LESSON 1: MARKETING MIX

Marketing Mix is a set of controllable and connected variables that a company gathers to satisfy a customer better than its competitor. It is also known as the "Ps" in marketing. Originally, there were only 4Ps, but the model has been continually modified until it became 7P's. The original 4 P's stands for ***product, place, price and promotion***. Eventually, three elements have been added, namely: people, packaging and positioning to comprise the 7 P's.

The 7Ps of Marketing Mix

PRODUCT - t refers to any goods or services that are produced to meet the consumers' wants, tastes and preferences. An example of goods includes tires, MP3players, clothing etc. Goods can be categorized into business goods or consumer goods. A buyer of consumer goods may not have thorough knowledge of the goods he buys and uses. An example of services includes hair salons and accounting firms. Services can be divided into consumer services, such as hair styling or professional services, such as engineering and accounting.

PLACE - represents the location where the buyer and seller exchange goods or services. It is also called the distribution channel. It can include any physical store as well as virtual stores or online shops on the Internet.

Channel 1 contains two stages between producer and consumer - a wholesaler and retailer. A wholesaler typically buys and stores large quantities of several producers' goods and then breaks into bulk deliveries to supply retailers with smaller quantities. For small retailers with limited order quantities, the use of wholesalers makes economic sense.

Channel 2 contains one intermediary. In consumer markets, this is typically a retailer. A retailer is a company that buys products from a manufacturer or wholesaler and sells them to end users or customers. In a sense, a retailer is an intermediary or middleman that customers use to get products from the manufacturers.

Channel 3 is called a "direct marketing" channel, since it has no intermediary levels. In this case the manufacturer sells directly to customers.

PRICE - is a serious component of the marketing mix. What do you think is the meaning of a Price? In the narrowest sense, price is the value of money in exchange for a product or service. Generally speaking, the price is the amount or value that a customer gives up enjoying the benefits of having or using a product or service. One example of a pricing strategy is penetration pricing. It is when the price charged for products and services is set artificially low in order to gain market share. Once this is attained, the price can be higher than before. For example, if you are going to open a Beauty Salon, you need to set your prices lower than those of your competitors so that you can penetrate the market. If you already have a good number of market share then you can slowly increase your price.

PROMOTION - refers to the complete set of activities, which communicate the product, brand or service to the user. The idea is to attract people to buy your product over others. Advertising, Personal Selling, Sales Promotion, Direct Marketing, and Social Media are examples of promotion.

PEOPLE - are the ultimate marketing strategy. They sell and push the product. People are one of the most important elements of the marketing mix today. This is because of the remarkable rise of the services industry. Products are being sold through retail channels today. If the retail channels are not handled with the right people, the product will not be sold. Services must be first class nowadays. The people rendering the service must be competent and skilled enough so that that the clients will patronize your service. Therefore, the right people are essential in marketing mix in the current marketing scenario.

PACKAGING - is a silent hero in the marketing world. Packaging refers to the outside appearance of a product and how it is presented to the customers. The best packaging should be attractive enough and cost efficient for the customers. Packaging is highly functional. It is for protection, containment, information, utility of use and promotion.

POSITIONING - When a company presents a product or service in a way that is different from the competitors, they are said to be "positioning" it. Positioning refers to a process used by marketers to create an image in the minds of a target market. Solid positioning will allow a single product to attract different customers for not the same reasons. For example, two people are interested I n buying a phone; one wants a phone that is cheaper in price and fashionable while the other buyer is looking for a phone that is durable and has longer battery life and yet they buy the same exact phone.

LESSON 2: DEVELOP A BRAND NAME

Brand Name is a name, symbol, or other feature that distinguishes a seller's goods or services in the marketplace. Your brand is one of your greatest assets because your brand is your customers' overall experience of your business.

Brand strategy is a long-term design for the development of a popular brand in order to achieve the goals and objectives. A well-defined brand strategy shakes all parts of a business and is directly linked to customer needs, wants, emotions, and competitive surroundings.

Branding is a powerful and sustainable high-level marketing strategy used to create or influence a brand. Branding as a strategy to distinguish products and companies and to build economic value to both customers and to brand owners, are described by ***Pickton and Broderick in 2001.***

Commonly Used Branding Strategy

PURPOSE - "Every brand makes a promise. But in a market in which customer confidence is little and budgetary observance is great, it's not just making a promise that separates one brand from another, but having a significant purpose," (Allen Adamson). How can you define your business' purpose? According to Business Strategy Insider, purpose can be viewed in two ways:

a. ***Functional***. This way focuses on the assessments of success in terms of fast and profitable reasons. For example, the purpose of the business is to make money.

b. ***Intentional***. This way focuses on fulfillment as it relates to the capability to generate money and do well in the world.

CONSISTENCY The significant of consistency is to avoid things that don't relate to or improve your brand. Consistency aids to brand recognition, which fuels customer loyalty.

EMOTION There should be an emotional voice, whispering "Buy me". This means you allow the customers have chance to feel that they are part of your brand. You should find ways to connect more deeply and emotionally with your customers. Make them feel part of the family and use emotion to build relationships and promote brand loyalty.

FLEXIBILITY Marketers should remain flexible to in this rapidly changing world. Consistency targets at setting the standard for your brand, flexibility allows you to adjust and differentiate your approach from your competition.

EMPLOYEE INVOLVEMENT It is equally important for your employees to be well versed in how they communicate with customers and represent the brand of your product

LOYAL Loyalty is an important part of brand strategy. At the end of the day, the emphasis on a positive relationship between you and your existing customers sets the tone for what potential customers can expect from doing business with you.

COMPETITIVE AWARENESS Do not be frightened of competition. Take it as a challenge to improve your branding strategy and craft a better value in your brand.

LESSON 2: 4MS OF PRODUCTION AND BUSINESS MODEL

MANPOWER - Talks about human labor force involved in the manufacture of products. It is measured as the ***most serious and main factor of production***. The entrepreneur must determine, attain and match the most competent and skilled employees with the jobs at the most appropriate time period. Educational qualifications and experience, status of employment, numbers of workers required, skills and expertise required for the job are some of the manpower criteria that must be highly considered by the entrepreneur.

MATERIAL - Talks about raw materials necessary in the production of a product. Materials mainly form part of the finished product. Just in case the resources are below standard, the finished product will be of unsatisfactory as well. The entrepreneur may consider cost, quality, availability, credibility of suppliers and waste that the raw material may produce.

MACHINE - Discusses about ***manufacturing equipment*** used in the production of goods or delivery of services. In the process of selecting the type of equipment to purchase, the entrepreneur may consider types of products to be produced, production system to be adopted, cost of the equipment, capacity of the equipment, availability of spare parts in the local market, efficiency of the equipment and the skills required in running the equipment.

METHOD - discusses the process or ***way of transforming raw materials to finished products***. The resources undergo some stages before it is finalized and becomes set for delivery to the target buyers. The selection of the method of production is dependent on product to produce, mode of production, manufacturing equipment to use and required skills to do the work.

PRODUCT DESCRIPTION

It is the promotion that explains what a product is and why it's worth buying? The purpose of a product description is to provide customers with details around the features and benefits of the product so they're obliged to buy.

PROTOTYPING

A duplication of a product as it will be produced, which may contain such details as color, graphics, packaging and directions. One of the important early steps in the inventing process is making a prototype. Benefits are the reasons why customers will decide to buy the products such as affordability, efficiency or ease of use. The features of the product or service merely provide a descriptive fact about the product or service. It is better to test your product prototype to meet customers' needs and expectations; and for your product to be known and saleable. Pretesting of the productor service is similar to a sample of the product or service given to the consumer free of cost in order that he/she may try the product before committing to a purchase.

SUPPLIER

An entity that offers goods and services to another business. This entity is among of supply chain of a business, which may offer the main part of the value contained within its products. Certain suppliers may even involve in drop shipping, where they ship goods directly to the customers of the buyer.

Suppliers are your business partners; without them your business will not live. You need them as much as you need your customers to be satisfied. But as an entrepreneur you have to choose a potential supplier that has loyalty and value your partnership; a supplier that would lead you to the fulfillment of your business objectives, mission and vision.

Value chain is a method or activities by which a company adds value to an item, with production, marketing, and the provision of after-sales service. The main goal and benefit of a value chain, and therefore value chain analysis, is to make or support a competitive benefit.

A ***supply chain*** is a structure of organizations, people, activities, data, and resources involved in moving a product or service from supplier to customer. The main objective of supply chain management includes management of a varied range of components and procedures, for instance, storing of raw materials, handling the inventory, warehousing, and movement of finished product from the point of processing to the point of consumption.

Business model describes the reasons of how an organization creates, delivers, and captures value in economic, social, cultural or other contexts. The development of business model construction and variation is also called business model innovation and forms a part of business plan.

Business plan is an important tool for you to have an idea about the future of your business. Your business plan will be your guide in the moment you will be implementing and operating your business proposal.

The following are the components found in a Business Plan:

I. Executive Summary

> is part of the business plan which is the first to be presented but the last to be made.

> In your executive summary, grab attention with a compelling hook, introduce your company and its mission, clearly state the problem you solve and your solution, briefly identify your target market, and outline your business model; optionally, include key financial highlights and state the purpose of the plan.

II. Company Description

> In your company description, concisely state your business name and legal structure, articulate your mission and optional vision, briefly describe your products/services and their value, and mention your target market; optionally, introduce key team members.

III. Market Analysis

> Thoroughly describe your target market, analyze your competition, assess market size and growth, and discuss relevant industry trends.

IV. Products and Services

> Detail your product or service offerings, highlight their unique features and benefits, and explain your pricing strategy.

V. Marketing and Sales Strategy

> Outline your marketing plan, including your target audience, key messages, and marketing channels; then, describe your sales plan, outlining your sales channels, sales processes, and team structure.

VI. Operations Plan

> Explain your production or delivery process, describe your location, and list the key resources needed for your business.

VII. Management Plan

> Introduce the key members of your management team, emphasizing their relevant experience and expertise. VIII. Financial Plan ¬ Present your start-up costs, funding sources, projected income statement, and projected cash flow.

LESSON 3: FORECASTING REVENUES OF THE BUSINESS

The entrepreneur would want his/her forecasting for his/her small business as credible and as accurate as possible to avoid complications in the future. In estimating potential revenue for the business, factors such as external and internal factors that can affect the business must be considered. These factors should serve as basis in forecasting revenues of the business. **These factors are:**

1. ***The economic condition of the country***. When the economy grows, its growth is experienced by the consumers. Consumers are more likely to buy products and services. The entrepreneur must be able to identify the overall health of the economy in order to make informed estimates. A healthy economy makes good business.

2. ***The competing businesses or competitors***. Observe how your competitors are doing business. Since you share the same market with them, information about the number of products sold daily or the number of items they are carrying will give you the idea as to how

much your competitors are selling. This will give you a benchmark on how much products you need to stock your business in order to cope up with the customer demand. This will also give you a better estimate as to how much market share is available for you to exploit.

3. ***Changes happening in the community***. Changes' happening in the environment such as customer demographic, lifestyle and buying behavior gives the entrepreneur a better perspective about the market. The entrepreneur should always be keen in adapting to these changes in order to sustain the business. For example, teens usually follow popular celebrities especially in their fashion trend. Being able to anticipate these changes allows the entrepreneur to maximize sales potential.

4. ***The internal aspect of the business.*** Another factor that affects forecasting revenues in the business itself. Plant capacity often plays a very important role in forecasting. For example, a "Puto" maker can only make 250 pieces of puto every day; therefore he/she can only sell as much as 250 pieces of puto every day. The number of products manufactured and made depends on the capacity of the plant, availability of raw materials and labor and also the number of salespersons determines the amount of revenues earned by an entrepreneur. Now that all factors affecting forecasting revenues are identified, you can now calculate and project potential revenues of your chosen business. The table below shows an example of revenues forecasted in a Ready to Wear Online Selling Business.

Cost of Goods Sold / Cost of Sales refer to the amount of merchandise or goods sold by the business for a given period of time. This is computed by adding the beginning inventory to the Net Amount of Purchases to arrive with Cost of goods available for sale from which the Merchandise Inventory end is subtracted.

Merchandise Inventory, beginning refers to goods and merchandise at the beginning of operation of business or accounting period.

Purchases refer to the merchandise or goods purchased. Example: Cost to buy each pair of Jeans or t-shirt from a supplier.

Merchandise Inventory, end refers to goods and merchandise left at the end of operation or accounting period.

Freight-in refers to amount paid to transport goods or merchandise purchased from the supplier to the buyer. In this case, it is the buyer who shoulders this costs.