Business marketing online
- E-commerce
- Everyone is using the internet

Why is e-commerce so slow to adopt
- Security
- Cost of creating online presence

Personality
- A way of organizing and grouping the consistency of an individuals reactions to situations

Self-concept
- How consumers perceive themselves in terms of attitudes, perceptions, beliefs, and self evaluation

Ideal-self image
- The way an individual would like to be

Real-self image
- The way and individual actually perceives himself or herself to be

Chapter 8

- Cannot make decisions until you do SWOT analysis
- Then do segmentation, targeting and positioning (STP)

Segmentation
- is the process of identifying and profiling distinct groups of buyers who differ in their needs and preferences.

Target is when you select one or more.

Market
- People or organizations with needs or wants and the ability and willingness to buy

Market segment
- A subgroup of people organizations sharing one or more characteristics that cause them to have similar product needs

Market segmentation

- The process of dividing a market into meaningful, relatively similar, and identifiable segments or groups

Segmentation bases

- Characteristics of individuals, groups or organizations

Geographic segmentation

- Region
- City size
- culture

Demographic segmentation

- Age
- Sex
- Income
- Education
- Religion
- Social class
- Ethnicity

Psychographic

- Activities
- Personality
- Motives
- Interests
- Opinions

Geodemographic segmentation

- Segmenting potential customers into neighbourhood lifestyle categories.

Benefit segmentation

- Process of grouping customers into market segments according to the benefits they seek from the product.

Usage-rate segmentation

- Dividing a market by the amount of product bought or consumed
- Segmenting users by amount purchased or consumers is usage-rate segmentation
- Usage rate segmentation divides consumers according to how much they use a product

Aggregate segmentation

- involves treating all consumers as if they are the same.
- With an aggregation approach, a company might create a single type of product, for example, and then use mass-market advertising to deliver a single sales message to the entire market

Gender segmentation

- Women are powerful consumers. They have a huge influence on consumer purchasing. Women buy on behalf of the people living in their home.

Income segmentation

- Income is a popular demographic variable for segmenting markets because income level influences consumers' wants and determines their buying power.
- Many marks are segmented by income, including the markets for housing, clothing, automobile, and food.

Ethnic segmentation

- Segmenting cultures, ethnicities, etc.

lifestyle segmentation

- Lifestyle segmentation divides people into groups according to the way they spend their time, the importance of the things around them, their beliefs, and socio economic characteristics such as income and education.

Pareto Principle

- A principle holding that 20% of all customers generate 80% of the demand
- The Pareto principle states that for many outcomes, roughly 80% of consequences come from 20% of causes

Usage

- Rate
- Awareness status
- Brand loyalty
- Time
- Situation
    - Time
    - Objective
    - Location
    - Person

Benefits sought

- Attributes
- Hedonic (pleasure)
- Utilitarian

Benefit sought

- Segmenting according to the benefits that the consumers are seeking from a product or service

Market
- Needs and wants

Family life cycle
- A series of stages determined by a combination of age, material, and the presence or absence of children

Satisficers
- Business customers who place their order with the first familiar supplier to satisfy their product

Optimizers
- Business customers who consider numerous suppliers, both familiar and unfamiliar solicit bids
- Business process optimization is the practice of increasing organizational efficiency by improving processes.

Target marketing
- A group of people or organizations for which an organization designs, implements, and maintains a marketing mix intended to meet the needs of that group, which results in mutually satisfying exchanges.

Undifferentiated targeting strategy
- A firm using an undifferentiated targeting strategy essentially adopts a mass-market philosophy
- A marketing approach that views the market as one big market with no individual segments, and thus uses a single marketing mix

- Advantages:
    - Potential savings on production/marketing costs
- Disadvantages:
    - unimaginative product offerings
    - Company more susceptible to competition

Concentrated targeting strategy
- A strategy used to select one segment of a market
- A concentrated marketing strategy is targeted to one specific market segment or audience

- Advantages:
    - Concentrates resources
    - Can better meet the needs of a narrowly defined segment
    - Allows some small firms to better compete with larger firms
    - Provides strong positioning
- Disadvantages

    - Segments too small or change
    - Large competitors may more effectively market to niche segments

Niche
- One segment of a market

Multisegment targeting strategy
- A strategy that chooses two or more well-defined market segments and develops a distinct marketing mix for each
- Different promotional appeals rather than completely different marketing mixes may be used as the basis for a multisegment strategy

- Advantages:
    - Greater financial success
    - Economics of scale in producing/marketing
- Disadvantages
    - High costs
    - cannibalization

Cannibalization
- Market cannibalization is a loss in sales caused by a company's introduction of a new product that displaces one of its own older products

One-to-one marketing
- An individualized marketing method that uses customer information to build long term-personalized, and profitable relations with each customer
- To generate customer loyalty

- Advantages
    - Delivers highly customized service
    - High customer engagement/retention
    - Increasing revenue through loyalty
- Disadvantages
    - High costs

Perceptual mapping
- A means of displaying or graphing, in two or more dimensions, the location of products, brands, or groups of products in customers minds
- attempts to visually display the perceptions of customers or potential customers.

repositioning
- Changing a consumers perception of a brand in relation to competing brands

Positioning

- A process that influences potential customers overall perception of a brand, a product line, or an organization in general.

Position

- The place a product, brand, or group of product occupies in consumers minds relative to competing offerings.

Product differentiation

- A positioning strategy that some firms use to distinguish their products from those of competitors

Chapter 10

Product

- Anything both favourable and unfavorable, received by a person in an exchange or possession, consumption, attention, or short term use

Business product

- Business products are products and services that companies purchase to produce their own products or to operate their business.
- Examples include:
    - Business products include raw materials, equipment, component parts, supplies, and business services.

Consumer products:

- A product to satisfy an individual's personal wants.

Types of consumer products

- Convenience goods
- Shipping goods
- Speciality goods
- Unsought goods

Convenience product:

- Inexpensive item that merits little shopping effort

Shopping product

- More expensive than a convenience product and is found in fewer stores.

Speciality product

- A particular unique item with unique characteristics for which consumers search extensively
- They are very reluctant to accept substitutes.

Unsought product
- Unsought Goods are goods that the consumer does not know about or does not normally think of buying
- Examples: funeral services, encyclopedias, fire extinguishers, insurance and reference books.

Product modification
- Changing one or more of a products characteristics

Product item
- A specific version of a product that can be designated as a distinct offering among an organization's products

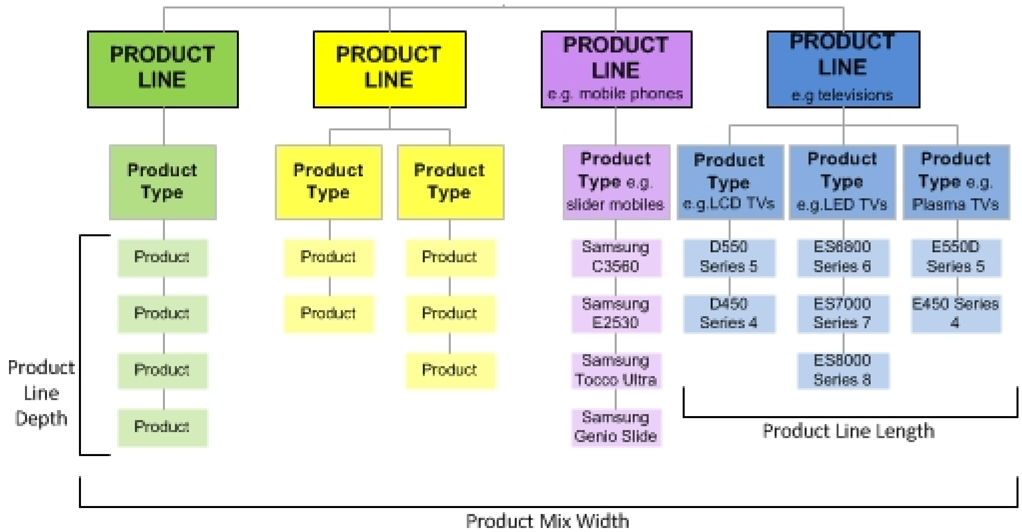
Product mix
- All products that an organization sells

Product mix width
- The number of products lines an organization offers
- For example, if you have a company that specializes in oral hygiene and they sell three different products, floss, mouthwash and toothpaste, then that company has a product mix width of three.

Product line
- product lining is offering several related products for sale individually
- A group of closely related product items

Product line length
- the number of product items in a product line

Product line depth
- The different versions of a product item in a product line
- Product line depth is the number of product items in a product line
    - Example: P&G makes dawn dishwashing liquid, by expanding it by adding dawn direct foam dishwashing liquid, it will be line depth because you are adding more to the product line.



Adjustments
- Repositioning, changing consumers perceptions of the brand

Product line extensions
- Adding products to an extension product
- A group of closely related product items

Planned obsolescence (obsolete means no longer produced or used; out of date)
- The practice of modifying products so those that have already been sold become obsolete before they actually need replacement

Brand
- A name, term, symbol, design, or combination thereof that identifies a sellers products and differentiates them from competitors products

Brand name
- The elements of a brand that cannot be spoken

Brand equity
- The value of company and brand names

Global brand
- A brand with at least 20% of the product sold outside its home country or region

Brand loyalty
- A consistent preference for one brand over all others

Generic product

- A no-frills, no-brand name, low-cost product that is simply identified by its product category

Manufacturer brand
- The brand name of a manufacturer
- Advantages: heavy advertising to the consumer by well-known manufacturers, such as procter gamble, HELPS DEVELOP STRONG CONSUMERS
- Well-known manufacturer brands attract new customers and enhance dealers prestige
- Many manufacturer offer rapid delivery, enabling the dealer to carry less inventory
- If a dealer happens happens to sell a manufacturer's brand of poor quality, the customer many switch brands and remain loyal to the dealer

Private brand
- A brand name owned by a wholesaler or a retailer
- Advantages: A wholesaler or retailer can usually earn higher profits on its own brands.In additions, because the private brand is exclusive, the retailer is under less pressure to mark down the price of its competition
-


EXHIBIT 10.2 COMPARING MANUFACTURERS' AND PRIVATE BRANDS FROM THE RESELLER'S PERSPECTIVE

Key Advantages of Carrying Manufacturers' Brands	Key Advantages of Carrying Private Brands
• Heavy advertising to the consumer by well-known manufacturers, such as Procter & Gamble, helps develop strong consumer loyalties.	• A wholesaler or retailer can usually earn higher profits on its own brands. In addition, because the private brand is exclusive, the retailer is under less pressure to mark the price down to meet competition.
• Well-known manufacturers' brands, such as Kodak and Fisher-Price, can attract new customers and enhance the dealer's (wholesaler's or retailer's) prestige.	• A manufacturer can decide to drop a brand or a reseller at any time or even to become a direct competitor to its dealers.
• Many manufacturers offer rapid delivery, enabling the dealer to carry less inventory.	• A private brand ties the customer to the wholesaler or retailer. A person who wants MotoMaster batteries must go to Canadian Tire.
• If a dealer happens to sell a manufacturer's brand of poor quality, the customer may simply switch brands and remain loyal to the dealer.	• Wholesalers and retailers have no control over the intensity of distribution of manufacturers' brands. Canadian Tire store managers don't have to worry about competing with other sellers of MotoMaster automotive products. They know that these brands are sold only at Canadian Tire.

<u>Key advantages of carrying manufacturer's brand</u>	<u>Key advantages of carrying private brands</u>
- Heavy advertising to the consumer by	- A wholesaler or retailer can usually

well-known manufacturers helps develop strong consumer loyalties	earn higher profits on its own brands. In addition, because the private brand is exclusive, the retailer is under less pressure to mark the price down to meet competition.
- Can attract new customers and enhance the dealer’s (wholesalers or retailers) prestige	- A manufacturer can decide to drop a brand or a reseller at any time or even to become a direct competitor
- Many manufacturers offer rapid delivery,, enabling the dealer to carry less inventory	- A private brand ties the customer to the wholesaler or retailer.
- If a dealer happens to sell a manufacturer's brand of poor quality, the customer may simply switch brands and remain LOYAL TO THE DEALER	- Wholesalers and retailers have no control over the intensity of distribution of manufacturers' brands. Canadian tire store managers don’t have to worry about competing with other sellers.

Individual branding
- The use of a different brand names for different products

Family brand
- The marketing of a several different products under the same brand name

Co-branding
- Placing two or more brand names on a product or its package
- Co-branding is a marketing strategy that utilizes multiple brand names on a good or service as part of a strategic alliance.

Trademark
- The exclusive right to use a brand or part of a brand

Service mark
- A trademark for a service

Generic product name
- A term that identifies a product by class or type and cannot be trademarked

Persuasive labeling
- Packaging labeling that focuses on a promotional theme or logo, consumer information is secondary

Informational labeling
- a label which carries information including use instructions, precautions and warnings, etc

Universal product codes (UPCs)
- A series of thick and thin vertical lines (BAR CODES)
- Can only be readable by the computer to match the code to brand names, package sizes, and prices

Warranty
- A confirmation of the quality or performance of a good
- Promising to repair or replace it if necessary within a specified period of time.

Express warranty
- A written guarantee
- an agreement by a seller to provide repairs or a replacement for a faulty product, component, or service within a specified time period after it was purchased.

Implied warranty
- An unwritten guarantee that the good or service is fit for the purpose for which it was sold
- For example, when you buy a new car from a car dealer, the implied warranty is that the car works. When you order a hamburger at a restaurant, it comes with the implied warranty that it is edible

Homogeneous
- Look for the lowest-priced brand that has desired features
- of the same kind; alike.

Heterogeneous
- Heterogeneous products are products with attributes that are significantly different from each other, which makes it difficult to substitute one product for another

Chapter 11

New product
- A product new to the world, new to the market, new to the producer or seller

New-to-the-world products
- These products create an entirely new market

- Smallest category of new products since few products are seen as completely new by everyone

New-product lines
- These products which the firm has not previously offered, allow the firm to enter an established market.
- These products are not new to the marketplace but are usually new to the company.

Additions to existing product lines
- This category includes new products that supplement a firm's established line
- Capitalize brand equity

Improvements or revisions of existing products:
- New and improved
- Significantly or slightly changed
- Could be a package improvement

Repositioned products
- Existing products targeted at new markets or new segments

Lower Priced Products
- Products that provide performance similar to competing brands at a lower price

Product Characteristics and the Rate of Adoption
- 1. Complexity
- 2. Compatibility
- 3. Relative Advantage
- 4. Observability
- 5. Trialability

Why new products Fail
- incongruity between product and chosen target market
- development process too long-delayed entry
- company resources ill- equipped two handle growth
- poor initial product reviews, combined with few changes made based on customer feedback
- poor execution of marketing mix activities necessary to execute strategy

New product development process
1. New product strategy
    - A plan that links the new-product development process with objectives of the marketing development

2. Idea generation
    - Surveys, focus groups, observation, brainstorming, research and development
3. Idea screening
    - Elimination of ideas that are inconsistent with the organizations new product strategy
4. Business analysis
    - Where demand, cost, sales, and profitability are calculated
5. Development
    - Developing prototypes, brand name, labelling, packaging
    - Laboratory tests
6. Test marketing
    - The limited introduction of a product and a marketing program to see the reaction of potential customers in a market situation
7. Commercialization
    - Advertise and market the product

Concept testing
- a research method that involves asking customers questions about your concepts and ideas for a product or service before actually launching it
- evaluate new-product ideas usually before any prototype has been created

Adopter
- A consumer who was satisfied enough with his or her trial experience with a product to use it again

Innovation
- A product perceived as new by a potential adopter
- A new method, idea, product or service

Diffusion
- The process by which the adoption of an innovation spreads
- the manner in which an innovative technology spreads across a market group by group according to the readiness of each group to adopt it.

Innovators
- The first 2.5 percent of all those who adopt the product
- Are eager to try new ideas and products, almost to the point of obsession
- Venturesome

Early adopters
- The next 13.5 percent to adopt the product
- They do adopt early in the products life cycle

- The term "early adopter" refers to an individual or business who uses a new product, innovation, or technology before others. An early adopter is likely to pay more for the product than later adopters
- Rely much more on group norms and values. They are also more oriented to the local community in contrast to the innovators worldly outlook.

Early majority adopters
- The next 34 percent to adopt. The early majority weights the pros and cons before adopting a new product
- Likely to collect more information and evaluate more brands than early adopters
- less technologically educated than innovators but are willing to take a chance on new products.

Late majority adopters
- The next 34 percent to adopt.
- The late majority adopters adopts a new product because most of their friends have already adopted it
- They rely on group norms
- They depend on mass media and communication (news)

Laggard adopters
- The last 16 percent
- Does not rely on group norms
- The past heavily influences their decisions
- At the end of the cycle, where people buy products that have been around for a while
- Old people basically (people with less experience with technical stuff)

New-product strategy
- A plan that links the new product development process with the objectives of the marketing department, the business unit, and the corporation.

Product life cycle (PLC)
- A concept that traces the stages of a product acceptance, from its introduction (birth) to its decline (death).
- The PLC is especially useful as a predicting tool

Product category
- All brands that satisfy a particular type of need

Adopter
- A customer who was satisfied enough with his or her trial experience with a product to use it again

Introductory stage
- The full-scale launch of a new product into the marketplace
- Educate the public

Growth stage
- The second stage of the product life cycle when sales typically grow at an increasing rate, many competitors enter the market, large companies may start to acquire small pioneering firms
- Profits are healthy

Maturity stage
- A period during which sales increase at a decreasing rate
- Has been established in the market
- Longest stage in the product life cycle
- Promotion to the dealer is often intensified

Decline stage
- A long-run drop in sales

Chapter 12

Benefit complexity
- Nonprofit organizations often market complex and emotional behaviors or ideas

Benefit strength
- The benefit strength of many nonprofit offerings is not immediate or indirect

Generating new-product
- The two techniques considered most useful for generating new-product ideas are brainstorming and focus groups.

Service
- The result of applying human or mechanical efforts to people or objects

Intangibility
- The inability of services to be touched, seen, tasted, heard, or felt.
- Marketers should rely on tangible cues to communicate a service’s nature and quality. This includes creation of the right environment and atmosphere at facilities that customers visit
- Nothing u can't take home (groupons)
- Once the service has has been done, you can't take it home
- Experience that you can't share

- An airline provides travel services. Although there are some aspects that are tangible (such as the plane, the staff, and the food), the service benefit of fast travel is intangible.
-

Search quality
- A characteristic that can be easily addressed before purchased
- help buyers make up their mind about what to buy

Experience quality
- A characteristic that can be assessed only after use

Credence quality
- Credence quality is quality that is difficult for customers to evaluate even after they have consumed a product or service.

Inseparability
- The inability (unable) of a production and consumption of a service to be separated
- Cannot separate them
- CONSUMERS MUST BE PRESENT DURING THE PRODUCTION OF THE SERVICE (FOR EXAMPLE, HAIRCUTS, SURGERIES, SALONS ETC).)
- This characteristic explains that it is impossible to distinguish between the service and the server
- Let's say u want to get ur nails done, you cant get ur nails done and not be there
- Services are often sold and then produced and consumed at about the same time. For airline service, first the ticket is sold. At some later time, the service is produced and consumed simultaneously as the airplane flies to the destination point.

Inconsistency
- The inability of a service quality to be consistent
- Consistency and quality control are often difficult to achieve in a service because services are dependent on their labour force, and services are produced and consumed at the same time. In airline travel, a passenger cannot get exactly the same service experience from flight to flight. The length of the flight, flight comfort, flight attendants' service, food, neighbouring passengers, and many other factors will vary

Inventory

- The inability of services to be stored for future use
- a complete list of items such as property, goods in stock, or the contents of a building.
- https://tweakyourbiz.com/marketing/how-to-give-your-services-the-product-factor
- Services cannot be stored, warehoused, or inventoried. An empty airline seat produces no revenue and cannot be saved for the next flight. However, by overbooking flights, passengers can be saved up and used to fill later flights.

Reliability

- The ability to perform a service dependably, accurately, and consistently

Responsiveness

- The ability to provide services quickly.

Assurance

- The knowledge and courtesy of employees and their ability to convey TRUST

Empathy

- Caring and paying attention to customers

Tangibles

- The physical evidence of a service, including physical facilities, tools and etc

Gap model

- A model identifying five gaps that can cause problems in a service delivery and influence customer evaluation

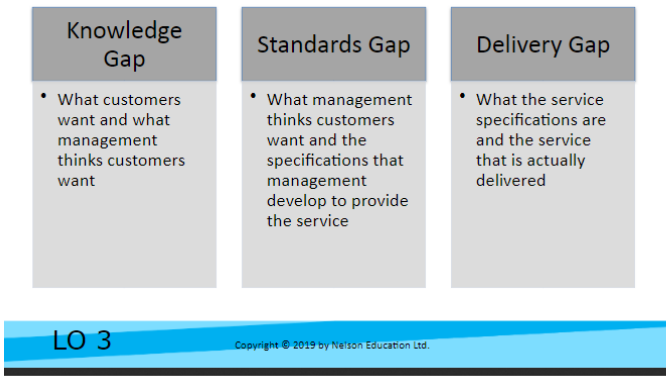
5 different types of gaps

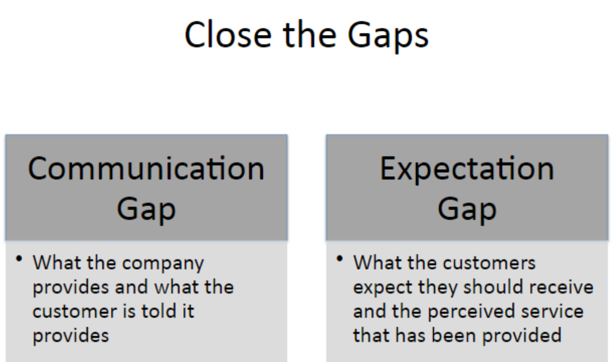
1. Knowledge gap
    - What customers want and what management thinks customers want
2. Standards gap
    - What management thinks customers want and the specifications that management develop to provide the service
3. Delivery gap
    - What the service specifications are and the service that is actually delivered
4. Communication gap

- What the company provides and what the customer is told it provides

5. Expectation gap
    - What the customers expect they should receive and the perceived service that has been provided.

LOOK BELOW TO SEE THE DEFINITIONS OF EACH GAPS





Core service
- The most basic benefit the consumer is buying

Supplementary services
- A group of services that support or enhance the core service

Mass customization
- A production method whereby products are not made until an order is placed by the customer
- Basically it means that when a consumer makes an order, then they will start to produce that item

People strategy
- Improve service by giving incentives, training and etc

Place strategy

- Issues such as convenience, number of outlets, direct vs indirect, location etc

Physical evidence

- Physical surroundings, quality of the equipment

Promotion strategy

1. Stress cue
    - A concrete symbol that communicates a message
2. Use a personal information source
    - Use social media to create conversations
3. Create a strong organizational image
    - Manage the evidence
4. Engage in postpurchase communication
    - Follow up after the purchase/consumption

Internal marketing

- Treating employees as customers and developing systems and benefits that satisfy their needs

Nonprofit organization

- An organization trying to achieve a goal rather than profits

Public service advertisement

- An announcement that promotes a program of a nonprofit organization

Indirect payment

- Indirect payment through taxes is common to marketers of free services such as libraries, fire protection, police protection and etc.

Nonfinancial prices

- In many nonprofit situations, consumers are not charged a monetary price but instead must absorb non monetary costs

Below cost pricing

- a price for a product or service that is less than the cost of producing it

Chapter 13 (price)

Price

- That which is given up in exchange to acquire a good or service

Revenue
- The price per unit charged to customer multiplied by the number of units sold
- Revenue = price per unit * units sold

Costs
- The combined financial value of all inputs that go into the production of a company's product

Profit
- Revenue - costs (fixed + variable)

Profit maximization
- Profit maximization means setting prices so that the total revenue is as large as possible relative to total costs

Satisfactory profits
- Satisfactory profits are a reasonable level of profits.

Return on investment (ROI)
- Net profits / investment

Market share
- A company's product sales as a percentage of total sales for that industry

Status quo pricing
- A pricing objective that maintains existing prices or meets the competitions prices

Price sensitivity
- Consumers varying levels of desire to buy a given product at different price levels

Price elasticity of demand
- A measurement of change in CONSUMER demand for a product relative to the changes in prices

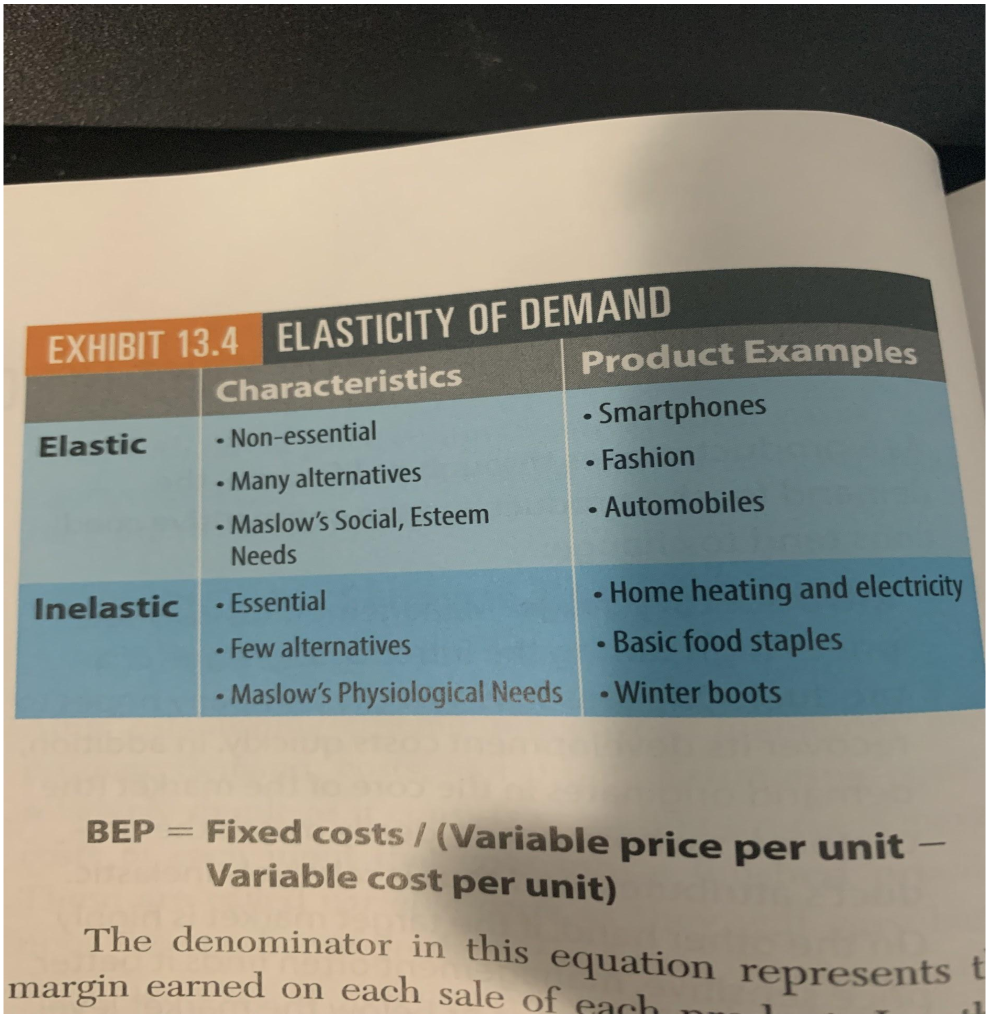


EXHIBIT 13.4 ELASTICITY OF DEMAND

	Characteristics	Product Examples
Elastic	• Non-essential • Many alternatives • Maslow's Social, Esteem Needs	• Smartphones • Fashion • Automobiles
Inelastic	• Essential • Few alternatives • Maslow's Physiological Needs	• Home heating and electricity • Basic food staples • Winter boots

BEP = Fixed costs / (Variable price per unit − Variable cost per unit)

The denominator in this equation represents t
margin earned on each sale of each

Break-even analysis

- The calculation of number of units sold, or total revenue required, a firm must meet to COVER ITS COST
- The point of intersection between Total Revenue and Total Costs

Profit maximization

- Setting prices so that total revenue is as large as possible relative to total costs
-

Price strategy

- A pricing strategy is a model or method used to establish the best price for a product or service

Price skimming
- A high introductory price, often coupled with heavy promotion
- Introduce with a high price
- the firm charges the highest initial price that customers will pay and then lowers it over time.
- Price skimming is a price setting strategy that a firm can employ when launching a product or service for the first time.

Experience curve
- Curves that show costs DECLINING at a predictable rate as experience with a product INCREASES

Base price
- The GENERAL price level at which the company expects to sell the good or service

Quantity discount
- A unit price reduction offered to buyers buying either multiple units or at more than a specific dollar amount
- To encourage large orders

Cumulative quantity discount
- A deduction from list price that applies to the buyer's total purchases made during a specific period.
- Cumulative Quantity Discount (CQD) is a program designed to reward repeat customers after reaching a certain order quantity

Non Cumulative quantity discount
- A noncumulative quantity discount applies to each purchase and is intended to encourage buyers to make larger purchases

Cash discount
- A price reduction offered to a consumer, and industrial user, or a marketing intermediary in return for prompt of a bill

Functional discount (trade discount)
- A discount to wholesalers and retailers for performing channel functions

Seasonal discount
- A price reduction for buying merchandise OUT OF SEASON

Value-based pricing

- Setting the price at a level that seems to the consumer to be good price

FOB (free on board) origin pricing
- FOB-origin pricing simply refers to the pricing method where the purchaser or buyer pays the cost of shipping.

Uniform delivered pricing
- The sellers pays the actual freight charges and bills every purchaser an identical, flat freight charge
- Definition of freight cost: is the amount paid to a carrier company for the transportation of goods from the point of origin to an agreed location

Zone pricing
- Charges the same freight rate to all customers in a given zone
- A marketing method to equalize costs among buyers within large geographic areas

Freight absorption pricing
- Seller pays all or part of the freight costs

Basing-point pricing
- Charging freight from a given base point regardless if the city which the goods are shipped

Single price tactic / single-price tactic
- Offering all goods and services at the same prices

Flexible pricing
- Different customers pay different prices for essentially merchandise
- negotiations between buyers and sellers, within a certain range.

Penetration pricing / price penetration
- A relatively low price for a product initially as a way to reach the mass market
- elastic demand curve
- Penetration pricing is a marketing strategy used by businesses to attract customers to a new product or service by offering a lower price during its initial offering.
- Make it difficult for the competition to compete
- This is to discourage competitors from entering the market
- Penetration pricing has low profits margins on each unit sold

Professional services pricing
- Used by people with lots of experience that charges something
- Companies charging too high of a price because of their professionalism
- Exploiting inelastic demand

Price lining
- Offering a product line with several items at specific price point
- SETS UP FIXED PRICES for goods

Loss leader pricing
- A product is sold near or even below cost in the hope that shoppers will buy other items once they are in the store
- an aggressive pricing strategy in which a store sells selected goods below cost in order to attract customers

Odd-even pricing
- Odd-even pricing is a pricing strategy involving the last digit of a product or service price. Prices ending in an odd number, such as $1.99 or $78.25, use an odd pricing strategy

Price-bundling
- Marketing two or more products in a single package for a SPECIAL price

Unbundling
- Reducing the bundle of services that comes with basic product
- Unbundling is a process by which a company with several different lines of businesses retains core businesses while selling off, spinning off, or carving out assets, product lines, divisions, or subsidiaries.

Two-part pricing
- Charging two separate amounts to consume a single good or service
- To earn more consumer surplus

Bait pricing
- A price tactic that tries to get consumers into a store using false and misleading price advertising and then uses high-pressure selling to persuade consumers to buy more expensive products instead

Deceptive pricing
- Promoting a price or price saving that is NOT ACTUALLY available

Price fixing
- An agreement between two or more firms on the price they will charge for a product

Predatory pricing
- The practice of charging a very low price for a product with the intent of driving competitors out of business or out of the market.

Price discrimination

- Price discrimination is the practice of charging different prices to different buyers for goods of like grade and quality within relatively the same period to reduce competition.

Resale price maintenance

- Attempts by a producer to control a stores retail price for the product

Chapter 14 (logistics)

Allocating

- Able to purchase smaller more manageable quantities

Providing specialization and division of labour

- According to the concept of specialization and division of labour, breaking down a complex task into smaller and simpler and then allocating them to specialists will create both greater efficiency and lower average cost

Contact efficiency

- Reducing the number of stores customers must shop in to complete their purchases.

Channel intermediaries
Transactional functions

- Contacting and promoting (contacting potential customers and promoting products
- Negotiating: determining how many goods and or services to buy and sell
- Negotiating: type of transportation to use, when to deliver, and method and timing of payment
- Risk taking: assuming the risk of owning inventory

Logistical functions

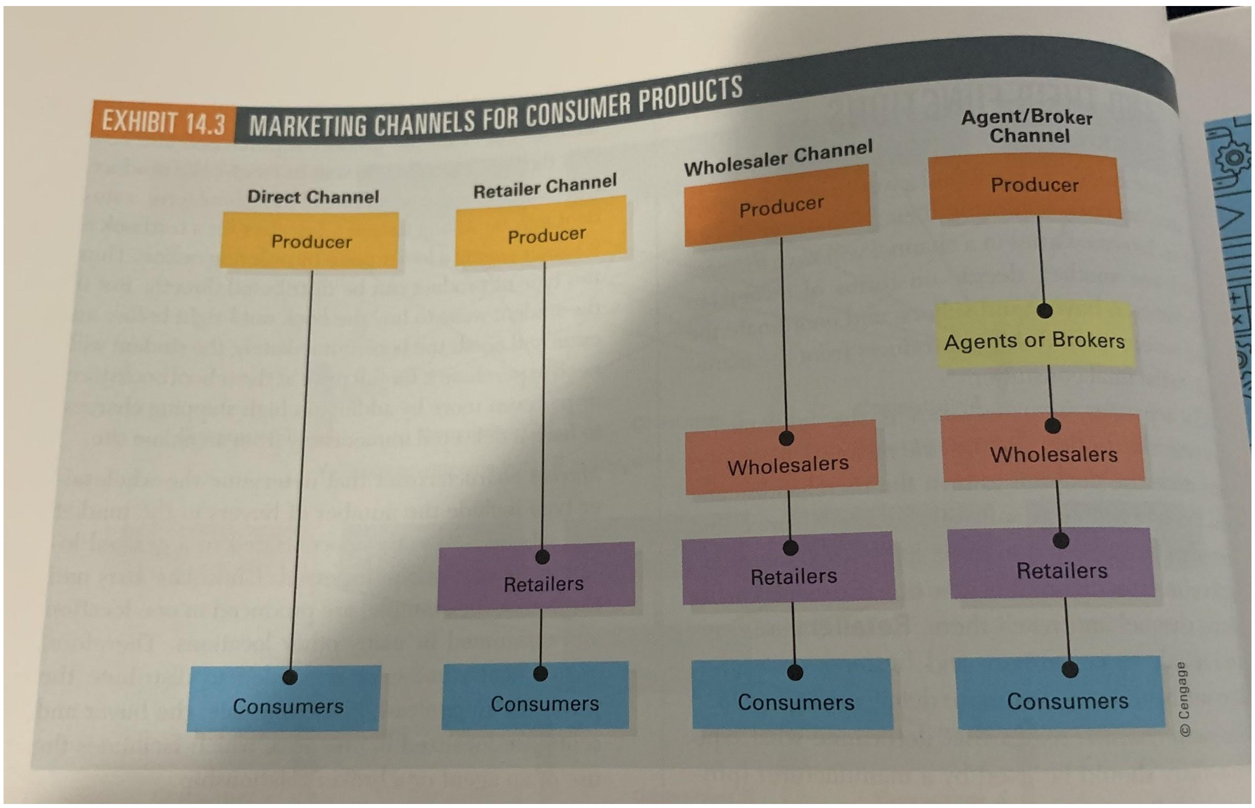
- Physical distributing: transporting and sorting goods to overcome temporal and spatial discrepancies
- Storing: maintaining inventories and protecting goods
- Sorting: overcoming discrepancies of quantity and assortment
- Sorting out: breaking down a heterogeneous supply into separate homogeneous stock
- Accumulating: combining similar stocks into a larger homogeneous
- Allocating: breaking a homogeneous supply into smaller and smaller lots
- Assorting: combining products into collections or assortments that buyers want available at one place

Facilitating functions

- Researching: gathering information about other members and customers

- Financing: extending credit and other financial services to facilitate the flow of goods through the channel to the final consumer

Marketing channels for consumer products



Direct channel

- A distribution channel in which producers sell directly to customers

Retailer channel

- Get a product from the manufacturer and sells them to consumers

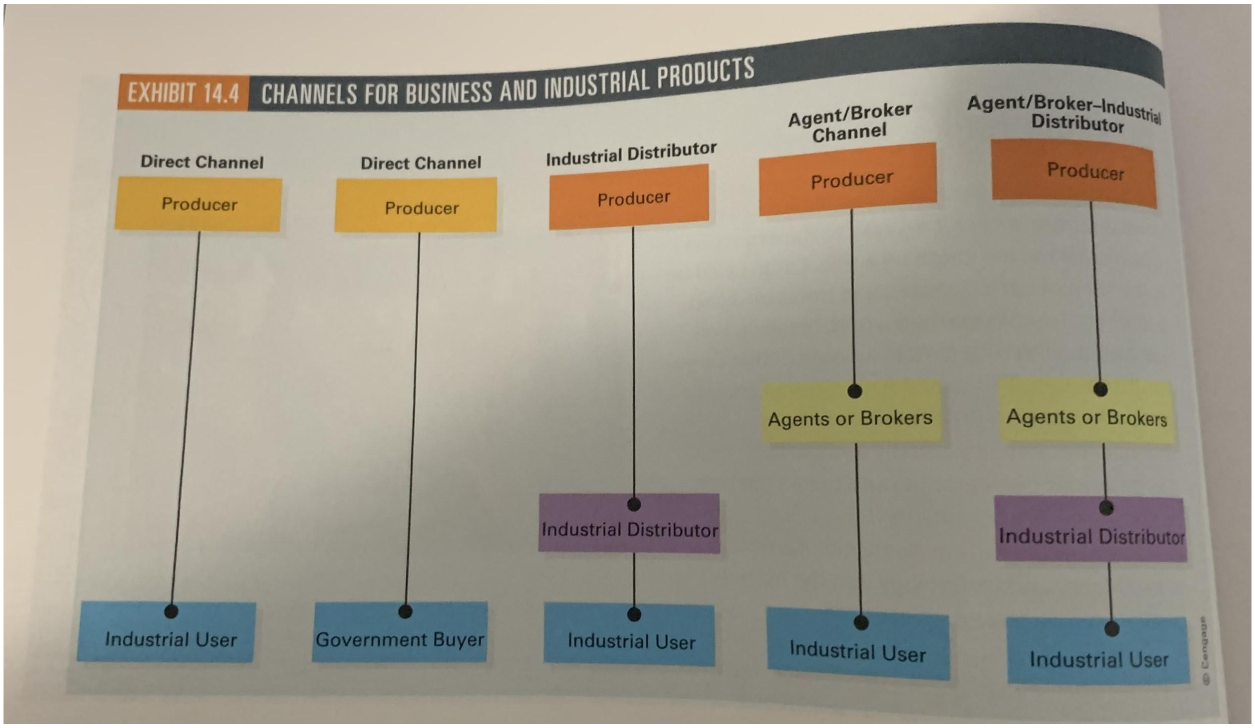
Wholesaler

- Wholesalers are intermediary businesses that purchase bulk quantities of product from a manufacturer and then resell them to retailers

Agents or brokers / agents/brokers

- Sells them to wholesalers or retailers, so that it can reach end customers
- Brings manufactures and wholesalers together for negotiation

Channels for business and industrial products



Merchant wholesaler

- Merchant wholesalers buy and sell merchandise on their own account, that is, they take title to the goods they sell. They generally operate from warehouse or office locations and they may ship from their own inventory or arrange for the shipment of goods directly from the supplier to the client.
- Merchant wholesalers is an institution that buys goods from manufacturers and resells them to other wholesalers and retailers

Marketing channel (channel of distribution)

- A set of interdependent organizations that ease the transfer of ownership as products move from producer to business or consumer

Channel members

- A channel member is one business in a network of businesses that help a producer channel their products to consumers.

Supply chain
- The connected chains of all the business entities both external and internal to the company that perform or support the marketing channel functions
- A supply chain is a network between a company and its suppliers to produce and distribute a specific product or service

Discrepancy of quantity
- the difference between the quantity a manufacturer produces and the quantity end-users want to buy

Discrepancy of assortment
- The lack of all the items a customer needs to receive full satisfaction from a product
- A manufacturer may produce only one product, yet additional products may be required to actually use the first product. This creates a discrepancy of assortment.

Temporal discrepancy
- Temporal discrepancies occur when a product is produced, but a consumer is not ready to purchase the item.

Spatial discrepancy
- The difference between the location of a producer and the location of widely scattered markets

Retailers
- A channel intermediary that sells mainly to consumers and business customers

Direct channel
- A distribution channel in which producers sell directly to consumers

Dual distribution (multiple)
- The use of two or more channels to distribute the same product to target markets

Strategic channel alliance
- Cooperative agreements between firms to use one of the manufacturer's already established distribution channels
- A strategic alliance is an arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project

Intensive distribution
- A form of distribution aimed at having a product available in ever outlet where target customers might want to buy
- Intensive distribution is a form of marketing strategy under which a company tries to sell its product from a small vendor to a big store. Virtually, a customer will be able to find the product everywhere he goes.

Selective distribution
- Selective distribution is a strategy where a producer sells its products or services in a few exclusively chosen retail outlets in a specific geographical area.

exclusive distribution
- A form of distribution that involves only one or a few dealers within a given area

Multiple distribution (dual distribution)
- occurs when a producer selects two or more different channels to distribute the same products to target markets.

Channel power
- One marketing channel member intentionally affects another members behaviour
- A channel member is one business in a network of businesses that help a producer channel their products to consumers

Channel leader (channel captain)
- Oversees the activities of other channel members

Channel gatekeepers
- Gatekeepers determine both which units get into the channel and which pass from section

Channel conflict
- A clash of goals and methods among distribution channel members

Horizontal conflict
- a disagreement among two or more channel members at the same level.

Vertical conflict
- vertical conflict is conflict that occurs between organizations that work together to provide the same product to the consumer (retailer, wholesaler, and manufacturer)

Channel partnering
- The joint effort of all channel members to create a supply chain that serves customers and create a competitive advantage

Supply chain management

- A management system that coordinates and integrates all the activities performed by supply chain members

Logistics
- The process of strategically managing the efficient flow and storage of raw materials, in-process inventory, and finished goods.

Logistics information system
- The link that connects all the logistics function of the supply chain

Procurement
- The process of buying goods and services for use in the operations of an organization

Mass customization
- A production method whereby products are not made until an order is placed by the customer
- Basically it means that when a consumer makes an order, then they will start to produce that item

Just in time production
- Reducing inventory levels and delivering raw materials

Order processing system
- A system whereby orders are entered into the supply chain

Compatibility
- Compatibility is the degree to which an innovation fits the values and experiences of potential consumers.

Complexity
- Product complexity can be e.g. the number of products, the number of components they consist of or raw materials used.
- Generally hard for the consumers to use because of numerous amounts of features

Trialability
- The notion of trialability refers to the ability to trial an idea, process or system before making the eventual decision to implement or not to implement the idea, process or system

Relative advantage
- The degree to which a new product is superior to an existing one

Market factors
- Who are the potential customers?
- What do they buy?
- Where do they buy?
- When do they buy?
- How do they buy?

Product factors
- Products that are more complex, customized, and expensive tend to benefit from shorter and more direct marketing channels

Producer factors
- Several factors pertaining to the producer itself are important to the selection of a marketing channel.
- In general, producers with large financial, managerial, and marketing resources are better able to use more direct channels

Chapter 16 (promotion)

Promotion
- Communication by marketers that informs, persuades, reminds, and connects potential buyers to a product for the purpose of influencing an opinion
- the publicization of a product, organization, or venture so as to increase sales or public awareness

Promotional strategy
- A plan for the use of the elements of promotion, advertising, public relations, personal selling, sales promotions and more.

Promotional mix
- advertising
- Direct marketing
- Sales promotion
- Online marketing
- Personal selling

Competitive advantage
- The set of unique features of a company and its products that are perceived by the target market as significant and superior to the competition
- A competitive advantage is anything that gives a company an edge over its competitors

Communication
- The process by which we exchange or share meanings through a common set of symbols