



NATIONAL ECONOMICS UNIVERSITY

MARKETING FACULTY

Marketing Department

ENGLISH FOR MARKETING

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COURSE NUMBER: MKMA1112

CREDIT: 03

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Faculty and Department Information

- Faculty: Marketing
- Department: Marketing
- Office Address: R1305 – A1 building – NEU
- Website: <http://khoamarketing.neu.edu.vn/>
- Lecturer:
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COURSE STRUCTURE

Unit 1	• Marketing Introduction
Unit 2	• Marketing Environment
Unit 3	• Marketing Information and Research
Unit 4	• Consumer Behaviour
Unit 5	• Segmentation - Targeting - Positioning
Unit 6	• Company and Marketing Strategy
Unit 7	• Product
Unit 8	• Price
Unit 9	• Places
Unit 10	• Promotion



Books and references

Course Book:

- Phillip Kotler, Gary Amstrong “Principles of Marketing”, Pearson Education Limited, 2014.

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Reference Books:

- Cate Farrall (2008). *Professional English in use - Marketing*. Cambridge University Press
- Simon Sweeney (2002). *Test your Professional English – Marketing*. Pearson Education Limited.
- Sylee Gore (2007). *English for Marketing and Advertising*. Oxford Business English.



Assessments

- **Participation:** 10%: attendance and participation in class
- **Mid term:** 20% - in class test, closed book (expected in **week 5**)
- **Group assignment and presentation:** 20% (expected in week 10)
- **Final exam:** 50% - closed book (expected in week 15)



Group Assignment

- **Topic:** Choose a product/ service (in Vietnam or foreign country) and develop a marketing plan for it in Vietnamese market.
- **Presentation:** maximum 15 minutes – no extension (grade will be deducted if overtime)
- **Group report (in word, printed):**
 - Submit before the presentation date (exact date will be informed by lecturer)
 - Length: 20-30 pages.
 - Logic, straight and simple presentation



Group Assignment

- **Turnitin report:** below 20%
- **Team evaluation:** submit individually.
- **Grade structure:**
 - 50% word report
 - 50% presentation: each member should make appearance in the presentation, either presenter or ask questions for other groups, or answer questions from other groups
- **Grades will be evaluated individually**

Class regulations

- #1 On time (if you are late than teachers, pls. wait until the break)
- #2 No voice in class (pls. show the respect for lecturer and others)
- #3 No sleep (if you feel sleepy, feel free to go out, no need to ask for lecturer's permission)
- #4 No food (but drinks are permitted)
- #5 No cellphone (switch off your phone ring before class starting)
- #6 No laptop, ipad, ipod and others...





UNIT 1

MARKETING INTRODUCTION

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Objectives

- Understand and being able to use marketing basic terms correctly
- Understand the marketing process extended model
- Understand the marketing management orientation
- Being aware of the modern marketing landscape

Marketing Introduction

Core concepts:

- What is marketing?
- Market basic definitions
- Marketing strategy and the marketing plan
- The marketing mix
- The Changing Marketing Landscape

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Marketing is:

- ✓ Managing profitable **customer relationship**
- ✓ The process by which companies:
 - **create value for customers &**
 - **build strong customer relationship**

↓
in order to
capture value from customers in return

- Philips Kotler-





Marketing basic definitions

- Customer needs, wants, and demands
- Market offerings
- Customer Value, Costs and Satisfaction
- Exchanges and Relationships
- Markets
- Marketing process
- Marketing management
- Marketing management orientations



Needs

- States of felt deprivation
 - Physical needs: food, clothing, warmth and safety
 - Social needs: belonging and affection
 - Individual needs: knowledge and self expression
- Marketers did not create these needs, they are basic part of the human.
- Help the company:
 - Identify the industry, the type of products that they want to market
 - Answer the question: what customer's need our product will satisfy

Wants:

- Is human needs
- but are **shaped** by **personal preferences/ culture/ religion ...**
- People have unlimited wants but limited resources
- Help the company:
 - Decide the features, characteristics of the products/ services
 - Competitive on the market





Demands:

- Human wants that are **backed by buying power**
- Willing to buy
- Ability to pay

Some combination of **products, services, information, or experiences** offered to a market to satisfy a need or want

Market offerings



Products



Services



Places



Experience



Ideas



People

Exchange

The act of obtaining **a desired object** from someone by offering something in return

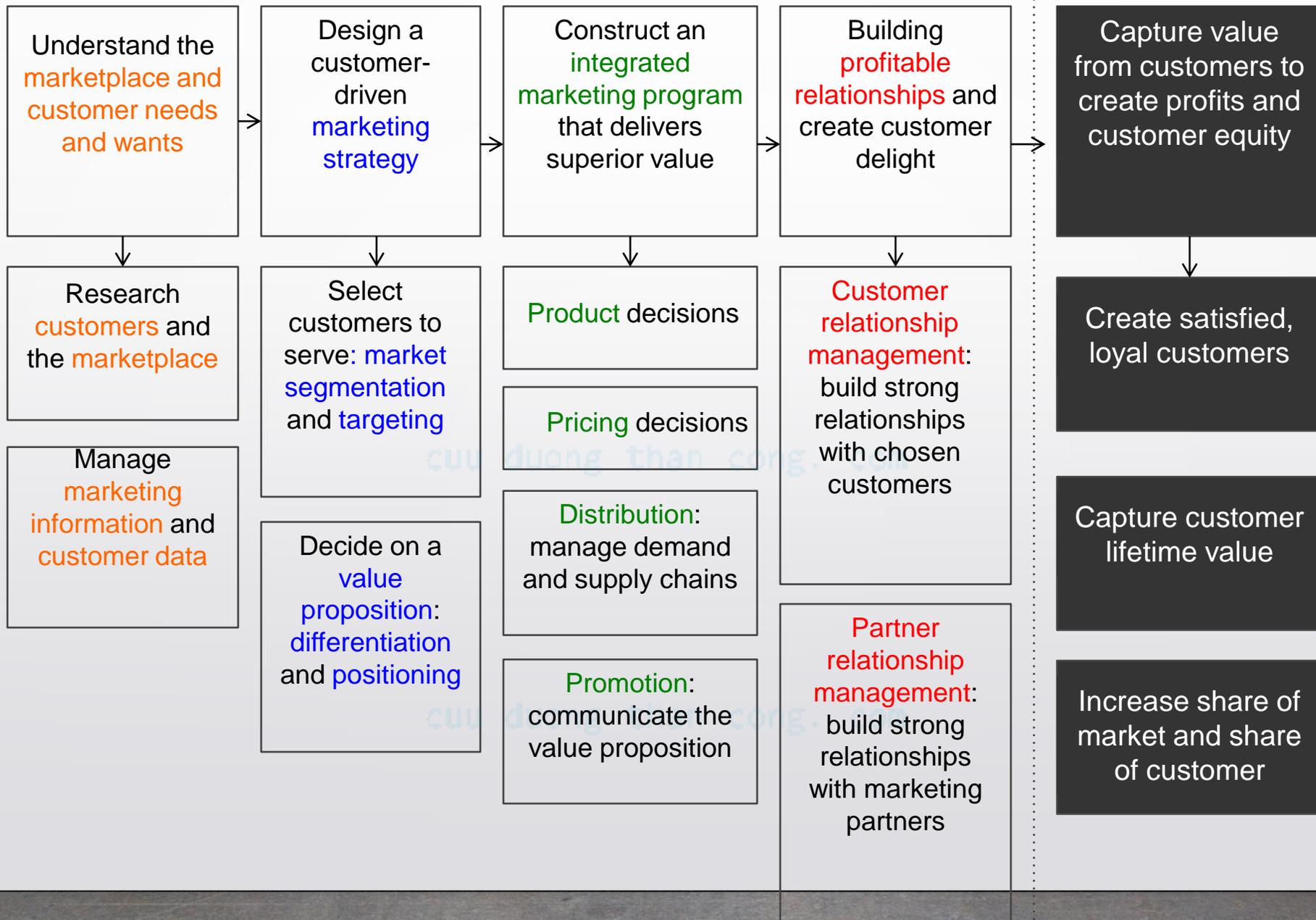




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MARKET

The set of all **actual and potential buyers** of a product or service



An expanded model of the marketing process

Marketing management

Marketing management is the art and science of choosing target markets and building profitable relationships with them

- What customers will we serve?
- How can we best serve these customers?

MARKETING MANAGEMENT ORIENTATIONS

➤ Production concept

The idea that consumers will *favor products that are **available and highly affordable*** and that the organization should therefore focus on *improving production and distribution efficiency*

➤ Product concept

Consumers will *favor products that offer the **most quality, performance and features*** and that the organization should therefore devote its energy to making ***continuous product improvements***

➤ Selling concept

The idea that *consumers will **not buy enough of the firm's products*** unless it undertakes a ***large-scale selling and promotion effort***

➤ Marketing concept

A philosophy that holds that *achieving organizational goals depends on **knowing the needs and wants** of target markets and **delivering the desired satisfactions better than competitors do***

➤ Societal marketing concept

The idea that a company's marketing decisions should *consider **consumer's wants, the company's requirements, consumers' long-run interests, and society's long-run interests***

Designing a Customer-Driven Marketing Strategy

Designing a Customer-Driven Marketing Strategy

Selecting Customers to Serve

- **Market segmentation** refers to dividing the markets into segments of customers

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- **Target marketing** refers to which segments to go after

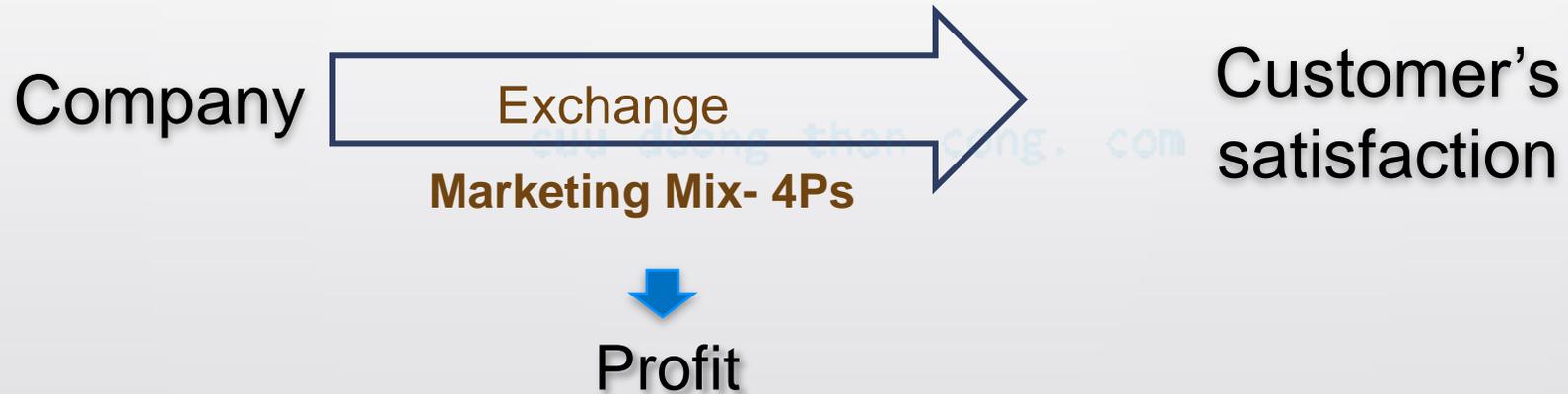
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The marketing mix is the set of tools (four Ps) the firm uses to implement its marketing strategy. It includes product, price, promotion, and place.

Marketing Mix – 4Ps



Integrated marketing program



Integrated marketing program is a comprehensive plan that communicates and delivers the intended value to chosen customers.

Building Customer Relationships

Customer Relationship Management (CRM)

The overall process of **building** and **maintaining** profitable customer relationships by delivering superior customer value and satisfaction

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Review

- Customer needs, wants, and demands
- Market offerings
- Customer Value, Costs and Satisfaction
- Exchanges and Relationships
- Markets
- Marketing process
- Marketing management
- Marketing management orientations



UNIT 2: Marketing Environment



Objectives

- Understand what are the marketing environment factors
- Understand how they affect to marketing strategy and activities

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Marketing Environment

The ***actors and forces outside*** marketing that affect marketing management's ***ability to build and maintain successful relationship with target customers***

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PHOTOGRAPHY

Analyzing the Marketing Environment

Topic Outline

- The Company's Microenvironment
- The Company's Macroenvironment

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Marketing Environment

Macro-Environment

- Demographic
- Political-Regulatory
- Technological
- Socio-cultural
- Economic
- Natural

Company

Customers

Marketing mix- 4Ps



Micro-Environment

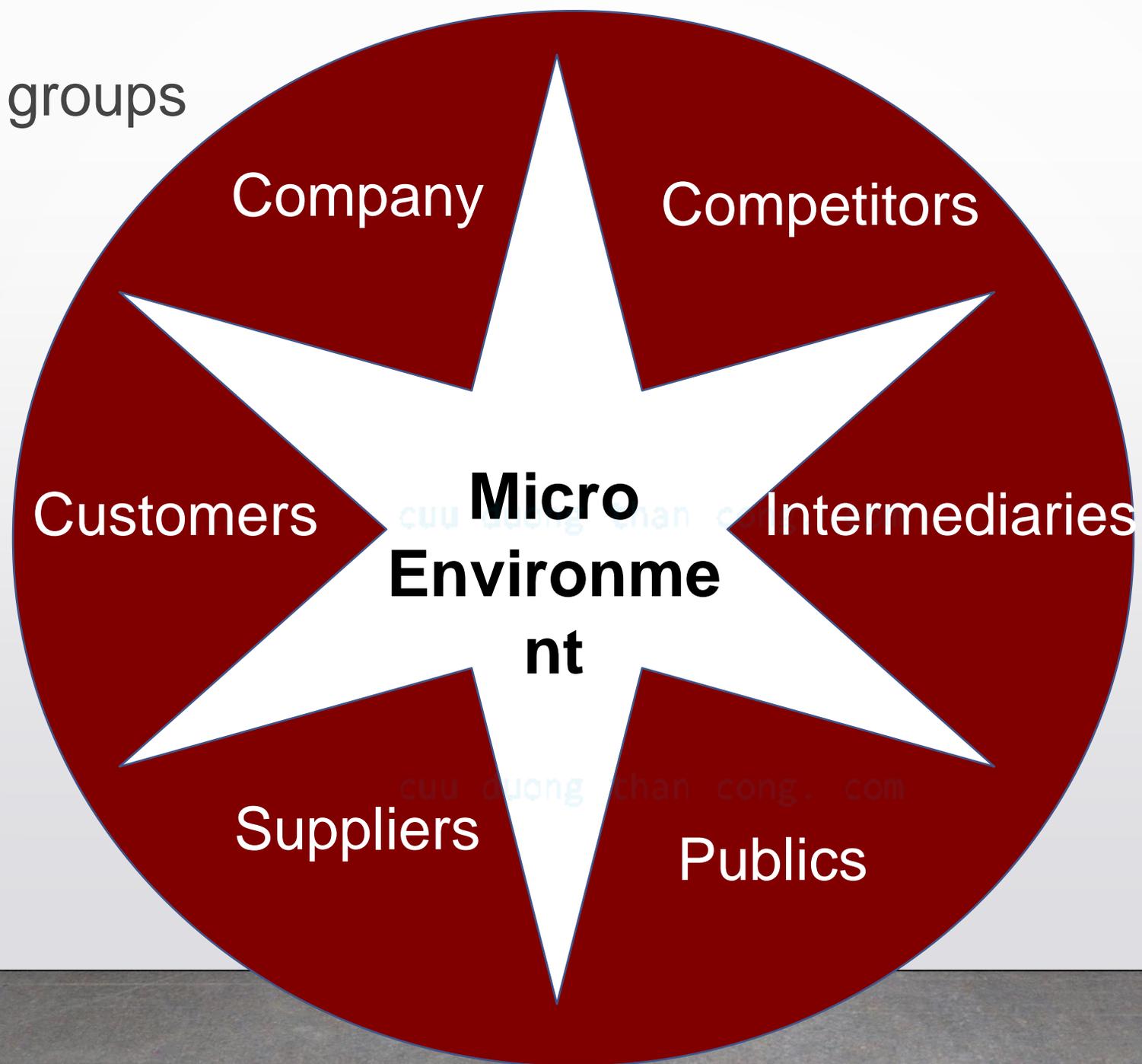
- Suppliers
- Intermediaries
- Publics
- Resources of company
- Customers
- Competitors

✧ Micro - environment

The ***actors close to the company*** that affect its ability to ***serve its customers*** - the company, suppliers, marketing intermediaries, customer markets, competitors and publics



Interrelated groups





Microenvironment - Company

- In designing marketing plans, marketing management takes other company groups into account:
 - ✓ top management: sets the company's mission, objectives, broad strategies, and policies
 - ✓ finance
 - ✓ research and development (R&D)
 - ✓ purchasing
 - ✓ operations
 - ✓ human resources
 - ✓ accounting

→ Interrelated groups that form the internal environment

Microenvironment - Supplier



Provide the resources needed by the company to produce its goods and services

Microenvironment – Marketing intermediaries



Firms that help the company to **promote, sell, and distribute** its goods to final buyers

Microenvironment - Customer

- The **most important** actors in the company's microenvironment.
- **The aim** of the entire value delivery network is to engage target customers and create strong relationships with them.
- Consumer market, business market....



Microenvironment - Competitors

- Each firm should consider its own size and industry position compared with those of its competitors



Microenvironment - Publics

Any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives.

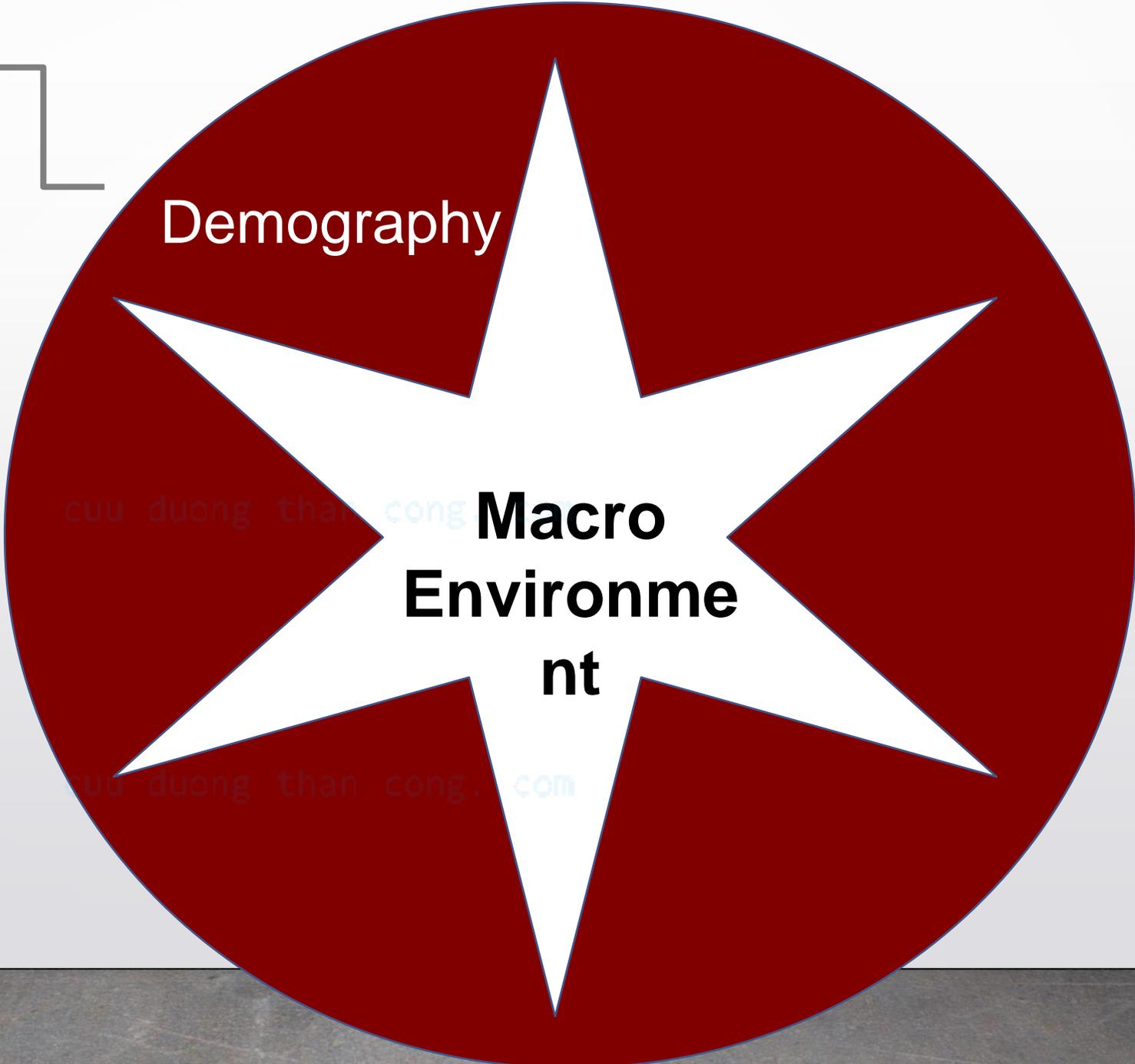
Types of publics: financial, media, government, citizen, internal, general, local

✧ Macro - environment

The larger societal forces that affect the microenvironment - demographic, economic, natural, technological, political, and cultural forces



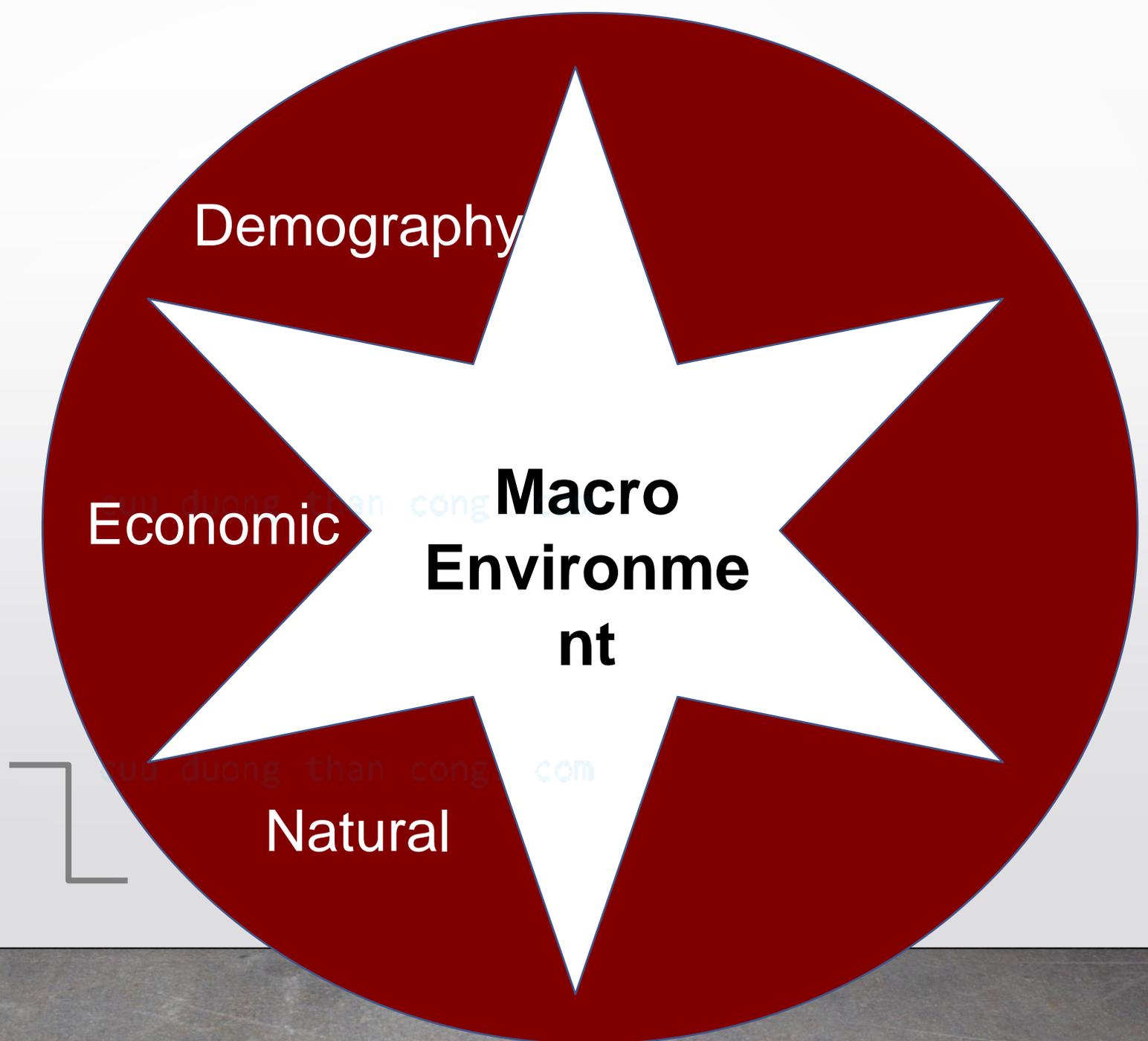
The study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics



Economic factors
that affect
consumer
purchasing power
and spending
patterns



The physical environment and the natural resources that are needed as inputs by marketers or that are affected by marketing activities.

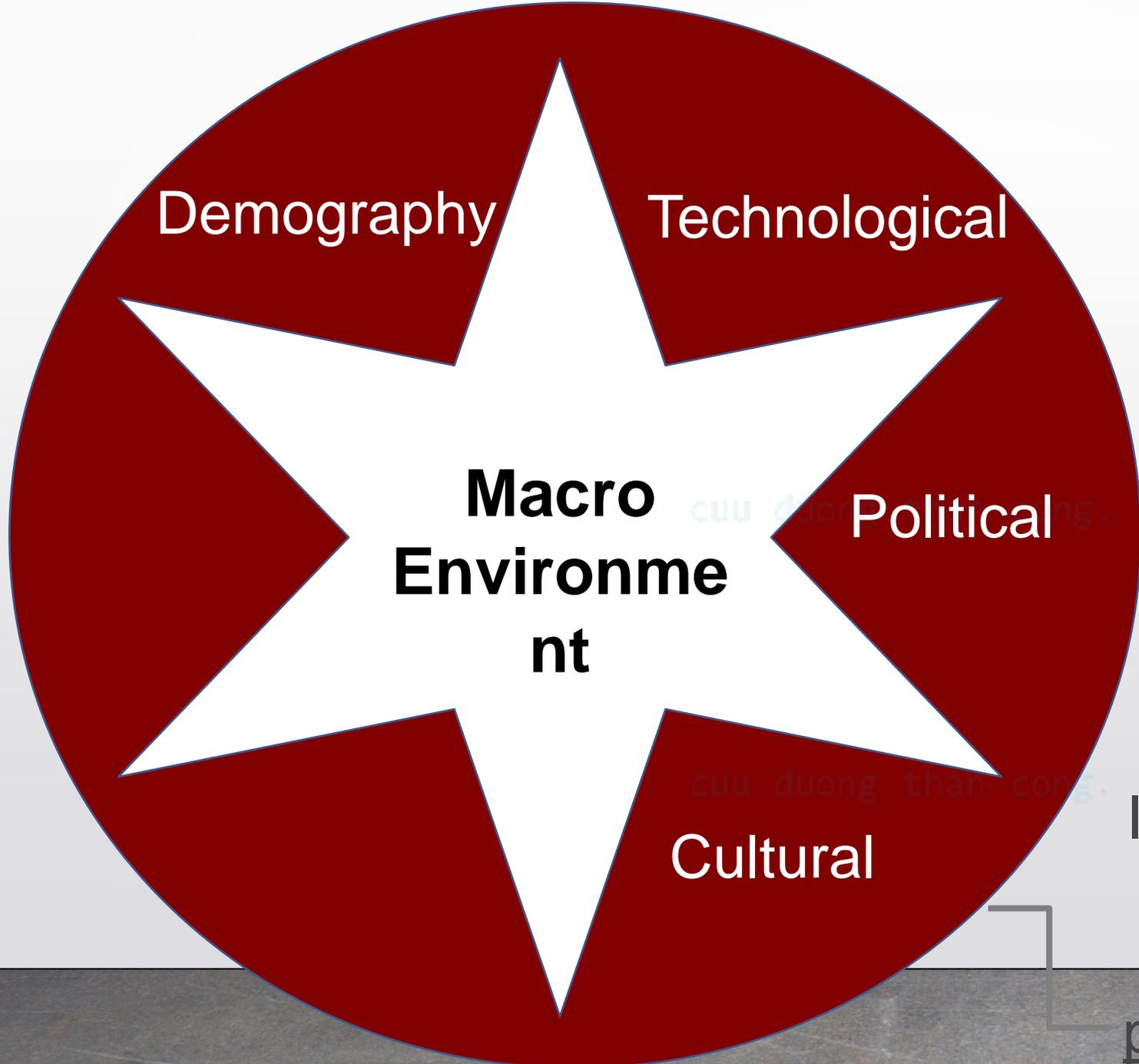




Forces that create new technologies, creating new product and market opportunities.



Laws, government agencies, and pressure groups that influence and limit various organizations and individuals in a given society



Institutions and other forces that affect society's basic values, perceptions, preferences, and behaviors.

Environmental Sustainability: Developing strategies and practices that create a world economy that the planet can support indefinitely.



SWOT Analysis

External

Opportunities



Threats



Internal

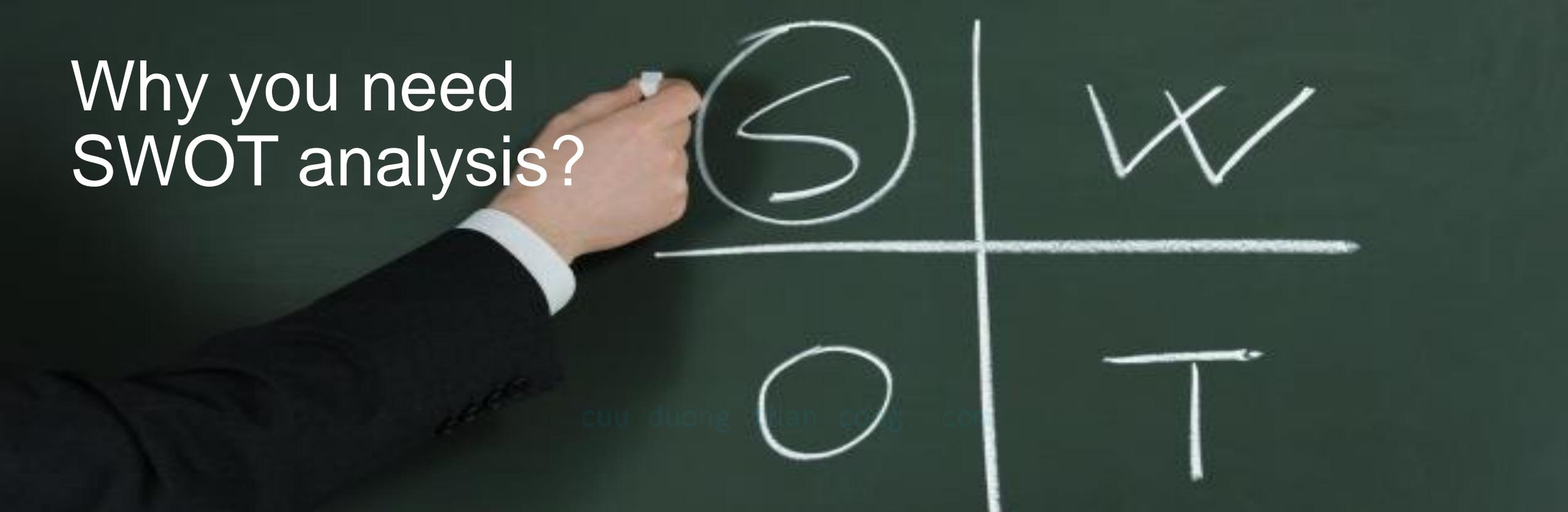
Strengths



Weaknesses



Why you need SWOT analysis?



- Help decision maker and strategic planner understand clearly about corporate's internal/external situation
- Analyze the issues/problems which may lead to success/failure.
- Prevent costly mistakes



Review

- The Company's Microenvironment:
 - Company
 - Customers
 - Competitors
 - Suppliers
 - Marketing intermediaries
 - Publics
- The Company's Macroenvironment
 - Natural
 - Cultural
 - Demography
 - Economic
 - Technological
 - Political



UNIT 3

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MARKETING INFORMATION

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Learning Objectives

Topic Outline

- **Marketing Information & Customer Insights**
- **Assessing Marketing Information Needs**
- **Developing Marketing Information**
- **Marketing Research**
- **Analyzing & Using Marketing Information**

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Marketing Information and Customer Insights

- Customer Insights are:

Fresh marketing information-based understandings of customers and the marketplace that become the basis for creating customer value, engagement, and relationships.



Marketing Information and Customer Insights

- Marketing Information Systems (MIS)

Marketing information system (MIS)

consists of people and procedures dedicated to:

- **Assessing** the information needs
- **Developing** needed information
- **Helping** decision makers **use** the information to **generate** and **validate** actionable customer and market insights



Assessing Marketing Information Needs

MIS provides information to the company's marketing and other managers and external partners such as suppliers, resellers, and marketing service agencies

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Developing Marketing Information

Developing Needed Information

Internal data

Marketing intelligence

Marketing research

Developing Marketing Information

Internal Data

Internal databases are electronic collections of consumer and market information obtained from data sources within the company network

(Marketing, sales, customer service, accounting, operation ...)

Developing Marketing Information

Marketing Intelligence

Marketing intelligence is the systematic *monitoring, collection and analysis* of *publicly available information* about consumers, competitors, and developments in the marketplace

Developing Marketing Information

Marketing Research

- **Marketing research** is the systematic design, collection, analysis, and reporting of data *relevant* to a specific marketing situation facing an organization

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Developing Marketing Information

Marketing Research Developing the Research Plan

Secondary data consist of information that already exists somewhere, having been collected for another purpose cuuduongthancong.com

Primary data consist of information gathered for the special research plan

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Developing Marketing Information

Marketing Research
Defining the Problem and Research Objectives

Exploratory research

Descriptive research

Causal research

Developing Marketing Information

Marketing Research
Defining the Problem and Research Objectives

Exploratory research objective is to gather preliminary information that will help define problems and suggest hypotheses

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Developing Marketing Information

Marketing Research Defining the Problem and Research Objectives

Descriptive research objective is to better describe marketing problems, situations, or markets, such as the market potential for a product or the demographics and attitudes of consumers.

Developing Marketing Information

Marketing Research
Defining the Problem and Research Objectives

Causal research objective is to test hypotheses
about cause and effect relationships

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Developing Marketing Information

Marketing Research

Planning Primary Data Collection

Research approaches

Contact methods

Sampling plan

Research instruments

Developing Marketing Information

Marketing Research Contact Methods

- Mail
- Telephone
- Personal interviewing
 - Individual interviewing
 - Group interviewing

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Developing Marketing Information

Marketing Research
Contact Methods

Online marketing research

Mobile
survey

Internet
surveys

Online
panels

Online
experiments

Consumer
tracking

Online
focus
groups

Analyzing Marketing Information

Customer Relationship Management (CRM)

Managing detailed information about individual customers and carefully managing customer touch points to maximize customer loyalty

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Review terms

- Marketing Information & Customer Insights
- Assessing Marketing Information Needs
 - MIS
 - Primary – secondary data
- Developing Marketing Information
 - Internal data
 - Marketing intelligence
 - Marketing research: exploratory, descriptive, causal
- Marketing Research:
 - Planning: 4 steps
 - Sampling plan: unit, size, procedure
- Analyzing & Using Marketing Information: CRM

UNIT 4



Consumer Markets and Consumer Buyer Behavior

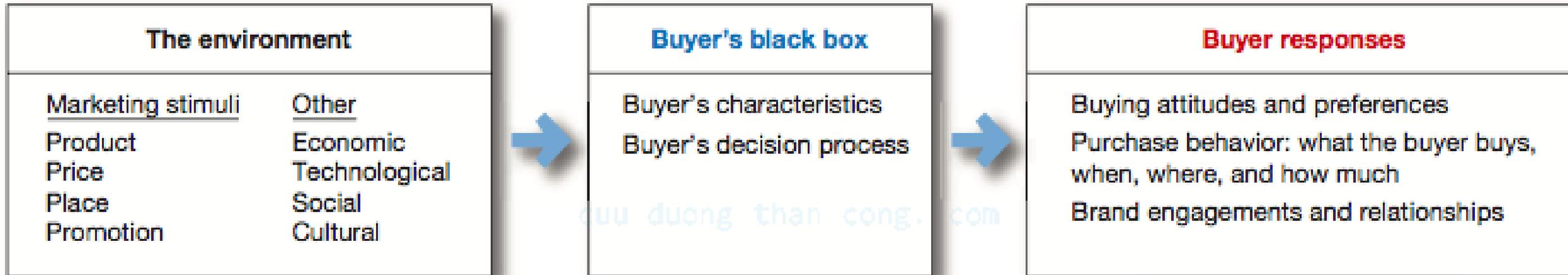
Topic Outline

- The Buyer Decision Process
- Model of Consumer Behavior
- Characteristics Affecting Consumer Behavior
- The Buyer Decision Process for New Products

The Buyer Decision Process



Model of Consumer Behaviour

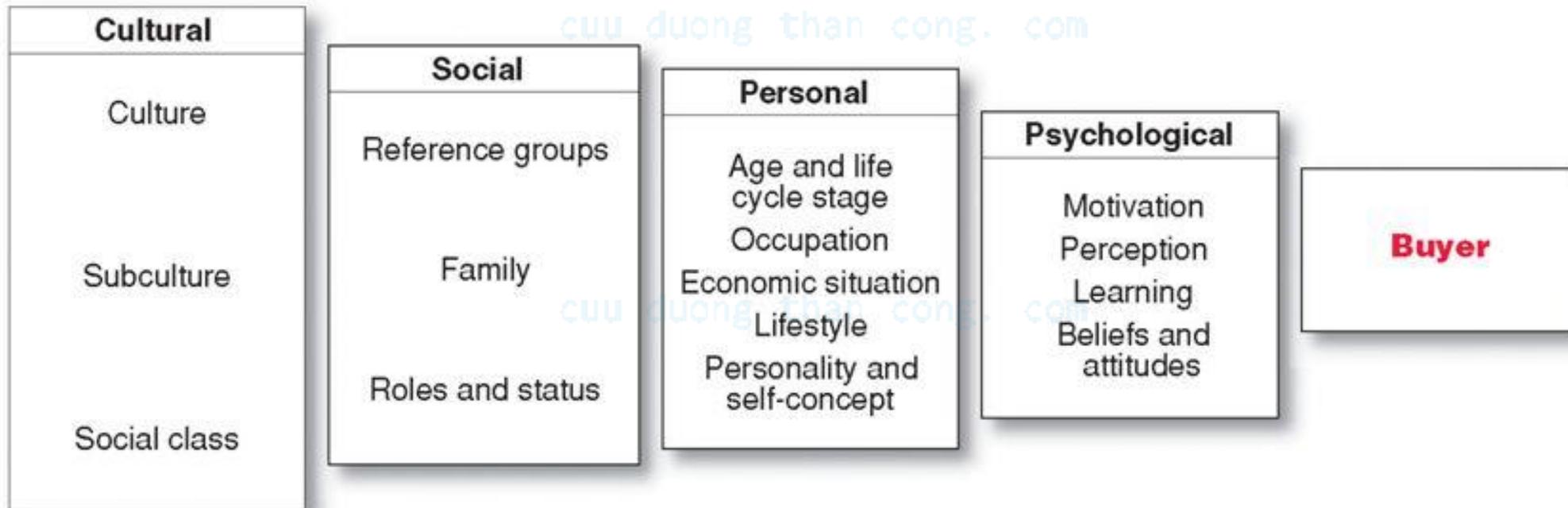


Marketers want to understand how the stimuli are changed into responses inside the consumer's black box, which has two parts:

- How the characteristics influence the way the consumer react to the stimuli
- The buyer decision process itself affect the consumer behaviour

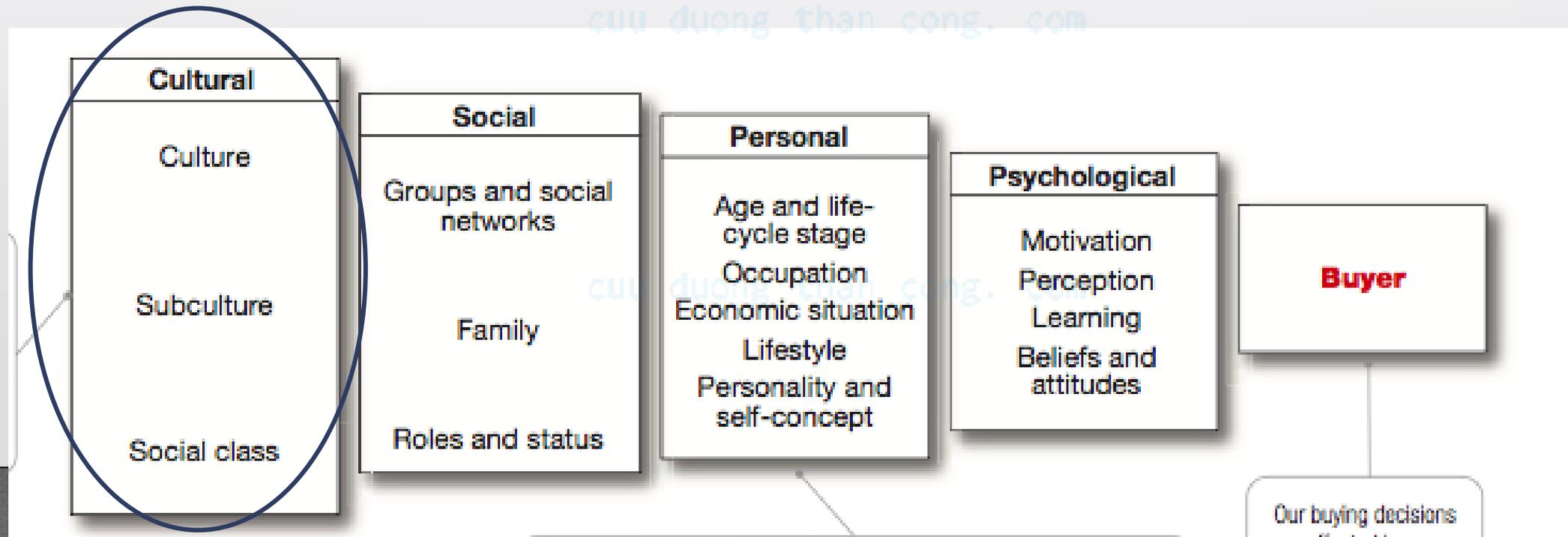
Characteristics Affecting Consumer Behavior

Factors Influencing Consumer Behavior



Characteristics Affecting Consumer Behavior

Culture is the set of basic values, perceptions, wants, and behavior learned by a member of society from family and other important institutions



Characteristics Affecting Consumer Behavior

Groups and Social Networks Groups

Membership Groups

- Groups with direct influence and to which a person belongs

Aspirational Groups

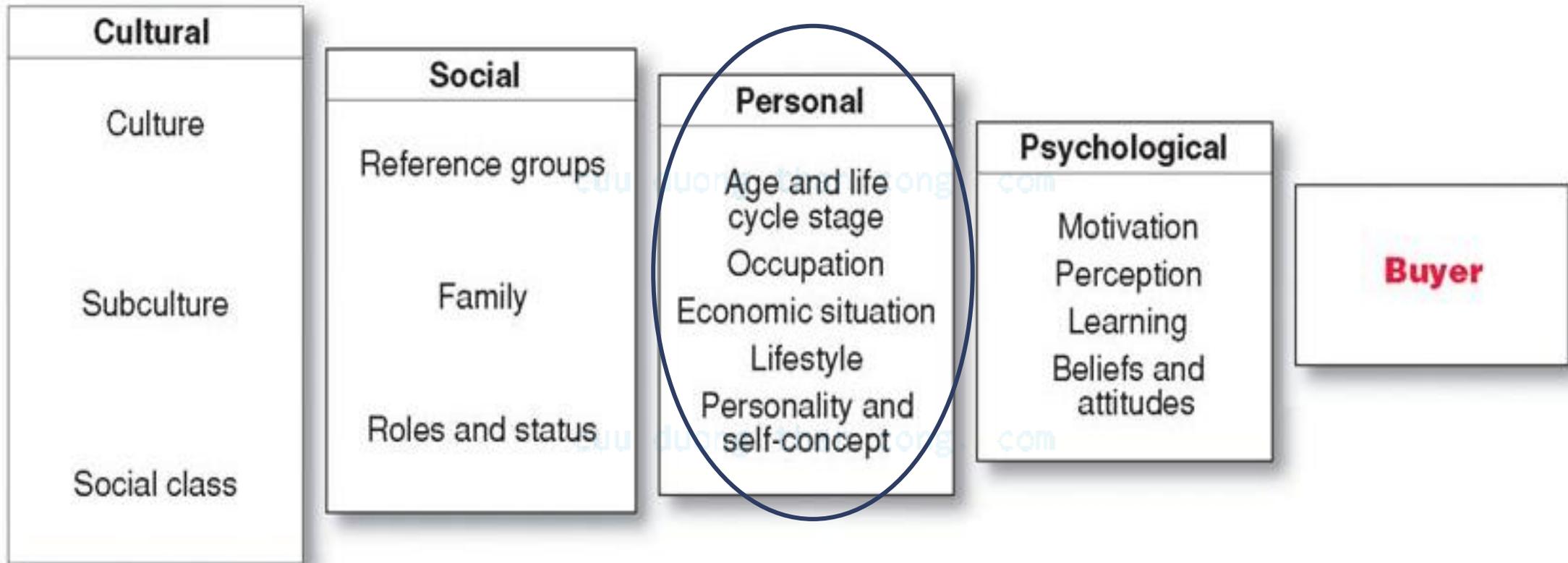
- Groups an individual wishes to belong to

Reference Groups

- Groups that form a comparison or reference in forming attitudes or behavior

Characteristics Affecting Consumer Behavior

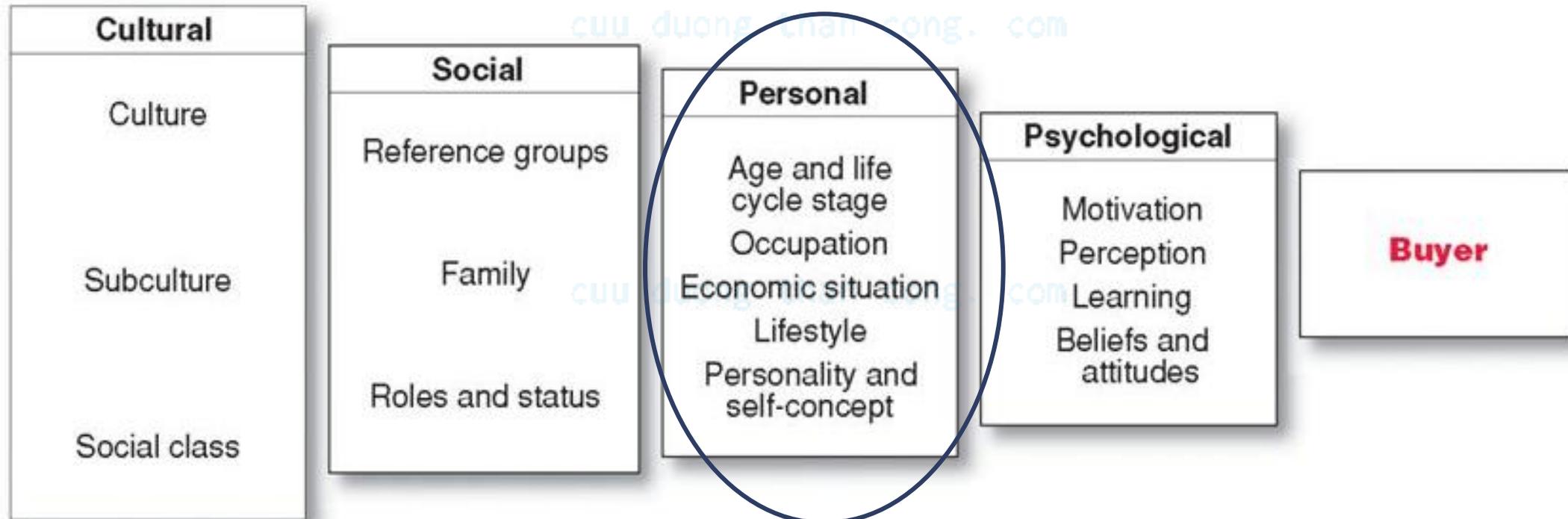
Personal factors



Characteristics Affecting Consumer Behavior

Personal factors

Lifestyle is a person's pattern of living as expressed in his or her activities, interests, and opinions

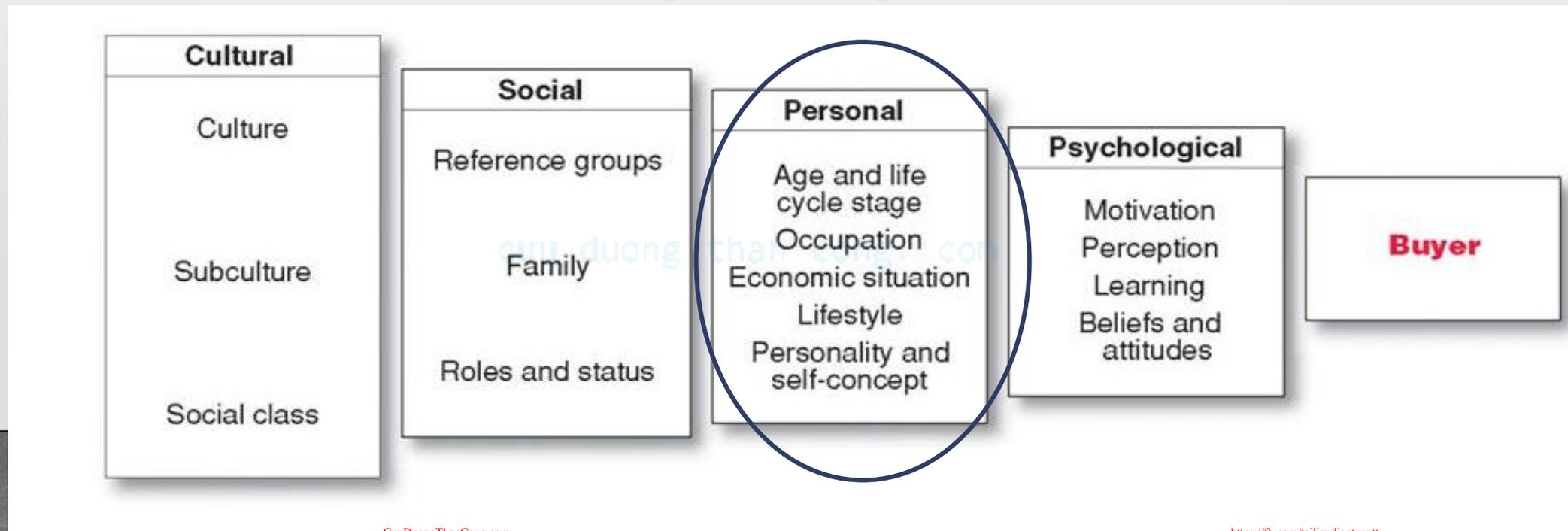


Characteristics Affecting Consumer Behavior

Personal factors

Personality is the unique psychological characteristics that distinguish a person or group

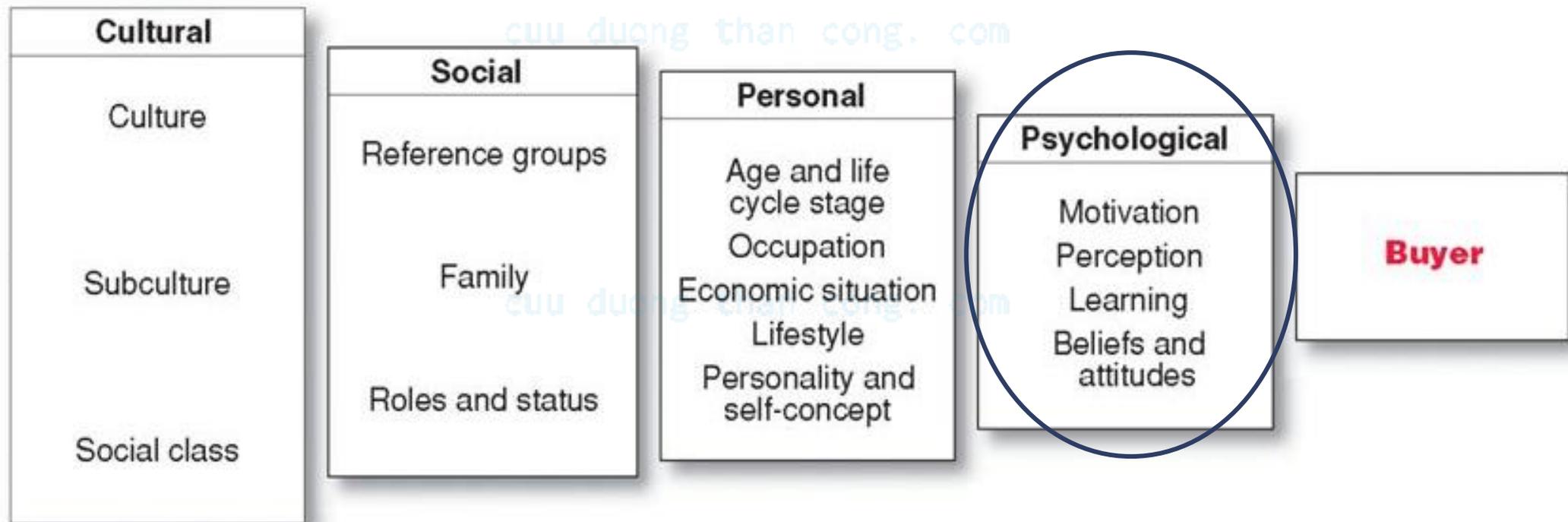
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Characteristics Affecting Consumer Behavior

Psychological factors

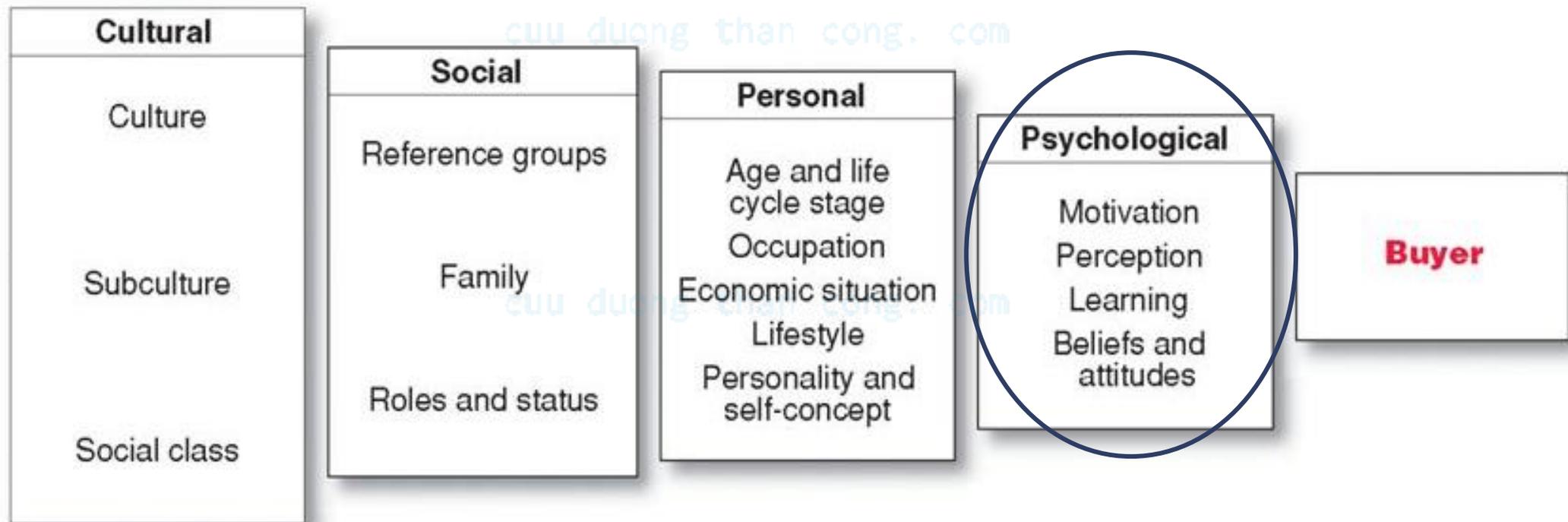
A **motive (or drive)** is a need that is sufficiently pressing to direct the person to seek satisfaction.



Characteristics Affecting Consumer Behavior

Psychological factors

Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world.



TYPES OF BUYING DECISION BEHAVIOUR

Consumer buying behavior in situations characterized by high consumer involvement in a purchase and significant perceived differences among brands.

Consumer buying behavior in situations characterized by low consumer involvement but significant perceived brand differences.

Significant differences between brands

Few differences between brands

High involvement Low involvement

Complex buying behavior	Variety-seeking buying behavior
Dissonance-reducing buying behavior	Habitual buying behavior

Consumer buying behavior in situations characterized by high involvement but few perceived differences among brands.

Consumer buying behavior in situations characterized by low consumer involvement and few significant perceived brand differences.

The Buyer Decision Process for New Products

Adoption process is the mental process an individual goes through from first learning about an innovation to final regular use.

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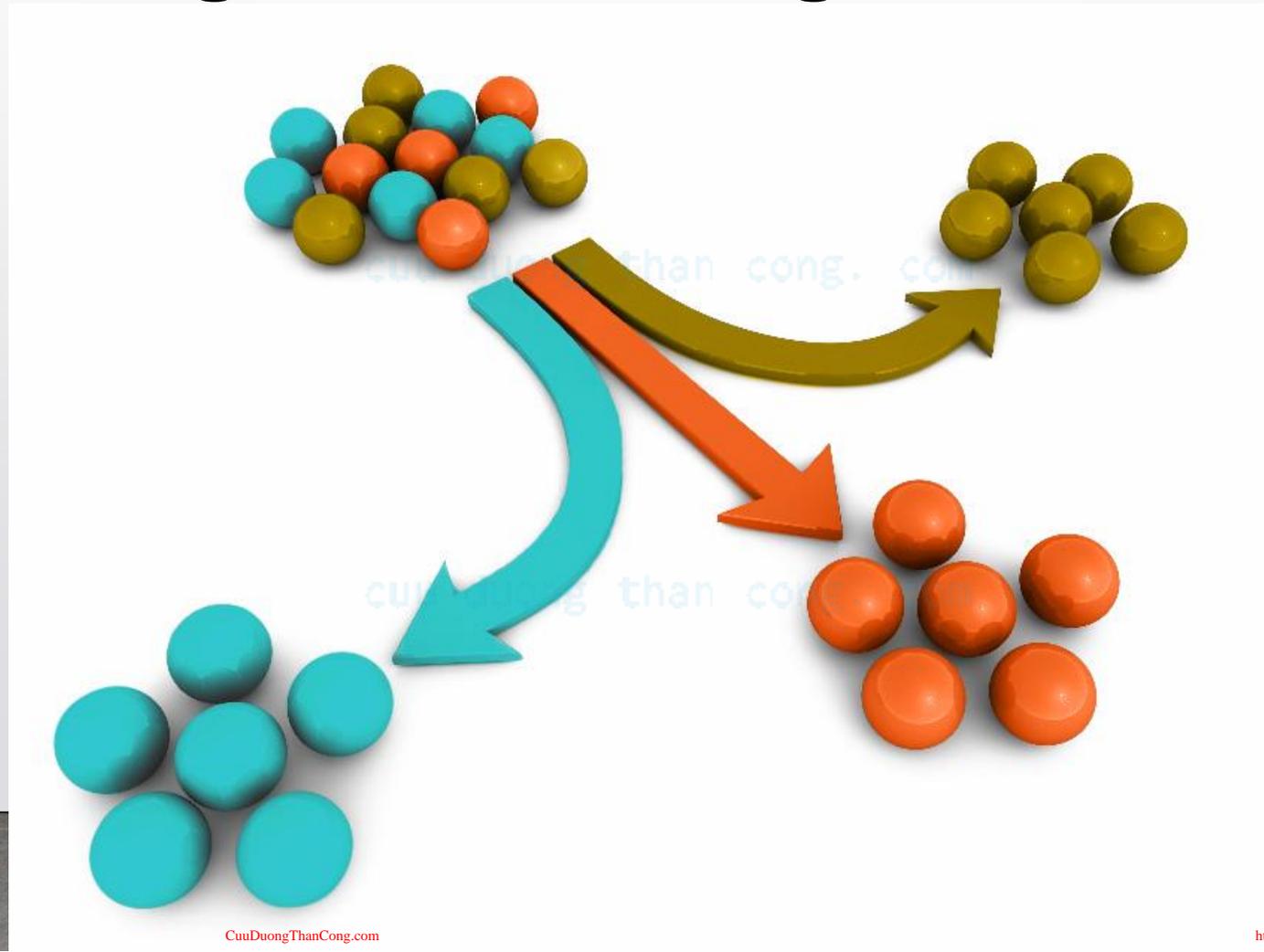


Review

- The Buyer Decision Process
- Model of Consumer Behavior
- Characteristics Affecting Consumer Behavior:
 - Social
 - Groups and social networks
 - Personal
 - Cultural
 - Buying decision behavior
- The Buyer Decision Process for New Products

UNIT 5

Customer-Driven Marketing Strategy Creating Value for Target Customers



Customer-Driven Marketing Strategy

Creating Value for Target Customers

Topic Outline

- Customer-Driven Marketing Strategy
- Market Segmentation
- Market Targeting
- Differentiation and Positioning



Select customers to serve

Segmentation

Divide the total market into smaller segments

Targeting

Select the segment or segments to enter



Create value for targeted customers



Decide on a value proposition

Differentiation

Differentiate the market offering to create superior customer value

Positioning

Position the market offering in the minds of target customers

MARKETING STRATEGY



Market Segmentation

Market segmentation is dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors and who might require separate marketing strategies or mixes.

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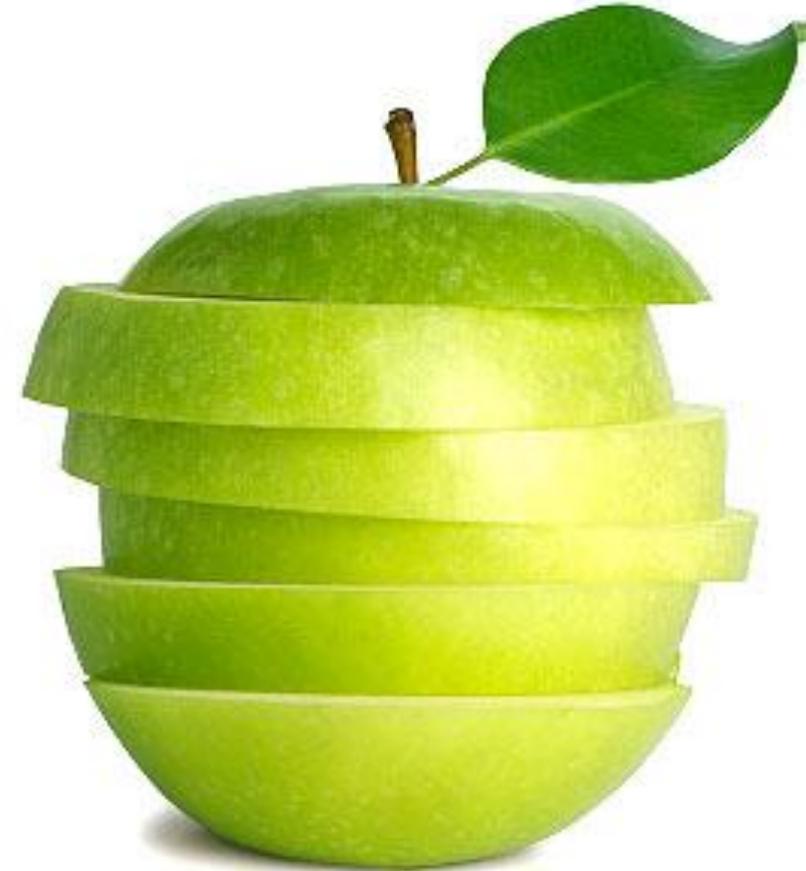
Market Segmentation Bases

Nations, States, Regions, Counties, Cities Geographic

Age, Gender, Income, Marriage status Demographic

Personality, Lifestyle ... Psychographic

Knowledge, attitudes, uses Behavioral



Market Segmentation

Requirements for Effective Segmentation

To be useful, market segments must be:

Measurable

Accessible

Substantial

Differentiable

Actionable

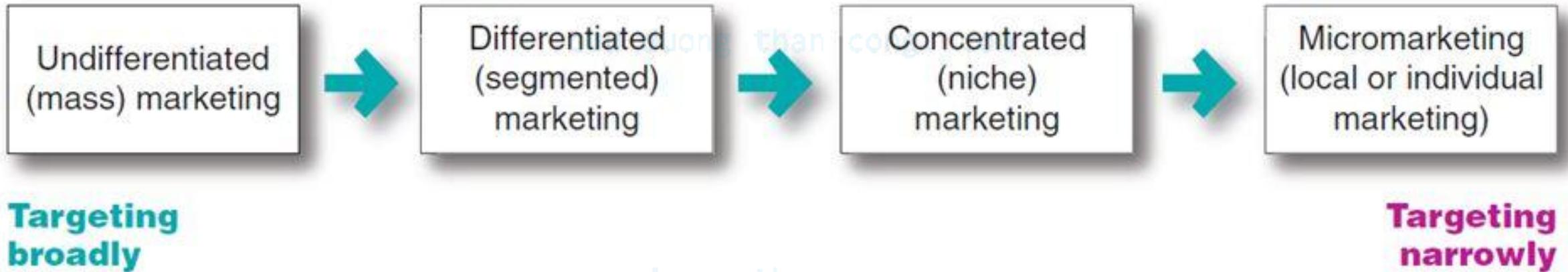
HOW TO CHOOSE A SEGMENT?



Evaluating Market Segments

1. Segment size and growth
2. Segment structural attractiveness
3. Company objectives and resources

Selecting Target Market Segments



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Selecting Target Market Segments

Undifferentiated marketing

Ignore market segment differences and go after the whole market with one offer

Differentiated marketing

Target several market segments & designs separate offers for each

Selecting Target Market

Micromarketing

Tailoring products and marketing programs to the needs and wants of specific individuals and local customer segments

Concentrated marketing

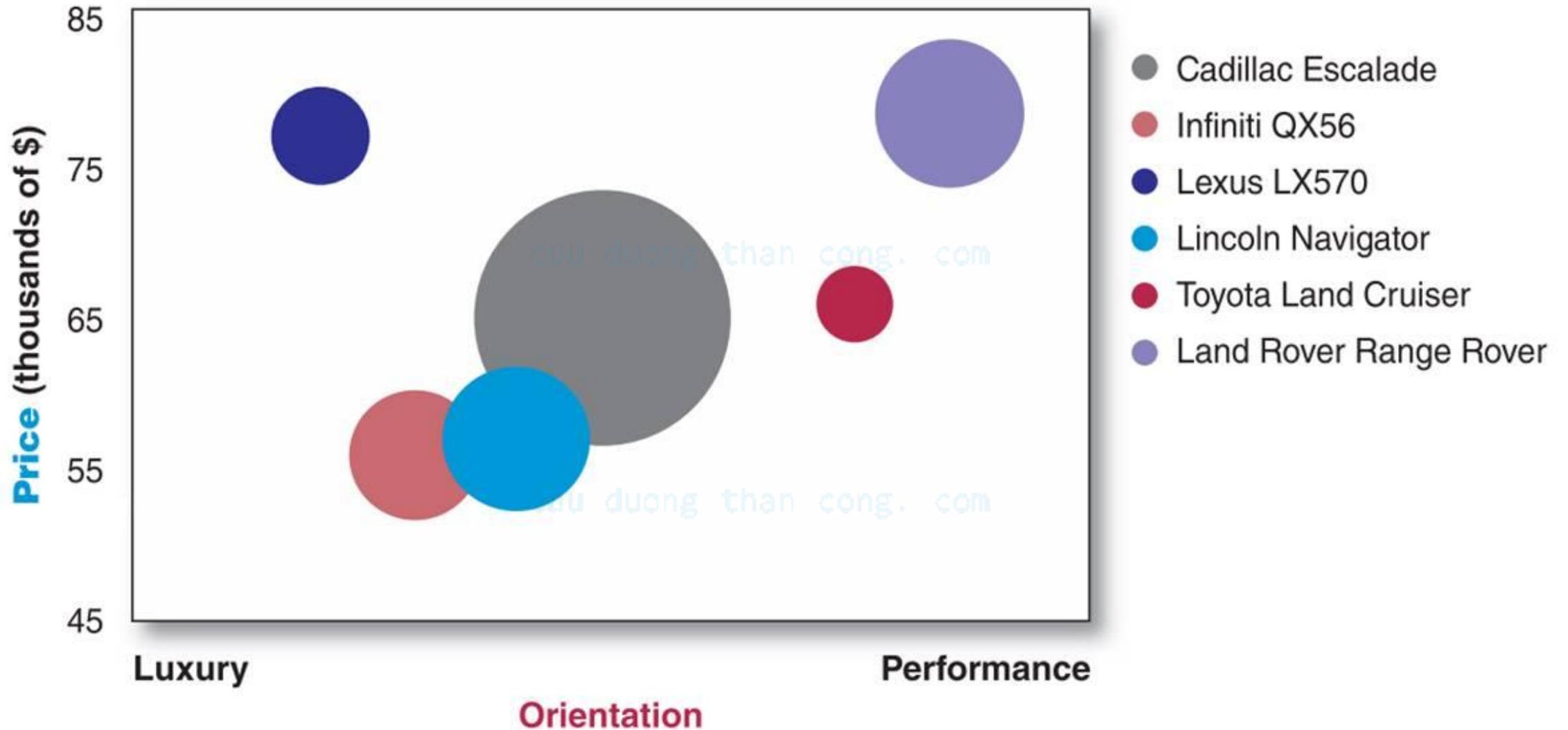
Goes after a large share of one or few segments or niches

Positioning

The way product *is defined by consumers* on important attributes – the place the *product occupies in consumers' minds relative to competing products*



Positioning Map: Large Luxury SUVs





Positioning for Competitive Advantage



What is your positioning strategy?

Differentiation and Positioning

Identifying Possible Value Differences and Competitive Advantages

Competitive advantage is an advantage over competitors gained by offering greater customer value either by having lower prices or providing more benefits that justify higher prices.

Differentiation and Positioning

Selecting an Overall Positioning Strategy

- **Value proposition** is the full mix of benefits upon which a brand is positioned
- The answer to the customers' question: why should I buy this brand?

REVIEW

- Market Segmentation: basis, criteria
- Market Targeting: undifferentiated, differentiated, concentrated (niche), micro
- Differentiation and Positioning:
 - Positioning maps
 - Differentiation
 - Competitive advantages
 - Value proposition

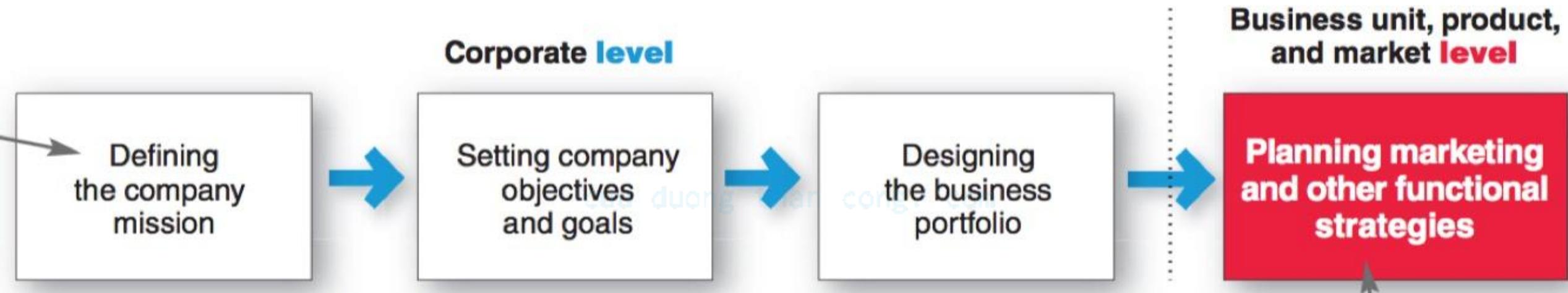


UNIT 6: Company – Wide Strategic Planning

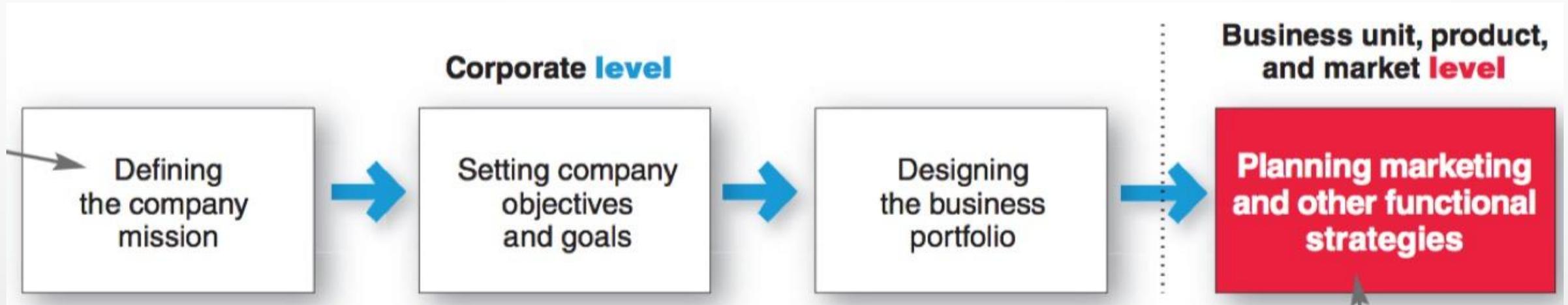
Strategic Planning

The process of developing and maintaining a strategic fit between the organization's **goals and capabilities** and its changing **marketing opportunities**

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Strategic Planning

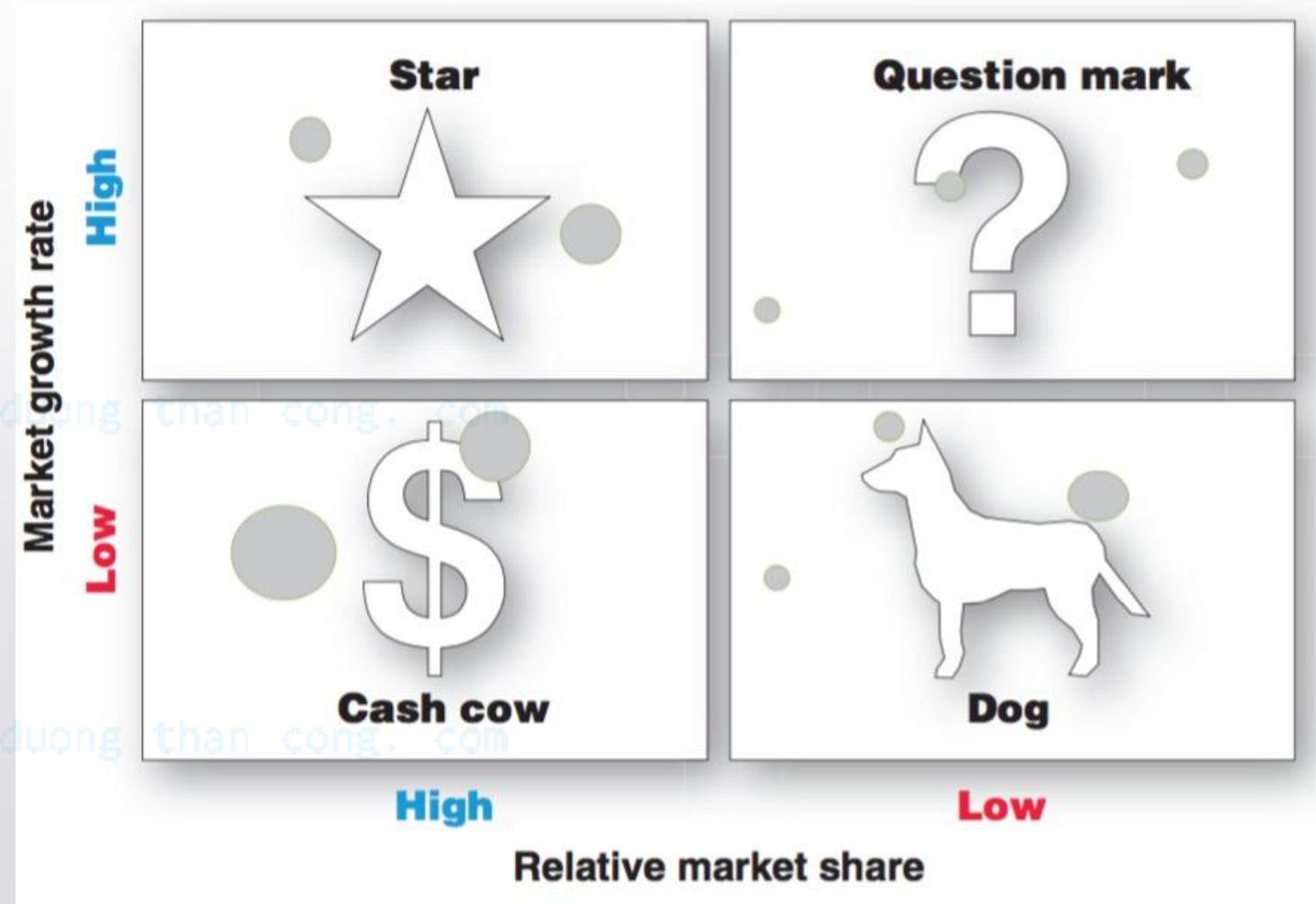


➤ **Business portfolio:** *The collection of businesses and products - SBUs- that:*

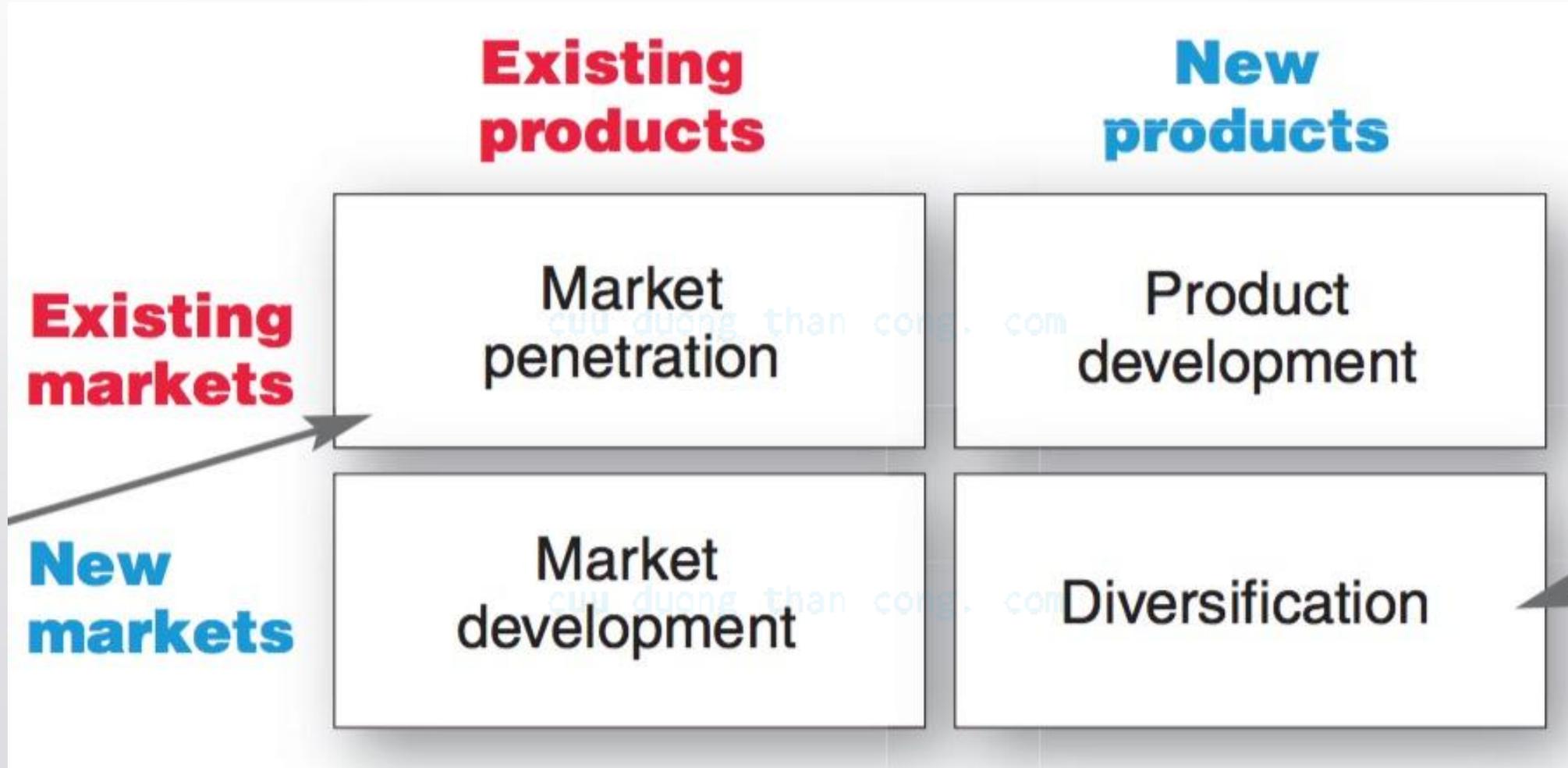
- Make up the company
- Best fits the company's strengths and weaknesses to opportunities in the environment
 - SBUs: Strategic business units
 - An SBU can be a company division, a product line within a division, or sometimes a single product or brand

Growth-share matrix

A portfolio-planning method that evaluates a company's SBUs in term of *its market growth rate* and *relative market share*



Developing strategies for growth and downsizing



Planning Marketing



Marketing Plan

1. Choose the real product
2. Define your target customer and target customer behavior
3. Marketing Environment Analysis
4. Positioning Proposal
5. Product strategy
6. Price strategy
7. Place Strategy
8. Promotion Strategy



Products, Services, and Brands Building Customer Value

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Product, Services, and Branding Strategy

Topic Outline

- **What Is a Product?**
- **Product and Services Decisions**
- **Services Marketing**
- **New Product Development**
- **Product Life Strategy**

Products, Services and Experiences

Some combination of **products, services, information, or experiences** offered to a market to satisfy a need or want

Marketing-mix planning begins with building an offering that brings value to target customers

Market offerings



Products



Services



Places



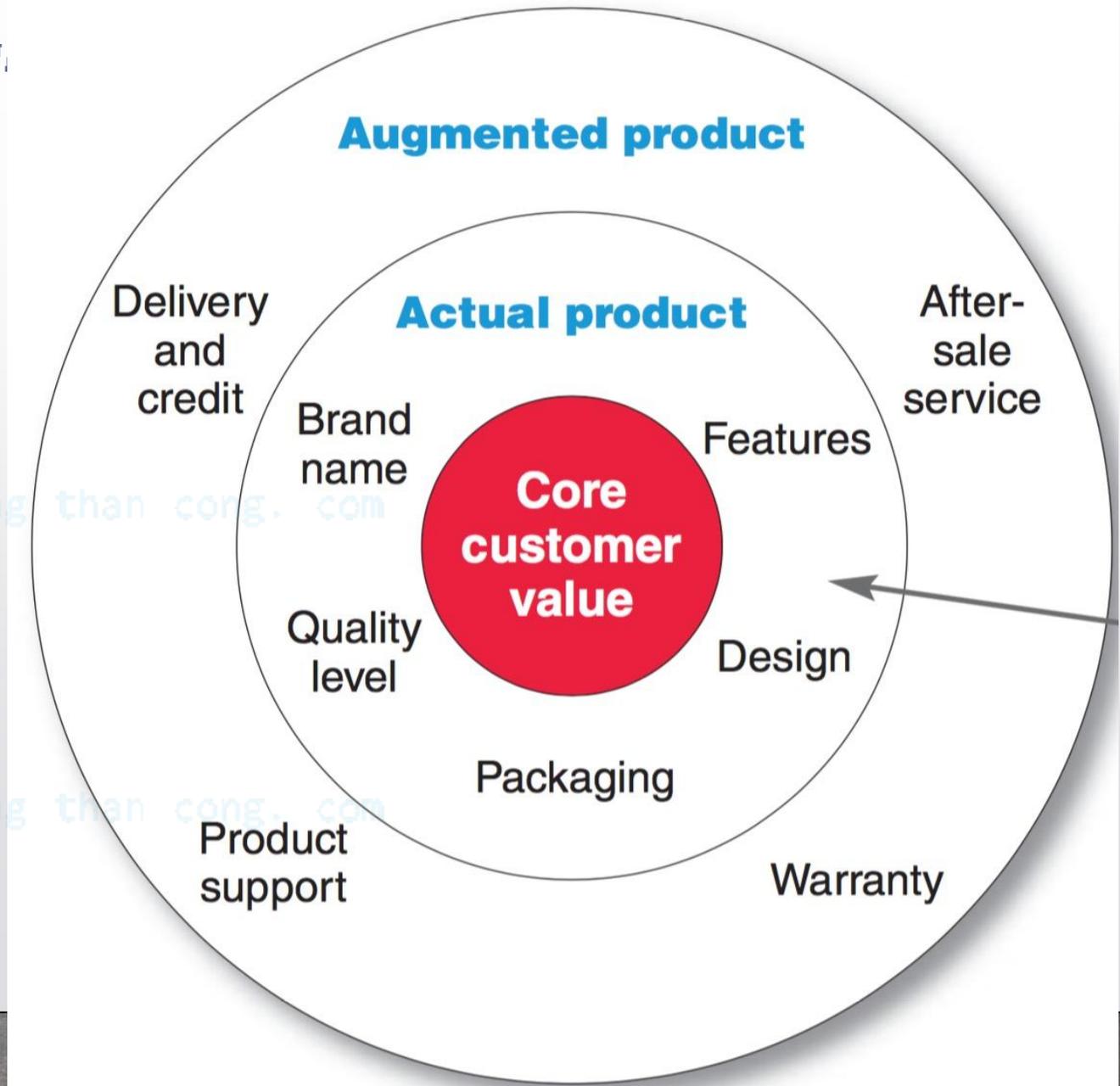
Experience



Ideas

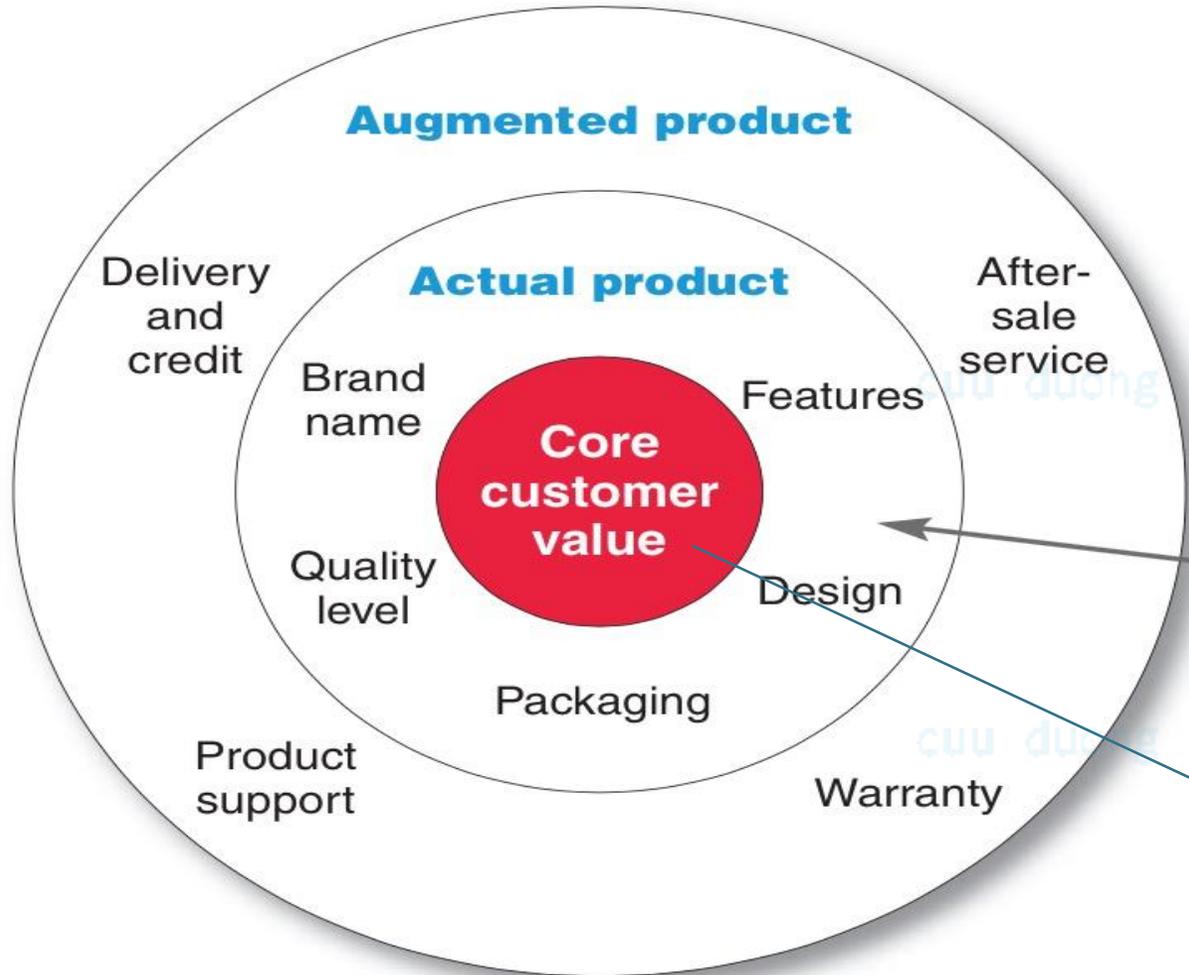


People



3 levels of Products and Services

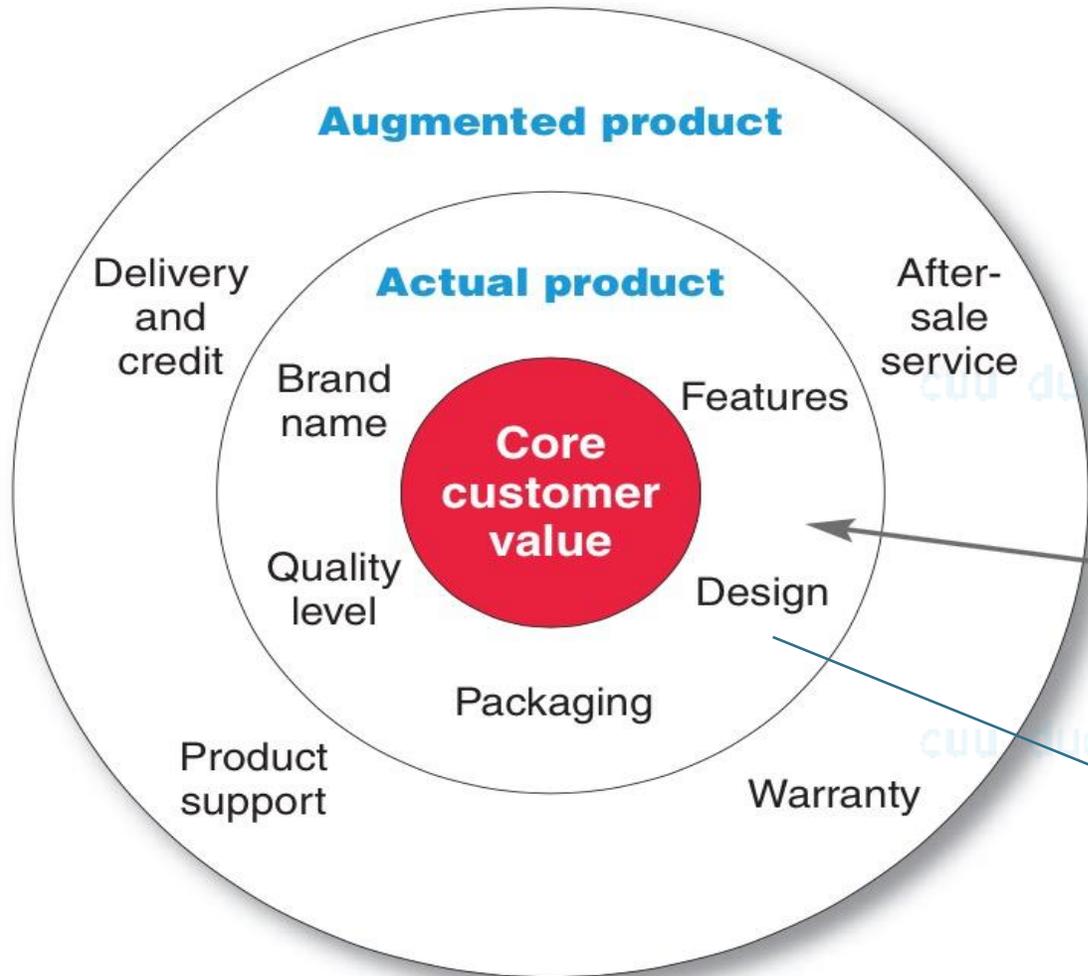
Levels of Product and Services



The core, problem-solving benefits or services that the consumers seek

Core customer value
What is the buyer really buying?

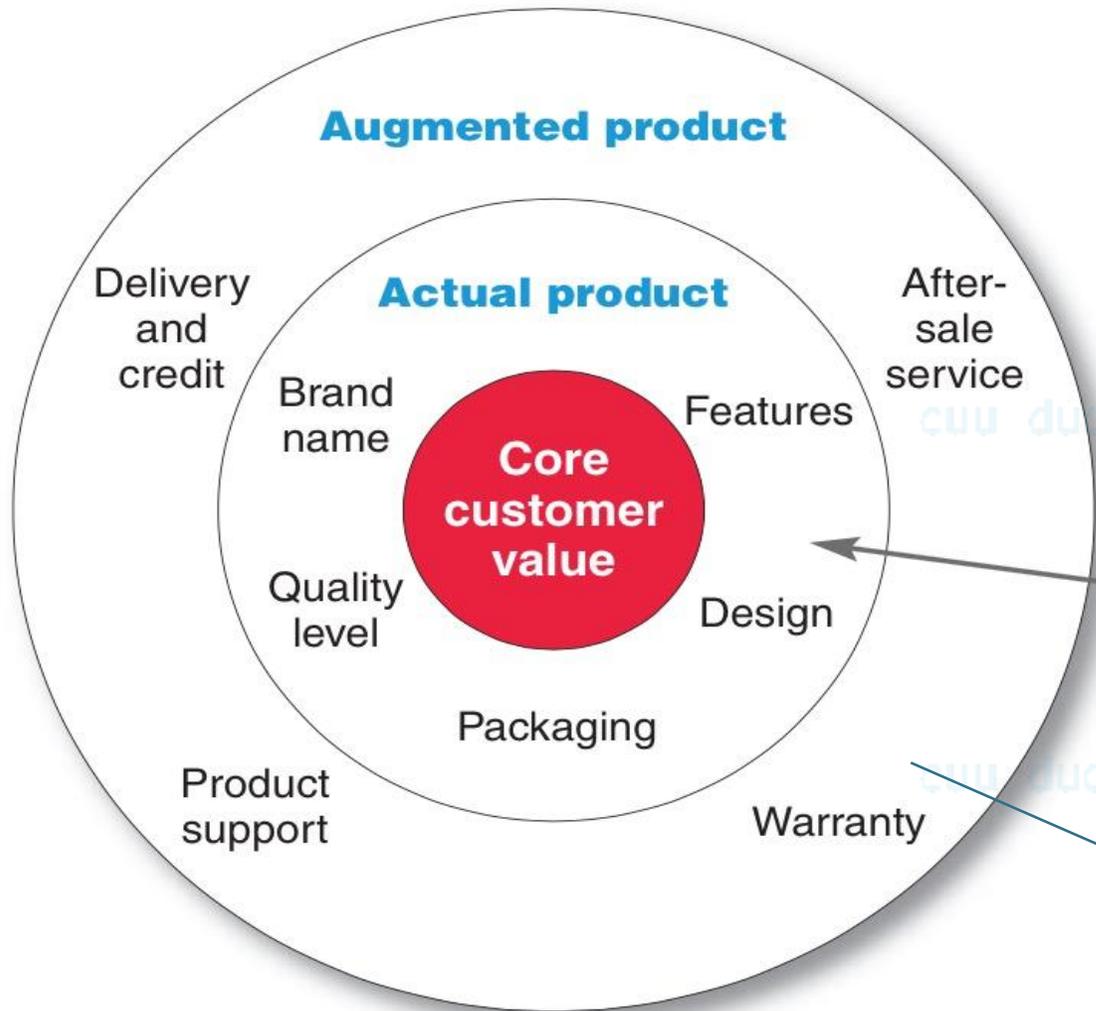
Levels of Product and Services



Turn the core benefit into an actual product

Actual product

Levels of Product and Services



Offering additional consumer services and benefits

Augmented product



Products and Services Classifications

- Consumer products
 - Convenience products
 - Shopping products
 - Specialty products
 - Unsought products
- Industrial products
- Organizations, Persons, Places, Ideas

What Is a Product?

Product and Service Classifications

Industrial products are products purchased for further processing or for use in conducting a business

- Classified by the purpose for which the product is purchased
 - Materials and parts
 - Capital
 - Raw materials

What Is a Product?

Organizations, Persons, Places, and Ideas

Organization marketing consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward an organization

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What Is a Product?

Organizations, Persons, Places, and Ideas

Person marketing consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular people



What Is a Product?

Organizations, Persons, Places, and Ideas

Place marketing consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular places



What Is a Product?

Organizations, Persons, Places, and Ideas

Social marketing is the use of commercial marketing concepts and tools in programs designed to influence individuals' behavior to improve their well-being and that of society





Product and Service Decisions

Product
attributes



Branding



Packaging



Labeling



Product
support
services

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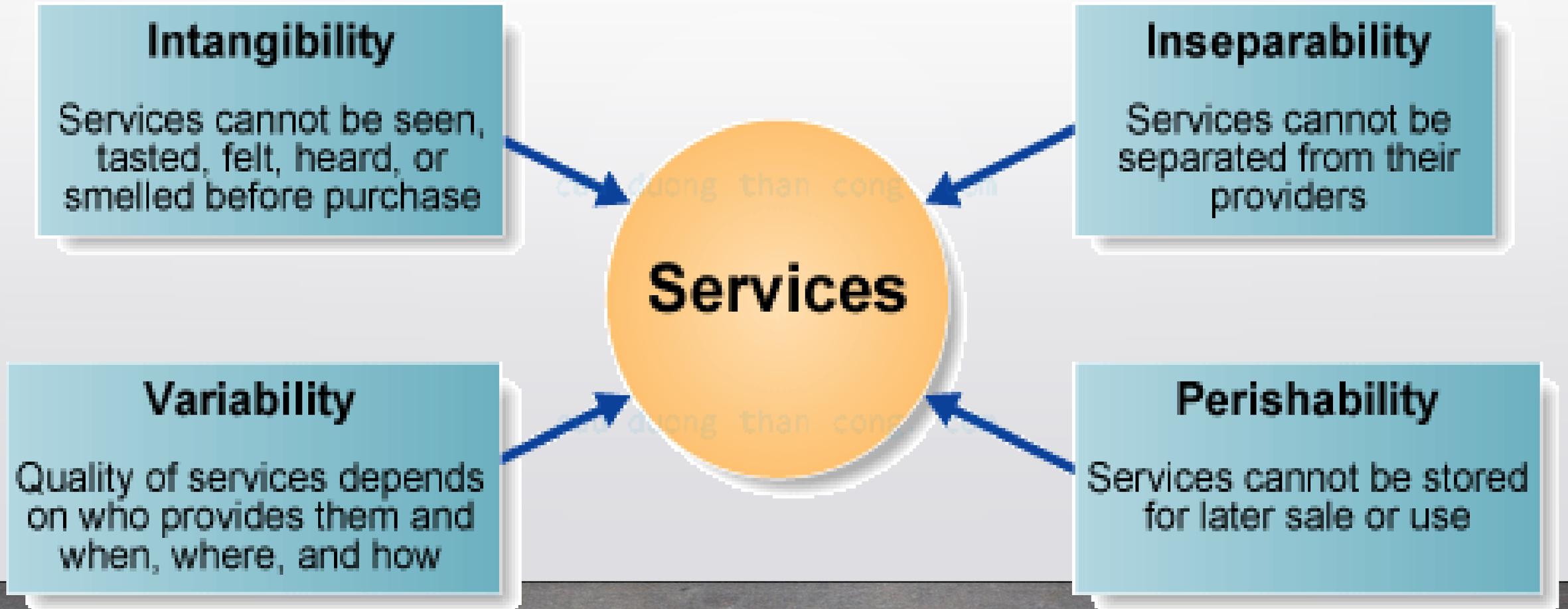
Product and Services Decisions

Product Mix Decisions

Product mix (or product portfolio) consists of all the products and items that a particular seller offers for sale

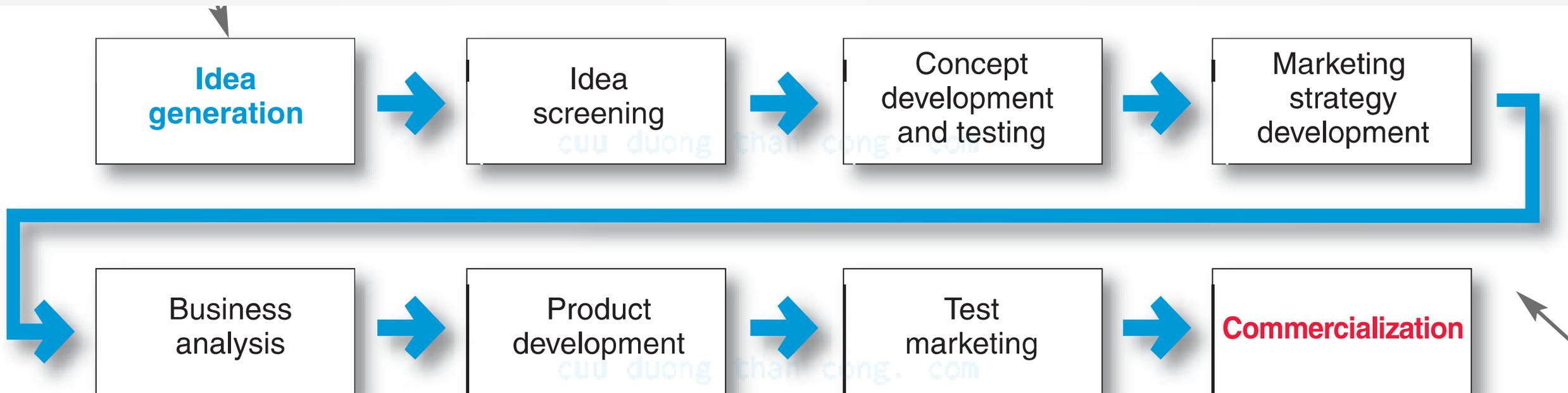
- **Width:** Product mix *width* refers to the number of different product lines the company carries.
- **Length:** Product mix *length* refers to the total number of items a company carries within its product lines.
- **Depth:** Product line *depth* refers to the number of versions offered of each product in the line
- **Consistency:** the *consistency* of the product mix refers to how closely related the various product lines are in end use, production requirements, distribution channels, or some other way.

Services Marketing



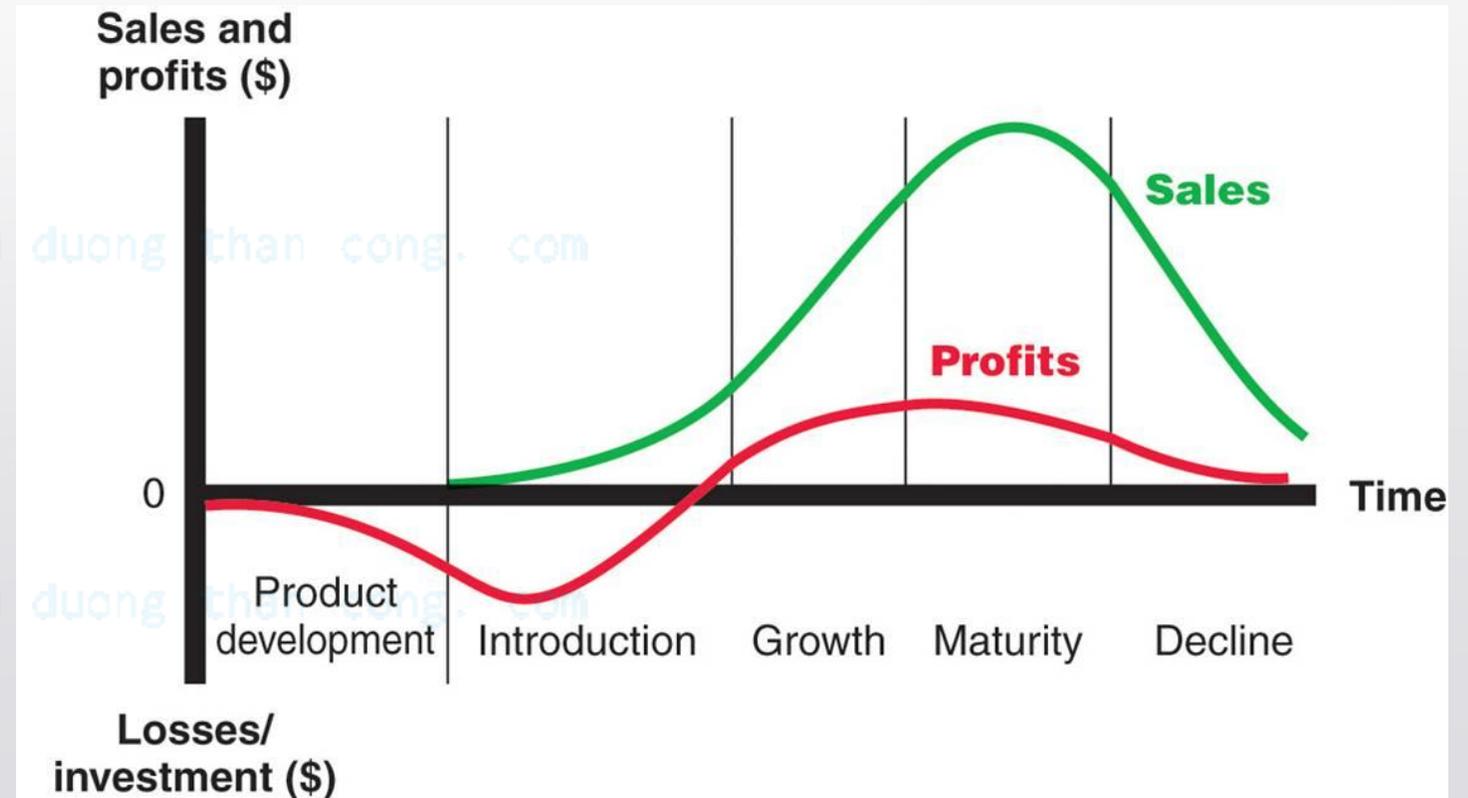
New-Product Development Strategy

New Product Development Process



Product Life-Cycle Strategies

The course of a product's sales and profits over its lifetime



Product Life-Cycle Strategies

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Mainstream adopters	Lagging adopters
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
Marketing objectives				
	Create product engagement 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, and warranty	Diversify 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	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and dealers	Build engagement and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyals
Sales promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

Review

- What Is a Product?
 - Consumer products: convenience, shopping, specialty, unsought
 - Industrial products: capital, materials and parts, raw materials
 - Organization, people, place, social
- Product and Services Decisions: features, brand, package, labels, product support services
- Services Marketing
- New Product Development
- Product Life Strategy

CHAPTER 10: PRICING



Pricing Concepts Understanding and Capturing Customer Value

Topic Outline

Understanding the meaning and the use of:

- What Is a Price?
- Pricing approaches
- Pricing strategies

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What Is a Price?

Price is the amount of money charged for a product or service. It is the sum of all the values that customers exchange for the benefits of having or using the product or service

Price is the only element in the marketing mix that produces revenue; all other elements represent costs

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Major pricing approaches

- ✧ Customer value – based pricing
- ✧ Cost – based pricing
- ✧ Competition – based pricing



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MORE DELICIOUS THAN ANY MOVIE



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Customer Value – Based Pricing

Setting price based on
buyer's perceptions of value
rather than on the seller's cost

Assess customer needs and value perceptions



Set target price to match customer perceived value



Determine costs that can be incurred



Design product to deliver desired value at target price

Cost – Based Pricing

Setting prices **based on the costs** for producing, distributing, and selling the product plus a fair rate of return for effort and risk²⁸





Competition – Based Pricing

Setting prices based on competitor's strategies, prices, costs, and market offerings

Considerations affecting pricing decisions

Internal Considerations

- ✓ Overall marketing strategy, objectives and mix
- ✓ Organizational considerations
- ✓ The market and demand
 - Pricing in different types of markets
 - Analyzing the price-demand relationship

External Considerations

- ✓ The Economy
- ✓ Other External Factors



Pricing Strategies

- ✧ New – Product Pricing Strategies
- ✧ Product Mix Pricing Strategies
- ✧ Price Adjustment Strategies

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New Product Pricing Strategies

Market – Skimming Pricing

- ✓ Setting a **high price** for a new product to skim **maximum revenues layer** by layer from the segments willing to pay the high price, the company markets fewer but more profitable sales

Market – Penetration Pricing

- ✓ Setting a **low price** for a new product to **attract a large number of buyer and a large market share**
- ✓ To penetrate the market quickly and deeply

Product Mix Pricing Strategies

Product line pricing

Captive product pricing

By – product pricing

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Optional product pricing

Product Bundle Pricing

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Price Adjustment Strategies

Discount

Segmented pricing

Psychological pricing

Allowance

Reference prices

Promotion pricing

Geographical pricing

Dynamic pricing

International pricing

Review

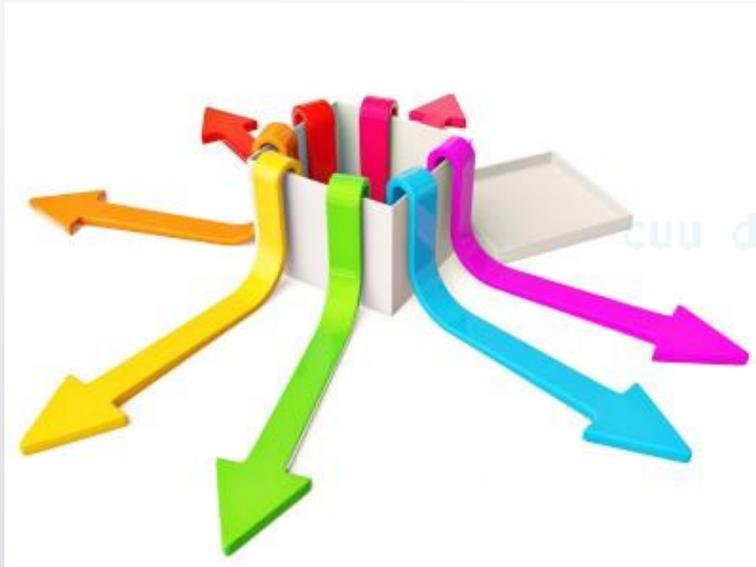
- What Is a Price?
- Pricing approaches
 - Cost based
 - Customer value-perceived
 - Competitors based
- Pricing strategies
 - New Product Pricing
 - Product Mix Pricing
 - Price Adjustment Pricing

Marketing Channels (Distribution Channel)



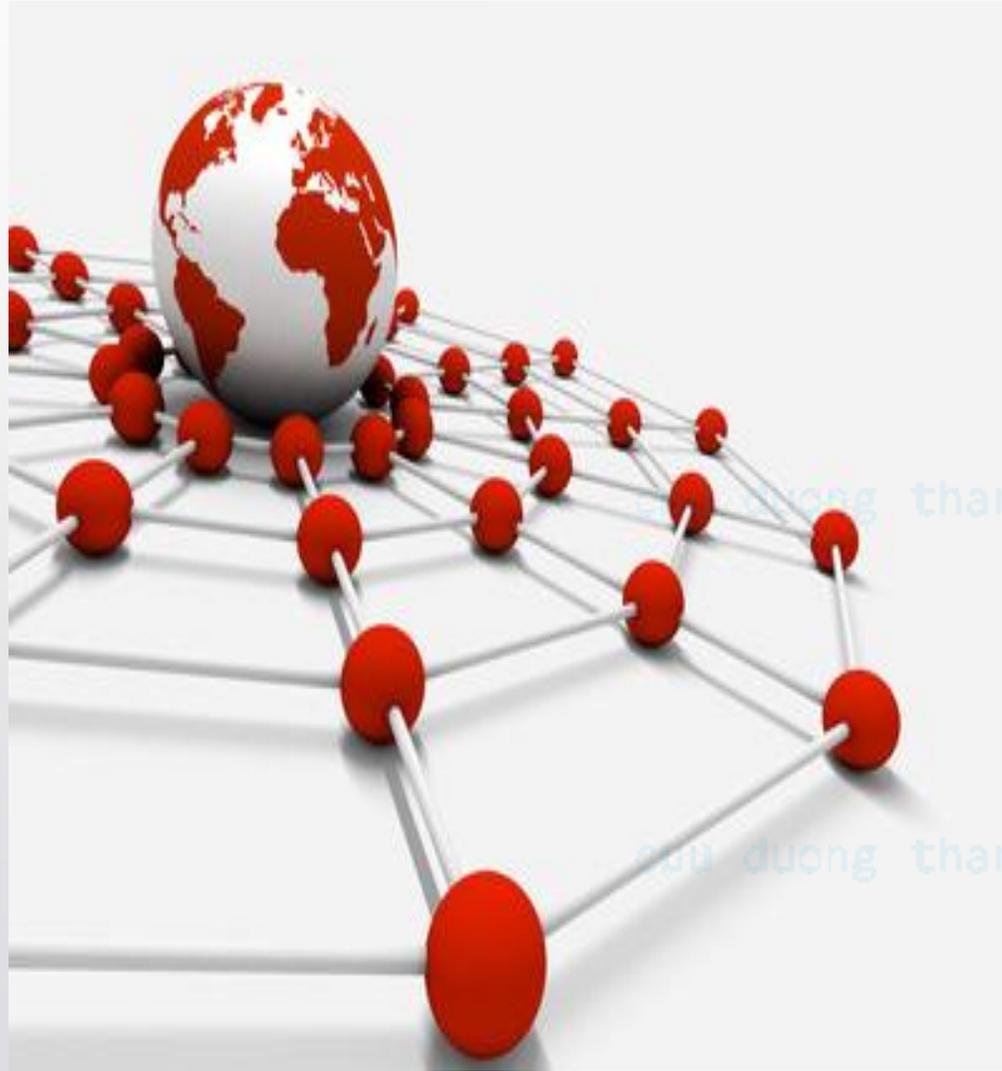
Delivering Customer
Value

Objectives



Understanding:

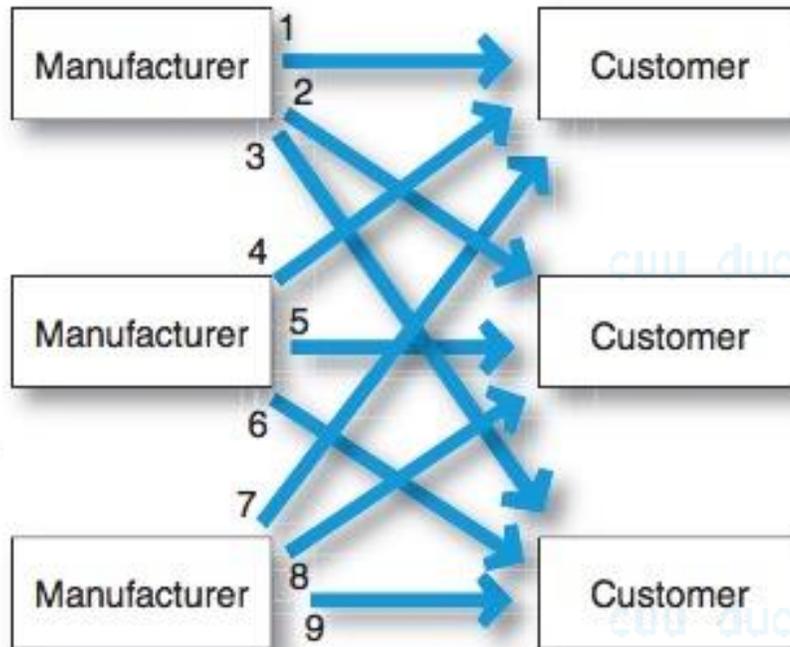
- ✓ The nature and importance of marketing channel
- ✓ Channel Behavior and Organization
- ✓ Channel design decisions
- ✓ Marketing channel decisions



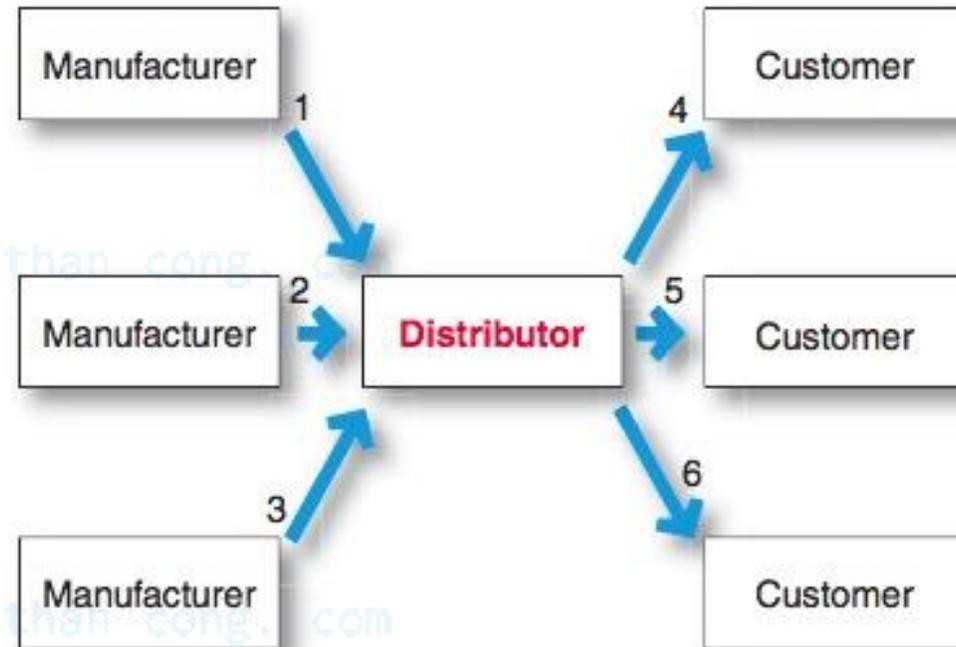
Marketing channel

A set of interdependent organizations that **help make a product or service available for use or consumption** by the consumer or business user

The Nature and Importance of marketing channel



A. Number of contacts without a distributor
 $M \times C = 3 \times 3 = 9$



B. Number of contacts with a distributor
 $M + C = 3 + 3 = 6$

Number of Channel Levels

✧ Channel level:

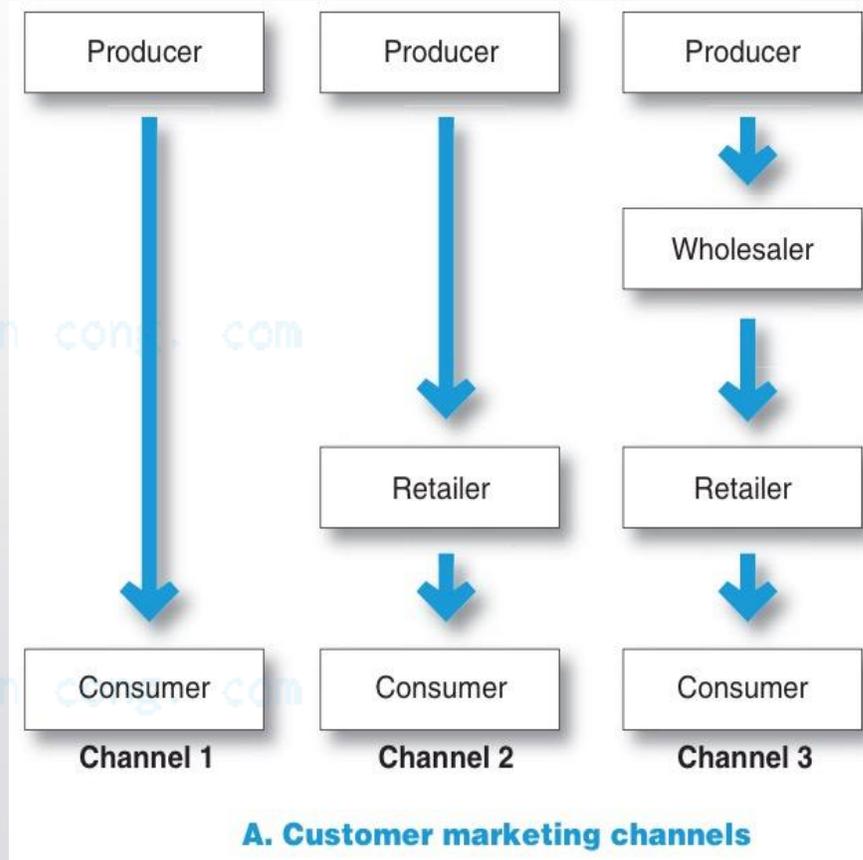
A layer of intermediaries that performs some work in bringing the product and its ownership closer to the final buyer

✧ Direct marketing channel

Has no intermediary levels

✧ Indirect marketing channel

Channel containing one or more intermediary levels





Channel Behavior and Organization



Channel Behavior and Organization

Channel conflict

Disagreement among marketing channel members on goals, roles and rewards

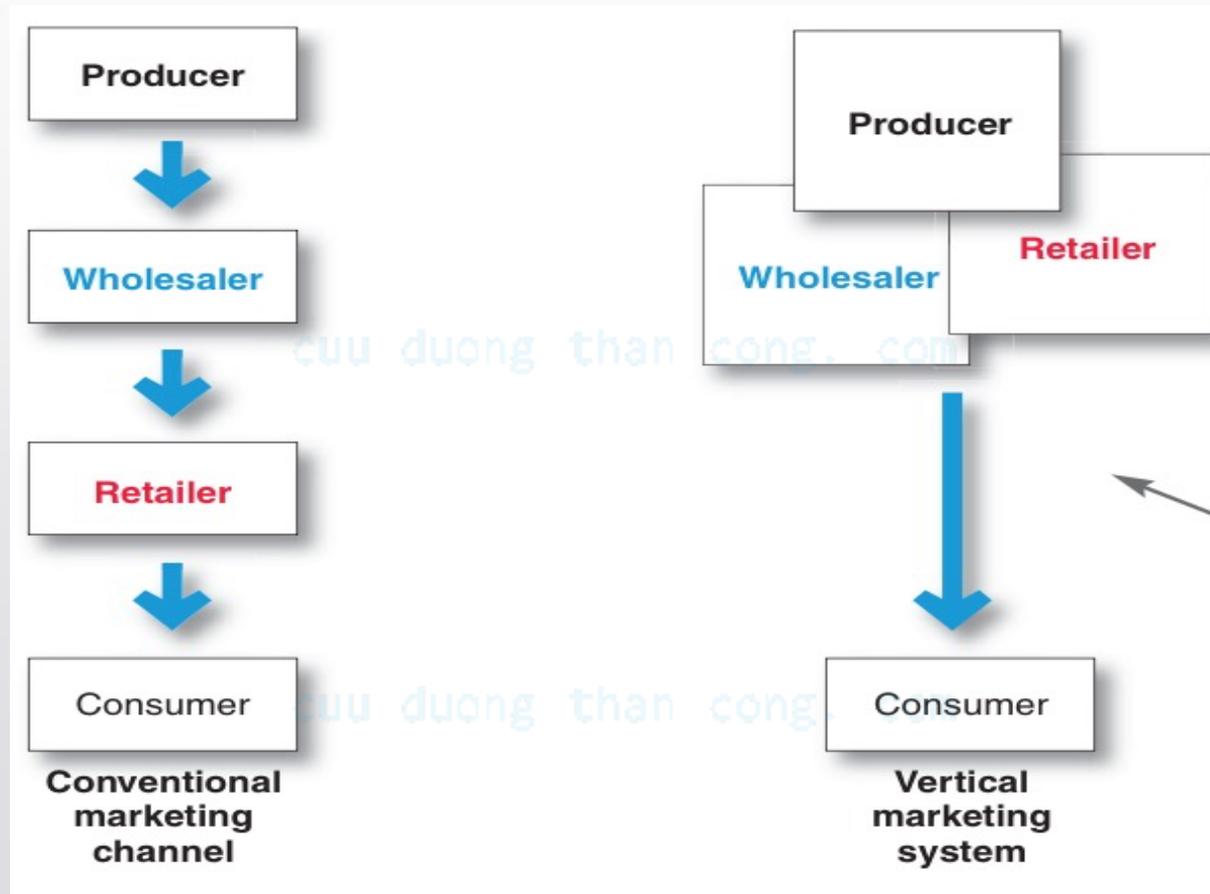
Horizontal conflict

Horizontal conflict occurs among firms at the same level of the channel

Vertical conflict

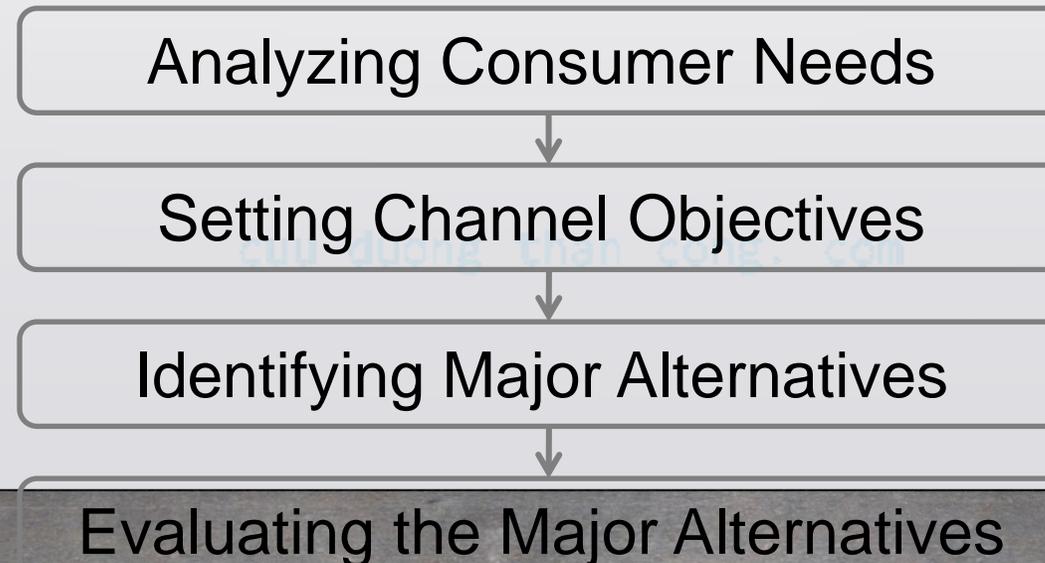
Conflict between different levels of the same channel

Conventional and Vertical marketing system



Channel Design Decisions

Designing effective marketing channels by ***analyzing customer needs, setting channel objectives, identifying major channel alternatives, and evaluating those alternatives***





Marketing channel management

Selecting, managing, and motivating individual channel members and evaluating their performance over time

Selecting Channel Members



Managing and Motivating
Channel Members



Evaluating Channel Members



Review

- ✓ The nature and importance of marketing channel
- ✓ Channel Behavior and Organization
 - ✓ Channel conflicts
 - ✓ Vertical and conventional marketing system
- ✓ Channel design decisions
 - ✓ Analyzing consumer needs
 - ✓ Setting channel objectives
 - ✓ Identifying major alternatives
 - ✓ Evaluating the alternatives
- ✓ Marketing channel decisions

PROMOTION



The Promotion Mix

The promotion mix is the specific blend of *advertising, public relations, personal selling, and direct-marketing tools* that the company uses to persuasively communicate customer value and build customer relationships;

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PROMOTIONAL MIX



The Promotion Mix

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor

- Broadcast (TV/ radio)
- Print
- Internet
- Outdoor



The Promotion Mix

Public Relations

Public relations department functions include:

- Press relations or press agency
- Product publicity
- Public affairs
- Lobbying
- Investor relations
- Development

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The Promotion Mix

Public Relations

Public relations department functions include:

- Press relations or press agency
- Product publicity
- Public affairs
- Lobbying
- Investor relations
- Development

The Promotion Mix

Sales promotion is the short-term incentives to encourage the purchase or sale of a product or service

- Discounts
- Coupons
- Displays
- Demonstrations

The Promotion Mix

Personal selling is transaction-oriented to *close a specific sale with a specific customer*. The long-term goal is to develop a *mutually profitable relationship*

- Sales presentations
- Trade shows
- Incentive programs

The Promotion Mix

Direct Marketing

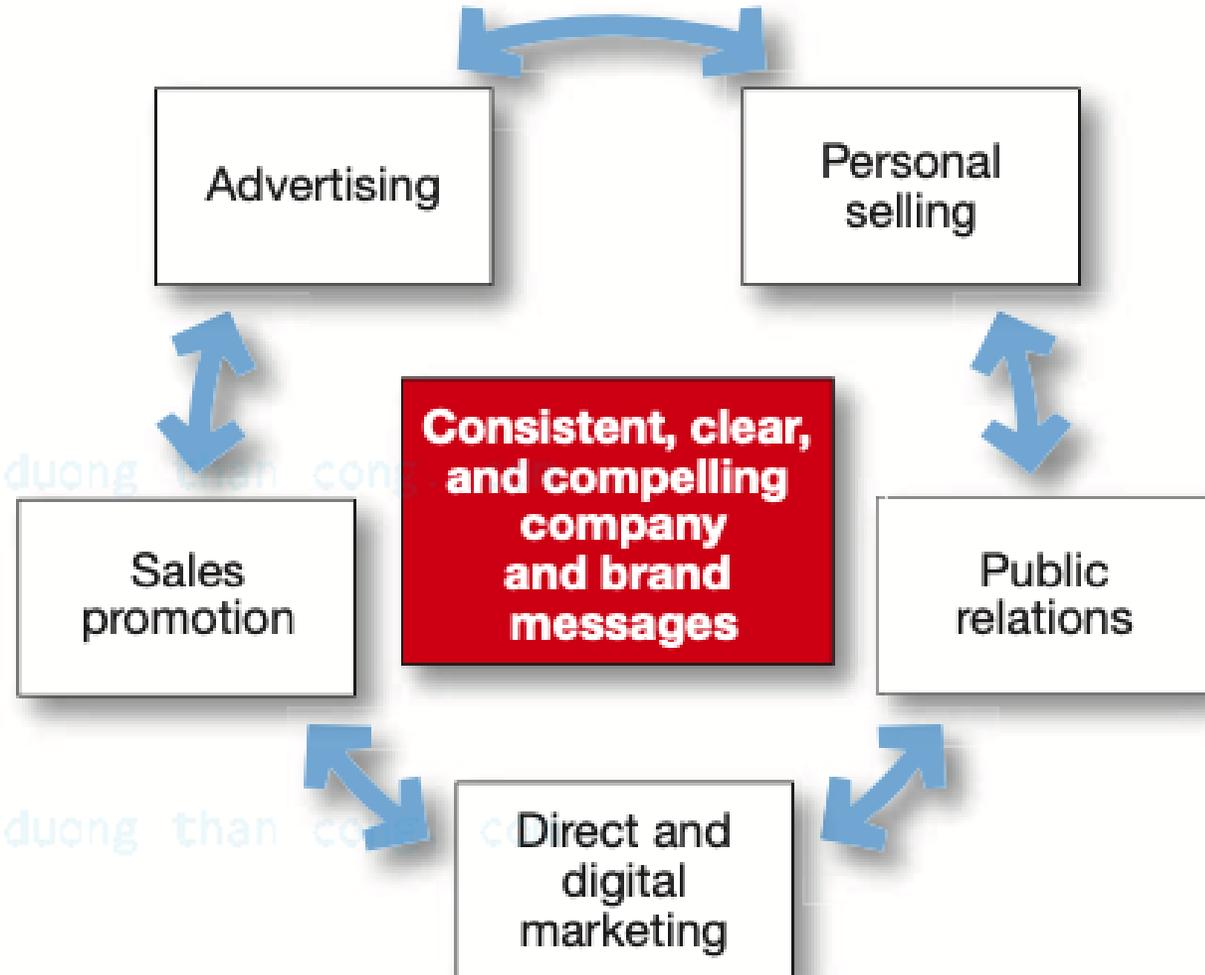
Direct marketing is:

- A marketing channel *without intermediaries*
- An element of the promotion mix
- *Fastest-growing* form of marketing



Integrated Marketing Communication

Carefully blended mix of promotion tools





Push strategy



Pull strategy



Review

- ✓ The Promotion Mix

- ✓ Advertising

- ✓ PR (Public Relations)

- ✓ Direct Marketing

- ✓ Sales Promotion

- ✓ Personal selling

- ✓ Integrated Marketing Communication

- ✓ Push and Pull Marketing