

Marketing Mix

- marketing mix: is the **tactical tools** that marketers use to implement their **strategies** and deliver superior customer value.
- The **marketing mix** brings together all the **tools** available to a success of a particular product or brand



Product

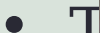
- **It is a bundle of physical, chemical or intangible attributes that have the potential that satisfy present and potential customers wants.**
- **Product that are marketed include physical good, services, experiences, events, person, place, properties, organization, information and ideas**

What Is a Product?

- We define a **product** as **anything** that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.
- **Services** are a **form of product** that consists of activities, benefits, or satisfactions offered for sales that are essentially **intangible** and **do not result** f a



Products, Services, and Experiences

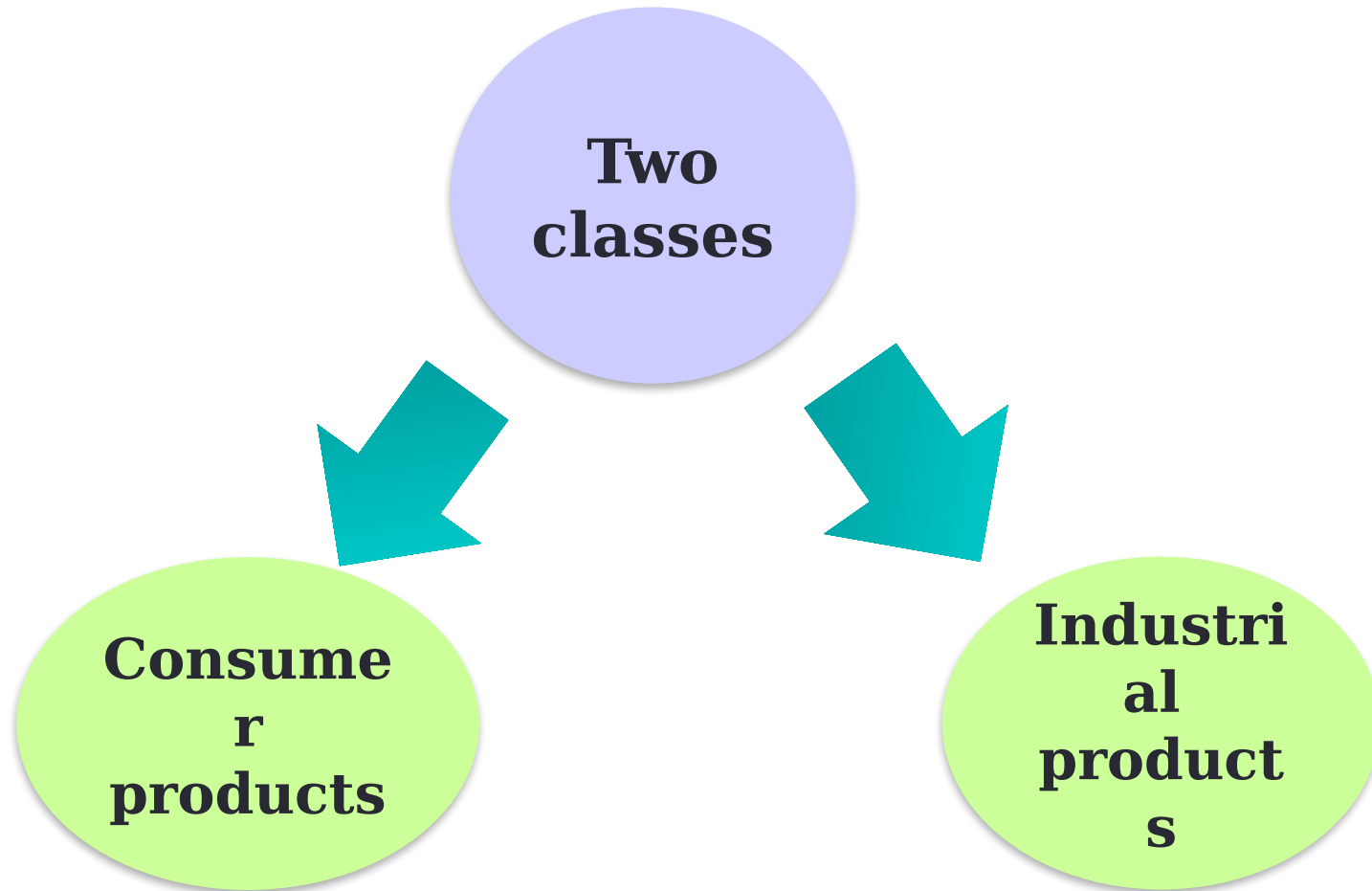


and managing customer experiences with their brands or company.

Levels of Product and Services



Product and Service Classifications



Consumer Products

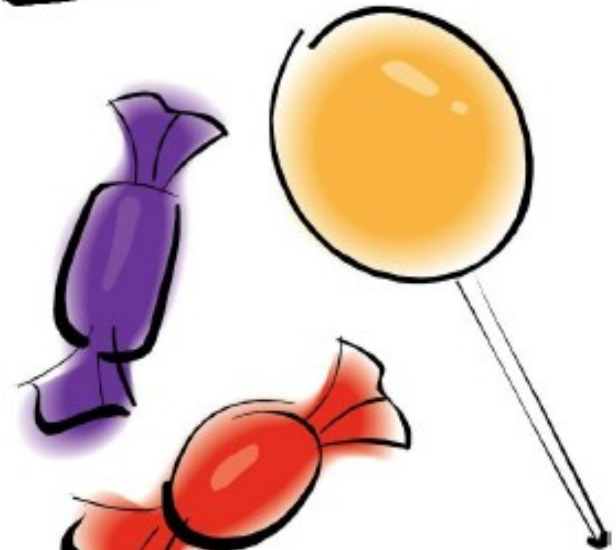
● **Table 8.1 | Marketing Considerations for Consumer Products**

Marketing Considerations	Type of Consumer Product			
	Convenience	Shopping	Specialty	Unsought
Customer buying behavior	Frequent purchase; little planning, little comparison or shopping effort; low customer involvement	Less frequent purchase; much planning and shopping effort; comparison of brands on price, quality, and style	Strong brand preference and loyalty; special purchase effort; little comparison of brands; low price sensitivity	Little product awareness or knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution; convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both the producer and resellers	More carefully targeted promotion by both the producer and resellers	Aggressive advertising and personal selling by the producer and resellers
Examples	Toothpaste, magazines, and laundry detergent	Major appliances, televisions, furniture, and clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance and Red Cross blood donations

CONVENIENCE PRODUCTS

Convenience Goods

- Bought frequently and immediately
- Low priced
- Mass advertising
- Many purchase locations



SHOPPING PRODUCTS



- Shopping Goods
 - Bought less frequently
 - Higher price
 - Fewer purchase locations
 - Comparison shop



SPECIALTY PRODUCTS

- Specialty Products
 - Special purchase efforts
 - High price
 - Unique characteristics
 - Brand identification
 - Few purchase locations



UNSOUGHT PRODUCTS



- Unsought Products

- New innovations
- Are often products consumers do not want to think about
- Require a lot of advertising and personal selling



Individual Product and Service Decisions



Don't forget Figure 8.1.
The focus of all of these
decisions is to create
core customer value.



- ✓ 一站式技術支援
- ✓ Apple 硬體保養
- ✓ 包括軟體支援

Branding

- A brand is a name, term, sign, symbol, or combination of these that



NAMED AFTER STARBUCK, A CHARACTER IN HERMAN MELVILLE'S NOVEL MOBY-DICK.

BOREDPANDA.COM



know that they will get the same features, benefits, and quality each time they buy.

Branding

Benefits of Brand

- Identification
- Encourage repeat sales
- Facilitates new product introduction



Branding

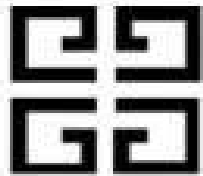
- A **brand name** is the verbal part of the brand



Dior



DIESEL



GUCCI

D&G
DOLCE & GABBANA



VERSACE



VOGUE

EMILIO PUCCI

GUESS
Eyewear

PRADA

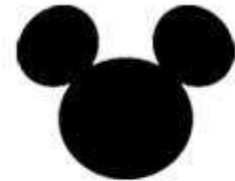
VOGUE

roberto cavalli

Salvatore Ferragamo

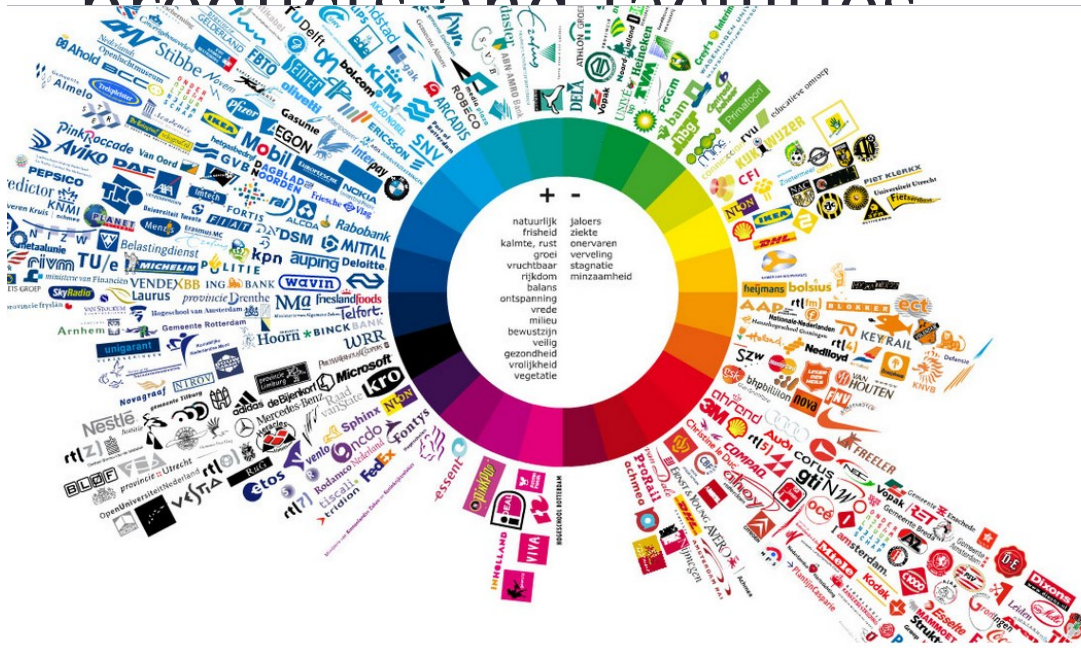
YVES SAINT LAURENT

a
symbol, design, distinctive
coloring, or lettering. It is
recognized by
sight but cannot be uttered or
vocalized.



Branding Strategy: Building Strong Brands

- Some analysts see brands as *the* major enduring asset of a company, outlasting the company's specific products and facilities





React less favorably than to an unbranded version.

Brand Development



Multibranding

- It offers an established feature appearance to custom segments more space, a large share.

New Brands

- A company might believe that the power of its existing brand name is waning, so new brand name is needed.
- Or it may create a new brand name when it enters a new product category for which none of its current brand names are appropriate.

- A major drawback of multibranding is that a brand may obtain only a small market share, which may be unprofitable. In this situation, companies may reduce the number of brands in a given category and set up tighter screening procedures for new brands.
- brand name.



Privacy Terms Career

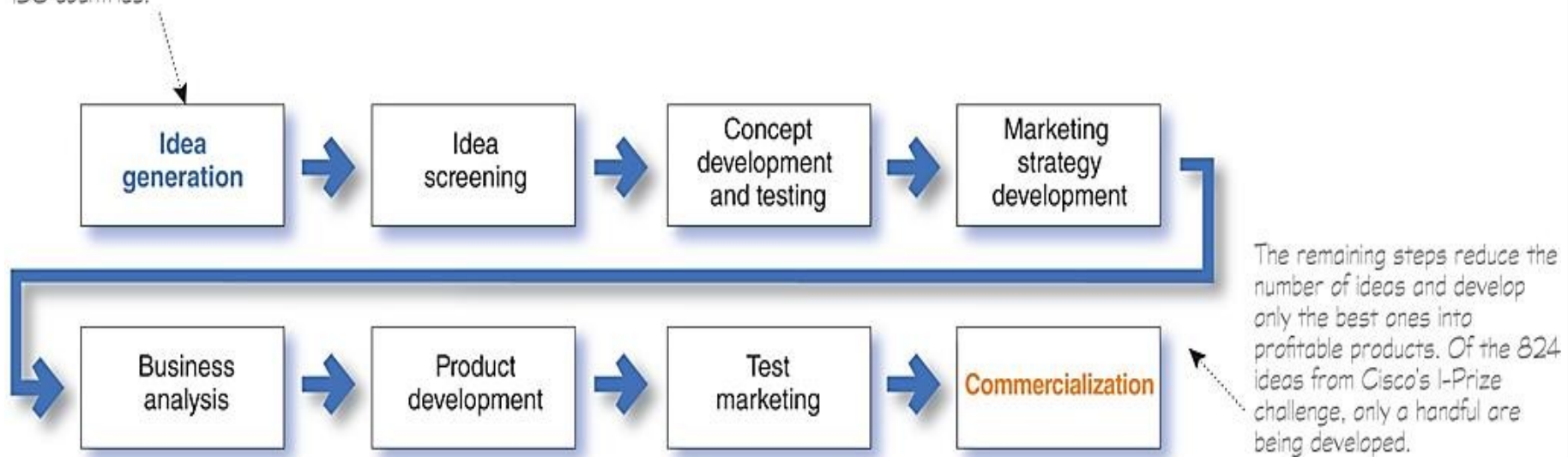
New-Product Development Strategy

- A firm can obtain new products in two ways.
 - One is through **acquisition** – by buying a whole company, a patent, or a license to produce someone else's product.
 - The other is through the firm's own **new-product development** which is the development of original products, product



The New-Product Development Process

New-product development starts with good new-product ideas—lots of them. For example, Cisco's I-Prize crowdsourcing challenge attracted 824 ideas from 2,900 innovators representing more than 156 countries.



Idea Generation

- New-product development starts **with idea generation** – the systematic search for new-product ideas.
- Major sources of new-product ideas include internal sources and external sources such as customers, competitors, distributors and



Idea Screening

- The first idea screening framework

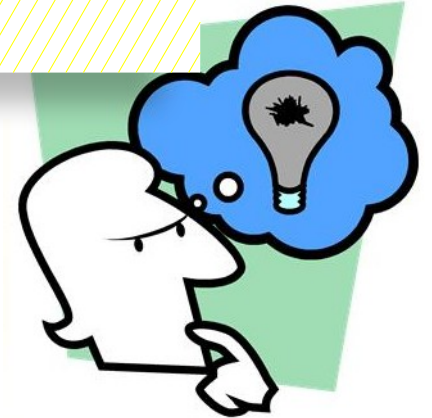
New-product Screening framework

Asks Three Questions

1. Is it real?
2. Can we win?
3. Is it worth doing?



reviewed by a new-



Concept Development and Testing

- A **product concept** is a detailed version of the new-product idea stated in meaningful consumer terms.
- A *product idea* is an idea for a possible product that the company can see itself offering to the market.
- A *product concept* is a detailed version of the idea stated in meaningful consumer terms



is the
al or p



Business Analysis

- **Business analysis** involves a review of the sales, costs, and profit projections for a new product to find out whether they satisfy the company's objectives.



Product Development

- **Product development** develops the product concept into a physical product to ensure that the product idea can be turned into a workable market offering.
- R&D hopes to design a prototype that will satisfy and excite consumers and that can be produced quickly and at budgeted costs.
- Often, products undergo rigorous tests to make sure that they perform safely effectively, or that consumers will fit in them.



Test Marketing

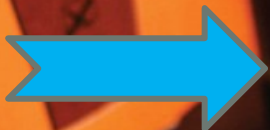
- Test marketing gives the

Controlled Test Markets

New products and tactics are tested among controlled panels of shoppers and stores.

Simulated Test Markets

Researchers measure consumer responses to new products and marketing tactics in laboratory stores or simulated online shopping environments.



Both controlled test markets and simulated test markets reduce the costs of test marketing and speed up the process.

Commercialization

- If the company goes ahead with **commercialization** – introducing the new product into the market – it will face high costs.
- A company launching a new product must first decide on introduction *timing*.
- Next, the company must decide *where* to launch the new product – in a single location



nal market
et.



Product Life-Cycle Strategies

● The product life cycle is a series of stages that a product goes through from its introduction to the market to its decline.

- ◆ It begins with the product's introduction and ends with its decline.
- ◆ During the product life cycle, sales and profits are zero and investments are high.

- ◆ It is a period of slow growth in sales and profits.
- ◆ Profits are low in the early stages of the product life cycle.
- ◆ Profits level off or drop in the later stages of the product life cycle.

- ◆ It is a period of slowdown in sales growth because the product has achieved acceptance by most buyers.
- ◆ Profits level off or drop because of increased marketing outlay and competition.

- ◆ It is the period when sales fall off and profits drop.

Product Development

Introduction

Growth

Maturity

Decline

Investment (%)

Table 9.2 | Summary of Product Life-Cycle Characteristics, Objectives, and Strategies

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
Marketing objectives	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
Strategies				
Product	Offer a basic product	Offer product extensions, service, and warranty	Diversify brand and models	Phase out weak items
Price	Use cost-plus	Price to penetrate market	Price to match or beat competitors	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyals
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

The End



Pricing Mix

- **What is a Price?**
- In the narrowest sense, **price** is the amount of money charged for a product or a service.
- More broadly, price is the sum of all the values that customers give up to gain the benefits of having or using a product or service.
- Price is the only element in the marketing mix that produces revenue; all other elements



Major Pricing Strategies

- The price the company charges will fall somewhere between one that is too low to produce a profit and one that is too high to produce any demand.

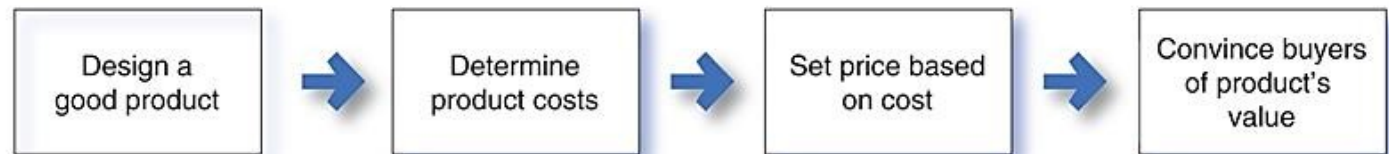
If customers perceive that a product's price is greater than its value, they won't buy it. If the company prices the product below its costs, profits will suffer. Between the two extremes, the "right" pricing strategy is one that delivers both value to the customer and profits to the company.



Customer Value-Based Pricing

- Customer value-based pricing uses buyers' perceptions of value as the key to

Cost-based pricing



Costs play an important role in setting prices. But, like everything else in marketing, good pricing starts with the customer.

Value-based pricing



- The targeted value and price drive decisions on what costs can be incurred and the product design.



Good

Value-Added Pricing

- Many companies adopt **value-added pricing** strategies.
- Rather than cutting prices to match competitors, they attach value-added features and services to differentiate their offers and thus support their higher prices.

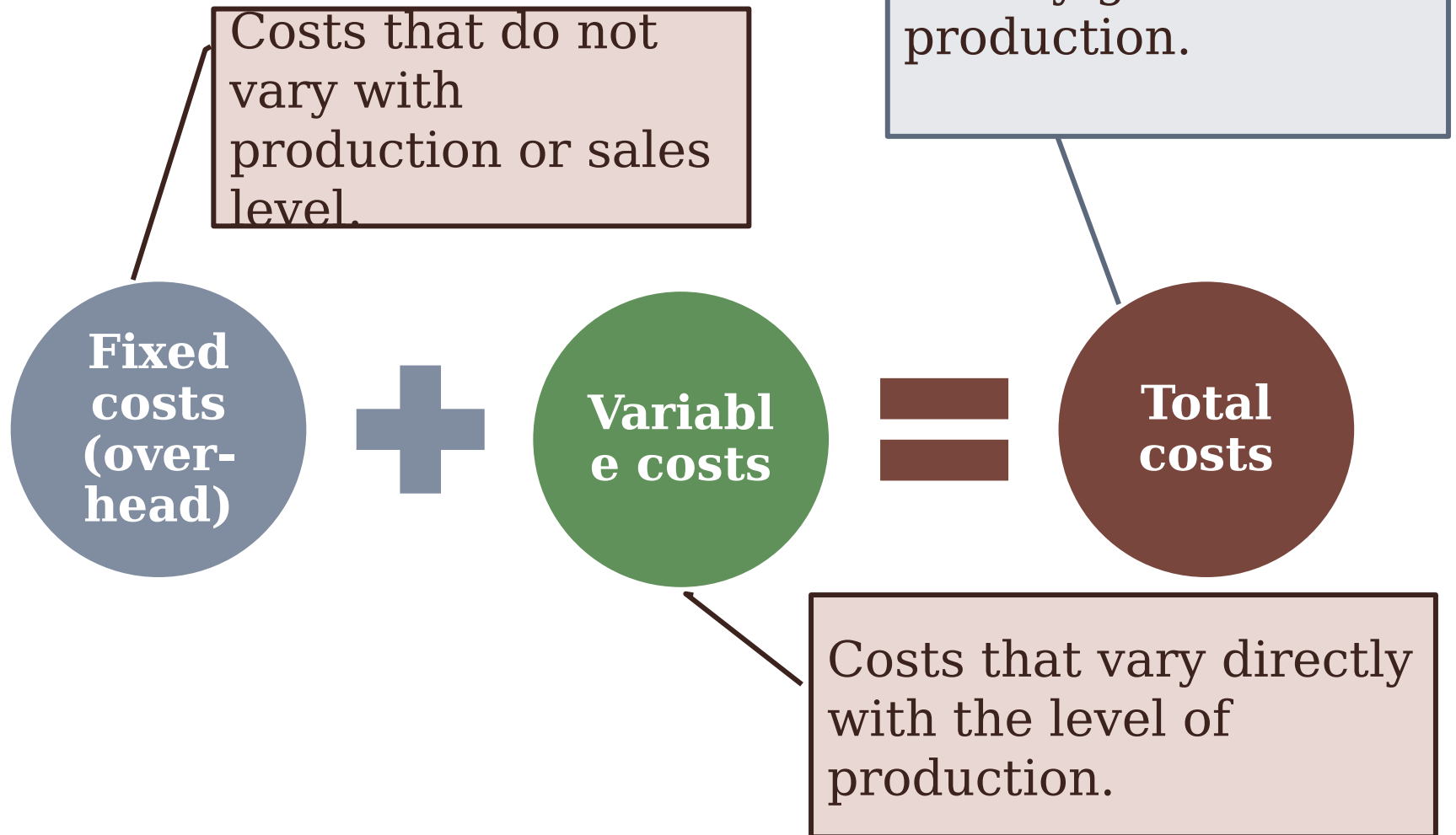


Cost-Based Pricing

- **Cost-Based pricing** involves setting prices based on the costs of producing, distributing, and selling the product plus a fair rate of return for its effort and risk.
- A company's costs important element strategy.



Types of Costs



Cost-Plus Pricing

- To illustrate markup pricing, suppose a toaster manufacturer has the following costs and expected sales:
cost-plus pricing (or **markup pricing**) – adding a standard markup to the cost of the product.
Variable cost \$10
Fixed costs \$300,000

Expected unit sales

50,000

Then the manufacturer's cost per toaster is given by the following:
$$\text{unit cost} = \frac{\text{Fixed costs} + \text{Variable cost} \times \text{Expected unit sales}}{\text{Expected unit sales}}$$

Now suppose the manufacturer wants to earn a 20 percent markup on sales. The manufacturer's markup price is given by the following:

$$\text{markup price} = \text{unit cost} \times (1 + \text{markup percentage})$$



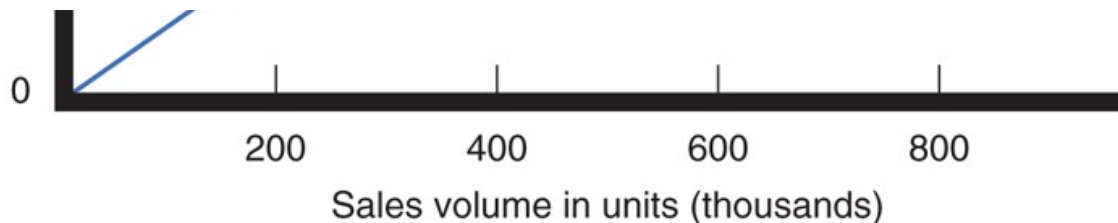
Break-Even Analysis and Target Profit Pricing

At the break-even point, here 600,000 units, total revenue equals total cost.

Total revenue

Table 10.1 Break-Even Volume and Profits at Different Prices

Price	Unit Demand Needed to Break Even	Expected Unit Demand at Given Price	Total Revenue (1) × (3)	Total Costs*	Profit (4) – (5)
\$14	75,000	71,000	\$994,000	\$1,010,000	–\$16,000
16	50,000	67,000	1,072,000	970,000	102,000
18	37,500	60,000	1,080,000	900,000	180,000
20	30,000	42,000	840,000	720,000	120,000
22	25,000	23,000	506,000	530,000	–\$24,000



Competition-Based Pricing

- **Competition-based pricing** involves setting prices based on competitors' strategies, costs, prices, and market offerings.
- Consumers will base their judgments of a product's value on the prices that



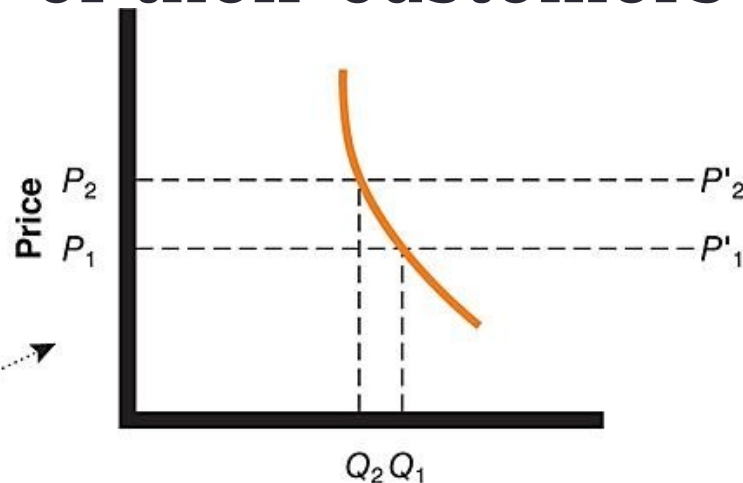
r sir



Analyzing the Price-Demand Relationship

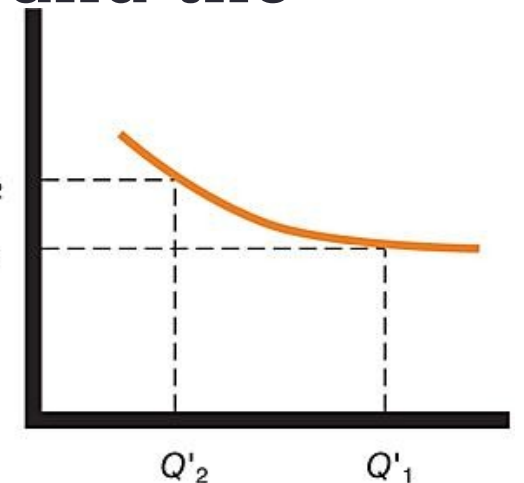
- **Demand curve** is a curve that shows the number of units the market will buy in a given time period, at different prices that might be charged.
- companies need to understand the price sensitivity of their customers and the

Price and demand are related—no big surprise there. Usually, higher prices result in lower demand. But in the case of some prestige goods, the relationship might be reversed. A higher price signals higher quality and status, resulting in more demand, not less.



Quantity demanded per period

A. Inelastic demand



Quantity demanded per period

B. Elastic demand

Price Elasticity of Demand

- **Price Elasticity** is a measure of the sensitivity of demand to changes in price.

● It is given by the following formula:
price elasticity of demand = $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$

- If demand is elastic rather than inelastic, sellers will consider lowering their prices.
- A lower price will produce more total revenue.
- Marketers need to work harder than ever to differentiate their offerings when a dozen competitors are selling virtually the same product at a comparable or lower price.

New-Product Pricing Strategies

- Pricing strategies usually change as the product passes through its life cycle.
- The introductory stage is especially challenging.
- Companies bringing out a new product face the challenge of setting prices for the first time.



between
et-skimn
on prici



Market-Skimming Pricing

- **Market-skimming pricing** (or **price skimming**) set a high price for a new product to skim maximum revenues layer by layer from the segments willing to pay the high price; the company makes fewer but more



Market-Penetration Pricing



communicating customers Value



siamglobeallubrican.com



The Promotion Mix

Promotional tools

Advertising: Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

A company's total promotion mix—also called its **marketing**

communications mix—consists of the

specific blend of advertising, public

relations, personal selling, sales

promotion, and direct marketing tools

that the company uses to persuasively communicate customer value and

build customer relationships.

Public relations: Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.

Integrated Marketing Communications

- In past decades, marketers perfected the art of mass marketing: selling highly standardized products to masses of customers.
- In the process, they developed effective mass media communications techniques to strategies.



The Need for Integrated Marketing Communications



Today's customers are bombarded by company messages from all directions. For example, think about all the ways you interact with companies such as Nike, Apple, or Coca-Cola. Integrated marketing communications means that companies must carefully coordinate all of these customer touchpoints to ensure clear brand messages.

The New Marketing Communications Model

- Several major factors are changing the face of today's marketing communications

First,
consumers are
changing.

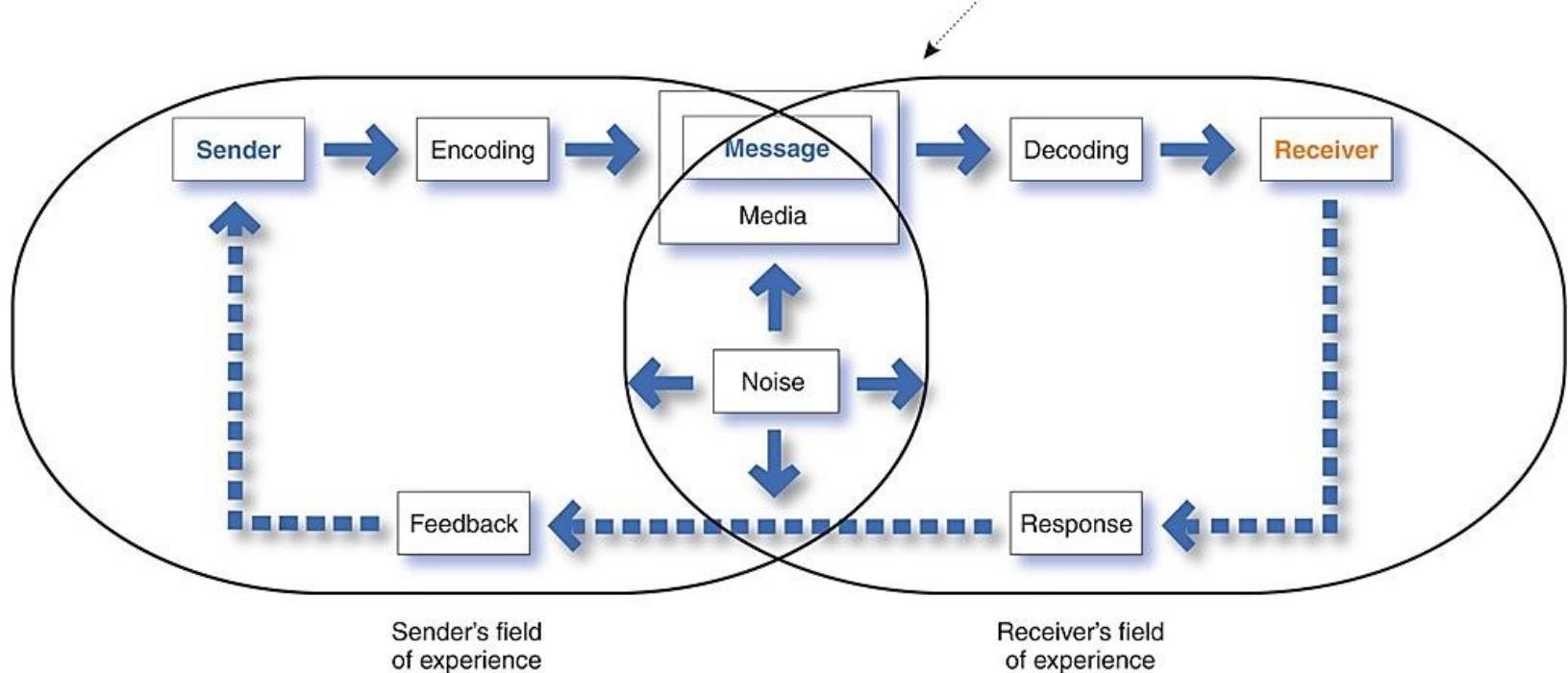
Second,
marketing
strategies are
changing.

Finally,
sweeping
advances in
communications
technology are
causing
remarkable
changes in the
ways in which
companies and
customers
communicate
with each other.

A View of the Communication Process

- Today, marketers are moving toward viewing communications as *managing the customer relationship over time*.
- Communication involves the nine elements.

There is a lot going on in this figure! For example, apply this model to McDonald's. To create great advertising—such as its long-running “I’m lovin’ it” campaign—McDonald’s must thoroughly understand its customers and how communication works.



Steps in Developing Effective Marketing Communication



Identify the target audience



Determine the communication objectives



Design a message



Choose the media through which to send the message



Select the message source



Collect feedback

Identifying the Target Audience

- A marketing communicator starts with a clear target audience in mind.
- The audience may be current users or potential buyers, those who make the buying decision or those who influence



Determining the Communication Objectives

- The target audience may be in any of six **buyer-readiness stages**, the stages consumers normally pass through on their way to making a purchase



A goal of marketing in general, and of marketing communications in particular, is to move target customers through the buying process. Once again, it all starts with understanding customer needs and wants.

Designing a Message

- When putting a message together, the marketing communicator must decide what to say (*message content*) and how to say it (*message structure and format*)

Targeting Solution

 Demo	鎖性別、年齡
 BT Shopper	鎖準買家
 Device	鎖iPhone、Android
 Time of Day	鎖特定時段

Be Found Online, Increase Customers



Local + Social + Mobile



Message Content

- There are three types of appeals:

Rational appeals

- They relate to the audience's self-interest.
- They show that the product will produce the desired benefits.

Emotional appeals

- They attempt to stir up either negative or positive emotions that can motivate purchase.

Moral appeals

- They are directed to an audience's sense of what is "right" and "proper".

Choosing Media

- There are two broad types of communication channels: *personal* and *1 al.*



Selecting the Message Source

- In either personal or nonpersonal communication, the message's impact also depends on how the target audience views the communicator.
- Messages delivered by highly credible sources



Collecting Feedback

- This involves asking target audience members whether they remember the message, how many times they saw it, what points they recall, how they remember the message, and their past and present attitudes to product and company.



The End



Marketing Channels



Supply Chains and the Value Delivery Network

- This supply chain consists of upstream and downstream partners.

Upstream from the company is the set of firms that supply the raw materials, components, parts, information, finances, and expertise needed to create a product or service.

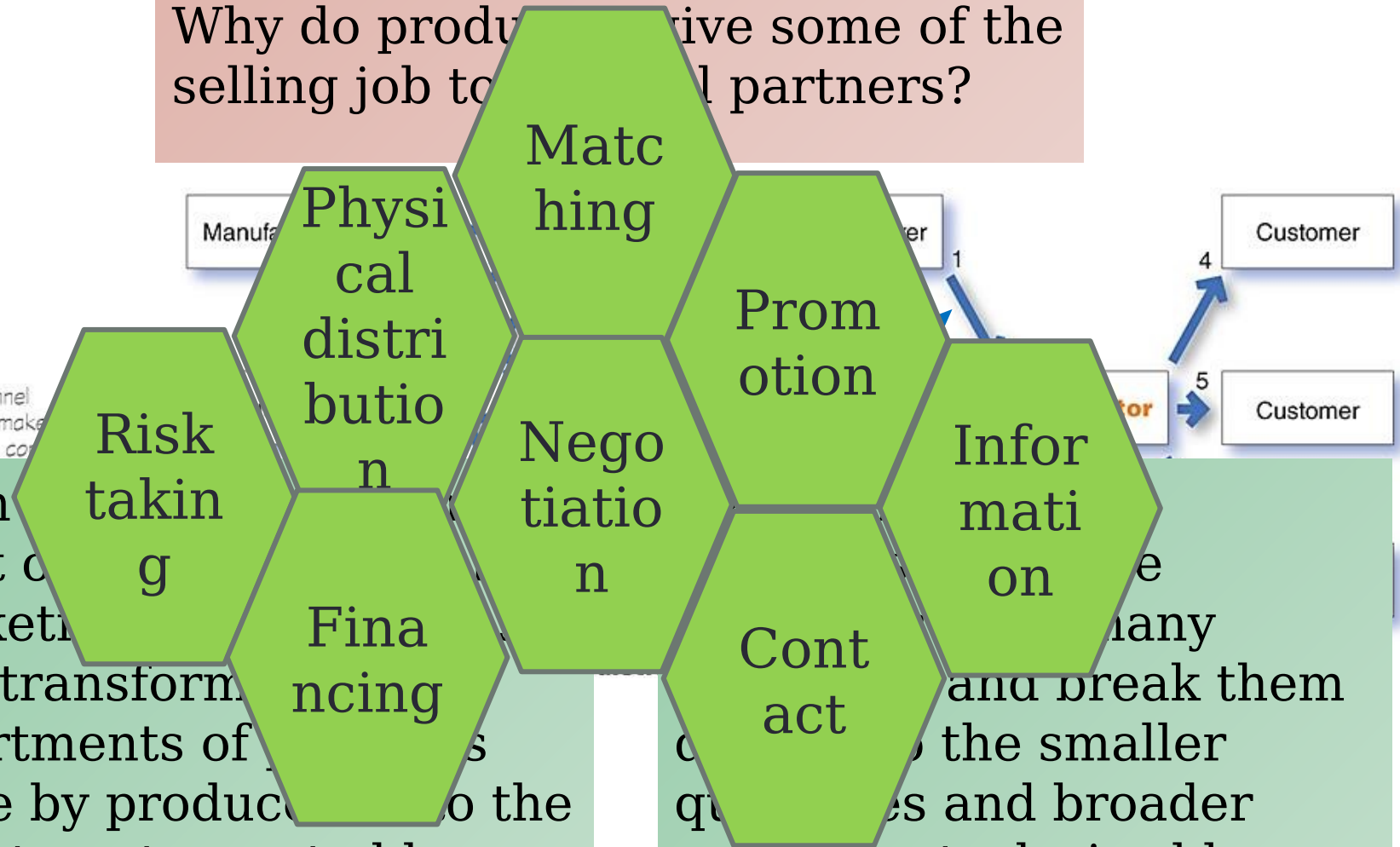
Downstream marketing channel partners, such as wholesalers and retailers, form a vital link between the firm and its customers.

Supply Chains and the Value Delivery Network

- The value delivery network consists of all the activities that a company undertakes to create value for its customers. It includes the company itself, its suppliers, distributors, and ultimately the customers.
 - ▶ What is the nature of marketing channels and why are they important?
 - ▶ How do channel firms interact and organize to do the work of the channel?
 - ▶ What problems do companies face in designing and managing their channels?
- We examine four major questions concerning the value delivery network.
 - ▶ What role do physical distribution and supply chain management play in attracting and satisfying customers?

How Channel Members Add Value

Why do producers give some of the selling job to retail partners?



From taking point of view marketing is to transform assortments of products made by producers to the assortments wanted by consumers.

on many
and break them
the smaller
and broader
assortments desired by
consumers.

Number of Channel Levels

- This shows some common business distribution channels.
- The business marketer can use its own sales force to sell directly to business customers.
- Or it can sell to various types of intermediaries, who in turn sell to these customers.

Using direct channels, a company sells directly to the customer (no intermediary there!). Examples: Dell and Amway.

Using indirect channels, the company uses one or more levels of intermediaries to help bring its products to final buyers. Examples: most of the things you buy—everything from toothpaste, to cameras, to cars.

1, called a **marketing channel**, has no intermediary levels. The company sells directly to consumers.

The remaining channels are **indirect marketing channels**, containing one or more intermediaries.

Channel 1 Channel 2 Channel 3

A. Consumer marketing channels

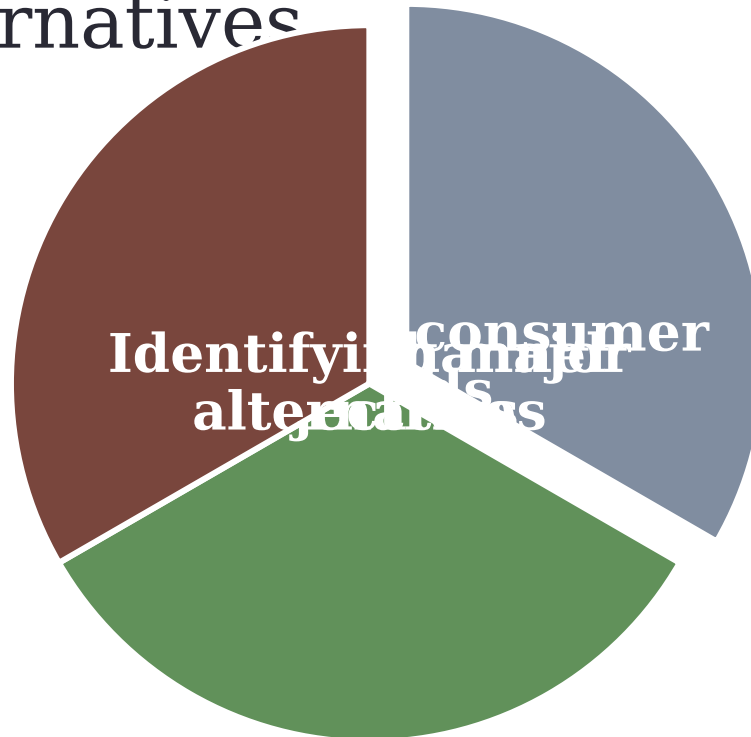
Business customer Business customer Business customer

Channel 1 Channel 2 Channel 3

B. Business marketing channels

Channel Design Decisions

- **Marketing channel design** calls for analyzing consumer needs, setting channel objectives, identifying major channel alternatives, and evaluating those alternatives



Analyzing Consumer Needs

Each channel member and level adds value for the consumer.



Thus, designing the marketing channel starts with finding out what target consumers want from the channel.



The company and its channel members may not have the resources or skills needed to provide all the desired services.



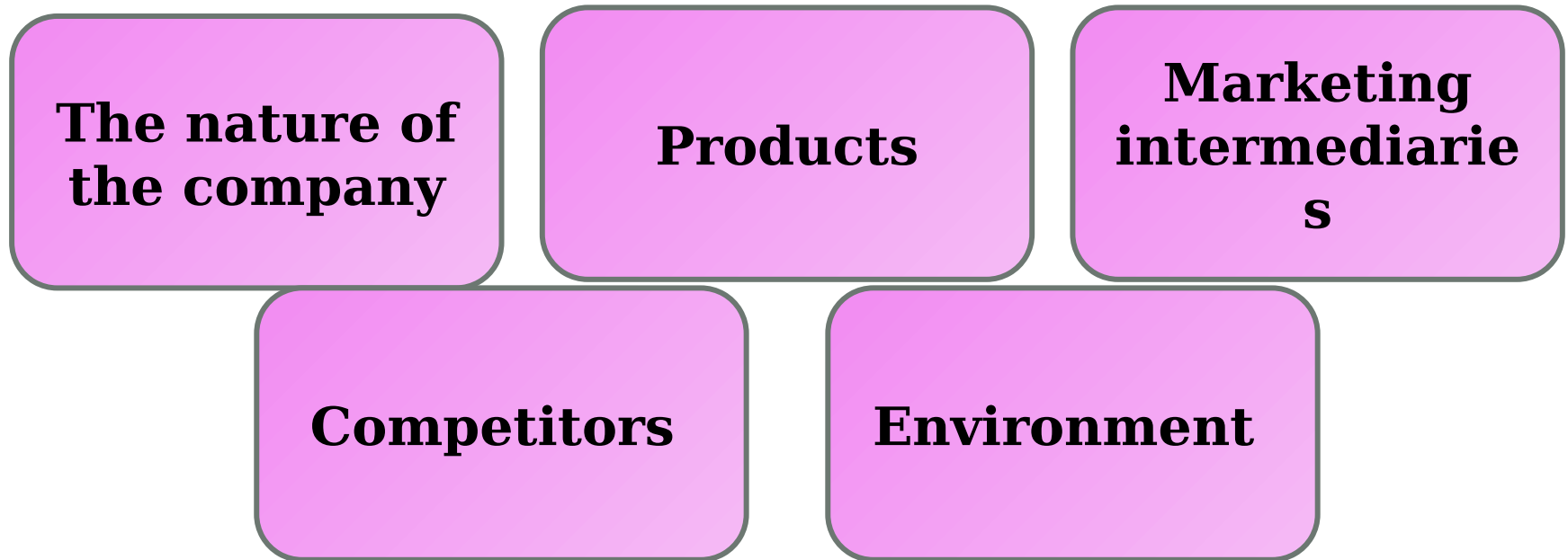
Also, providing higher levels of service results in higher costs for the channel and higher prices for consumers.



The success of discount retailing shows that consumers will often accept lower service levels in exchange for lower prices.

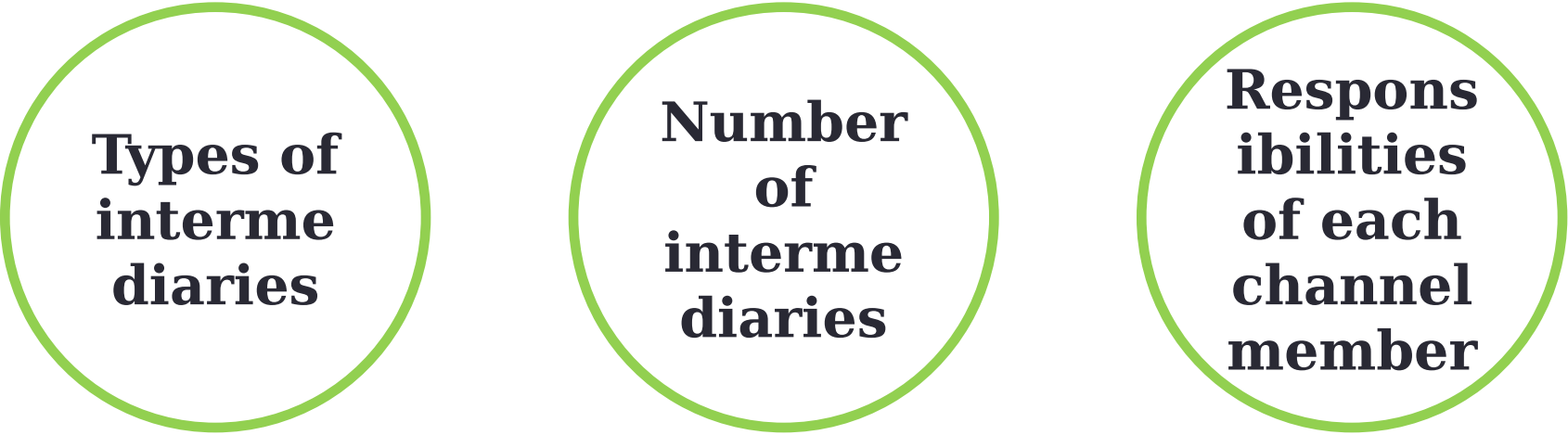
Setting Channel Objectives

- The company's channel objectives are also influenced by the following things:



Identifying Major Alternatives

- Three major channel alternatives:



**Types of
interme
diaries**

**Number
of
interme
diaries**

**Respons
ibilities
of each
channel
member**

Number of Marketing Intermediaries

Intensive Distribution

- A strategy in which they stock their products in as many outlets as possible.
- These products must be available where and when consumers want them.

Exclusive Distribution

- The producer gives only a limited number of dealers the exclusive right to distribute its products in their territories.
- It's often found in the distribution of luxury brands.

Selective Distribution

- The use of more than one but fewer than all of the intermediaries who are willing to carry a company's products.
- Most television, furniture, and home appliance brands are distributed in this manner.

Responsibilities of Channel Members

- The producer and the intermediaries need to agree on the terms and responsibilities of each channel member.
- They should agree on price policies, conditions of sale, territory to be j



Retailing

Retailing

Retailing includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use.

But most retailing is done by **retailers**, businesses whose sales come *primarily* from retailing.

In fact, many marketers are now embracing the concept of **shopper marketing**, using point-of-purchase promotions and advertising to extend brand equity to “the last mile” and encourage ~~favorable point-of-purchase decisions~~.

The dramatic growth of digital shopping, or combined digital and in-store shopping, has added a new dimension to shopper marketing.

Wholesaling

- Wholesaling includes all business activities involved in selling goods and services to other businesses.
 - Selling and promoting
 - Transportation
 - Buying and assortment building
 - Financing
- Firms that are primarily involved in wholesaling are called **wholesalers**.
 - Bulk breaking
 - Risk bearing
- Wholesalers perform the following functions:
 - Warehousing
 - Market information
 - Management services and advice