

Cheat Sheet: Using the Marketing Mix

Essential Concepts

Product

Product is the core of the marketing mix. Product defines what will be priced, promoted, and distributed. If you are able to create and deliver a product that provides exceptional value to your target customer, the rest of the marketing mix is easier to manage. A successful product makes every aspect of a marketer's job more effective.

Brands are powerful and valuable assets that simplify consumer choices, make promises about products or companies, and create market perceptions. Organizations can employ various strategies to develop and extend their brands to stakeholders, including customers, retailers, supply chain partners, and the organization itself.

The **product life cycle** (PLC) starts with the product's development and introduction, then moves toward maturity, withdrawal and eventual decline. The marketer needs to be aware of the characteristics that apply to a given product as it moves through the various stages.

Developing new products is a costly and risky process, with high failure rates, but companies can increase their chances of success by setting clear goals, generating new ideas through sources like focus groups and brainstorming, screening concepts, developing prototypes and marketing strategies, test-marketing the product, and finally introducing it to the market with logistical coordination and necessary adaptations for international markets.

Price

When businesses make decisions about pricing, they can adopt profit-oriented pricing, competitor-oriented pricing, or customer-oriented pricing. Customer-oriented pricing focuses on the price-value equation: $\text{Value} = \text{Perceived Benefits} - \text{Perceived Costs}$. In order to increase value, the business can either increase the perceived benefits or reduce the perceived costs. Today's marketing tends to favor customer-oriented pricing because it prioritizes the customer and the customer's perception of value.

Place

Distribution channels cover all the activities needed to transfer the ownership of goods and move them from the point of production to the point of consumption. These activities can be organized as five important channel flows: product flow, negotiation flow, ownership flow, information flow, and promotion flow. While channels can be very complex, there is a set of channel structures that can be identified in most transactions: the direct channel, the retail channel, the wholesale channel, and the agent channel.

Promotion

There are many different marketing communication methods that can be used in the promotion mix. Integrated marketing communication is the process of coordinating all the promotional activity across these different methods. There are also seven common types of marketing communication: advertising, public relations, personal selling, sales promotion, digital marketing, direct marketing, and guerrilla marketing, each with their own advantages and disadvantages.

Career Connection: Elevator Pitch

An elevator pitch is a brief introduction used in networking situations to present yourself professionally and make connections. It can be used in various contexts, such as job fairs, interviews, networking events, and starting conversations, and should consist of introducing yourself, stating your career interest, and highlighting relevant experience or personal attributes in just a few key sentences.

Glossary

advertising

any paid form of communication from an identified sponsor or source that draws attention to ideas, goods, services or the sponsor itself

agent channel

also called a broker channel; adds the addition of an agent or broker as an intermediary between the producer and the wholesaler

brainstorming

the members of a group think of as many ways to vary a product or solve a problem as possible

brand

all the features that distinguish the goods and services of one seller from another: name, term, design, style, symbols, customer touch points, etc

branded house strategy

a range of products are sold under one unifying brand

brand extension

moving an existing brand name into a new product category, with a new or somehow modified product

brand licensing

the process of leasing or renting the right to use a brand in association with a product or set of products for a defined period and within a defined market, geography, or territory

bundling

grouping two or more related products together and pricing them as a single product

business products

also called industrial products and B2B products; are purchased by other businesses and organizations to be used in production or to support their production process

cash discounts

reductions given to customers for paying cash or within some short time period

channel partners

the organizations that collectively support the distribution channel

co-branding

an arrangement in which two established brands collaborate to offer a single product or service that carries both brand names

competitor-oriented pricing

copies the competitor's pricing strategy or seeks to use price as one of the features that differentiates the product

consumer products

those that are purchased by the final user of the product

convenience product

an inexpensive product that requires a minimum amount of effort on the part of the consumer in order to select and purchase it

customer-oriented pricing

also called value-oriented pricing; seeks to charge the highest price that supports the value received by the customer

digital marketing

an umbrella term for using digital tools to promote and market products, services, organizations and brands

direct channel

the producer sells directly to the consumer

distribution channel

a set of interdependent organizations involved in the process of making a product or service available for use or consumption, as well as providing a payment mechanism for the provider

elevator pitch

a brief introduction that you use when you meet someone while networking

focus groups

eight to twelve participants led by a moderator in an in-depth discussion on one particular topic or concept

heterogeneous shopping products

unique products where the consumer's decision can be influenced by variations in features

homogeneous shopping products

similar products where the consumer's decision is more likely to be influenced by price

house of brands strategy

a company invests in building out a variety of individual brands

Integrated Marketing Communications (IMC)

coordinating all promotional activities—advertising (including direct marketing), sales promotion, personal selling, public relations, social media and e-commerce, packaging, and other forms of promotion—to produce a consistent, unified message that is customer focused

leader pricing

pricing products below the normal markup or even below cost to attract customers to a store where they wouldn't otherwise shop

line extension

introducing a new variety of offering within the same product category

loss leader

a product priced below cost

no-brand branding

a type of branding whose feature is the absence of a brand name

odd-even pricing

also called psychological pricing; setting a price at an odd number to connote a bargain and at an even number to imply quality

organizational branding

strategies for developing a brand image and marketing engine around an organization, promoting the mission, goals, and/or work of the organization

penetration pricing

offering new products at the lowest price possible in the hope of capturing as many customers as possible

personal allowance

an offer to pay expenses if an intermediary will aggressively promote a product or service

personal branding

strategies for developing a brand image and marketing engine around an individual, treating persons and their careers as products to be branded and sold to target audiences

personal selling

uses in-person interaction to sell products and services

place (nation) branding

cities, regions, and nations brand and promote places to compete for people, investment, tourism, economic development, and other resources

prestige pricing

raising the price of a product so consumers will perceive it as being of higher quality, status, or value

price orientation

the relative importance of one factor compared to the others in pricing a product

price skimming

the practice of introducing a new product on the market with a high price and then lowering the price over time

price-valuation equation

Value = Perceived Benefits – Perceived Costs

private label branding

brands created by retailers

production goods

raw materials or component parts used in the production of the final product

product life cycle

starts with the product's development and introduction, then moves toward maturity, withdrawal and eventual decline

profit-oriented pricing

the price per product is set higher than the total cost of producing and selling each product to ensure that the company makes a profit on each sale

promotional mix

the combination of communication methods used to promote a product

public relations (PR)

the process of maintaining a favorable image and building beneficial relationships between an organization and the public communities, groups, and people it serves

quantity discounts

reductions in base price given as the result of a buyer purchasing some predetermined quantity of merchandise

retail channel

the retailer markets and sells the goods on behalf of the producer

Retailing

all activities required to market consumer goods and services to ultimate consumers who are purchasing for individual or family needs

rollout

a new product's introduction to the market

sales promotions

activities that go on for a limited period of time with the goal of stimulating sales

seasonal discounts

price reductions given for out-of-season merchandise

shopping product

products that are purchased occasionally and are more expensive compared to convenience products; consumers want to be able to compare before making a decision

specialty products

products are so unique that it's worth it to go to great lengths to find and purchase them

supply chain

the system through which an organization acquires raw material, produces products, and delivers the products and services to its customers

support goods

machinery, fixed equipment, software systems, and other tools that assist in the production process

test-market

selling a product for a limited time and in limited places to reach potential users

trade discounts

price reductions given to middlemen (e.g., wholesalers, industrial distributors, retailers) to encourage them to stock and give preferred treatment to an organization's products

trade-in allowance

a reduction in price of the buyer trades in the old model of product that they are replacing with a purchase

unsought products

products the consumer never plans or hopes to buy

value-added

increasing the perceived benefits of a product

wholesale channel

wholesaler is primarily engaged in buying and usually storing and physically handling goods in large quantities, which are then resold (usually in smaller quantities) to retailers or to industrial or business users and then finally sold to customers