Intro to Marketing: Unit 1 Notes
The Marketing Mix/4 P’s

The **marketing mix** consists of the 4P's: **Product**, **Price**, **Place**, and **Promotion**. Each of the 4P's represents an important part of successful marketing (*In our class, we will not extend this to 7P's: people, process, and physical evidence*).

The 4 P's need to work together like all the wheels on a car. Get a good product, determine your best price, get your product where people can buy it, and promote your product.

Product

Product is where we start. Product is based on satisfying needs and wants of the customer. Marketers can create demand for products. A product can be an item, program, event, or service.

Products must have:

1. **Variety** -- one of the best ways to market products is to update, change, and offer new versions of successful products.
2. **Quality** -- while everyone does not expect everything they by to be perfect, if people think a product is low-quality, it creates problems. Not only will people not buy products, but the repubation of the seller/producer is damaged and people may not buy again.
3. **Design** -- the design meet people's expectations and expectations.
4. **Packaging** -- must protect the product, but it should also advertise the product.
5. **Brand** -- people think of the brand as an indication of quality. It tells them they have made the "right" purchasing decision.

Product Lifecycle -- 4 stages of how a product is marketing. Introduction (sales are low), Growth (more people want and buy), Maturity (peak purchases, maximum profits), and decline (people stop buying as there is a new product/service they prefer).

Price

Price involves many things, including selling price, discounts, markets, demand curve, price elasticity, price goals, objectives, strat3egies, tactics, fixed & variable costs, price leadership and a lot more. Please do not try to memorize this list. Please be aware that pricing decisions can be complex.

Price is the amount of money requested by a seller. If we set a price too high, we may have no buyers/customers. If we set a price too low, we lose money.

Price is influenced by:

1. **Costs** -- some costs must be paid by producers/sellers even if they sell no products or services. Examples include: Rent, investments in equipment, investment in facilities or retail stores.

Price (continued)

2. **Market** -- think of this as your competition. Buyers have choices and this creates markets.
3. **Demand Curve** -- Whether a price is high (fewer people may buy) or low (many more may buy) is important. The price must be low enough to be affordable, but high enough to make profits.
4. **Price Elasticity** -- this is the term for how much a change in price changes what people buy. Think of a rubber band. Sometimes a lower prices "stretches" demand and people buy more. Sometimes a higher price means the demand will shrink. What we buy (demand) is influenced by price.

We do not need to always lower prices to increase demand. We can offer people discounts based on quantity, season, cash purchases, or distribution channel.

Place

Place refers to how a channel moves from where it is produced to where it is purchased & consumed. There are different ways this works. We will not need to go into the details of manufacturing, wholesaling, retailing, and end-use/consumer now. We will review this later in the semester. Please just know that place refers to how products move from manufacturers to sellers and then to customers/consumers.

Companies must decide if a product should be widely available or selectively available. This is done through one of 4 strategies:

1. **Intensive distribution** -- a product is designed for a large market (called a mass-market). The product needs to be available almost EVERYWHERE!
2. **Selective distribution** -- a product is not available almost everywhere. It is only in locations where it will be highly valued and purchased. Selective distribution avoids placing products where the sales will be low.
3. **Exclusive distribution** -- suppliers and sellers enter into an exclusive agreement or contract that only allows the named seller to offer a specific product for sale. For example, Apple products were once only available through Apple stores. The iPhone was once exclusively available through AT & T and could not be purchased any other way.
4. **Franchising** -- when you can buy another companies successful business model. Most Subways are owned by local operators, but they have purchased the trade-name and business model of another company, Subway. Most McDonalds are franchises too.

Geographic Location is important. Do you want a product to be sold nationally, regionally, or world-wide?

When thinking about who should sell your product, it is important to consider if there are existing businesses that could successfully sell your product. It saves money sell through existing businesses, because you do not have to invest in start-up costs of creating a new retail store.

Today, marketers must consider Internet sales. Will you increase sales by having it online? The costs of this can be high, so consider carefully.

Promotion

Promotion is communicating with a company. Let's not worry about a long and fancy definition. Promotion is COMMUNICATING WITH CUSTOMERS. Successful markeing means much more than having the right product at the right time and at the right place. We need to tell people what we have and why they should buy it.

There are many different ways to communicate with customers: Newspapers, magazines, email, ads, websites, television, radio, direct mail, and more. How do you choose? You have to think about what will get your customers' attention.

Effective marketing communications can only happen when we identify a group of people that we want to communicate with. We need to know our audience BEFORE we create communications.

1. **We need to think of a market** (group of buyers) to target our market to.
2. **Advertising and other forms of communications are important**. Not only do they create sales, but they build brand loyalty. Marketers want to convince buyers that they have quality products. Marketers want to create repeat sales/purchases. This creates brand loyalty.
3. **Marketing communications has one goal: Change behavior** -- influence people to BUY OUR PRODUCT!

Marketing communications/promotion has 2 objectives:

1. **Inform** people of what we have and why they need it.
2. **Persuade** people to buy
3. **Remind** people to buy again and again (build loyalty)

Deciding what media to use to communicate needs to happen at the BEGINNING of a marketing plan. We cannot develop a creative and successful strategy without identifying:

1. **Who** is our market
2. **How** can we communicate with them

Choosing a communication/promotion media means looking at:

1. **Communication capability**: What type of message can you create?
2. **The reach**: Who will see it? How many will see it?
3. **The costs per reaching each customer**: We calculated the cost-per-view of a typical Super Bowl ad in 2017 as $2.40? That is high!

"Old School" marketing focused on finding new customers and selling them what you had to offer. Today, marketers focus on keeping their current customers. It costs less to keep your current customers happy and buying new products than it does to reach out to find new customers.

Some products are sold face-to-face, by salespeople. This is a special form of communication. It is personal communication. Successful salespeople must:

1. **Adopt a positive attitude**: A can-do attitude
2. **Obtain a proper education**: Know their product & sales strategies
3. **Pursue goals:** Know what they want to achieve and work for it

