Chapter 9

Product Fundamentals

- **Core Customer Value** — The basic problem-solving benefit a buyer seeks
- **Actual Product** — The physical good and its attributes (brand name, design, features, quality, package) that deliver the core value
- **Associated/Augmented Services** — Non-physical extras such as warranties, financing or support

Types of Consumer Products

- **Specialty Products/Services** — Items for which customers exert strong effort to obtain preferred brands
- **Shopping Products/Services** — Goods for which consumers compare options on price, style and quality
- **Convenience Products/Services** — Frequently purchased, low-effort commodities (e.g., bread)
- **Unsought Products/Services** — Goods consumers rarely consider until needed, requiring heavy promotion

Product-Mix Architecture

- **Product Mix** — The full set of goods a firm offers
- **Product Lines** — Groups of related items within the mix
- **Product Mix Breadth (Variety)** — Number of product lines carried
- **Product Line Depth** — Number of product categories/SKUs in one line
- **Product Category** — Set of items customers view as substitutes
- **SKU (Stock-Keeping Unit)** — Smallest unique item (size, flavour, etc.) for inventory control

Brand Equity Components

- **Brand Equity** — Aggregate brand-related assets/liabilities that add to or subtract from product value
- **Brand Awareness** — How well consumers recognize and understand the brand
- **Perceived Value** — Consumer's assessment of benefits relative to cost versus alternatives
- **Brand Associations** — Mental links tying a brand to attributes, images or feelings
- **Brand Loyalty** — Repeated purchase and preference for a brand over time

Branding Strategies

- **Manufacturer Brands** — Brands owned/marketed by the producer
- **Private-Label (Store) Brands** — Brands owned by retailers
- **Generic Brands** — Unbranded commodity items
- **Family Brand** — Corporate name applied across multiple products (e.g., *Kellogg's*)
- **Individual Brand** — Distinct name for each product (e.g., *Tide*)
- **Brand Extension** — Using an existing brand to launch a new product
    - **Brand Dilution** — Negative effect on core brand when an extension mis-fits
- **Cobranding** — Joint marketing of two or more brands on one offering
- **Brand Licensing** — Allowing another firm to use brand elements for a fee

Packaging & Labeling

- **Packaging** — The container/wrapper that protects, promotes and positions a product
- **Label** — Information tag on the package that identifies the brand and key facts (ingredients, safety, use)

Concept Connections

- **Breadth vs. Depth**: Breadth counts *lines*; depth counts *categories/SKUs* inside a line.
- A strong **Brand Equity** foundation (awareness → associations → perceived value → loyalty) enables growth tactics such as **Brand Extensions** or **Cobranding** with less risk.
- Effective **Packaging & Labels** complete the offering by reinforcing brand equity and easing consumer choice at the shelf.

Use this as a quick reference when you need the definitions and how they fit together!

Chapter 11

Foundational Concepts

- **Price:** the *overall sacrifice* (money + time + effort) a buyer is willing to make in order to obtain a product or service – the only element of the marketing mix that directly brings in revenue

- **Demand Curve:** a graphic showing how many units customers will buy at different price points; it normally slopes downward, but prestige goods can bend upward at first (noted throughout the demand-curve discussion).
- **Price Elasticity of Demand:** the percentage change in quantity demanded divided by the percentage change in price; tells marketers whether shoppers are price-sensitive (elastic) or not (inelastic)
- **Break-Even Point:** the sales volume at which total revenue exactly covers total costs, calculated with fixed costs ÷ contribution per unit (price – variable cost)

The **Five Cs** Framework for Setting Prices

- **Company Objectives:** profit, sales, competitor, or customer-oriented goals that guide the overall price posture
- **Customers:** how target buyers perceive value and react to different prices
- **Costs:** variable, fixed, and total cost structures that bound feasible price ranges
- **Competition:** market structure (monopoly, oligopoly, etc.) and rivals' moves that influence price levels
- **Channel Members:** manufacturers, wholesalers, retailers—each with their own margin expectations and power over final price

Pricing **Methods** (How a number is chosen)

- **Cost-Based:** start with unit cost, add a markup; simple but ignores demand and competition
- **Competitor-Based:** peg price below/at/above a rival to shape value cues
- **Value-Based:** begin with customers' perceived value (improvement value or total cost-of-ownership) and work backward to price

Pricing **Strategies** (Long-run patterns)

- **EDLP (Everyday Low Pricing):** keep prices consistently between regular and deep-sale levels to save shoppers' search time
- **High/Low Pricing:** run temporary promotions (markdowns) off a higher regular shelf price to create a "deal" thrill
- **Price Skimming:** launch a truly new product at a high price, then sequentially "skim" lower, more price-sensitive segments
- **Market Penetration Pricing:** introduce at a deliberately low price to build volume, market share and deter entry

Consumer Pricing Tactics

- **Price Lining:** set a line of price points (good–better–best) for a product range, simplifying choice and signaling quality tiers
- **Price Bundling:** offer two + products together at one price that is lower than buying each separately, encouraging higher perceived value and cross-purchase

- **Leader Pricing:** advertise a very attractive price on a well-known item to draw traffic, hoping shoppers buy full-margin goods too
- **Markdowns:** temporary, visible reductions to clear inventory or create urgency
- **Coupons / Rebates:** price reductions redeemed by the consumer after (coupon) or post-purchase (rebate) to segment bargain hunters without changing the shelf price
- **Quantity (Size) Discounts:** lower per-unit price for purchasing larger sizes or multiples, rewarding bulk buying

B2B / Channel Tactics

- **Seasonal Discounts:** price breaks for purchasing out-of-season to smooth demand
- **Cash Discounts:** percentage off for prompt payment, improving seller cash flow
- **Allowances (e.g., advertising, slotting):** payments or reductions to channel partners for specific activities such as featuring the brand
- **Uniform-Delivered vs. Geographic Pricing:** whether freight is rolled into one price for all buyers or varies by location

Legal & Ethical Guard-rails

- **Deceptive Reference Prices:** "was-$" comparisons that were never truly charged
- **Loss-Leader Pricing (below cost):** can be deemed unfair competition if it intends to drive rivals out
- **Bait-and-Switch:** lure customers with a low advertised price, then pressure them to buy a higher-priced item
- **Predatory Pricing & Price Fixing:** setting unsustainably low prices to kill competitors, or colluding on price—both illegal

How to Use This Sheet

Think of the **Five Cs** as the *big picture* lens; choose a **method** that fits your data, then pick a **strategy** (EDLP, skimming, etc.) that matches your objectives and market stage. Finally, apply **tactics** (price lining, coupons, trade allowances) to execute day-to-day and to fine-tune for specific segments or seasons.

Chapter 12

Distribution Fundamentals

- **Distribution Channel:** ~ the set of institutions and marketing activities that transfer ownership of goods and move them from the point of production to the point of consumption
- **Supply-Chain Management (SCM):** ~ a coordinated approach that integrates suppliers, manufacturers, warehouses, stores, and transport so merchandise is

produced and delivered in the right quantities, to the right places, at the right time, while minimizing system-wide costs

- **Logistics Management:** ~ planning, implementing, and controlling the efficient physical flow of materials, in-process items, and finished goods from origin to consumption
- **Distribution Centre (DC):** ~ a facility where goods are received, stored, prepared, and redistributed to stores or customers, letting retailers keep less inventory in expensive store space and replenish as needed

Channel Design & Intensity

- **Direct Distribution:** ~ no intermediaries; the producer (or an individual seller) sells straight to the end user

- **Indirect Distribution:** ~ one or more intermediaries (e.g., dealers, wholesalers, retailers) sit between producer and consumer

- **Multi-Channel (Hybrid) Distribution:** ~ a firm combines direct and indirect channels to reach different segments (e.g., Sony stores + Best Buy)

- **Distribution Intensity**
    - **Intensive:** ~ place the product in as many outlets as possible for maximum exposure
    - **Selective:** ~ use a limited number of carefully chosen retailers to balance reach and control
    - **Exclusive:** ~ grant a single (or very few) retailer(s) exclusive rights within a territory to preserve prestige and margins

Push & Pull Tactics

- **Push Strategy:** ~ promotion aimed primarily at channel members to persuade them to stock the product, “pushing” it toward consumers
- **Pull Strategy:** ~ promotion aimed at end consumers to create demand that “pulls” the product through the channel as retailers respond

Channel Governance & Conflict

- **Channel Conflict:** ~ disagreements over goals, roles, or rewards among channel members, disrupting cooperation
    - **Vertical Conflict:** occurs between different levels (e.g., manufacturer ↔ retailer)
    - **Horizontal Conflict:** occurs between firms at the same level (e.g., two retailers)
- **Vertical Marketing Systems (VMS)**

    - **Administered:** coordination comes from the power of a dominant member
    - **Contractual:** independent firms join by contract (e.g., franchising)
    - **Corporate:** one firm owns multiple levels, giving direct control (e.g., Tesla-owned stores)

Information & Inventory Technologies

- **Electronic Data Interchange (EDI):** ~ computer-to-computer exchange of purchase orders, invoices, inventory data, etc., reducing cycle time and errors
- **Vendor-Managed Inventory (VMI):** ~ manufacturer monitors retailer stock and automatically replenishes when preset levels are reached
- **Just-in-Time (JIT) / Quick-Response (QR):** ~ delivers smaller, more frequent shipments to cut lead time, boost availability, and lower carrying costs
- **Universal Product Code (UPC):** ~ 13-digit barcode scanned at POS to identify product and capture sales data
- **Radio Frequency Identification (RFID) Tags:** ~ tiny chips that wirelessly transmit product data to scanners for real-time tracking

Relationship Building

- **Strategic (Partnering) Relationship:** ~ long-term collaboration where channel members trust, share information, align goals, and invest in each other's success to create mutual value

Chapter 14

Integrated Marketing Communications (IMC)

- **Integrated Marketing Communications (IMC):** The promotion dimension of the marketing mix that unifies advertising, personal selling, sales promotion, public relations, direct marketing, and digital/social/mobile media to present a clear, consistent value story to the target audience.

IMC Planning Steps

- **Identify Target Audience:** Pinpoint the specific consumer (or business) segment the campaign needs to reach.
- **Set Objectives:** Translate overall marketing goals into measurable communication outcomes (e.g., awareness, trial, loyalty).
- **Determine Budget:** Choose a budgeting method and allocate sufficient resources to meet the objectives.
- **Convey Message:** Decide what to say and which appeal will best motivate the audience.

- **Evaluate & Select Media:** Match message goals to the media mix that can best deliver reach and frequency.
- **Create Communication:** Turn the idea into actual ads or content in words, visuals, sounds, and/or interactivity.
- **Assess Impact:** Measure pre-, during-, and post-campaign metrics to learn and improve.

Communication Process

- **Sender:** The firm/brand that originates the message.
- **Transmitter:** Creative specialists (in-house or agency) that turn ideas into marketing communications.
- **Encoding:** Translating ideas into words, images, or other symbols.
- **Communication Channel:** The medium—print, broadcast, digital, social, etc.—that carries the message.
- **Receiver / Decoding:** The person who sees/hears the message and interprets it through their own frame of reference.
- **Noise:** Anything that distorts or competes with the message (e.g., clutter, poor medium choice).
- **Feedback Loop:** Purchases, comments, or other responses that let the sender judge success.

Budgeting Methods

- **Objective-and-Task:** Price the specific tasks required to hit stated objectives.
- **Competitive Parity:** Spend in line with market-share peers to maintain share of voice.
- **Percentage-of-Sales:** Apply a fixed percentage of projected sales to IMC.
- **Affordable Method:** Use whatever funds remain after other costs—often leads to underspending.

Message Appeals

- **Rational Appeal:** Leverages facts and key benefits to influence logical purchase decisions.
- **Emotional Appeal:** Connects the brand to feelings (joy, nostalgia, fear, love) to satisfy emotional desires.

Media Metrics & Concepts

- **Reach:** Percentage of the target population exposed to a message at least once.
- **Frequency:** Average number of exposures per person within a set period.
- **Gross Rating Points (GRP):** Reach × Frequency—overall media weight of a campaign.

- **Click-Through Rate (CTR):** Proportion of impressions that generate a click; gauges digital ad relevance.

Advertising Schedules

- **Continuous:** Steady advertising year-round; best for products purchased regularly.
- **Flighting:** Intense bursts of ads separated by dark periods; ideal for seasonal demand.
- **Pulsing:** Continuous base level with periodic heavier flights to reinforce the message.

Media Categories

- **Paid Media:** Purchased space/time the brand fully controls (e.g., TV spots, display ads).
- **Owned Media:** Channels the brand owns (e.g., website, blog, app, social pages).
- **Earned Media:** Unpaid exposure generated by word-of-mouth, publicity, or shares.

IMC Tools

- **Advertising:** Paid, identified persuasive communication delivered through mass or digital channels.
- **Personal Selling:** Two-way interpersonal communication that influences purchase decisions.
- **Sales Promotion:** Short-term incentives such as coupons, rebates, contests, or samples that stimulate immediate action.
- **Direct Marketing:** One-to-one messages (mail, email, DRTV, mobile) designed to provoke a measurable response and enrich databases.
- **Public Relations (PR):** Activities that build and manage the firm’s reputation through unpaid or earned media coverage.
- **Digital/Social/Mobile Media:** Interactive online platforms that allow precise targeting, engagement, and rich performance metrics.