

The marketing mix - Product

Read introducing the topic: p.291

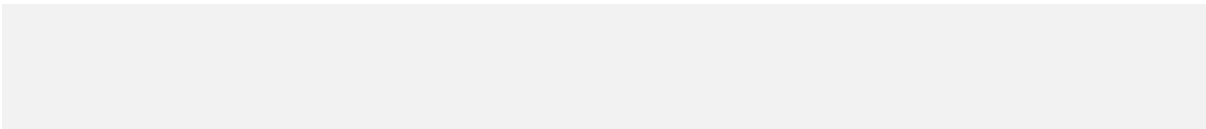
What key marketing decisions are taken within the case study

Importance of giving the tourists the same unique quality image of the business

Comment on the resort's website: the importance of successful marketing

Marketing mix – introduction

The marketing mix is



The four INTERLATED Ps

- **P**
- **P**
- **P**
- **P**

Consumers require the right P_____ at the right P_____ through the right P_____ to buy at the right P_____ at the right **time**.

- **Vital** for the 4Ps is that they **fit together** in a **coherent** and **integrated** plan.
- Some analysts put forward 5, 6, 7 or 8Ps to reflect a more **service oriented approach**. Whatever, is used there should be no conflicting message.

The role of the customer:

- The traditional 4Ps is said to be too FIRM centric rather than customer centric
- The **4Cs** have been offered as an alternative

C ustomer solution	
C ost to customer	
C ommunication with customer	
C onvenience to customer	

4 Ps	4 Cs
Product	Customer solution
Price	Cost to customer
Promotion	Communication with customer
Place	Convenience to customer

Customer relationship marketing (CRM)

- The key aim is to
- Studies that it costs as much as _____ to gain new customers than keep old ones
- At the root of CRM is _____
- This virtually s_____ each customer –
- Data collection has become cheaper and easier and is therefore widely adopted as a marketing strategy

Why is product a key part of the marketing mix?

A product should meet customer expectation (discovered by market research)

Quality

Durability

Appearance

Performance

What do we mean by the term ‘**product**’?

New Product Development (NPD) is crucial. Why?

What **example** can you give of this?

Some products like **Pepsi** and **Coca-cola** continue to sell the **same products for many years** – they just slightly adapt it to changing tastes or perhaps new segments.

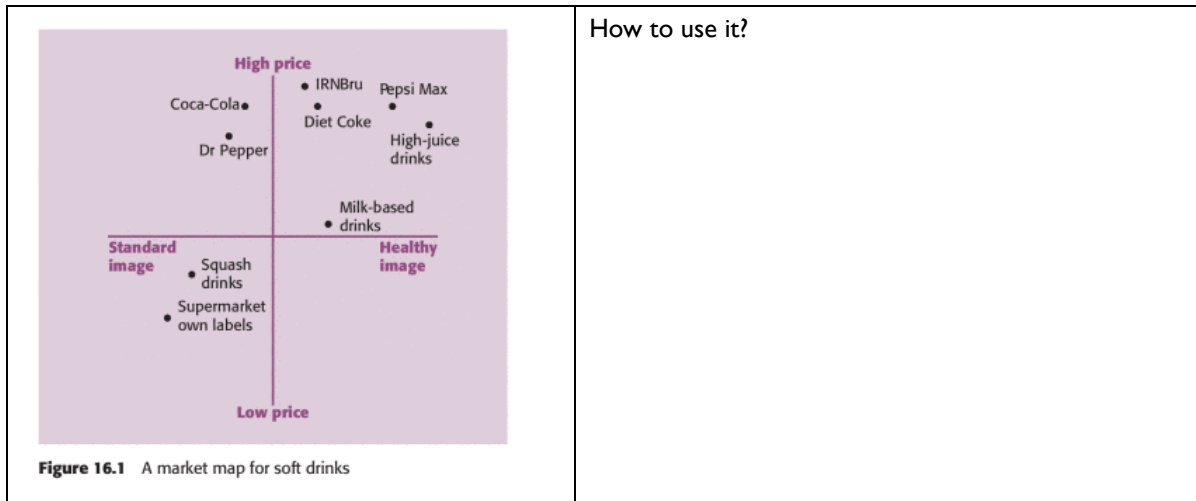
- What we do find with these **companies** – they often produce other beverages (drinks) such as mineral water, fruit drinks, smoothies and coffee as part of their **PORTFOLIO**.
- They try to capture of wider area of the beverage market as not everyone drinks cola.
- They then benefit from **ECONOMIES OF SCOPE**: selling multiple products in similar markets

Products and brands

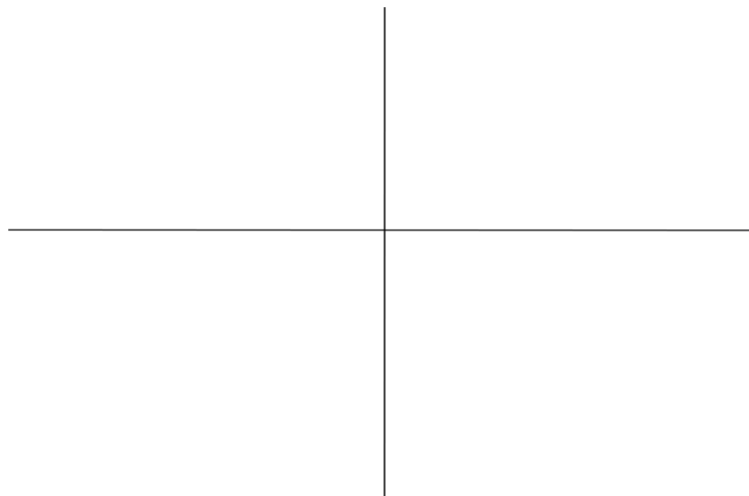
- **Mobile (cell) phones** are an example of a product, but **Apple** is an example of a brand.
- What is the **difference**?
- The **product** is the general term used to
- The **brand** is the distinguishing
- **Branding** can have a real influence – how?

Product positioning

- Before deciding on which product to develop and launch, firm must analyse how the new brand will relate to the other brands
- This is called **'MARKET MAPPING'** (or **perceptual map**)
 - The first stage is to identify the features of this type of product to be important to consumers – as established by market research
 - Key features could be:



Draw a map for Mobile phones using price and image:



Product life cycle:

A product life cycle is

AN awareness of the product life cycle principle can assist greatly in dealings with problems associated with the competition. Asking the question: **where is the product now?**

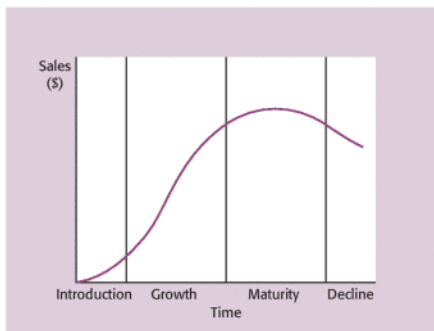


Figure 16.2 Product life cycle – the length of each stage will vary from product to product

Introduction

Growth

Maturity

Decline

Extension strategies:

New markets, new uses, product relaunches involving new packaging and advertising are part of extension strategies.

An example would be:

Uses of the product life cycle

How does cash flow depend on the product life cycle?

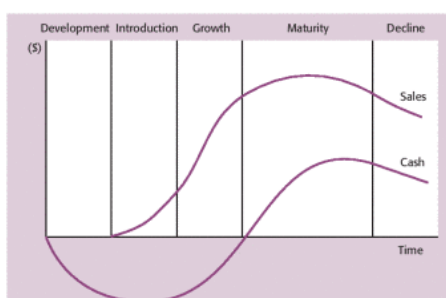


Figure 16.4 The link between cash flow and product life cycle

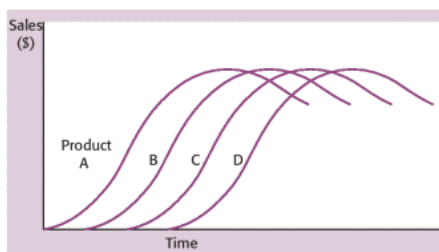


Figure 16.5 A balanced product portfolio

Identifying the need for a balanced product portfolio:

- If you study the figure above, the 'ideal' position for a firm to be in.
- Consider Apple and their product portfolio:
 - As sales start to decrease, another new product is launched
 - Cash flow should be positive and successful product revenues contribute to the R&D, launch and introduction of new products
 - Factory capacity is kept constant and utilised

Product life cycle – evaluation

- Important tool for assessing the performance of a firm's product range
- However, it is based on past or current data – it cannot predict the future
- Difficult to know which stage the product is in
- Sales could crash before any extension strategy is put into place

Product decisions

- Product is often considered to be the most important component
- If it doesn't work, poorly designed, look dreadful – it won't sell
- However, product is just one part of the strategy
- Some consider price to be the most important because it's the only one that generates income
- Balanced and integrated marketing mix is the key here

Activity 16.1 – Toshiba drops HD DVD after promising start

Summary of the worksheet in your own words (in English and Chinese):

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Vocabulary check:

English	Chinese