For physical goods - 4 P's
For services - 7 P's

1. Product
2. Price
3. Place
4. Promotion
5. People
6. Processes
7. Physical evidence

Product

- Features and Benefits
- Accessories
- Product quality & durability
- Product design
- Brand name and Logo
- Packaging
- Product range
- After sales service
- Guarantees & warranties

Product

Product

- Methods used to improve/differentiate the product and increase sales or target sales more effectively to gain a competitive advantage e.g.
  - Extension strategies
  - Specialised versions
  - New editions
  - Improvements – real or otherwise!
  - Changed packaging
  - Technology, etc.

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Price

- Suggested retail price
- Price discrimination
- Bundling
- Price flexibility
- Discounts
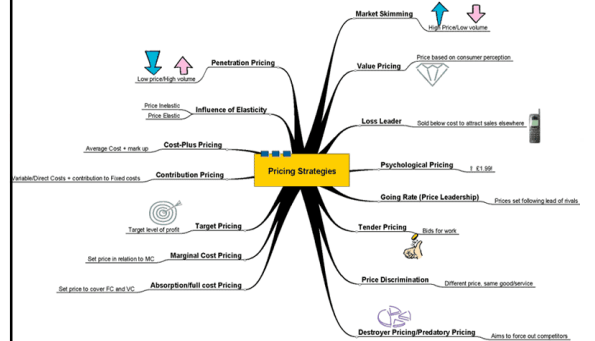- Allowances
- Payment terms
- Credit policy

Price

1

Price

- Pricing Strategy
- Importance of:
  - knowing the market
  - elasticity
  - keeping an eye on rivals

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Pricing Strategies

Market Skimming — High Price/Low volume
Penetration Pricing — Low price/High volume
Value Pricing — Price based on consumer perception
Influence of Elasticity — Price Inelastic / Price Elastic
Loss Leader — Sold below cost to attract sales elsewhere
Cost-Plus Pricing — Average Cost + mark up
Contribution Pricing — Variable/Direct Costs + contribution to Fixed costs
Psychological Pricing — 1 £1.99!
Going Rate (Price Leadership) — Prices set following lead of rivals.
Target Pricing — Target level of profit
Tender Pricing — Bids for work
Marginal Cost Pricing — Set price in relation to MC
Price Discrimination — Different price, same good/service
Absorption/full cost Pricing — Set price to cover FC and VC
Destroyer Pricing/Predatory Pricing — Aims to force out competitors

Pricing Strategies

Place

Inventory management
Distribution channels
Market coverage
Types of transportation
Location of sales outlets
Arrangements of sales areas
Stock levels
Warehouse locations

Place

The Marketing Mix
- Product
- Price
- Promotion
- Physical Environment
- Process
- People
- Place
  - Retail
  - Wholesale
  - Mail order
  - Internet
  - Direct Sales
  - Peer to Peer
  - Multi-Channel

Place

- The means by which products and services get from producer to consumer and where they can be accessed by the consumer
  - The more places to buy the product and the easier it is made to buy it, the better for the business (and the consumer?)

Promotion

➢ **Promotional strategy**
➢ **Advertising**
➢ **Personal selling**
➢ **Sales promotions**
➢ **Public relations and Publicity**
➢ **Promotional budgets**

Promotion

- Promotional Mix
  - Advertising (Off and Online)
  - PR
  - Direct Marketing (Off and Online)
  - Exhibitions
  - Sales -Personal and Telesales
  - Sales Promotion
  - Literature (Off and Online)

Promotion

- Special Offers
- Advertising
- Endorsements
- User trials
- Direct mailing
- Leaflets/posters
- Free gifts
- Competitions
- Joint ventures

Promotion

- Strategies to make the consumer aware of the existence of a product or service
- NOT just advertising

Products and Services

**Services are distinguished from products
mainly because they are generally produced
at the same time as they are consumed,
and cannot be stored away or taken.
An enhanced marketing mix
needs to be deployed.**

Services

- **Growth of service sector in advanced industrial societies**
- **market oriented trade with service organisations**
- **Marketing characteristics of services**
  - **intangibility**
  - **inseparability (cannot be separated from the provider)**
  - **heterogeneity (precise standardisation is difficult)**
  - **perishability (cannot be stored e.g. hotel rooms)**
  - **ownership (does not result in a property transfer)**

Service Marketing Mix Characteristics

- Intangibility -less tangible than tangible; can't see, taste, touch, smell, or hear prior to purchase
- Inseparability – service are produced and consumed simultaneously
- Variability(**heterogeneity**) – Service will vary (less standardized and uniform than tangibles; variability in end result)
- Perishability – Service cannot be stored

3

NOTE:

services *tend* to hold these characteristics, but are not necessarily so. E.g., a shoe repair service does not exhibit the characteristics of inseparability or perishability. Additionally, a repair to your shoe is only partially intangible - a new sole is certainly tangible and a major physical component of the shoe.


The extended marketing mix

People

All people directly or indirectly involved in the consumption of a service are an important part of the marketing mix. Knowledge workers, employees, management and other consumers to add significant value to the product/service

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People

Appearance	Professionalism
E.g. uniforms	E.g. doctors/police
Attitude	Skills
E.g. friendly v unhelpful	E.g. glass cutting
Commitment	Numbers
E.g. clergymen	E.g. enough waiters
Behaviour	Discretion
E.g. MacDonald's	E.g. lawyers
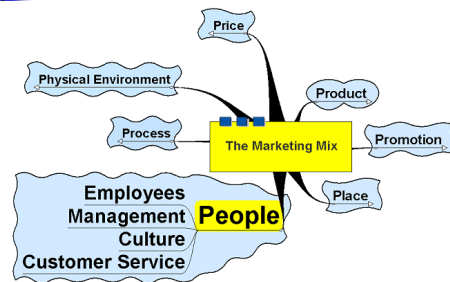
People

People

- People represent the business
  - The image they present can be important
  - First contact often human – what is the lasting image they provide to the customer?
  - Extent of training and knowledge of the product/service concerned
  - Mission statement – how relevant?
  - Do staff represent the desired culture of the business?

The extended marketing mix

Process

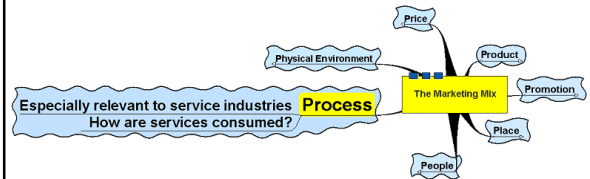Procedures, mechanisms and flow of activities by which services are consumed

Physical evidence

Tangible evidence of purchase and physical environment which surrounds the purchase and the experience of purchase.

Process

▪Procedures	▪Information
▪E.g. form filling	▪E.g. www.bbc.co.uk
▪Policies	▪Capacity levels
▪E.g. Argos 28 days	▪ e.g. easyjet/Go
▪Mechanisation	▪Speed/timing
▪E.g. Package holidays	▪E.g. Trains
▪Queuing	▪Accessibility
▪E.g. one in front	▪Cashpoints

Process

Especially relevant to service industries — **Process** — How are services consumed?

Process

- How do people consume services?
  - What processes do they have to go through to acquire the services?
  - Where do they find the availability of the service?
    - Contact
    - Reminders
    - Registration
    - Subscription
    - Form filling
    - Degree of technology

Physical Evidence

Environment	Facilities	Tangible Evidence
▪Furnishings	▪Vans/aircraft	▪labels
▪Colours	▪Uniforms	▪Tickets
▪Ambience	▪Paperwork	▪Packaging

Physical Environment

Smart
Run-down
Interface
Comfort
Facilities

Physical Environment
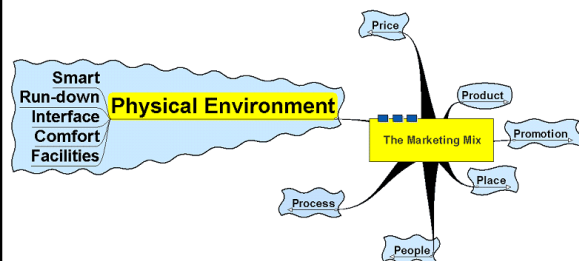
Physical Environment

- The ambience, mood or physical presentation of the environment
  - Smart/shabby?
  - Trendy/retro/modern/old fashioned?
  - Light/dark/bright/subdued?
  - Romantic/chic/loud?
  - Clean/dirty/unkempt/neat?
  - Music?
  - Smell?

The Marketing Mix

Blend of the mix depends upon:

- Marketing objectives
- Type of product
- Target market
- Market structure
- Rivals' behaviour
- Global issues – culture/religion, etc.
- Marketing position
- Product portfolio
  - Product lifecycle

IT and Marketing

Advantages of using IT for Marketing

- Speed of communication
- Wider access to information
- Global communication
- Interactivity and multimedia
- Personalization