

So What?

How much do you enjoy drinking your bottle of Gatorade? Well, that depends, doesn't it?

Do you:

- Feel thirsty?
- Like Gatorade?
- Like the particular flavor(s) available?
- Prefer the size of the available bottles?
- Know where you can buy Gatorade?
- Want Gatorade?
- Have enough money to buy it?

If you answered yes to any of these questions, you are more likely to be satisfied with your purchase. And satisfaction is just what marketers measure when they use utility to evaluate how happy you are to make a purchase.

Marketers want to know: As a consumer, just how pleased are you?

SAMPLE PAGE

What's Utility?



How useful is a cracked coffee mug? Or a bad haircut? Not very! As a consumer, you aren't very pleased with faulty goods and services because they aren't very helpful to you. But a helpful—or useful—product can make your day. Imagine discovering a car you like in your price range. Or learning that your favorite restaurant delivers to your neighborhood. Useful products make your life better. They provide you with something worthwhile. They have utility (*usefulness*).

But utility isn't only about usefulness. It's also about *satisfying wants and needs*. The key is to look at how consumers view the product. If consumers are satisfied with what the product has to offer (because it fulfills a desire), the product has utility. If not, the product lacks utility for the consumer—just as a hockey stick does nothing for a figure skater.

What fuels the idea of utility is the *self-interest* of both consumers and businesses. This means that consumers buy products to benefit themselves. And, the first products consumers buy are the ones that benefit them the most—the products with the most utility. Knowing this, firms offer products that provide significant utility to consumers, in order to stay in business.

Peek inside

So, which products provide the most utility? To find the answer, marketers *measure* consumer satisfaction in terms of low or high utility. The higher the utility, the more satisfying the product is for a particular consumer. A drummer may rank a snare drum as having high utility—but an additional music stand as having low utility, because it doesn't satisfy his/her immediate need.

“A little off the sides is all I asked for.”



Objectives:

- A** Describe the types of utility.
- B** Explain the relationship between utility and marketing.





Possession utility is the usefulness created when ownership of a product is transferred from the seller to the user. This means that a consumer finds a product useful and satisfying *after* s/he has purchased it—after the product is within his/her control. Just as buying a pair of jeans gives you the right to cut them up, so setting up an account at your local bank gives you access to the bank's services. Once you're an "owner," you're entitled to the product's benefits.

Since consumers can't be satisfied with a product they don't yet own, marketers do what they can to create possession utility for consumers. To create (or increase) possession utility, marketers make changes that affect the purchase process or its likelihood—making it easy to buy the product.

Summary

Utility is the usefulness of a product that is capable of satisfying wants and needs. Marketers create utility for consumers (and businesses) by making changes to the four types of utility: form, time, place, and possession.

For marketers, the end result of producing the right product, making it available at the right time, locating it in the right place, and making it easy to purchase is the successful sale of the product—bringing satisfaction to the consumer.

1. What is utility?
2. How can marketers create utility?
3. Describe the difference between form utility and task utility.
4. How does timing affect consumer satisfaction?
5. Why is place utility important?
6. How is possession utility created?

The Gray Zone

For several months, John and Marcia have been collecting information from a local business about plasma televisions. They've asked the salesperson about each model's pros and cons, and they've asked the salesperson's opinion about competing brands. In response, the salesperson has supplied literature for each brand—including brochures about each model in which John and Marcia expressed an interest. After gathering as much information as possible, the couple has selected the plasma television they prefer for their home.

But John and Marcia don't buy the plasma television from the local business they've visited so often. After doing their research, they look up their selection on the Internet—and buy the plasma TV online.

Other consumers have done the same thing as John and Marcia. They've used a local store (or stores) for information on a product they have no intention of purchasing there. For these consumers, it appears the most place utility can be found online. But is that really the case? Or are these consumers taking advantage of the free "help" local stores provide?

SAMPLE PAGE

Possession. Since consumers don't receive a product's utility until they own the product, marketers pay attention to—and address—whatever is holding consumers back from making a purchase. Consumers' hesitations often come from not being able to *afford* the product or not being *willing* to buy it—today.

Some consumers aren't *willing* to purchase the product right now—because they have unanswered questions or are unaware of the product's immediate utility. For these consumers, marketers gladly answer questions and discuss the product's immediate benefits—so that consumers will want to buy the product without delay.

Other consumers are willing to buy the product now—but can't *afford* it until later. Marketers provide these consumers with discount prices, payment plans, or layaway options. In fact, many marketers do whatever it takes to help a willing buyer take ownership of a product as soon as possible.

So, when marketers *directly* create possession utility, they make the purchase as effortless as possible—by dealing with whatever stands in the way of a smooth exchange.

What does utility have to do with the marketing concept?

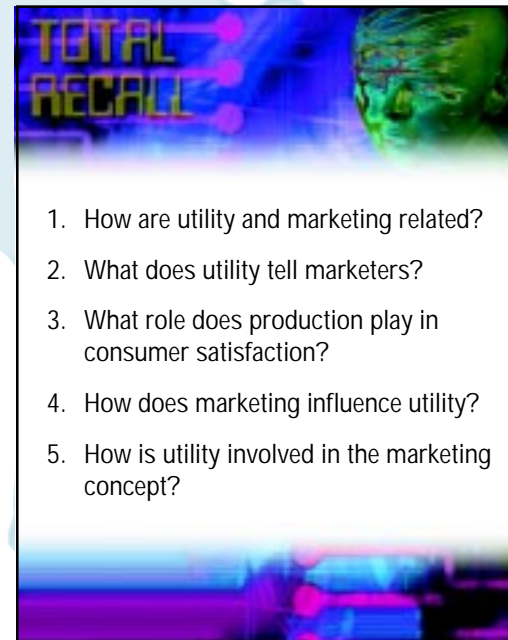
Utility is about what the consumer thinks. And what the consumer thinks is at the heart of the marketing concept—which encourages marketers to look at things from the consumer's point of view. When marketers use utility to discover how the consumer sees a product, they can work to meet the consumer's needs. In this way, utility supports implementing the marketing concept—seeing things the consumer's way before making marketing decisions.

And, not only does utility support implementing the marketing concept, but it also plays a role in the implementation—when marketers use utility as a measurement tool to research what consumers want. So, in all, utility shows itself to be very useful to marketers who are putting the marketing concept into practice.

Summary

As a measurement of consumer satisfaction, utility reveals valuable information marketers can use. And, when marketers use that information to create or increase utility, they influence the amount of utility consumers receive. So, both utility and marketing are involved in providing consumer satisfaction. And, by carefully considering the consumer's perspective,

each reinforces the marketing concept—which promotes making marketing decisions based on the consumer's point of view.



1. How are utility and marketing related?
2. What does utility tell marketers?
3. What role does production play in consumer satisfaction?
4. How does marketing influence utility?
5. How is utility involved in the marketing concept?



What the consumer thinks is at the heart of the marketing concept.

Make It Pay!

When you purchase a product, all four types of utility are present—whether you realize it or not. Think of something you bought recently. Were the product's features to your liking? Did you find the product at a convenient time and place? Did you feel that you got the best value for the price?

SAMPLE PAGE

What utilities did you receive? Were they developed early? Was the purchase process made *attractive*?

If sometime in the future you purchase a similar product, what improvements—or increased utility—would you like to see?