

International MBA

Marketing and commercialization in international environments.

Lesson 6. Marketing Mix

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Content

Content

1. Product and Brand Planning
2. Price
3. Promotion
4. Place – Lesson 11

1. Product

Products and Brand Planning

product mix

the assortment of product lines offered by organization.

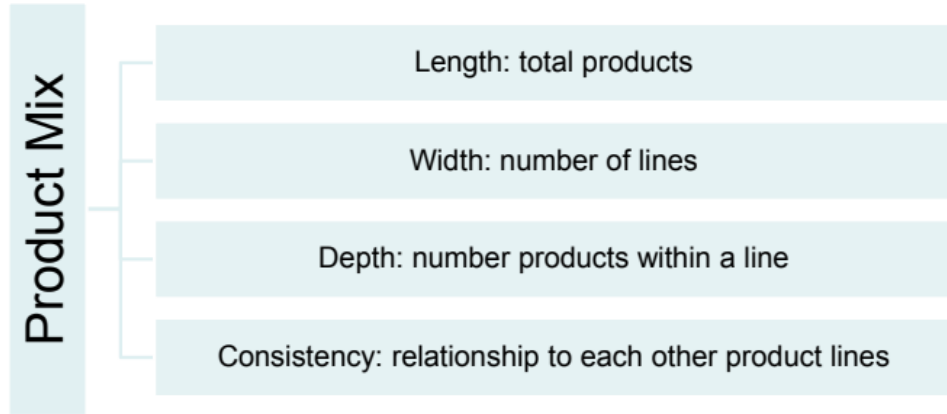
Product line length

is the number of individual items in each line (or range) of related products;

product line depth

refers to the number of variations of each product within one line.

Width



1. Product

Product planning decisions

<p>Product mix and product lines</p>	<p>Product attributes</p>
<ul style="list-style-type: none"> ● Change product line length or depth ● Change product mix width ● Manage product cannibalisation 	<ul style="list-style-type: none"> ● Plan level of quality, performance ● Provide valued benefits through features ● Design for functionality, differentiation ● Create packaging and labelling ● Build brand equity
<p>Product life cycle</p>	<p>New product development</p>
<ul style="list-style-type: none"> ● Locate product in cycle by segment and market ● Change progression through life cycle ● Balance life cycles of multiple products 	<ul style="list-style-type: none"> ● Add new product categories ● Expand existing lines or brands ● Manage steps in process ● Address ecological, ethical concerns

1. Product

What is product cannibalization?

manage your products with an eye towards minimizing product

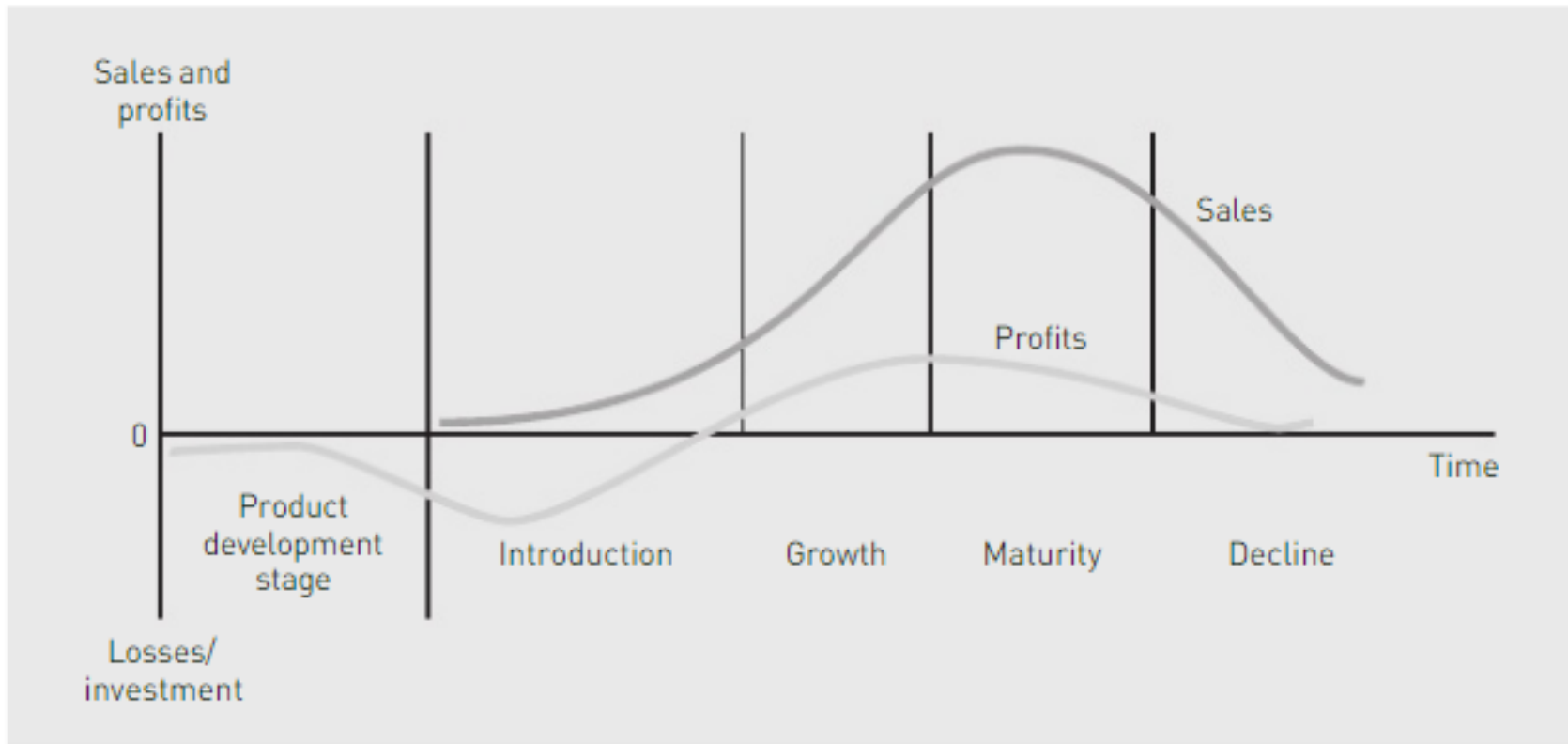
cannibalization

which occurs when one of your products takes sales from another of your products.

A line extension may attract customers who previously purchased other products in the same line.

1. Product

What is product life cycle?



1. Product

Product Life Cycle characteristics

	INTRODUCTION	GROWTH	MATURITY	DECLINE
Sales	Low	Rising fast	Maximum	Decreasing
Costs	High per customer	Medium per customer	Low per customer	Low per customer
Revenues	Negatives	Rising	High	Increasing
Customers	Innovators	Early adopters	Majority	Laggard
Competitors	Few	Growing	Stable, trend to decrease	Decreasing

1. Product

Product Life Cycle Strategies

MARKETING OBJECTIVES				
	INTRODUCTION	GROWTH	MATURITY	DECLINE
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
STRATEGIES				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversity brand and models	Phase out weak items
Price	Use cost-plus	Price to penetrate market	Price to match or beat competitors	Cut price
Distribution	Build selective distribution	Build intensive distribution	More intensive	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce investment
Sales promotion	Use heavy sales promotion to entice trial	Reduce investment	Increase to encourage brand switching	Reduce to minimal level

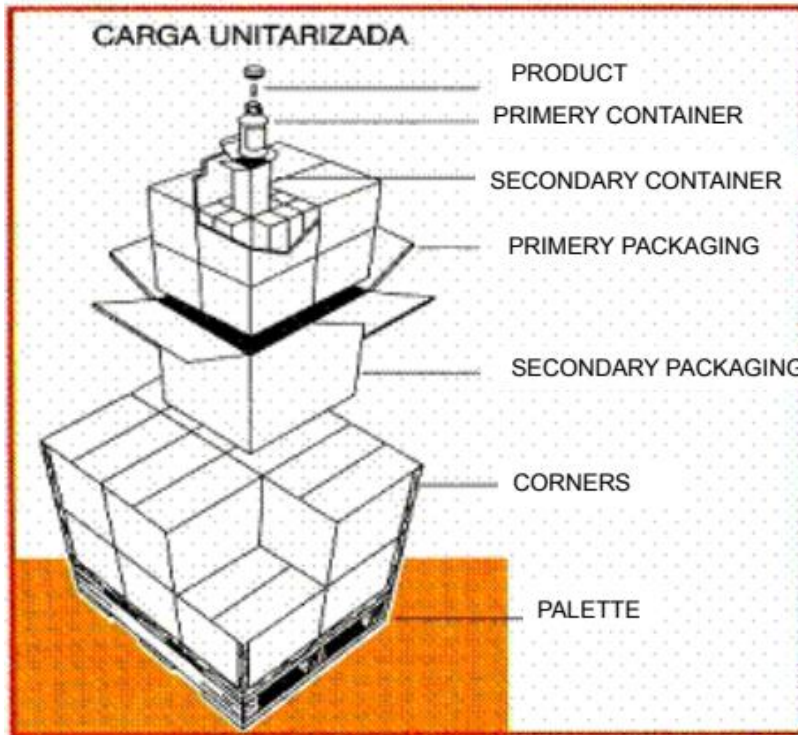
1. Product

Planning Product attributes

	Product 1	Product 2	Product 3
Quality (customers' view) and performance (objective measures)			
Features and benefits (to satisfy customer needs)			
Design (for performance and differentiation)			
Packaging (protect, store, facilitate use) and labelling (information, marketing communication)			
Brand (identify, differentiate, provoke response)			

1. Product

Packaging



1. Product

Brand Equity Pyramid

Marketing is all about a battle of perceptions, not a battle of products.

Perceptions that must be built from a solid product/service value.



2. Pricing

Criteria for Pricing

METHOD BASED ON THE MARKET OR DEMAND

- Each price has a level of demand
- Consumer psychology

METHOD BASED ON COSTS

- Cost + margin
- Target price (Break-even)

METHOD BASED ON COMPETENCE

- Position of the company
- Similar / price advantage - disadvantage

2. Pricing

What does influence on pricing decisions?

- Customers:
 - Perceived value
 - Perceived cost
- Competition
- Demand
- Company
 - Existing lines
 - New product
 - Company Objectives
 - Product type
- Factor conditions



1 €



2,55 €

2. Pricing

Price and Value

Perceptions of value:

- **Performance**

Does the product perform as it should in meeting the customer's needs? Does it perform better than competing products?

- **Features**

Does the product have all the features expected or desired to meet current needs and future or unspoken needs? How do the features compare with those of competing products?

- **Quality**

Is the product defect-free, reliable and durable compared with competing products?

- **Personal benefits**

Does the product deliver personal benefits such as status or self-expression?

- **Availability**

Is the product available whenever needed? Does the price change according to availability?

- **Service**

Does the service meet customers' expectations? Is it faster, more convenient or more personalised than that offered by competitors?

2. Pricing

Price and Value

Total perceived costs (time and money) associated with the product:

- Initial purchase price
- Maintenance and repair costs
- Ongoing fees
- Installation
- Training
- Ancillary products
- Financing

2. Pricing

Pricing Strategies

Considered Criteria - Market or Demand: pricing based on:

- Economic capacity
- Socio-demographic characteristics
- Segments sensitivity

Strategies

- Fix (same price always in all markets) or dynamic (negotiation)
- Geographical pricing (different price per region)
- Discount (per volume, per payment...)
- Promotion (more product for less money)
- Price discrimination (different price for different markets or segments)
- Ethical price (Fair trade)

2. Pricing

Pricing Strategies

Considered Criteria - Competitors: pricing based on:

- Competitive situation
- Advantage / Disadvantage

Strategies

- Higher price
- Lower price
- Similar price
- Promotional price

2. Pricing

Pricing Strategies

Considered Criteria - Consumer Psychology: Price based on:

- Market perception
- Association with attributes that makes the consumer

PSYCHOLOGICAL PRICING

- Usual price (newspapers)
- Premium pricing (artificially high in order to encourage favorable perceptions)
- Odd pricing (last digits are just below a round number)
- Value-based pricing (based on the value the product has for the customer and not on its costs)

2. Pricing

Pricing Strategies

Considered Criteria - Demand and Costs: Price based on:

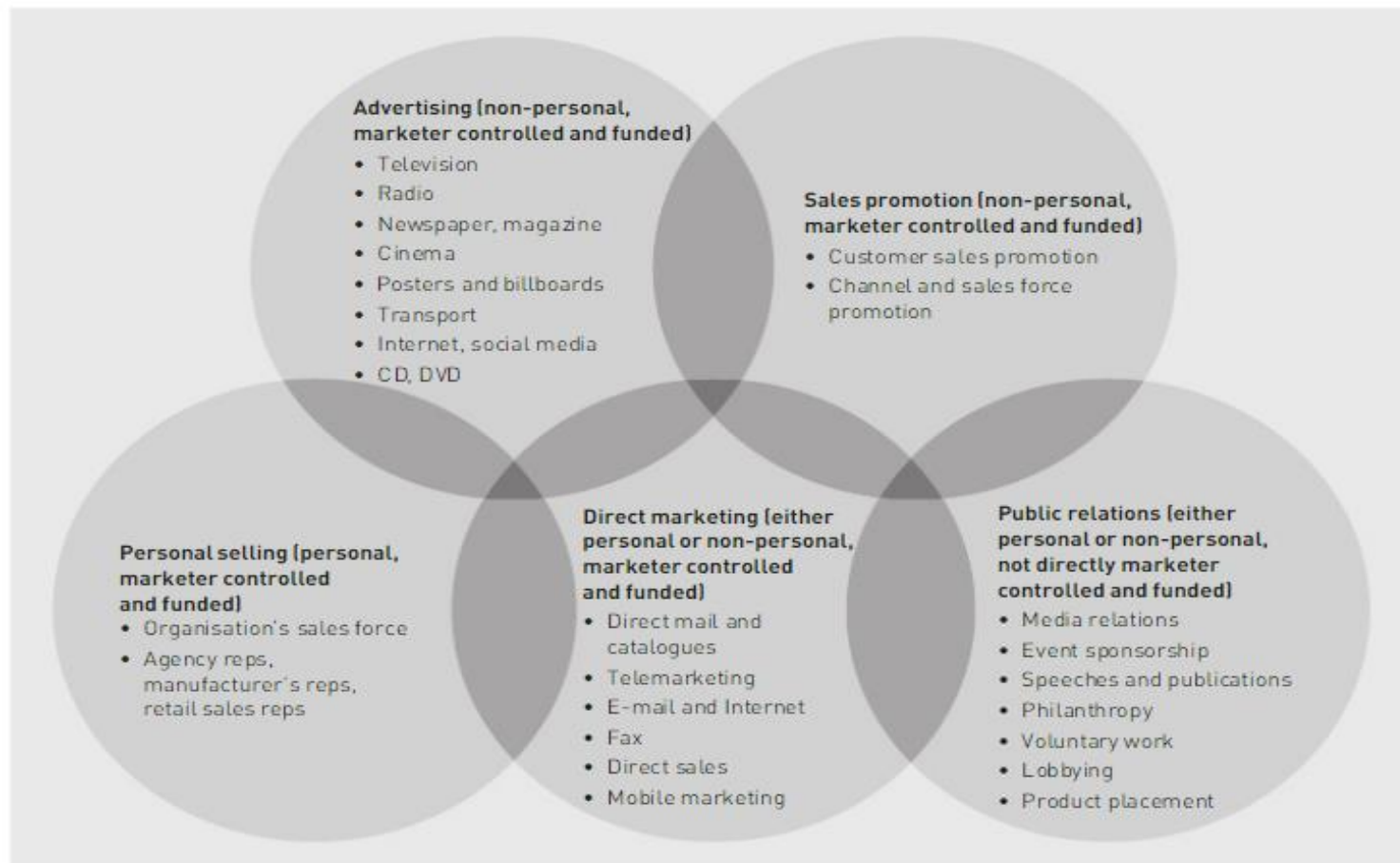
- Global portfolio benefit
- Cross elasticities

PRODUCT-MIX PRICING STRATEGIES

- Product bundle pricing (Combining several products and offer the bundle at a reduced price)
- Captive product pricing (Setting a price for products that must be used along with a main product)
- Same line price (same price for all the products)
- Loss Leader (product sold at a low price to stimulate other profitable sales)
- Freemium (free of charge for the basic version to encourage interest in upper versions)

3. Promotion

Marketing Communications Tools



3. Promotion

Push and Pull strategy

push strategy

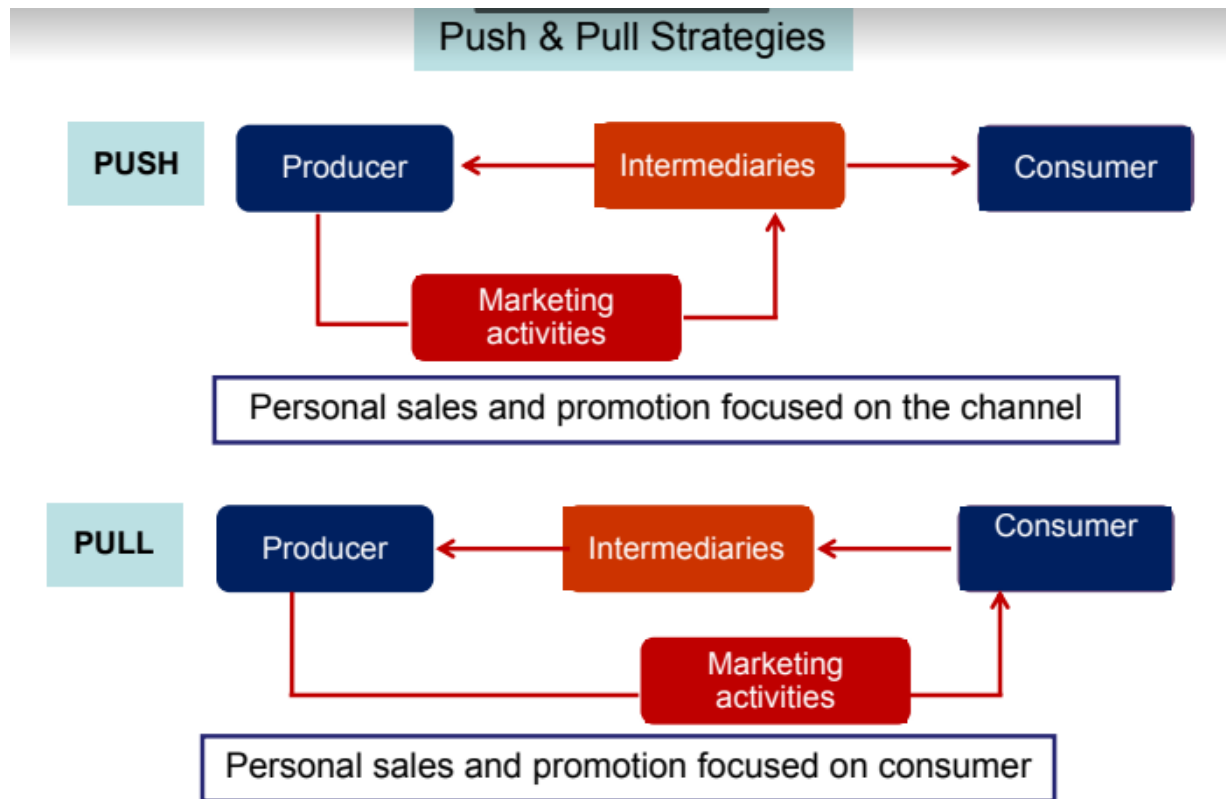
channel interest through promotion, advertising or other communications techniques.

pull strategy

targets customers will request and buy the product from channel members. This pulls the product through the channel from producer to customer.

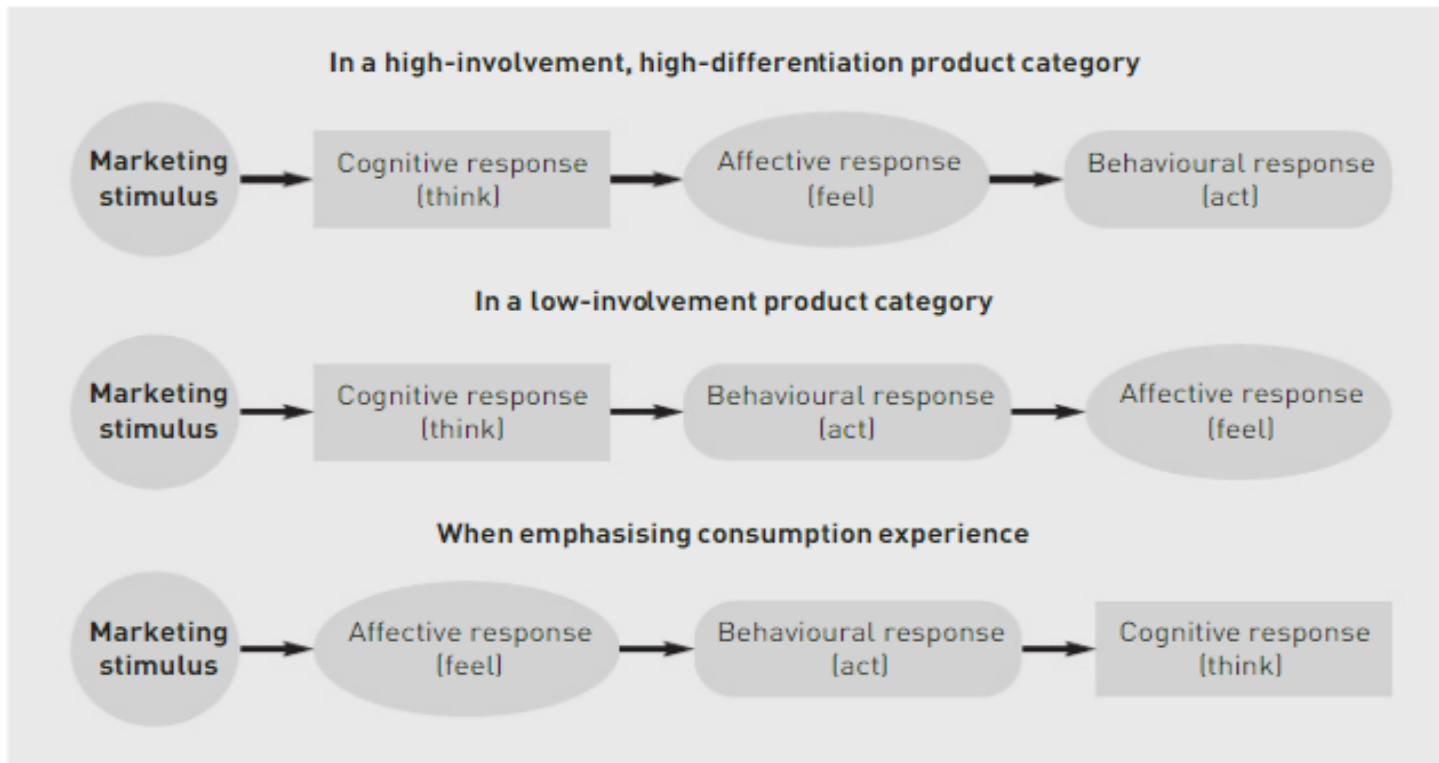
3. Promotion

Push and Pull strategy



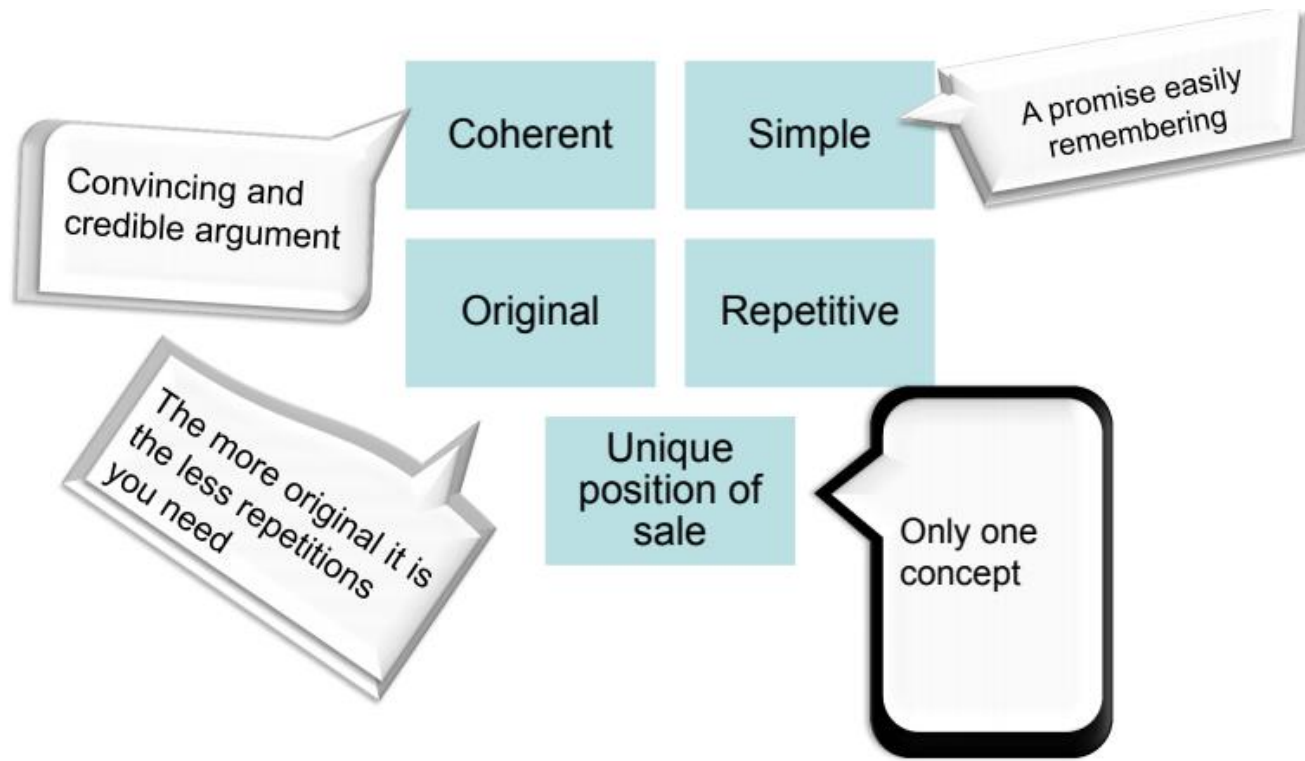
3. Promotion

Using communications to provoke audience response



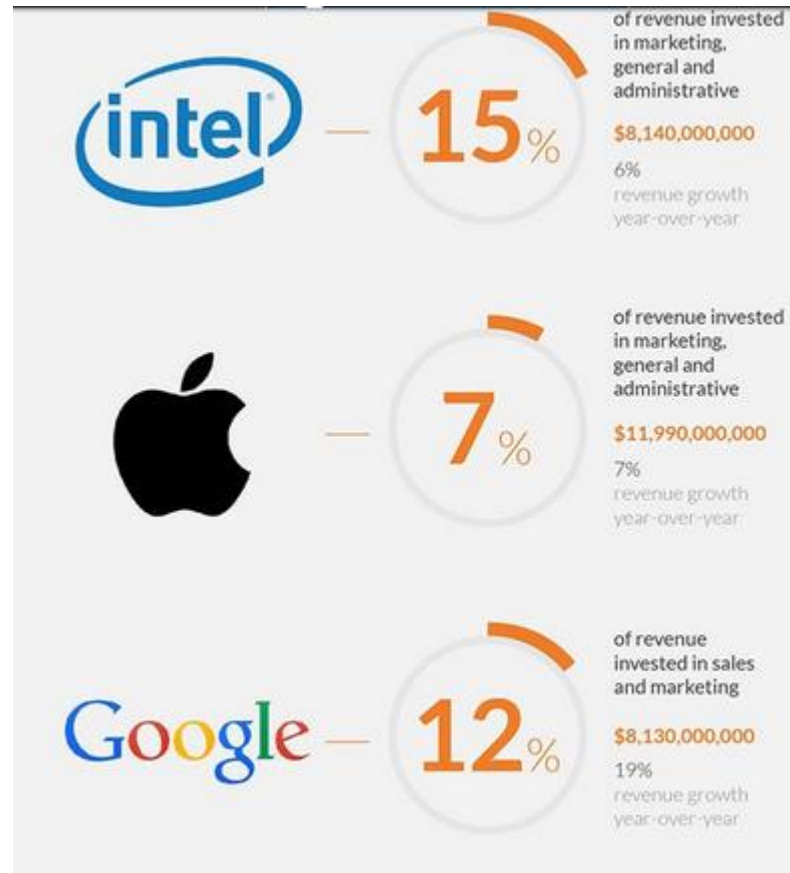
3. Promotion

Message



3. Promotion

Budget



3. Promotion

Integrated marketing communications (IMC)

- **Content**
 - “one voice”
- **Channels**
 - Touch points based on customer preferences
- **Customers**
 - Data base marketing
- **Results**
 - Integrations with strategy and transformation
- **Company**
 - Cross-functional integration



3. Promotion

ATL TTL BTL ads.

