

The Marketing Mix: Product

- The **marketing mix** is a term which is used to describe all the activities that go into marketing a product or service. These are often summarised as the four Ps.

The Four Ps of Marketing

- Product
- Price
- Place i.e. channels of distribution
- Promotion
- Some people also talk about packaging being a fifth P, but it falls under both product and promotion

Types of products

- **Consumer good**- these are goods which are consumed by people
- **Consumer services**- these are services that are produced for people
- **Producer goods**- these are goods that are produced for other businesses
- **Producer services**- these are services produced for other services

A successful product is capable of:

- Satisfies existing needs and wants of consumers
- Design, product, quality and reliability should be consistent with the product's brand image
- Capable of stimulating new wants from the consumer
- Not too expensive (relative to price charged)
- The first business to produce new product or introduce new changes to the original product before its competitors
- Has something very distinctive that makes it appear different

Product development

1. Generate ideas from employees, sales department, research and development department, customer suggestions and competitors' products
2. Select the best ideas for further research
3. Decide if the company will sell enough for the product to be a success
4. Develop a prototype
5. Launch the product in one part of the country to test the market
6. Go to a full launch of the product to the whole market

The costs and benefits of developing new products

Benefits

- The USP is the special feature of a product that differentiates it from the products of competitors
- The USP will mean the business will be the first into the market with the new product
- Diversification for the business, wider product range
- May allow the business to expand into new or existing markets

Costs

- Cost of market research and analytics
- Costs of producing trial products
- Lack of sales if target market is wrong
- Loss of company image due to failure to meet customer needs

The importance of a brand image

- A brand name is the unique name of the product that distinguishes it from other brands
- Brand loyalty is when consumers keep buying the same brand again and again instead of choosing a competitor's brand
- Brand image is an image or identity given to a product which gives it a personality of its own and distinguishes it from competitors' brands

Branding

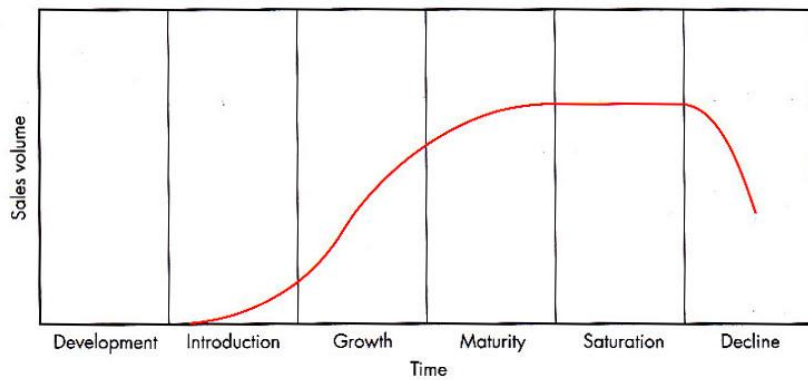
- Needs advertising to reinforce brand's quality
- Higher quality than unbranded products
- Always of the same standard (assured quality)
- Unique packaging
- Unique name (brand name)
- Higher price than unbranded product
- Creates a brand image (an image associated with consuming the product)
- Encourages customers to keep buying it (brand loyalty)

The role of packaging

- Packaging is the physical container or wrapping for a product. It is also used for promotion and selling appeal.
- Protect the product
- Suitable for the product to fit in
- Eye-catching/ attractive
- Carries information about the product
- Promotes the brand image
- Easy to transport the product
- Easy to open and use the product

The product life cycle

- The product life cycle describes the stages a product will pass through from its introduction, through its growth until it is mature and then finally its decline
1. First the product is developed and the prototype is released to a small market
 2. It is then introduced or launched on to the market, sales grow slowly, informative advertising should be used
 3. Sales start to grow rapidly, persuasive advertising is used, prices are lowered slightly, profits start to be made as the development costs are covered
 4. Maturity, sales now increase slowly. Competition becomes more intense, pricing strategies and promotional pricing are used, a lot of advertising is used to maintain growth and sales, profits are at their highest point
 5. Sales have reached saturation point and stabilise at their highest point, competition is high but no new competitors. Competitive pricing is now used. A high and stable level of advertising is used but profits start to fall as sales are static and prices have to be reduced to be competitive
 6. Sales of the product will decline as new product come along or because the product has lost its appeal. The product will usually be withdrawn from the market when sales become so low and prices have been reduced so far it becomes unprofitable to produce the product. Advertising is then reduced and stopped.



- The product lifecycle also depends on the type of the product and technological changes
- Knowing the stage of the life cycle that a product is in can help a business with pricing and promotion decisions

Extending the product life cycle

- Use a new advertising campaign
- Introduce a new, improved version of the old product
- Sell through additional, different retail outlets
- Introduce new variations of the original product
- Sell into new markets e.g. export overseas
- Make small changes to the product's design, colour or packaging

