



# **Web marketing concepts (CMW)**

**Class 1**

# Introduction to marketing

## Marketing definition

The Oxford dictionary describes marketing as: *The action or business of promoting and selling products or services, including market research and advertising.*

While commerce is the act of selling goods and services, one of the aspects of marketing has more to do with all the activities that will promote goods and services in order to convince consumers to buy them. It is the organization surrounding the sale of a product or of a service.

## The genesis of marketing in North America

### Before the wars

For the longest time, human practiced commerce. They exchanged goods and services, then money started getting used and everything was going quite well.



Up to the beginning of the twentieth Century, each little town had its general store, butcher, black-smith, dressmaker, etc. Advertising wasn't necessary and would be limited to an indication panel and sometimes a window displaying newly arrived goods. The citizen would visit them anytime they would need something from them. But, the world wars would soon change all this.

### World war II

During world war II, many men were sent away to the front, mainly in Europe. But life had to continue in North-America and there were less workers available. Ammunitions and weapons were also needed and requested more workers and food and goods needed to be produced to be shipped overseas to our soldiers.

In order to make all this possible, the governments organized a vast communication campaign (propaganda) to convince women to leave their kitchen to work in various factory and jobs. Until then, it was men who would work while women would take care of children and their houses. This was going to change quite rapidly.



Women started working at different jobs, in different sectors of the economy, factories were producing more and more goods and made more and more money. The economy, enterprises owners and banks got used to this situation and great fortunes were built. And, important to mention, this was an important step for feminism around the world.

### After the war

When the war finally ended, and the soldiers were back, not as many goods were necessary anymore. But, making great profits, factories' owners didn't want to reduce their production and they had to find ways to sell their goods. This is how competition began.

Big enterprises started to offer their products in cities and towns where local shopkeepers had been providing the necessary goods to the population up to then. To get people to buy products from these new businesses, consumers needed to be convinced and different strategies started getting used.

More or less for the first time in history, there were various enterprises wanting to sell similar products to the same people. They needed to make consumers know of their existence, to convince people to buy their products instead of the others for different reasons, etc.

On the other side, local shops needed to manage to keep their customers, so they started making sure people were happy not only with the goods they would have buy, but also with customer service, the variety of products offered, prices, etc.

### The suburban exodus

On top of what we just explained, after men were back from the war, there has been a demographic explosion called the *babyboom*. There were more and more people needing more and more goods, cities started to be overcrowded and expensive and families wanted to be able to have sufficient space to raise their numerous children. So, people started leaving big cities for suburbs where there was more space and more affordable lodging.

Up to then, people would live quite close to their work places and shops were on the main street of every neighbourhoods,



Example of a shopping mall in the late 1950's.

making life easy. Although, it wasn't the case in the suburbs where there was basically nothing. A car was then definitely needed to go to work, grocery shopping, etc.

Flaring a good opportunity, businesses decided to benefit from the exodus and created the shopping mall. It was everything suburbs people would dreamt of. All shops and stores centralized into one huge place surrounded by parking lots. Shopping malls offered all the products that were needed in one place.

### The need for marketing

So, at first, local enterprises didn't need to promote their businesses. They all served the local population, and interpersonal communication and a display window were enough to let people know of any novelties.

Although quite uncommon, there were already marketing strategies in use as early as mid 19th century. Catalogue sales started being used. People would choose the products of their dreams in an illustrated catalogue and the goods were shipped using the company's delivery system or the postal services.

After the World wide wars, the arrival of big enterprises using different strategies to take over the market created competition which forced all businesses owners to adjust and react, some to keep their customers and others to enlarge their markets.

All this contributed to explore various aspects of commercial activities, searching ways to win the loyalty of customers, and to develop different approaches to convince specific groups of customers to buy specific products from specific businesses.

The most important aspect that was discovered is that in order to satisfy customers, it is mandatory to know the people you intend to make business with and to get to know the customers, it was necessary to study them, evaluate them from different angles, to group them in different categories, etc.

# The marketing-mix

Also known as the 4Ps, the marketing mix is a set of tools put together in order for potential customers to react positively to a product, so they buy it (*Price, Place, Product* and *Promotion*). We also commonly now talk about the 7Ps (including *Physical evidence, People* and *Process*). There are several strategies that can be used within all of these aspects of marketing operations, but they all depend on one important factor: you must know the potential customers, the target markets.

## Product

The product constitutes the combination of the product, its image and the related services a business offers. The product isn't limited to the actual product, but also to an intangible aspect called the *augmented product* or the *global product* consisting in added values.

## Price

The most basic approach to establish the selling price of a product is to add the intended profits to the cost price. But many factors must also be considered: average price of similar products, psychological price (efforts accepted to be made to get a product), symbolic universe of the product, etc.

## Place

The place is defined by the activities making a product available to potential customers, the operations making it possible to bring products or services from the manufacturers or service providers to the consumers. It includes the channels, the distribution and the intermediaries.

## Promotion

The promotion involves all activities making it possible for a business to inform consumers about a product and to convince them to buy it.

## Physical evidence

Physical isn't related to the actual product but to the related service, the environment in which the product is sold to the customer. Since there are no physical evidence for the service related to a product, customers rely on clues like the building, the decoration, brochures, signs, website, logo, etc.

## People

The people aspect of the marketing-mix is defined by all people playing a role in the service delivery of a product which can have an influence. This includes the customer, of course, but also the business' employees and the other customers present at the selling location. It is a very important aspect of the marketing mix as it directly participates to the customer's experience.

## Process

The process is defined by the different procedures and activities related to how the selling service is delivered to the consumers. It is about how they manage with each other, all the steps, the necessary mechanisms between the service provider selling a product and the consumers.

Product	Promotion	Price	Place	People	Process	Physical Evidence
<ul style="list-style-type: none"> <li>Quality</li> <li>Design</li> <li>Technology</li> <li>Branding</li> <li>Features</li> <li>Quality</li> <li>Value</li> <li>Packaging</li> <li>Support</li> <li>Availability</li> <li>Warranties</li> </ul>	<ul style="list-style-type: none"> <li>Marketing Communications</li> <li>Promotion</li> <li>PR</li> <li>Branding</li> <li>Special Offers</li> <li>Endorsements</li> <li>Leaflets</li> <li>Free Gifts</li> </ul>	<ul style="list-style-type: none"> <li>Strategies</li> <li>Skimming</li> <li>Psychological</li> <li>Cost Plus</li> <li>Lost Leader</li> <li>etc</li> </ul>	<ul style="list-style-type: none"> <li>Retail</li> <li>Wholesale</li> <li>Mail Order</li> <li>Internet</li> <li>Direct Sales</li> <li>Peer to Peer</li> <li>Multi-Channel</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Management</li> <li>Culture</li> <li>Customer Service</li> </ul>	<ul style="list-style-type: none"> <li>Customer Focus</li> <li>Business Led</li> <li>IT</li> <li>Design Features</li> <li>R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Sales / staff contact experience of brand</li> <li>Product Packaging</li> <li>Facilities</li> <li>Interface</li> </ul>



# The product

As we just explained, the product isn't just the physical good a consumer buys. Of course, it has physical aspects and functionalities, but it also has an image influenced by the service and the symbolic universe created around the product which makes it desirable.

In order to be sold, the manufacturer and the distributor of a product must let potential know about the product. They also have to use various tool to enhance the product, to make it appealing to the consumers in an environment where similar effective products are available.

Many aspects of a products are chosen in order to make it more appealing : the brand, its color and format, it's quality, the packaging, the service, etc.

## The brand

The brand is a major influence in the consumers decision to buy a product. A product greatly benefits from its brand's image and reputation. If a brand is renowned to sell good products, a new product from this brand will be considered as being most probably good as well.

### Local brands

A local brand is one that can be found in a limited geographical area, a province, a region, or even a city or a town.

Often more innovative, these brands can sometimes constitute an icon to a region.

### National brands

A national brand consists in a very well known brand in an entire country. Anywhere a consumer may go, the product is sure to be found. And because they are very well known (presence in the mass medias) and used by a great number of consumers, they benefit from great reputations.

The complex logistic and marketing of these brands make them more conservative as any innovation represents a risk and complicated and expensive changes in all levels and aspects from manufacturing to distribution and promotion, etc.

The high level of sales make it possible to the manufacturers to diminish the cost price of these products so more profits can be generated or rebates can be offered with little impacts for the retailers and manufacturers, but sometimes big damages to the competition.

### Private brands

Private brands are goods being manufactured for and sold under the name of a specific retailer. It competes with brand-name products but are usually sold at a cheaper price.

The products of these brands are manufactured by contract manufacturers. Even though the products can be unique, the same products often are sold under different names and brands, the label being the only difference.

### Generic brands

Generic brands (private labels) can also benefit from a nationwide distribution, but they are offered by specific retailers. For example, a grocery stores chain may offer a generic brand in all its stores. The products from these brands tend to imitate national brands. They often don't benefit from a high-value image, but usually offer a better price-quality ratio.

### Brand loyalty

In order for customers to buy a product or a brand repeatedly so more profits can be made, different marketing tactics are being used. A loyal customer is willing to pay more and make more efforts in order to buy the brand.

Getting to know the customers, brands manage anticipate customers needs and make sure to reflect and incarnate their values while continuously improving all the aspects of the marketing-mix and taking trends into consideration.

## The product design

The product design has to do with the product itself and its immediate container, if needed (example : perfume). Many choices made at this level are dictated by marketing.

### The format

The format is an important aspect of many products. Some are easy to carry, other aren't. For example, if you create a product for kids to bring in their lunch-box, you will choose an easy to carry small format.

The format may be practical, useful and/or aesthetic, but it must be adapted to the targeted market segment.

The format also is related to the perceived quality level of a product. Indeed, fancy product you find on the top of grocery stores shelves usually come in small format which suggests rarity. Family consumption type of products found at Costco, on the contrary, are sold by the gallon.

### The color

Color has a great impact on how a product is perceived. It grabs attention, awakens the senses and triggers the act of purchase. More than just being used to grab attention and make a product look trendy, color adds different connotations. Let's not forget consumers are used to some standards.

For instance, if you try to market an new anti wrinkle facial cream, you wouldn't choose a pink or purple container or cream. Your best bet would be white, light blue or light green (and more and more pastel colors) so it looks clean and sterile since these colors remind the medical environments.



Also, think about the color codes used for coffee. Red is used for rich flavours coffees, blue for light and black for full-bodied coffee.

### The packaging

There are two aspects and three levels to a product's packaging. For some products, the first level of packaging is the container itself (examples : perfume, shampoo, olive oil) and its function is double : protect the product from the external elements (ex. : bread) and protect the external environment from the product (ex. : chemicals).



The second aspect, and the second level of packaging, is printed on the product or containing it (box or plastic bag letting see the product through transparent parts). Its main function is oriented towards marketing. It can grab attention and allows consumers to recognize the product and the brand. It identifies the product, gives details about it and adds value to it using a certain aesthetic.



In some cases, a simple label is being used, like for Heinz. The unique shape of the label makes any of Heinz's products easily identifiable.

The third level of packaging is related to storage and transportation. It usually allows to pack several units of the products in a single package and is optimized to facilitate the handling, the storage and the transportation.

## Products classifications

### Consumer goods

Consumer goods are products intended to be sold into commercial locations to «normal» publics as opposed to corporate customers.

These products suppose marketing efforts such as advertising to stimulate the sales and they are usually bought in limited numbers by customers for domestic use.



### Industrial products

Industrial products are designed and made for industries. Although marketing efforts are made to stimulate the sales, advertising in mass medias is never used.

The aesthetic of the product isn't important for this type of customer nor the symbolic universe around the brand. This type of buyers is looking for efficiency, a good price-quality ratio and different services such as regular delivery.



Industrial products also include equipments, components such as technologies and mechanical parts.



### Durable goods

Durable goods are products that have a long existence, products that can be used on a long period such as furniture, cars, computers, etc.

### Non-durable goods

Non-durable goods have a short existence and cannot be used on a long period. These products are consumed immediately and entirely or on a period of less than 3 years such as paper products, food, light bulbs, etc.

### Services

Services are bought although they aren't physical, tangible. A growing part of the economy (at least two thirds) is now based on this tertiary sector.

Services are various and include repairs and cleaning, insurance, banking, counselling, medical acts, education, etc.

## Products categories

### Convenience goods

This defines products a consumer buys frequently without much comparison nor great efforts, almost mechanically. These product benefit from a very large market (ex.: food, cleaning products, personal care products, etc.)

### Shopping goods

These are product consumers buy less frequently. These products being usually more expensive, the consumers tend to compare quantities, qualities and prices before purchasing the product.

### Speciality goods

These are products consumers rarely buy. These products having unique characteristics or brand identifications are much more expensive and request a special effort from the consumer. These products include luxury cars, overly expensive wines, fashion designers *haute couture* clothing, etc.

## Products characteristics

Apart from colors, packaging and format, many other characteristics are important to consider from a marketing perspective both for the manufacturer or retailer and for the consumers.

Here are some important examples.

### Cost price and gross profit

The development and the manufacturing costs of a product as well as similar products prices and possible gross profits, have a variable influence, depending on contextual factors, on the marketing strategies.

### Purchase frequency

Purchase frequency has an influence on both product design and marketing. For instance, a product that is used a single time but frequently should not be too expensive, it should be easy to find and to use, generate as little waste as possible and be recyclable.

### Lifetime

Lifetime of a product is related to how long it will be possible to use the product before it becomes unusable. For example, a banana (especially banana!) has a shorter lifetime than a car or a television.

Long lasting products, for instance, tend to be more expensive because it has to be made with durable material and also because a consumer wouldn't be interested to buy a new car every week.

Also, the aesthetic of a long lasting product is more important for the consumer as it will be kept for a long time. A bad looking pack of tissues shouldn't usually be such a big deal, but an ugly piece of furniture can be.

### Duration of use

Duration of use refers to how long the consumer uses the product when using it. The durations of use of a nail clipper and of a car aren't the same; one is used for a shorter period than the other (usually) on every use.

### Time and efforts requested to purchase a product

Some products request more time and efforts to be purchased. Buying a soup can is pretty easy and requires basically no research and very little efforts. The marketing for such a good obviously won't be the same as for other products such as a computer or a car.

In order to buy a car, research is needed, than visiting different car dealers, trying different cars, signing a contract and obtaining a loan from a bank, than ordering the car, wait for the car to be delivered and ready before going and get it. The consumer needs quite a bit of motivation to go through this process and marketing has to be efficient.

### Benefits

Benefits is the main reason for purchasing a product. Whether it is because the product is safer, faster or easy to use, the purchase of a good always solve a problem or fill a need that can be of various types.

### Price

This is no surprise, the price is an important factor in a purchase decision. But the best price isn't always the best marketing strategy. Imagine you are looking for an aesthetic surgeon. It is quite sure the surgeon's reputation will be more important than the price for a facial surgery.

### Features

The features are usually related to particular products such as mobile phones. For instance, iPhone 7+, 8+ and X have a dual lens camera capable of making 3D portraits. This is a feature. Depending on the product and market segments, features can be main aspect of a product's marketing.

### Functionality and usability

Does the product do what it is supposed to in its normal using contexts? Is it easy to operate correctly? A twenty kilos mobile phone wouldn't be very mobile and a video projector requesting absolute darkness isn't very functional. As for usability, the usability level of a mirror isn't the same as the one a high-tech telescope.



### Reliability

Reliability can have different meanings depending of the product. Does the product work as well as it is advertised on TV? Is it as durable and powerful? Is it truly guaranteed no questions asked?

### The cool factor

The cool factor is related to the snowball effect and is more often used when targeting teenagers and young adults. It is the «Everybody uses it» or the «Everybody wants it» approach. To be cool, you too need it! It follows trends and is easily noticeable for clothing, electronic appliances, music, movies, etc.

### Meaning of the purchase for the consumer

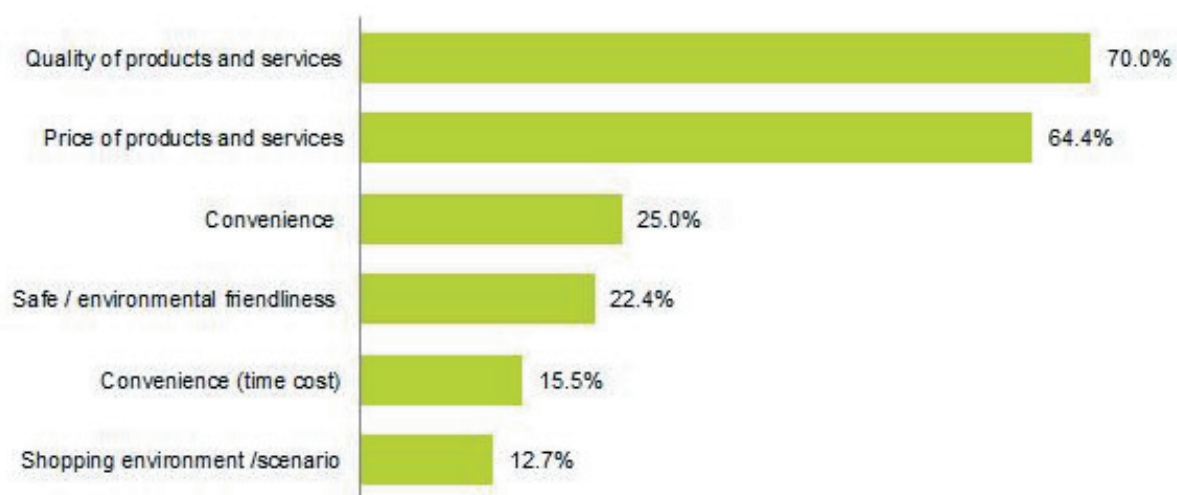
The purchase of a product doesn't have the same meaning for all consumers. Buying a first car doesn't mean the same thing as buying your 12th car and buying a computer doesn't mean the same thing to a business owner and to young graphic designer freshly graduated.

### Prestige

Closely related to the meaning of the purchase, the prestige attached to some branded products, for some market segments and goods, is more important than most of their characteristics.

The prestige gives an impression of exclusivity to a consumer that will feel special buying the product. A Ferrari logo on any items is enough for some consumers to buy it.

### Factors Consumers Took into Consideration When Shopping in 2017



Source: The chart is made by iResearch based on *Report on The Integrity And Consumer Cognition of Online Shopping* published by CCA.

## Products related marketing terminology

### Brand

To make it short and simple, a brand is what distinguishes a company or a products from the other. It has a name and a logo, an image and a symbolic environment, but it isn't limited by these aspects as it also incarnates the « gut feeling » of consumers towards it.

### Product

As we have seen, it is a good or a service manufactured, performed and/or sold under a brand.

### Product range and line

Product range is defined by the number of product types a company offers. For instance a library may have a narrow product range: books, magazines and writing paper. On the opposite, a company such as LG offers a wide product range: televisions, appliances, computers, mobile phones, digital cameras, etc.

### Product line

Product lines are created by companies because it is a well known fact that consumers will more likely buy a product associated to a brand like or trust.

Product lines are usually targeting a specific market segment (target public). A well known cosmetic company selling high price products could decide to create a more affordable product line for teenagers, for instance. Nivea, a well know brand women were using for decades, decided to create a man skin care product line.






### Product line width (or breadth)

A product line width refers to the number of product lines offered by a company under a brand.

### Product line depth

A product line depth refers to the number of products available in a product line.

## Colgate-Palmolive Product Assortment

	Product Lines				
	Oral Care	Personal Care	Household Care	Fabric Care	Pet Nutrition
<b>Product Categories</b>	<i>Toothpaste</i> (Colgate Total) <i>Toothbrush</i> (Colgate Plus) <i>Kids' products</i> (Colgate Barbie Bubble Fruit toothpaste) <i>Whitening products</i> (Colgate Simply White) <i>Floss</i> (Colgate Total Dental Floss) <i>Oral first aid</i> (Colgate Orabase) 	<i>Deodorants</i> (Speed Stick) <i>Bar soap</i> (Irish Spring) <i>Body wash</i> (Soft Soap) <i>Hand wash</i> (Soft Soap) <i>Men's toiletries</i> (Skin Bracer Aftershave) 	<i>Dishwashing liquid</i> (Palmolive) <i>Automatic dishwashing liquid</i> (Palmolive) <i>Household cleaners</i> (Ajax) <i>Dish wipes</i> (Palmolive) 	<i>Laundry detergents</i> (Fab) <i>Fabric softener</i> (Suavitel) 	Hill's Pet Nutrition, Inc.-subsidiary <i>Dog food</i> (Science Diet) <i>Cat food</i> (Science Diet) 

# Life cycle of products

Just like any other things, humans, animals, plants, projects and enterprises, brands and products have a life cycle. They are born, they grow, they reach maturity, they are getting old and they finally die, replaced by other brands and products.

## Introduction

After being developed at great cost, products are introduced on the market. As a new product, there are virtually no competition as the product isn't threatening. This first part of a product life generates little or no profits since research and development needs to be reimbursed and because very little sales are made.

## Growth

If the product is well introduced and start penetrating the market, it grows. Sales are increasing, costs are gradually reduced and some profits start to be made. At this point, competition can be ferocious since no-one wants to share the market and lose profits.

## Maturity

Maturity signifies the peak of a product life that needs to last as long as possible in order to generate maximum of profits. Sales become steady, costs are at their lowest, profits are growing and competition is fair.

## Decline

Just like it happens in a human life, a product eventually grow older, out of fashion or simply overpassed by newer products. It is a variable speed walk towards death. During this phase of life cycle, sales are reducing, costs are steady and the profits are declining. At this point, the product may be replaced or just left to decline more or less rapidly with no investment as a part of the market will still continue to buy it.

