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ECONOMIC BENEFITS OF MARKETING

Have you ever thought about the benefits of marketing to businesses and to you personally? Marketing bridges the gap between you and the maker or seller of an item. Marketing makes buying easy for customers. It also creates new and improved products at lower prices.

The functions of marketing add value to a product. This added value in economic terms is called utility. Utilities are the attributes of a product or service that make it capable of satisfying consumers' wants and needs. There are five economic utilities involved with all products – form, place, time, possessions, and information. Form utility is the only one that is not directly related to marketing; the remaining four are marketing utilities. Form utility involves changing raw materials or putting parts together to make them more useful. In other words, it deals with making or producing things. Let's look at a tree to determine its utility. In its original state, a tree has value as an object of beauty. A tree prevents soil erosion, provides homes for animals, and produces oxygen for us to breathe. When the tree is cut down to use in making other product, however, its usefulness changes. Lumber from the tree might be used to make pencils, paper, furniture, and buildings. The raw material (wood) becomes part of finished items that have a different value to us than the raw material itself. The same would be true if a manufacturer were assembling parts into a product. The parts of a lounge chair – the wood frame, the fabric used for the upholstery, the glue and nails used to hold the parts together, and the reclining mechanism – are less useful by themselves. Putting them together adds form utility.

Place utility involves having a product where customer can buy it. Businesses study consumer shopping habits to determine the most convenient and efficient locations to sell products. Some businesses use a direct approach by selling their products through catalogs, and other businesses rely on retailers to sell their products.

Time utility is having a product available at a certain time of year or a convenient time of the day. Marketers increase the value of products by having

them available when consumers want them. In other words to achieve that goal, marketers' must plan their operations in advance. Consider toy manufacturers and retailers. Toy manufacturers introduce their new product to retailers each February at a toy fair held in New York City. That is when retailers decide which products they will sell during the holiday season nine months later. Retailers also offer convenient shopping hours to accommodate their customers. Mall stores are generally open 10 a.m. to 9 p.m., and some convenience stores are open 24 hours a day.

How do you come into possession of the items you want? Unless they are given to you as a gift, you generally buy them for a price. The exchange of a product for some monetary value is possession utility. Retailers may accept alternatives to cash, like personal checks or credit cards, in exchange for their merchandise. They may even offer installment or layaway plans (delayed possession in return for gradual payment). Everyone of these options adds value to the product being purchased. In fact, without these options, some customers would not be able to buy the items they want.

In business-to-business situations, companies also grant their customers' credit. They may give them a certain period (for example, 30 days) to pay a bill. This adds value to the product they sell. Possession utility is involved every time legal ownership of a product changes hands. Possession utility increases as purchase options increase.

Information utility involves communication with the consumer. Salespeople provide information to customers by explaining the features and benefits of products. Displays communicate information, too. Packaging and labeling inform consumers about qualities and uses of a product. The label on a frozen food entrée will tell you the ingredients, nutritional information, directions for preparation, and any safety precautions needed. Advertising informs consumers about products, tells how much product costs. Most manufacturers provide owners' manuals that explain how to use their products. Businesses must transform materials into products that have value and use in order to experience successful sales. They do this by employing the five economics utilities.

New and improved products are another result of increased competition generated by marketing. As businesses continue to look for opportunities to better satisfy customers' wants and needs, the result is a larger variety of goods and services. For example, personal computers have gotten smaller, more powerful,

and less expensive. More people use computers, and this market continues to grow.

A review of detergents demonstrates the change in consumer preference and competition in the market. For years, only powder detergents were available; now, consumers can choose between powder and liquid detergents. They can also choose other options like detergent with bleach and unscented detergent. Easy-to-use containers with measuring caps demonstrate how marketers have responded to changing consumer trends.