

Marketing Channels and Marketing Mix

1.1 Product Strategy and Marketing Channels

1.2 New Product Planning and Marketing Channels

1.3 Price Strategy and Marketing Channels

1.4 Price Strategy and Marketing Channels



Marketing Channels and Marketing Mix

1.1 Product Strategy and Marketing Channels

What is product strategy?

is the overarching plan explaining what your business aims to achieve with a product or feature. It includes how you plan to create the product, how it will impact buyers, and how it helps achieve your business goals.

It guides the ideation, creation, and launch of your product. Though some products — such as the microwave and super glue — happen accidentally, the majority of successful products have an underlying, high-level product strategy to back it up.

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1.1 Product Strategy and Marketing Channels

1.1.1 Product Line Management

What is product line?

Is an organizational scheme and alternative management system for focusing on the programmatic scope of operations in order to achieve particular objectives.

Product lines are similar products that brands sell to reach different customers; sometimes, product lines operate as a new product family that sits under the parent brand name. For example, PepsiCo has several product families, including Aquafina, Doritos, Gatorade, Quaker Oats, and more. Other product line examples include athletic wear companies with several product lines, like footwear, sports equipment, workout clothes, and swimsuits. These variants attract new customers and broaden the reach of a single brand.

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1.1 Product Strategy and Marketing Channels

1.1.1 Product Line Management

1) Consumer Goods

are products bought for consumption by the average consumer. Also called final goods, consumer goods are the end result of production and manufacturing. Clothing, food products, and dishwashers are examples of common consumer goods.

Types of Consumer Goods

- Durable goods are consumer goods that have a life span of over three years and are used repeatedly over time. Bicycles and refrigerators are considered durable goods.

- Nondurable goods are consumed in less than three years, are commonly used one time and include packaged food and drinks or laundry detergent.

- Service goods include items like auto repairs and haircuts that are intangible consumer goods.

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Consumer Goods



FMCG



What are consumer goods?
Items that we buy for our own use

Consumer Goods

Durable



They last a long time

Non-Durable



They last a short time



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1.1 Product Strategy and Marketing Channels

1.1.1 Product Line Management

2) Industrial or Business Goods

are products used by businesses during the production of other goods. These are goods not usually intended for consumer use due to both the large size and high cost of the goods. Instead, businesses create these goods with the goal of selling them to other businesses.

Businesses in the industrial goods sector make and sell machinery, equipment, and supplies that are used to produce other goods rather than sold directly to consumers.



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1.1 Product Strategy and Marketing Channels

1.1.2 Product Life-Cycle or PLC

What is the Product Life Cycle?

defines the stages that a product moves through in the marketplace as it enters, becomes established, and exits the marketplace. In other words, the product life cycle describes the stages that a product is likely to experience. It is a useful tool for managers to help them analyze and develop strategies for their products as they enter and exit each stage.

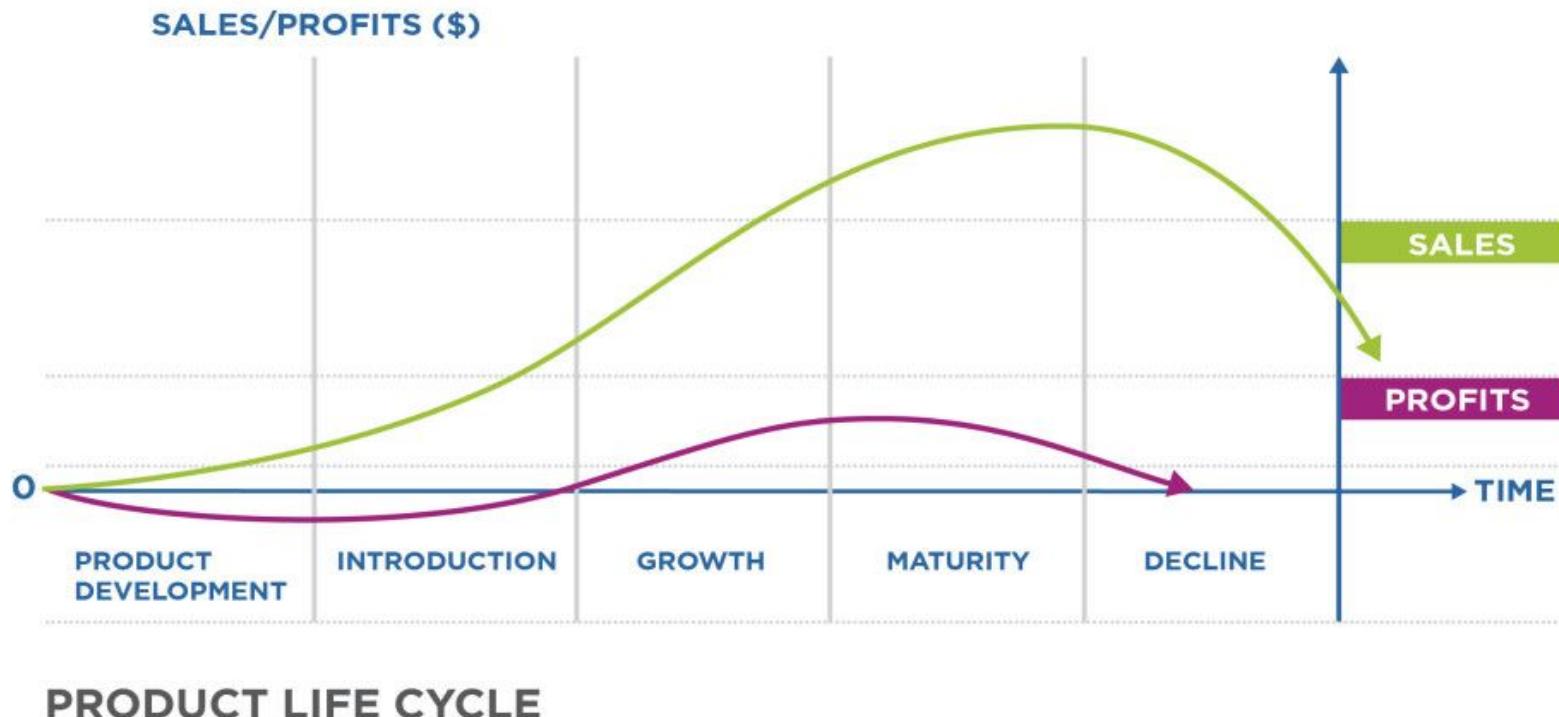
The four stages in the product life cycle are:

- 1) Market Introduction Stage
- 2) Growth Stage
- 3) Maturity Stage
- 4) Decline Stage

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1.1 Product Strategy and Marketing Channels

1.1.2 Product Life-Cycle or PLC



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1.1 Product Strategy and Marketing Channels

1.1.2 Product Life-Cycle or PLC

1) Market Introduction Stage:

When a product first launches, sales will typically be low and grow slowly. In this stage, company profit is small (if any) as the product is new and untested. The introduction stage requires significant marketing efforts, as customers may be unwilling or unlikely to test the product. There are no benefits from economies of scale, as production capacity is not maximized.

The underlying goal in the introduction stage is to gain widespread product recognition and stimulate trials of the product by consumers. Marketing efforts should be focused on the customer base of innovators – those most likely to buy a new product. There is marketing channel strategy in the introduction stage such as focusing in primary target group channel first.

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1.1 Product Strategy and Marketing Channels

1.1.2 Product Life-Cycle or PLC

2) Growth Stage

If the product continues to thrive and meet market needs, the product will enter the growth stage. In the growth stage, sales revenue usually grows exponentially from the take-off point. Economies of scale are realized as sales revenues increase faster than costs and production reaches capacity.

Competition in the growth stage is often fierce, as competitors introduce similar products. In the growth stage, the market grows, competition intensifies, sales rise, and the number of customers increases. Marketing channel in the growth stage tends to be increased into second channel of sub-target group, as companies in this stage can increase their sales by attracting new customers to their product offerings.

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1.1 Product Strategy and Marketing Channels

1.1.2 Product Life-Cycle or PLC

3) Maturity Stage

Eventually, the market grows to capacity, and sales growth of the product declines. In this stage, price undercutting and increased promotional efforts are common as companies try to capture customers from competitors. Due to fierce competition, weaker competitors will eventually exit the marketplace – the shake-out. The strongest players in the market remain to saturate and dominate the stable market.

The biggest challenge in the maturity stage is trying to maintain profitability and prevent sales from declining. Retaining customer brand loyalty is key in the maturity stage. In addition, to re-innovate itself, companies typically employ strategies such as market development, product development, or marketing innovation to ensure that the product remains successful and stays in the maturity stage.

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1.1.2 Product Life-Cycle or PLC

4) Decline Stage

In the decline stage, sales of the product start to fall and profitability decreases. This is primarily due to the market entry of other innovative or substitute products that satisfy customer needs better than the current product. There are several strategies that can be employed in the decline stage, for example:

- Reduce marketing efforts and attempt to maximize the life of the product for as long as possible (called milking or harvesting).
- Slowly reducing distribution channels and pulling the product from underperforming geographic areas. Such a strategy allows the company to pull the product out and attempt to introduce a replacement product.
- Selling the product to a niche operator or subcontractor. This allows the company to dispose of a low-profit product while retaining loyal customers.

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1.2 New Product Planning and Marketing Channels

1.2.1 Channel Member Input into New Product Planning

One way of promoting increased enthusiasm and acceptance for new products by channel members is by obtaining some input from them into new product planning. This input may range from soliciting Ideas during the idea-generating stage, all the way to getting feedback from selected channel members during the test marketing or commercialization stage.

In fact, input on the size of the product or on packaging changes may be all that is needed to enhance channel member cooperation. Seeking input from channel members may require that the manufacturer keep channel members informed on new product plans, but many manufacturers are very sensitive about new product plans for competitive reasons.

The bottom line is that channel members are much more likely to enthusiastically support new products that they have played a part in developing.

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1.2 New Product Planning and Marketing Channels

1.2.2 Fostering Channel Member Acceptance of New Products

For new products to be successful, it must be accepted by the final users. But success is also equally dependent upon acceptance of the new product by the channel members through whom it passes.

Whereas final users are most concerned about how the product will perform when used, channel members are much more interested in how the product will sell, whether it will be easy to stock and display, and most important, whether it will be profitable.

Looking first at the salability of a new product, the key factor here is the perceptions of the channel members. They have to believe that they can sell the product; otherwise, they are not going to be enthusiastic about carrying it. In getting channel members to accept new products, the issue of ease of stocking and display has become more important than ever, as more and more new products compete for shelf space.

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1.2 New Product Planning and Marketing Channels

1.2.3 Fitting the New Product into Channel Member Assortments)

The particular mix of products carried by any given channel member is his assortment. The channel member's assortment is analogous to a manufacturer's product mix.

A key consideration on the marketing side should be whether existing channel members will view the new product as an appropriate one to add to their assortments.

The channel manager should try to learn whether channel members feel competent to handle their new products. If the channel members feel doubts about adding the new product because they lack experience in handling such products, steps should be taken to alleviate these fears before introducing the product.

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1.2 New Product Planning and Marketing Channels

1.2.4 Product-Line Filling

is the addition of further items to the current line of products that a company is dealing in. Basically , it was an effort on part of the company to fill the gap that existed in the market segment by introducing this new model into market. On the other hand, product line pruning is the removal of the unprofitable products from the product line. Example, to phasing out their model that cannot be sale on the market, when it was not adding any value to the product line as such.



Marketing Channels and Marketing Mix

1.3 Price Strategy and Marketing Channels

What is price strategy?

refer to the processes and methodologies businesses use to set prices for their products and services. If pricing is how much you charge for your products, then product pricing strategy is how you determine what that amount should be.

There are different pricing strategies to choose from but some of the more common ones include:

Value-based pricing

Competitive pricing

Price skimming

Cost-plus pricing

Penetration pricing

Economy pricing

Dynamic pricing

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1.3 Price Strategy and Marketing Channels

1.3.1 Cash Discounts

Cash discounts refer to an incentive that a seller offers to a buyer in return for paying a bill before the scheduled due date. In a cash discount, the seller will usually reduce the amount that the buyer owes by either a small percentage or a set dollar amount.

Cash Discount Example:

An example of a typical cash discount is a seller who offers a 2% discount on an invoice due in 30 days if the buyer pays within the first 10 days of receiving the invoice. Giving the buyer a small cash discount would benefit the seller as it would allow her to access the cash sooner.

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1.3 Price Strategy and Marketing Channels

1.3.2 Quantity Discounts

is an incentive offered to a buyer that results in a decreased cost per unit of goods or materials when purchased in greater numbers. A quantity discount is often offered by sellers to entice customers to purchase in larger quantities.

The seller is able to move more goods or materials, and the buyer receives a more favorable price for them. At the consumer level, a quantity discount can appear as a BOGO (buy one, get one discount) or other incentives, such as buy two, get one free.



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1.3 Price Strategy and Marketing Channels

1.3.3 Functional Discounts

A price allowance given to a firm performing some part of the marketing function for other members of the channel of distribution; also called Trade Discount.

A functional discount is a trade discount and is usually extended to the members of distribution channels for performing various services.



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1.3 Price Strategy and Marketing Channels

1.3.4 Seasonal Discounts

are price reductions given for out-of-season merchandise—snowmobiles discounted during the summer, for example. The intention of such discounts is to spread demand over the year, which can allow fuller use of production facilities and improved cash flow during the year.

For examples: Seasonal discounts are not always straightforward. It seems logical that gas grills are discounted in September when the summer grilling season is over, and hot tubs are discounted in January when the weather is bad and consumers spend less freely.

However, the biggest discounts on large-screen televisions are offered during the weeks before the Football World Cup when demand is greatest. This strategy aims to drive impulse purchases of the large-ticket item, rather than spurring sales during the off-season.

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1.3 Price Strategy and Marketing Channels

1.3.5 Allowances

is a special type of discount that we give as a producer to our wholesalers or retailers in exchange for them promoting and selling our products. In other words, we want to kind of get the wholesalers and retailers on our side to help promote and move our products. So, we give a discount on our products in order for them to advertise our particular products.

Sometimes we provide them a stocking allowance. This is a kind of discount we give for them to carry a certain amount of our product and for them to display it the way we want them to display it.

Lastly, if we just purely want to motivate them to sell our particular product versus maybe the competition or other products that are unrelated to ours, we pay commissions. So that's another form of trade allowance where we actually pay the sales person for each unit that they sell.

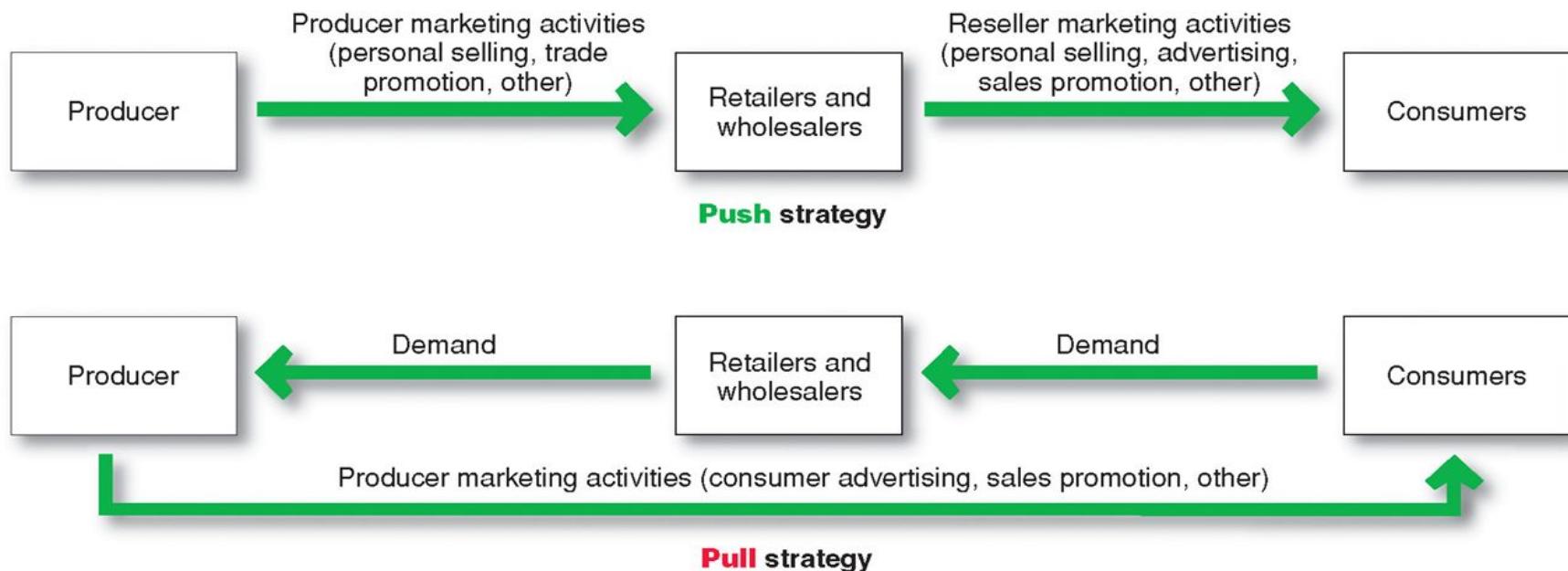
Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.1 Push and Pull Strategy

What is push and pull distribution strategy?

Push and pull distribution strategy is all about directing your promotional route to market. Either by the product being pushed towards customers or your customers pulling the product through the retail chain towards them.



Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

1) Advertising

is a marketing tactic involving paying for space to promote a product, service, or cause. The actual promotional messages are called advertisements, or ads for short. The goal of advertising is to reach people most likely to be willing to pay for a company's products or services and entice them to buy.



Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

1) Advertising Characteristics Of Advertising

Paid Form: Advertising requires the advertiser (also called sponsor) to pay to create an advertising message, buy advertising media slot, and monitor advertising efforts.

Tool For Promotion: Advertising is an element of the promotion mix of an organization.

One Way Communication: Advertising is a one-way communication where brands communicate to the customers through different mediums.

Personal Or Non-Personal: Advertising can be non-personal as in the case of TV, radio, or newspaper advertisements, or highly personal as in the case of social media and other cookie-based advertisements.

Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

2) Sales Promotion

A sales promotion is a marketing strategy in which a business uses a temporary campaign or offer to increase interest or demand in its product or service.

There are many reasons why a business may choose to use a sales promotion (or 'promo'), but the primary reason is to boost sales. Sales boosts may be needed to reach a quota as a deadline approaches, or to raise awareness of a new product.

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1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

2) Sales Promotion



Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

3) Personal Selling

is a method that personalizes and humanizes the selling process. It allows businesses to help prospects resolve challenges with the use of their product or service, rather than simply selling at them.

involves direct communication between a salesperson and a potential customer. This can occur in person, over email, on the phone, or via video.

is most commonly used for business-to-business (B2B) selling, although it can also be used in retail and trade selling.

Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

4) Public Relation and Publicity

Public relations (PR) is the management of relationships and communication to establish goodwill and mutual understanding between an organization and its public.

Publicity is infotainment, i.e. which tends to inform and entertain the general public at the same time. It provides some interesting, juicy, controversial news to the general public, that has the capability of changing their opinion or outlook, about the product or company.

Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

4) Public Relation and Publicity

For examples:



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1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

5) Direct Marketing

is a promotional method that involves presenting information about your company, product, or service to your target customer without the use of an advertising middleman.

is a form of marketing that uses one-to-one communication to reach a specific target market. It is the process of reaching out to specific individuals with promotional materials, such as email, phone calls or texts in order to persuade them to purchase a product or service.

Marketing Channels and Marketing Mix

1.4 Price Strategy and Marketing Channels

1.4.2 Promotional Tool

5) Direct Marketing

For examples:



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Q&A

