must be carefully planned and
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coordinated with other business
0:43
activities let me tell you something
0:45
you're not going to sell a knockoff
0:47
cereal that is going to be more
0:49
expensive than the original if you're
0:51
talking about knockoff Frosted Mini
0:54
weats you need Farmers to grow the wheat
0:57
and also the sugar it's got the sugary
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side you're going to need to grow some
1:01
sugar cane but guess what you can't
1:04
exactly grow it anywhere sugar cane
1:07
sugar cane cannot be grown in New York
1:10
try growing an orange or sugar cane New
1:13
York not going to happen you need
1:15
tropical climate for that and what I'm
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getting at with this is with the other
1:20
business activities I want you to think
1:22
about pricing let's say where you
1:25
produce your product is in New York but
1:28
you grow your sugar cane
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in Mexico and you grow your wheat in
1:34
Utah now you have to start thinking
1:36
transport do you put it on a plane do
1:39
you put it on a train which one is going
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to be more coste effective which one is
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going to get it to you faster because if
1:47
you don't make good decisions with that
1:49
the pricing of your product is not going
1:52
to be competitive in other words it's
1:54
going to be expensive but the cost of
1:57
farming and getting the crops to the
2:01

production facility where it's all put
2:04
together into your cereal that's just
2:07
the start now it has to go through
2:10
production the machines that you see
2:12
there are not cheap and they take a big
2:15
investment of money you need people to
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run them and if they break you need
2:20
people to fix them if you buy the wrong
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machines or if you choose the wrong
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Farms or the wrong mode of
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transportation to get you from point A
2:30
to point B it's going to cost you and
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it's going to make your product more
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expensive if the competitor made better
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decisions than you you're in trouble by
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the way once your product is finished
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being made now you have to deliver it to
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stores or deliver it uh e-commerce on
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the internet so where does marketing
2:51
come in so that you can know the
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customer marketing is necessary in every
2:57
business some people believe that if a
2:59
business offers a good product marketing
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is not necessary however if the customer
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does not know about the product does not
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know where to purchase it is unable to
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get to the place where it is sold cannot
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afford the price being charged or does
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not believe it is a good value the
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product will not be purchased this is
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where you need to redefine your
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definition of marketing it goes beyond a
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fancy advertisement that brainwashes
3:27
people into buying a product marketing
3:31
is knowing the customer knowing what the
3:34
customer wants and how to get products
3:37
to where he or she can buy them you need
3:41
more proof fine I will prove it to you
3:43
let's take a look at some companies that
3:45
don't advertise you're going to be
3:47
shocked 10 big brands that don't
3:50
advertise Lamborghini I've never seen
3:53
the Lamborghini commercial
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Rolls-Royce Natural Ice Cream Crispy
3:57
Cream Trader Joe's GoPro Zara I don't
4:02
even know what this is tupperware Tesla
4:05

I've never seen a Tesla
4:08
commercial wow so why do businesses need
4:12
marketing and you won't get this if you
4:15
just fast forwarded to the end of the
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video to hear this sound bite it is the
4:20
job of marketers to know customers what
4:23
they want what they could afford where
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they shop it is also the job of
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marketers to report that back to other
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branches of the business these imitation
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Mini Wheats are more sophisticated than
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you think to be able to be sold at
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$282 in this era you have to have
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everything else figured out I have no
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doubt that they Farm or produce all
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together like in one spot they have a
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shipping Port that easily moves it
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around to where it needs to go but to
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get that that far the marketing
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department had to figure out that there
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was a demand for this product at a lower
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price than what the normal version is
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offered at

Video 2

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goal two understand how marketing
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developed as a part of business people
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have a lot more choices today a lot a
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lot more choices today the development
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of marketing has gone hand inand with
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economic progress the textbook says
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there have been times in history when
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people were
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self-sufficient being self-sufficient
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means you do not rely on others for the
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things you need to survive oh look
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here's a family of Hunter Gathering
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ironically made by AI supposedly those
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people were able to find or produce the
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food and materials needed for themselves
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and their families I'm going to disprove
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that by showing you one image here's a
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chart of human population growth over
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time you have 10,000 BC here you have
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2,000 ad here around the year 2000 we
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were somewhere around 7 billion people

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were starting to push 8 billion now look
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at this SP
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if we're talking about hunters and
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gatherers we're talking about this right
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here people didn't live as long in one
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form or another there would be a king it
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wouldn't always be called a king but
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people would go under a central leader
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mostly for protection all of the wealth
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in that society would be decided by the
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king there were no Air Jordans people
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were just trying to survive so just to
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be clear marketing was not needed in the
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era of nomad and
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self-sufficiency bartering some people
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who found they were not successful at
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being self-sufficient tried to find
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other ways to survive they discovered
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that often when they did not have
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certain things they needed other people
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did if each person had something that
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the other valued they were able to make
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an exchange I'm good at growing apples

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you're good at hurting cattle I'll trade
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you one cow for this many apples that's
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bartering marketing was not needed in
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the era of human history when people
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began
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bartering but there's another level to
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good at um there's Mastery now
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specialization of Labor people
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people concentrated on the work they did
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variety of things concentrating on one
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specialization of Labor you specialize
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mastered it and you're very efficient at
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greater variety and quantity of products
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products of others and it was not always
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possible to reach agreement on what
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products were worth so they could be
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exchanged directly to assist with the
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exchange a money system was developed a
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money system established the use of
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currency as a recognized medium of
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exchange the invention of money was a
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huge turning point for society you can't
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just use anything for money if you look
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back in history people used seashells as
3:28
a currency to buy and trade things the
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problem is that is there's such a huge
3:34
huge supply that anybody who goes to the
3:37
beach suddenly has a significant money
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supply and you'll find out in any
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economics class if there's too much
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money in an economy that leads to
3:48
massive inflation money needs to have

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these characteristics durability it has
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to last portability it has to be easy
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enough to carry look at this while the
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cow is difficult to transport to the
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store the currency can be easily put in
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my pocket divisibility easily divided
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uniformity uh everything is the same um
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like $1 looks like $1 $5 looks like $5
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limited Supply in order to maintain its
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value money must have a limited Supply
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and acceptability people are agreeable
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to exchange it well according to google
4:27
coins have were introduced as a method
4:29
of payment around the 6th or 5ifth
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Century BCE so add 2,000 years to that
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that actually might be 8,000 years ago
4:39
the invention of coins did not lead to
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the birth of marketing but this next
4:44
Innovation is where marketing got
4:47
started Central Markets with many people
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producing more types of products and
4:53
with people having money to purchase the
4:55
items they needed the demand for

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products increased located and Gathering
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all of the products people wanted and
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needed was a difficult process much time
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was spent traveling to sell and purchase
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products to solve that problem Central
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Markets were developed a Central Market
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is a location where people bring
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products to be conveniently exchanged
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Central Markets were often located at
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places where many people traveled such
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as where rivers or roads met towns and
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cities developed at those locations and
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became centered of trade developing
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locations where products could be bought
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and sold was another step in the
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development of marketing I described
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them as eras earlier in the video but
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what they really were were steps
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survive people bartering trading I have
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one thing I need another let me trade
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you specialization of Labor Mastery of
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making products and of course selling

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them that it's it's an extension of of
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uh bartering money systems development
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of money systems development of Central
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Markets and once you had money systems
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and Central Markets that's where people
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tried to differentiate their products
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and we're talking about even 2,000 years
6:17
ago people putting their initials in the
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bread that they made look at that isn't
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that amazing and you start to see
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containers with lettering on them from
6:29
the person who made them they wanted
6:31
their customers back and the first step
6:33
in that is making a container that
6:35
people can recognize the word marketing
6:38
comes from the cattle trade when people
6:40
who were trading cattle wanted to make
6:42
their cattle look as healthy as possible
6:45
so that people would pay top prices for
6:48
them and that is also where we get the
6:51
term branding from a brand was a
6:53
recognizable symbol that was burned into
6:56
the side of the cattle early marketing

6:58
is what differentiated a product it made
7:02
people recognize what it was and where
7:05
to get it but it took Human Society
7:07
getting to the point where they had
7:10
currencies and Central Markets in order
7:13
for marketing to begin and you're about
7:16
to see it has gone a long way from these
7:18
early Origins

Video 3

0:00
this video will answer the third goal
0:02
describe the functions of a
0:05
business and again this textbook is
0:08
saying that marketing is totally
0:10
ingrained with all of the functions of
0:13
business you can't have marketing alone
0:16
to the average person marketing is a
0:18
fancy strategy that helps businesses
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sell more you could fool people once but
0:24
if you don't have a good product that is
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what people want to buy that's B
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on people's interests and people's needs
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it's not going to last to the textbook
0:37
marketing is the creation and
0:38
maintenance of satisfying exchange
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relationships when you are satisfied you
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come back you do business again if you
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feel ripped off by a gimmick you're not
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going to come back on page 14 there is a
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important line it is clear that
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marketing is an important part of
0:58
business and that businesses cannot be
1:01
effective without marketing but
1:03
marketing cannot be successful alone
1:06
other important business functions are
1:09
production operations accounting and
1:12
finance and management and our textbook
1:15
splits business into four important
1:18
functions and it has marketing as
1:21
Central the fifth notice that it is at
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the center of this image it enhances all
1:27
of the other business functions to
1:29
production function creates or obtains
1:32
products or services for sale remember
1:35
in an earlier video we were talking
1:38

about making a cereal that's a part of
1:41
production the production part of
1:44
business would be
1:47
processing agriculture or the farming
1:52
Manufacturing Services merchandising
1:55
I'll let you read those definitions on
1:58
your own but the production part of a
2:01
business is what makes the products
2:04
operations the ongoing activities
2:06
designed to support the primary function
2:09
of a business and keep it operating
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efficiently are known as operations many
2:14
things must occur for a business to
2:17
successfully produce and market products
2:19
and services and here's where they give
2:22
examples of operations buildings and
2:25
equipment must be operated and
2:28
maintained products must be obtained
2:31
transported and stored paperwork and
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computerized records must be prepared
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and maintained the ongoing operations or
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day-to-day activities of a business must
2:43
be performed well in order for the
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business to be successful accounting and
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finance businesses are complex with a
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variety of activities occurring at once
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money is needed to finance those
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activities and that money must be
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carefully monitored and managed many
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many types of money including cash
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checks and credits are used in business
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the accounting and finance function
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plans and manages financial resources
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and maintains records and information
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related to a business's Finance
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accountants are aware of every sale that
3:19
goes on in a business accountants are
3:21
aware of the costs of running a business
3:24
for instance if you're transporting a
3:26
product there is a cost to that and it
3:29
changes all the time based on how much
3:32
fuel costs accountants will be able to
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tell you if you are running a profitable
3:37
business or if you're in the red in
3:40
other words you are piling up debts and
3:43
no business can survive uh long periods
3:47

of debts now notice though this says
3:50
accounting and finance Finance Begins by
3:54
determining the amount of capital needed
3:56
for the business and where that Capital
3:58
will be obtained simply put the finance
4:01
part of a business is it's the big plan
4:04
the master plan you have a goal of
4:07
selling this many products and the
4:10
finance experts will help get you there
4:13
very often it's through borrowing money
4:16
going to Banks taking out loans and
4:19
paying interest on those loans but uh
4:22
the finance part of business is the
4:24
long-term blueprint to success let me
4:27
rephrase one part of that the business
4:29
business plan is the long-term blueprint
4:32
to success the person who is in charge
4:35
of Finance is the person who is in
4:38
charge of getting to that long-term goal
4:42
that long-term destination and the
4:44
people who have mastered the finances
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usually work
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in management even in the smallest
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businesses considerable time must be
4:55
spent developing plans and organizing
4:57
work someone must determine what the
5:00
business will do how it can best meet
5:02
the needs of customers and how to
5:04
respond to competitors actions problem
5:07
solving managing employees and
5:10
evaluating the activities of business or
5:12
ongoing responsibilities of managers the
5:16
management function involves developing
5:19
implementing and evaluating the plans
5:21
and activities of a business marketing
5:23
is also an important function of
5:25
business all businesses need to complete
5:28
a variety of activities in order to make
5:31
their products and services available to
5:34
Consumers and to ensure that satisfying
5:37
exchanges occur to summarize this part
5:40
in a few words uh all of the different
5:42
functions of business need to work
5:44
together in order for the business to
5:46
thrive in order for the business to do
5:48
well describe the functions of business
5:51

they are all parts of a whole all parts
5:56
of a bigger team and U marketing is
6:00
Central to this marketing cannot exist
6:03
alone marketing enhances all of the
6:06
other business functions and vice versa
6:10
you can't have marketing without having
6:12
a good product that people want from a
6:15
well-managed company that does good
6:18
accounting and has a good financial plan
6:20
and good leadership