

Module 1

Marketing and Product

Why people don't buy



Nella cucina di VeganHome
237 ricette vegane dagli autori di VeganHome.it



What marketing is

“

Every sale has six basic obstacles:

”

no need, no money, no hurry, no desire, no trust, no time

What marketing is

*“Every sale has six basic obstacles: **no** need, **no** money, **no** hurry, **no** desire, **no** trust, **no** time”*

Marketing helps to remove all these hurdles and convert them in opportunities for the company to attract new customers.

Product innovation
Price reduction **P**lace change
Promotion desirability

What was marketing?

In the '40s- 50s- 60s marketing was similar to advertising. It was a simple world with few brands competing so it meant letting people know that a new product was available: the customer came after the product. **Nowadays the customer often comes "before" the product. What is the meaning of that?**



↓
marketing

What marketing is

Marketing is a very complex process and advertising is just one of its many aspects.

Nowadays, Marketing is a planning process that :

2.MARKETING MIX
(Product, Place, Price, Promotion)

1.STRATEGIC Marketing

identifies **the target** and the needs helps **create a product** to meet this requirements

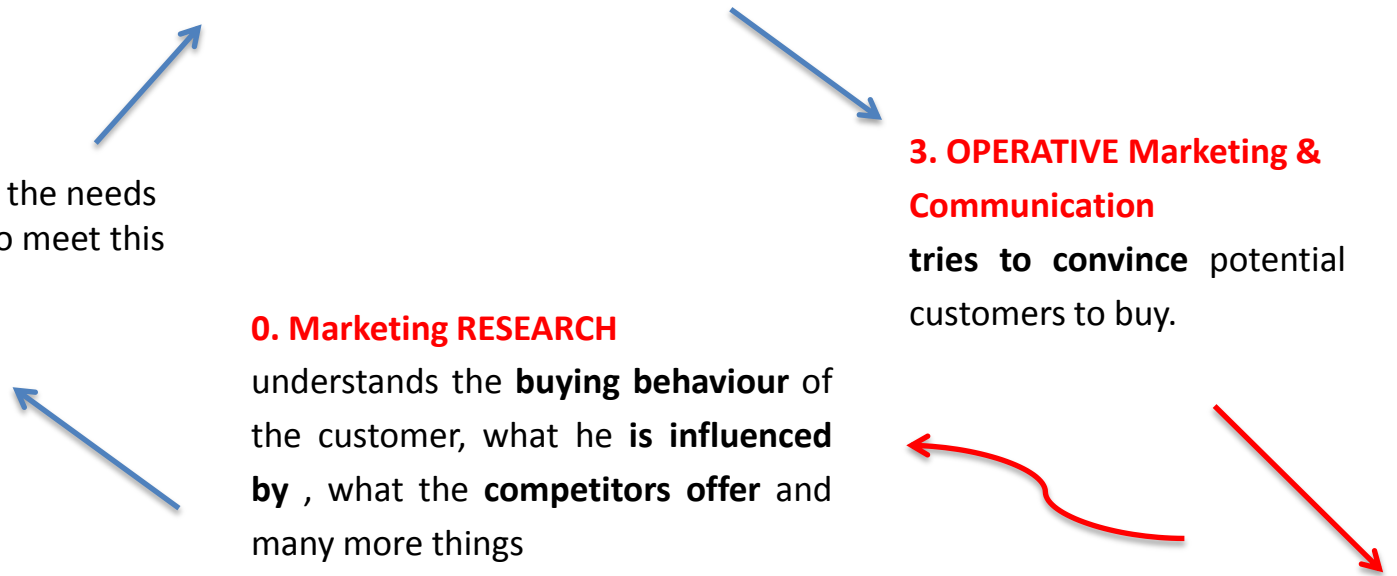
Readjusts the mkg mix

0. Marketing RESEARCH

understands the **buying behaviour** of the customer, what he is **influenced by** , what the **competitors offer** and many more things

3. OPERATIVE Marketing & Communication

tries to convince potential customers to buy.



1. Identification of the target

An essential process in the identification of the target is Segmentation. Segmentation is all **about** understanding and analysing the target customers in order to **split it into relevant sections** .

There are many ways in which a market can be broken down into segments. A very popular method of “**demographic**” segmentation looks at factors such as:

Age

Gender

Income

Social class

Why do companies bother segmenting a product? Is it risky? Is it an opportunity?

Segmenting the market

Segmentation is to make marketing more effective: by identifying groups of customers who have similar needs companies find a way of positioning a product in a way which is attractive to those customer groups.

It is also an opportunity for **upselling**.

But, it can also **be risky:** if I individuate a useless/non existing target I only waste money .

2.The Marketing Mix

The **marketing mix** deals with the way in which a business uses **price, product, distribution and promotion** to market and sell its product.

The marketing mix is often referred to as the **“Four P’s”**:

Product

Price

Place

Promotion

For most businesses, **one or two elements of the mix will be seen as relatively more important than the other**



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Product	Price	Place	Promotion

Compare the mix of two products: Campari Red passion and LV bags in a grid that considers the 4 P . What is the mix of each product?



LOUIS VUITTON



Product	Price	Place	Promotion
Luxury	High	Selective	High positioning
Main stream	Medium	Extensive	High positioning

Compare the mix of two products: Campari Red passion and LV bags in a grid that considers the 4 P . What is the distinctive element of the mix for each product? Now find a product where each of the 4 Ps is prevalent.

1. Product

Elements of a product

A product has three elements:

1. Core benefits

What the product does . **E.g. washing machine**

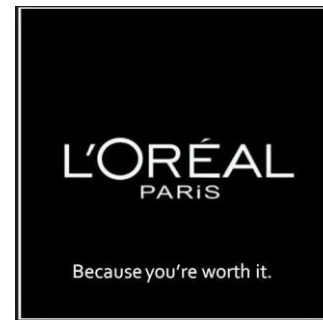
2. Tangible or physical element

What the product is made of; what it looks like; **E.g. :?**

3. Unique Selling Point

The extra elements which add to the perceived value : **tangible or intangible e.g. :** *“Because you’re worth it”*. **Often the augmented benefits of a product are determinant of whether a customer decides to buy or not.**

What things did you recently buy for these reasons?



Making a product stand out : X Factor

A Unique Selling Point is a feature or benefit that separates a product from its competitors.

A USP could be a lower price a **distinctive design, a strong brand , a performance,.....**

A business needs to look at its unique selling points compared to competitors. If it doesn't have any, the business will probably struggle to make the product seem attractive.

It's the X Factor that customers' buy. Can you name some products and their X Factor?



Why you'll love an iPhone.

iPhone owners love their iPhone. And not just because of the Retina display. Or the amazing camera. Or the long battery life. It's all those things plus the fact that iPhone is just so easy to use.



Brands

A brand is a product with **unique character**. It is **consistent and well recognised in its tangible and intangible aspects**.

THE PRODUCT /(core benefits)	+
THE NAME (proprietary signs, trademarks, symbols, logo)	+
THE VALUES (brand promise)	+
THE ADVERTISING (the image)	

A BRAND

The opportunities arising from having a strong brand are:

customer loyalty

higher prices

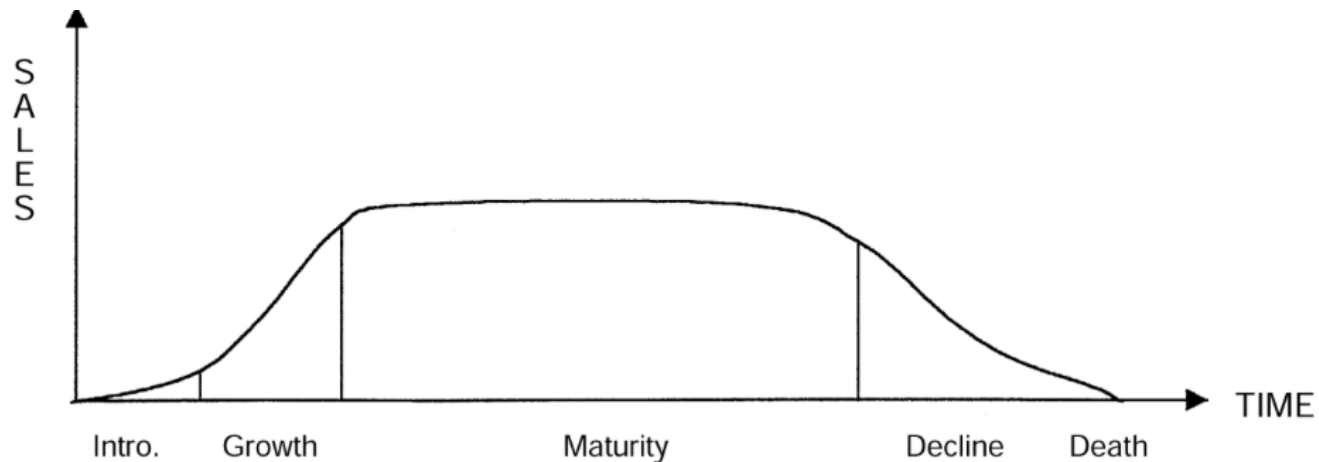
brand stretching E.g. Pan di Stelle biscuits and cereals or cakes.

Some brands are so strong that they have become **global brands**. Apple, Nike, Coca Cola.

Product Life Cycle

The product **life cycle** is an important concept in marketing. It describes the stages a product goes through from when it was first introduced and finally removed from the market. Not all products reach this final stage. Some continue to grow and others **rise and fall**.

Can you name a product for each phase of the life cycle?



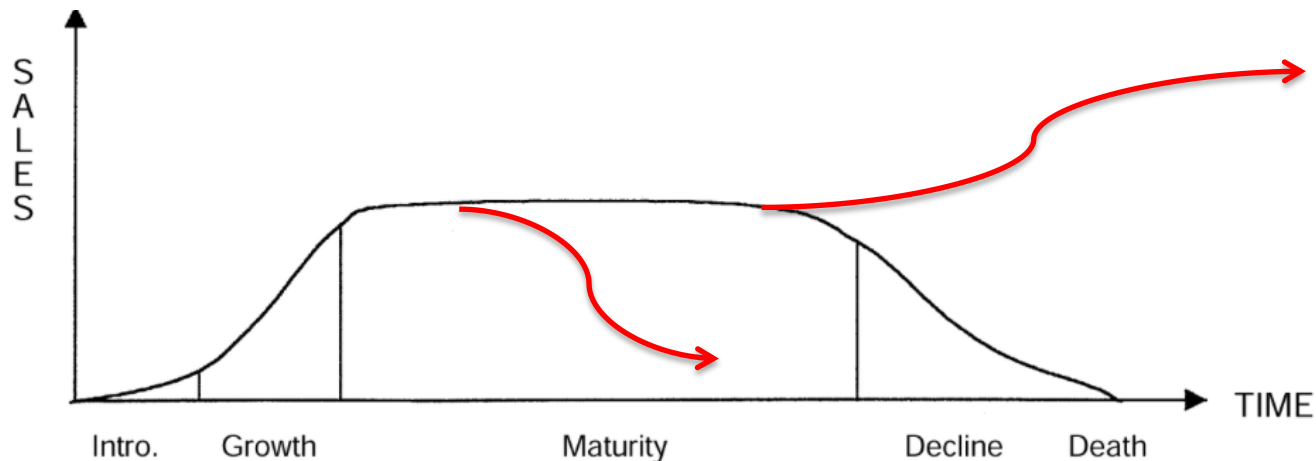
Product life cycles

Some goods can enjoy continuous growth, such as Microsoft softwares, because the product is being constantly improved and advertised, and maintains a strong brand loyalty.

Extension strategies extend the life of the product before it goes into decline.

The **Life cycle of a product** could be **stretched** by **migrating abroad** or by **Innovation**, or by a **Price reduction**, or through **Advertising** .

But it could also be brought to a **quicker end** : because of stiffer competition or because **when a product becomes very visible**, much of its appeal fades away



Product range

Most businesses sell more than one product.

What are the advantages of having a product range rather than just one product?

Product range

- Some companies grow by **spreading the risk** (take overs)
- Some others by **capitalizing** on their brand image (Umbrella Branding)

Procter & Gamble



Nivea

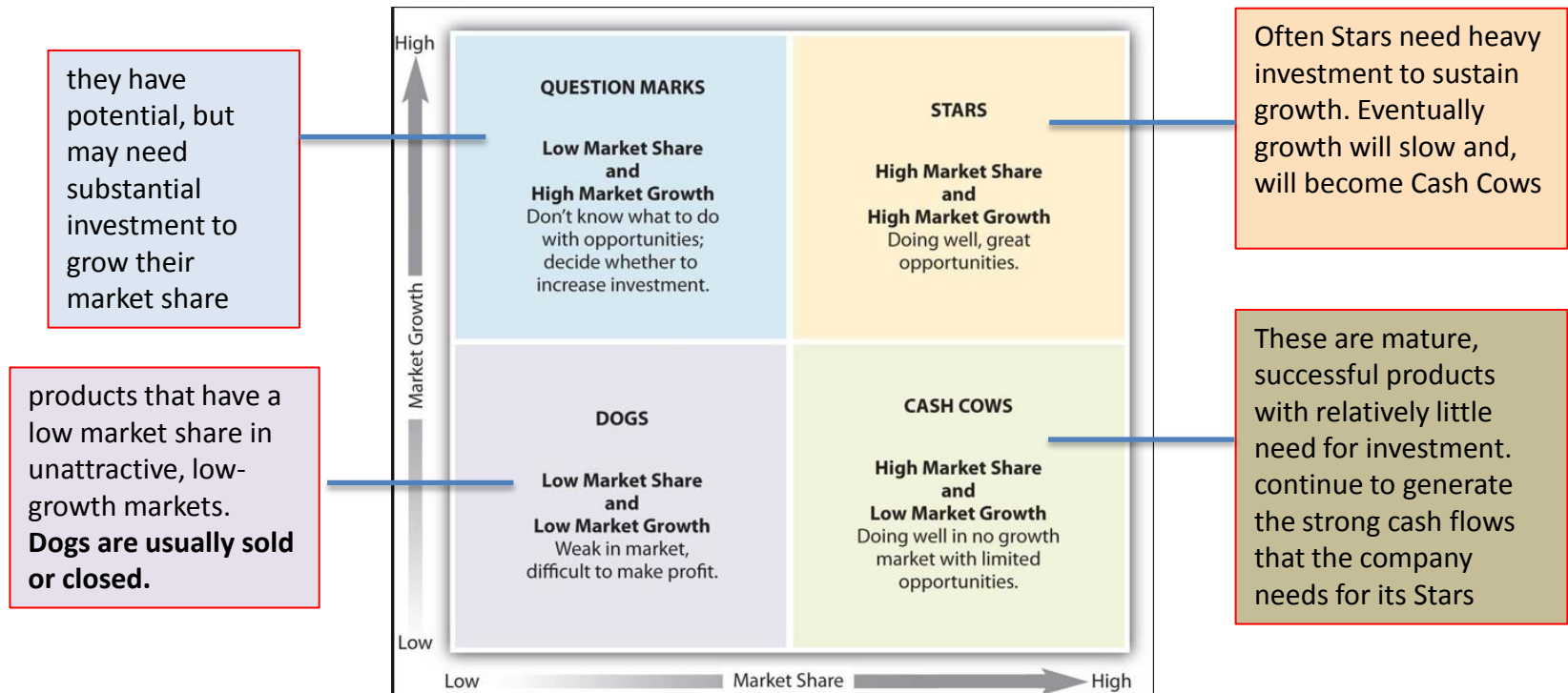


The Boston Matrix

Product range can be analysed using the Boston Group Consulting Matrix.



The Boston Matrix



**Put the following products in each square: Subaru cars in Italy, Iphone 5, Coca Cola.
Why should companies buy "dogs"? Why having a product in each square makes a balanced portfolio?**