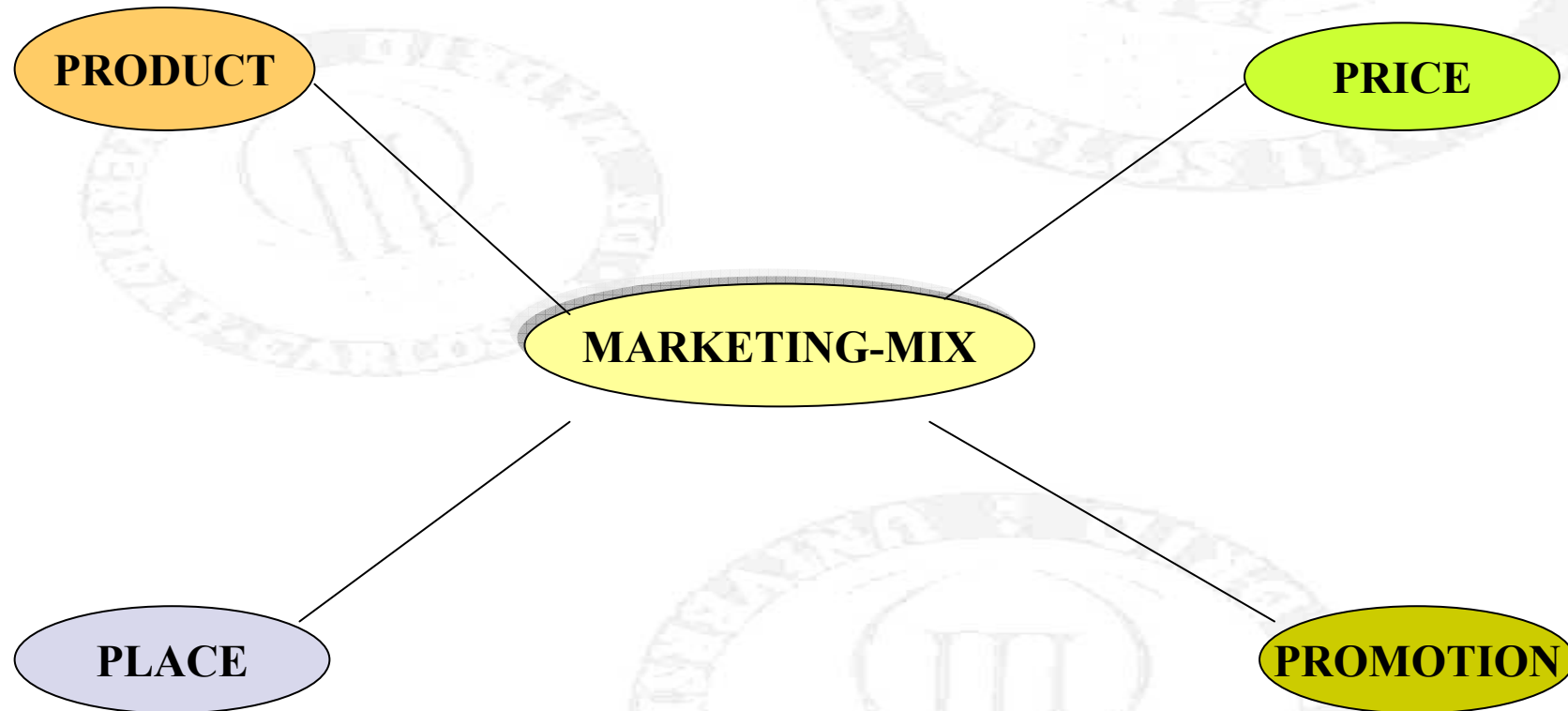




3. Marketing-mix decisions





PRODUCT

The **product** is a bundle of tangible and intangible attributes that may satisfy customer wants and is received in exchange of payment

The **basic** (core or generic) **product** is less than the **total product** people buy. Customers also buy product **benefits** such as: quality, design, packaging, size, quantity, post-sale services, image...

Factors affecting customer satisfaction

- Physical-technical characteristics of the product
- Psychosocial factors

Psychosocial attributes of the product

- Brand
- Design
- Packaging
- Quality





PRODUCT

BRAND

A **brand** is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers

Any brand contains:

- **Name**: Component of the brand which can be said
- **Logo**: design, symbol, graph and distinct colours

STRATEGIC OPTIONS

Manufacturer brands

Corporate/ unique brand

Multi-brands

Individual brand
Family brand
Umbrella brand
Secondary brands

Dealer brands (owned by a wholesaler or retailer)





PRODUCT

DESIGN

The **design** is the appropriate combination of physical appearance, colour, shape and ease of use

Two perspectives:

- **Esthetical**: Beauty of the product
- **Functional**: Ease of use

PACKAGING

Packaging is the design and production of the container or wrapper for a product. It includes the **label**

Package and label functions

- Protects the content and facilitates its transportation
- It is compulsory to add a label with certain information about the product
- It can also make a product more convenient and attractive





PRODUCT

QUALITY

It measures if the product satisfies the customers' needs

Quality depends on:

- The intrinsic characteristics of the product
- What consumers expect about the product

OTHER ATTRIBUTES

Warranty, post-sale services, size, quantity, product line, ...





PRODUCT

PRODUCT LINES

A **range of products** (also known as assortment or variety of products) is an offer composed of products lines and individual products.

Characteristics of a range of products

- **Extent of the range of products** (no. of lines)
- **Depth** (number of products per line)
- **Length** (total number of individual products)
- **Consistency** (relationship between the lines)

Product strategies:

- Add more product lines (Δ extent)
- Extend the product lines (Δ depth)
- Incorporate product variations (Δ length)

Examples: http://www.pg.com/es_ES/products/index.shtml

<http://www.panrico.com/esp/home.html>



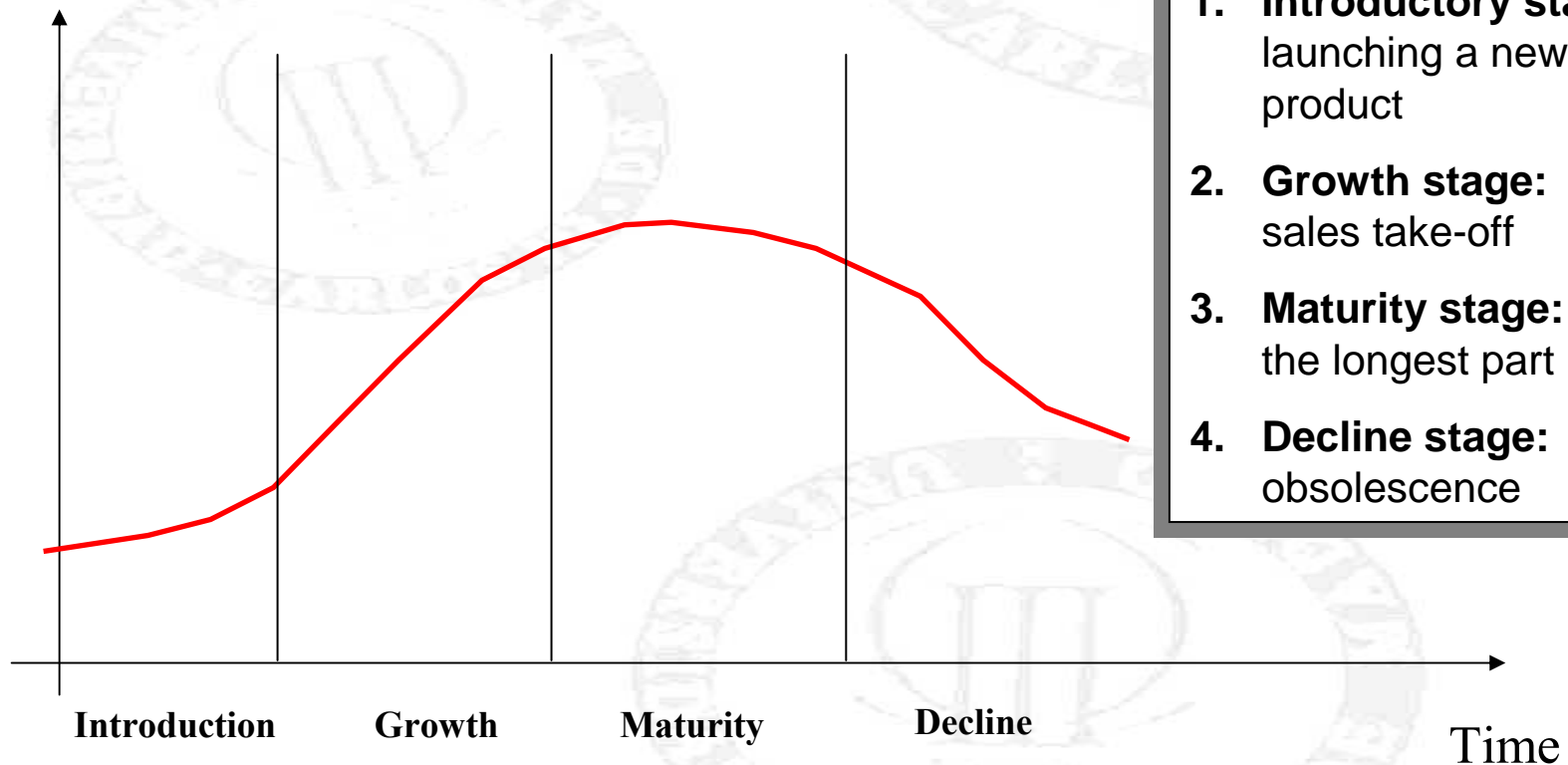


PRODUCT

PRODUCT LIFE-CYCLE

The product life-cycle can apply to a product category, to a product form or to a brand

Sales



- 1. Introductory stage:**
launching a new product
- 2. Growth stage:**
sales take-off
- 3. Maturity stage:**
the longest part
- 4. Decline stage:**
obsolescence





Examples of product life cycles

Which one is..

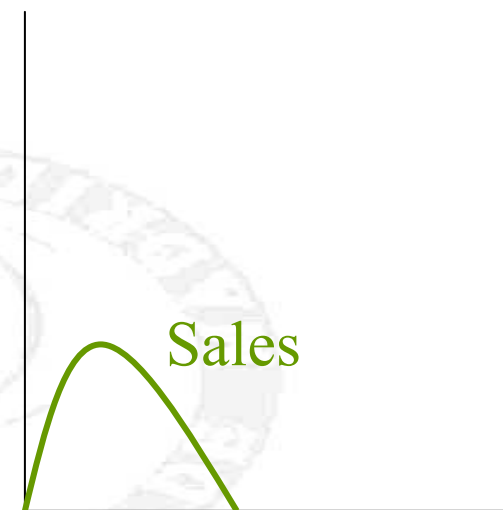
- a fashion product?
- an immediate failure product?
- a product of a dilated life?



A



B



C





PRICE

Price is the marketing-mix element that sets the amount of money the seller seeks from the buyer in exchange for the product (Fair pricing-value marketing)

Why is it important?

- Influences the demand
- Reinforces the image of the product
- Needs to be compatible with the other m-mix strategies

Pricing **objectives** need to be in line with the marketing objectives and also with the rest of the company's objectives

Maximizing profit

Maximizing sales

Achieving a certain
market share





APPROACHES TO PRICING

COMPETITION
APPROACH

DEMAND
APPROACH

COST
APPROACH

COST-PLUS
PRICING

Mark-up:
difference between
the cost of a good
and its selling price

BREAK-EVEN
ANALYSIS

Full cost

Direct cost





PROMOTION

Communication is the process of influencing others' behaviour by sharing ideas, information or feelings with them. Marketers' efforts to communicate with target audiences are called **promotion**

Promotion **objectives** are to gain attention, to teach, to remind, to persuade and to reassure

Promotion-mix activities:

ADVERTISING

SALES PROMOTION

PUBLIC RELATIONS

DIRECT MARKETING

PERSONAL SELLING





ADVERTISING

Advertising is any paid form of non-personal communication through the mass media about a product by an identified sponsor. It is directed through media such as magazines, direct mail, TV, billboards and newspapers

Objectives:

- Transmit information: Informative advertising
- Persuade: Persuasive advertising

Advertising Management Decisions:

1. Defining the target audience
2. Defining the advertising objectives
3. Deciding on the message and how to communicate it
4. Selecting the advertising media
5. Setting the advertising budget
6. Deciding about when to advertise
7. Evaluating advertising effectiveness (sales vs. communication oriented)





PROMOTION

SALES PROMOTION

Sales Promotion is any activity that offers an incentive for a limited period to induce a desired response from target customers, company salespeople or intermediaries.

A sales promotion adds value to the product because the incentives it offers ordinarily do not come with the product.

DECISIONS:

1. Defining the promotion objectives
2. Selecting the type of promotion
3. Developing the promotion programme
4. Advertising the promotion plan
5. Evaluating the results





PROMOTION

PUBLIC RELATIONS

Public relations is communication to build and maintain a favourable image of a firm, maintain the goodwill of its many stockholders and explain its goals and purposes (Relations with the media, sponsorship...)

DIRECT MARKETING

Direct marketing is an interactive system of marketing that uses one or more advertising media to effect a specific measurable response or transaction at any location.

Direct marketers use media such as the telephone, internet or direct mail to induce measurable responses.





PERSONAL SELLING

Personal selling is a person-to-person process by which the seller learns about the prospective buyer's wants and seeks to satisfy them by making a sale

Personal Selling Management process

1. Planning and coordinating the sales force

- Planning the size of the sales force
- Establishing a remuneration policy
- Assigning the objectives for each group
- Fixing selling quotas
- Recruiting and organizing the team

2. Managing the sales force and evaluating its efficiency

- Leadership and motivation





DISTRIBUTION

The **objective** of distribution is getting the product to customers where and when they want it

A **distribution channel** is the series of interdependent firms that facilitate transfer of title to a product as it moves from producer to final buyer

An **intermediary** is a person or a firm in a distribution channel, such as a wholesaler or retailer, that operates between the producer and the final buyer

Types of distribution:

- Physical distribution (logistics)
- Distribution channels





TYPES OF DISTRIBUTION CHANNELS

Direct distribution channels

The producer sells directly to the final buyers

Indirect distribution channels

The producer entrusts some distribution tasks to independent intermediaries

- Merchandise agents and brokers: Intermediaries that bring buyers and sellers together (perhaps physically handling the products but not owning title to them) and that are paid a commission for their services.
- Wholesalers: Firms that sell to intermediaries or to other organizational buyers but do not sell to ultimate customers.
- Retailers: Firms that sell consumer goods or services directly to ultimate consumers for their personal or household use.





DISTRIBUTION

FUNCTIONS OF THE DISTRIBUTION CHANNELS / INTERMEDIARIES

Improve exchange efficiency

Help match supply and demand

Offer a wide product-mix from different producers

Logistics management

Perform other marketing functions such as
financing, supplying market information and
storing





DISTRIBUTION

DISTRIBUTION STRATEGIES

**Intensive
Distribution**

**Selective
Distribution**

**Exclusive
Distribution**

