

Utility

Principles of Business

Project #2 :: Snapshot

What is utility?

- Useful products make our lives better. They provide us with something worthwhile. They have utility—usefulness.
- Utility is about satisfying wants and needs.
- If customers are satisfied with what a product offers because it fulfills a desire, the product has utility. If not, the product lacks utility.

Self-interest of businesses and customers fuels the idea of utility

- Consumers buy products to benefit utility to consumers..
- The first products consumers buy are those that benefit them the most—the products with the most utility.
- To stay in business, businesses offer products that provide significant.
- To determine that, businesses measure consumer satisfaction in terms of low or high utility.

Self-interest, etc.

- The higher the utility, the more satisfying the product is for a particular consumer.
- Knowing what products most satisfy consumers' needs helps marketers determine what products to offer.
- This benefits consumers by letting them get the products they want.
- When businesses know what products to offer, they attempt to increase the likelihood that the consumers will make future purchases and the level of customer satisfaction.

Self-interest, etc.

- To do this, marketers make changes:
 - They improve existing products.
 - They develop better products.
 - They might change the hours they're open.
 - They might make their products available on the Internet.
 - Making changes is called creating utility.
 - Businesses usually adjust one of four types of utility.

Types of utility

- **Form utility and task utility**
 - A product's form is whatever is tangible—whatever can be touched or noticed by the senses.
 - Includes styles, scents, flavors, texture, sounds, and colors
 - All the “touchable” parts of a good
 - Marketers change “touchable” goods' parts to create or increase utility.

Form utility

- the usefulness created by altering or changing the form or shape of a good to make it

more useful to consumers

Task utility

- the usefulness created by altering or changing the characteristics of a service to make it more useful to consumers.
- Marketers change what they are doing to be helpful or useful.

Time utility

- Involves getting the timing right to make products available to consumers
 - Accomplished by: looking ahead to determine the timelines needed by the businesses that process a product on its way to consumers
 - Marketers have to make changes when to avoid or to correct problem timing.
 - Time utility is the usefulness created when products are made available at the time they are needed or wanted by consumers.

Place utility

- Place is the right location for products—on the shelf, in the showroom, at the warehouse, etc.
 - Making changes to a product's location can create place utility: the usefulness created by making sure that goods or services are available at the place where they are needed or wanted by consumers.

Possession utility

- Possession involves selling the product or transferring the product's ownership.
- The exchange of currency for the product shifts possession of the product to consumers so that the consumers own the product completely. In other words, you could do whatever you wanted to do with the product.

Possession utility

- Possession utility is the usefulness created when ownership of a product is transferred from the seller to the consumer and occurs after the product has been purchased and in the consumer's control.
- Marketers make changes that affect the purchasing process or its likelihood—making it easy to buy the product.

Different consumers and businesses can view the same product's utility differently

- **Utility varies**
 - With utility, a consumer's or a business's level of satisfaction is measured at a specific point in time because a level of satisfaction changes over time.
- **Variety of factors affects utility**
 - The amount of satisfaction consumers and businesses receive from a product is affected by such factors as age, gender, income, educational level, interests, and preferences.

Marketers do not create utility by themselves

- Producers play an important role, too.
- With form utility, producers are the ones who change the physical form of a good—not marketers.
- Both marketers and producers are needed to create utility.

- All four types of utility must be present for consumers to be satisfied; none of them can be overlooked.
- From utility, marketers learn what consumers want—and how to bring it about.

How does marketing influence utility?

- By providing information:
 - Marketing is about making connection between products and its users.
 - To do this, marketers communicate product information to make consumers and businesses aware of the product's benefits and encourage them to buy.
 - When consumers and businesses purchase a product, they “connect” with it and can benefit from its utility.

Marketers provide information that influences utility

- Marketers use a variety of tools to communicate with and educate consumers and businesses: displays, advertising, mailings, personal selling—whatever tools they feel are best at connecting with their product users who would get the most utility from their products.

Specific types of utility

- Form: Product changes are made in production—not in marketing.
 - Marketing affects form utility indirectly by recommending changes to producers after studying and analyzing which product features bring the most satisfaction to product users.

Specific types of utility

- Time: Marketers must first find out when the product user (consumer or business) needs the product.
 - Then, they plan how to get the product through each phase of the process and into the product user's hands—on time.
 - Finally, they make the adjustments needed to make the product-money exchange

Specific types of utility

- Place: Marketers aid in putting the product in the right place—the location where it will be bought. What they do:
 - Figure out where the right location is
 - Plan how to get the product there
 - Deliver the product to the right place.

Specific types of utility

- Possession: Marketers pay attention to and address whatever is holding product users back from making a purchase, such as:
 - Product's price: They justify its higher cost by explaining its benefits.
 - Unwillingness to buy right now: They answer questions and discuss the product's immediate benefits.

Specific types of utility

- Lack of money to buy: They arrange discount prices, payment plans, or layaway options.
- Marketers can directly create time, place, and possession utility to make the

purchase as easy as possible.

How does utility relate to the marketing concept?

- Utility is about what the consumer thinks which is at the heart of the marketing concept—a philosophy that encourages marketers to look at things from the product user's point of view.
- When marketers use utility to discover how the product user sees a product, they can work to meet the product user's needs.

How does utility relate to the marketing concept?

- In this way, utility supports implementing the marketing concept.
- It also plays a role in the implementation of the marketing concept when marketers use utility as a measurement tool to research what product users want.