Marketing Mix

Product
Learning objectives

• State the 4 elements of the marketing mix
• Discuss the role of product decisions in the marketing mix
• Describe the costs and benefits of developing new products
What makes someone want to buy a product??
The importance of marketing new products..... things to consider at planning stage!

- What the PRODUCT is going to be like e.g. shape/ size/ colour
- What price are you going to sell it; have you thought about how much it will cost to make?
- Where are you going to sell it? E.g. shop/ internet/ mail order/ school
- How will customers find out about the product? Promotion? Advertising?

Marketing is all of these things.................
The Marketing Mix

• The Marketing Mix is a combination of factors that help businesses sell its products

• The marketing mix is made up of the 4 P’s
  • Product
  • Price
  • Place
  • Promotion
Importance of defining products.

• How will defining the type of product help a business market its products?
Invention & innovation

- **Invention** is the discovery of a totally new and original product or new ways of doing or making something.

- **Innovation** is the process of transforming an invention into a product that customers will buy. It may be a different application of something that already exists, something that adds value or differentiates a product.
Product Development

- When participating in INVENTION or INNOVATION, it is important to ask these questions:
  - What do customers want?
  - How long will they want it for?
  - Are the materials available?
  - How much will it cost to produce?
  - What are our competitors doing?
  - Which method of production should be used?
- Having collected and collated the results, do they show?

<table>
<thead>
<tr>
<th>Positive response</th>
<th>Negative response</th>
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<tbody>
<tr>
<td>Launch the product</td>
<td>Re-think</td>
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<td></td>
<td>Re-develop or Shelve the idea</td>
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Product development process

1. Generate ideas
2. Select best and conduct further research
3. Look at level of potential sales and success
4. Develop a prototype
5. Test market
6. Full launch

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Case study activity

• **Dyson video**

• What method did James use to generate his idea?
• What research did he carry out?
• How did he ensure that his invention would sell?
• Why did he develop a prototype?
• Where did he launch the product first?
• Where does he sell the product now?
• Was that the end of his product development?
• Why not?
Paired activity

You work for a company which manufactures ice cream. You have been given the task of designing a new ice cream on a stick (a lolly) suitable for small children.

Using the product development process, describe in detail how you would do this.
# Product development analysis

## Benefits
- USP
- Diversification
- Expand into new markets
- Expand into existing markets
- Sell to a new market segment

## Issues
- Market research
- Product trial
- Wrong target market
- Loss of company image

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**Outcome?**
BRANDING
Learning objectives

• Understand brand image and how it can influence sales
• Understand the role of packaging
What do you think of when you see…

ASDA
What do you think of when I say TRAINERS?
What do you think of when I say…
TAKEAWAY

i’m lovin’ it™

KFC

Hardee’s®
CHARBROILED THICKBURGERS
Branding

By Branding its products, a business guarantees the consumer that the next product brought will be virtually the same as the last one:-

• This encourages repeat purchases through brand loyalty.

• Branding also helps the business differentiate-makes different- its products from those of its competitors.
• The business can use the brand’s Unique selling point (USP) to increase sales.

• Mass advertising becomes possible with branding.

• Why is this a good thing?
Branding & Purchases

- Strong branding = increased opportunities for customers to trial products and make repeat purchases.

Q: How does JVC or Sony use its brand image to promote its product mix?
Activity

In pairs, identify two advantages of Branding.
I shall be asking for your opinions.
FAMILY FORTUNES
FAMILY FORTUNES
We asked 100 people to state an advantage of branding

1. Encourages brand loyalty (38)
2. Competitive advantage (20)
3. Greater consumer awareness (16)
4. Charge a higher price (13)
5. Easy to add new products to range (10)
6. Brand equity – company more valuable (3)
Advantages of branding

A strong brand offers many advantages for marketers. Branding…

1. Encourages Brand Loyalty

2. The “benefit = brand” association can provide significant competitive advantage.

3. Makes product positioning more effective.

4. Results in greater consumer awareness.
Advantages of branding

5. Businesses are more likely to be able to charge a *premium price* for branded items.

6. Can extend the brand by adding new products under the same “family” brand.

7. *Brand Equity* in which the brand itself becomes valuable.
Product Differentiation

What is product differentiation and why is it important?

Differentiation is about making a product or service stand out from another.

Harrods Teddy Bear V Toys R Us bear.

How can products be differentiated?
Products and services can be differentiated by:

1. Design, formulation & function
2. Name
3. Packaging
1. Differentiation by design, formulation & function

£24.99 IKEA

£49.99 ARGOS
1. Differentiation by function

£49.99 ARGOS

£11.49 ARGOS
Nike Differentiation by design & function
2. Differentiation by NAME
2. Differentiation by name
3. Differentiation by packaging
Packaging

• Packaging has several functions:
  – Protection of contents
  – Distribution – getting product from manufacturer to customer
  – Selling – design and labelling provides information and also conveys a certain image
  – Customer convenience – e.g. multi-pack

• Important to understand the role that packaging plays in “selling”
  – If a product cannot be differentiated by its features or designs, then packaging becomes really important
  – Help to advertise and promote brand image
  – Help maintain quality standards (important)
  – Designed to encourage impulse buying (e.g. crisps, snacks)
  – Packaging also needs to appeal to distributors (e.g. shops)
3. Differentiation by packaging
Heinz Beans example

List everything you know about Heinz Baked Beans.

• **Product:** High quality Haricot Beans
• **Formula:** Unique tomato sauce *formula* (updated to meet changing consumer needs) – reduced sugar & salt, micropots, meatballs, organic beanz.
• **Name:** 2004 Heinz Baked Beanz then 2008 changed to Heinz Beanz.
• **Label:** Changed to highlight nutritional benefits.
• **Varieties:** Adapted for different countries
Heinz through the years
Heinz Packaging Innovation

• North America: The Heinz Dip & Squeeze™ for the foodservice industry makes eating on-the-go more fun and convenient.
• In the U.K., Australia, Indonesia & New Zealand, Heinz are converting to lighter-weight cans for products such as beans and soups.
• In China, infant food jars are wrapped in paper sleeves, a more environmentally friendly alternative to plastic shrink-wrap.

Task 5: Differentiation

- In your groups, differentiate a bag of sweets so that it is different from your competitors.

- Use lateral thinking and come up with a brand name.
Plenary: Keywords

• _ _ _ _ e _ e _ t _ t _ _
• _ r _ n _ _ _
• P _ _ a _ _ n _
• P _ e _ i _ m _ P _ i_
• _ e r _ e p _ _ o _
• B _ a _ _ _ L _ _ a _ t _ _
PRODUCT LIFE CYCLE
Learning objectives

• Describe the stages of the product life cycle.
• Explain the strategies of extending the life of a product.
The product life cycle

- Development
- Introduction
- Growth
- Maturity
- Decline

Sales vs. Time
Product life cycle of the mini

Draw the product life cycle for the mini using the information given.

Annotate it to say what happens *in terms of sales and cash flow* at each stage.

**Evolution of the Mini**

- **Classic 1959**: 1.35 m, 3.05 m
- **New Mini 2001**: 1.41 m, 3.72 m
- **Countryman 2010**: 1.56 m, 4.10 m

Source: BMW/Mini
Task: Extending the PLC

How could we extend the PLC of the mini?
Expanding the product life cycle

Ways to extend The Life Cycle of Products

- Widen Product Range
- Find New Markets
- Extra Advertising
- Adding Additional Value
- Special Promotions
The Product Mix/portfolio

- Most companies have **MANY** products
- The range of products they sell is known as the **PRODUCT MIX**
  - E.g., **Procter & Gamble**
  - **Cleaning Products:** Daz, Bold, Flash, Fairy
  - **Health & Beauty:** Wash & Go, Head & Shoulders, Oil of Olay
Task: Product Mix/portfolio

- Working in pairs, create a product mix for two of the following companies:
  - Virgin
  - Amazon
  - Sony
  - Tesco
Why have a product mix/portfolio?

- They do this because each of the Products are aimed at DIFFERENT people.
- However, charting them all on a Product Life Cycle would be too messy:
Product Life Cycle analysis

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Market Share

Predicted Sales in the Games Console Market 2014

- PS3: 35%
- X Box: 35%
- Wii: 30%

The percentage of the market held by a company or product.
Market Growth

2012 = £6.9 billion

2014 = £41.4 billion

The increase in value of the whole market.
1. **What is a product portfolio or mix?**

2. **Why do we use the PLC?**

3. **What use is the Boston Matrix?**

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**Product Life Cycle Activity**
Solution

Well Done!