

Section Answer Keys

Chapter 1 Marketing Is All Around Us

Section 1.2 The Importance of Marketing

Review Key Concepts

1. Marketing plays an important role in an economy because it provides the means for competition to take place. In a competitive marketplace, businesses try to create new or improved products at lower prices than their competitors. Those efforts force them to be efficient and responsive to consumers. In addition, businesses look for ways to add value to a consumer's shopping experience.
2. When demand is high, manufacturers can produce products in larger quantities. This reduces the unit cost of each product. This is because the fixed costs (such as the rent on a building) remain the same whether the company produces 1,500 units or 15,000 units. When a company produces a larger quantity of a product, it spends less per unit on fixed costs. The company can charge a lower price per unit, sell more units, and make more money.
3. Form utility is not directly related to marketing. However, much of what goes into creating products, such as marketing research and product design, makes it an integral part of the marketing process.

Practice Academics

English Language Arts

4. Answers will vary. A good example would be electronic games, such as the Wii System, which shows the effect of a player's physical action (hitting a golf ball, throwing a bowling ball) onto a screen and provides immediate feedback, evaluating the player's efforts. Marketing has helped in that endeavor by educating different target markets as to the benefits of the new game. This communication helped to increase sales to more customers who had never thought to buy such a product.

Mathematics

5. \$11,760 (Convert 2% to a decimal = 0.02. Multiply $\$12,000 \times 0.02 = \240 . Subtract $\$12,000 - \$240 = \$11,760$.)