LITTLE NOTABLES EXCLUSIVE – PARI TARAPORE

WEEK 7-MARKETING MIX:

PRODUCTS AND SERVICES: Marketing is about providing value and fulfilling consumers' needs, it is done by developing a range of products and services that are going to be satisfying to a particular segment/target market of consumers.

THE MARKETING OFFERING: Companies create value for customers by developing a comprehensive offering. The offering is a mix of attributes (facts) about the product or service which provide benefits that the target customer will like.

The MARKETING MIX: tools used to create an appealing offering (the offering does not just occur, it happens due to a concerted strategic offering): Product/services, Price, Place/distribution, Customer communication or promotion.

LUXURY PRODUCTS: e.g Louis Vuitton: elegant background, beautifully formatted things → shows how the product can interact with different people and tastes.

LOUIS VUITTON OFFERS: Beautifully crafted and packaged products that are sold in that way (in exclusive shops with great deals of customer service and attention to layout) at extremely high prices. They are communicated through upscale advertising. All tied to a well-known brand name. The brand name symbolizes the entire offering.

HOWEVER: much of what we buy is low-end and inexpensive everyday products: e.g. DollarShaveClub.com

DOLLAR SHAVE CLUB OFFERS: A simple utilitarian product, sold directly over the Web, inexpensive, communicated (simply), by home-made ads. A different marketing mix than Louis Vuitton, but still effective as it is targeting a different segment of consumers with a different product and offering.

AUGMENTING THE PRODUCT: Every product starts off with a core benefit, this is the basic of what we attempt to do with them:

-The **CORE BENEFIT** of a car= simple car with four wheels that gets from A to B.

-**ACTUAL or EXPECTED PRODUCT** for a car today are some NICITIES: anti-lock brakes, radio and a cd player.

-**AUGMENTED PRODUCT**: the product can be taken even further to have a GPS satellite navigation system, parking radar. (Taking the basic benefits of a car and taking them further to benefit target groups)

The CORE BENEFIT is what products have in common. Basic thing the product must do.

The ACTUAL PRODUCT is when we begin to add in what people expect to see; attributes like brand, quality, packaging, design, features etc…

e.g. The iPod products adds a range of iconic brands (sub brands: nano, shuffle, touch), beautiful design (durable etc.), high quality, novel packaging (ties into design idea), unique features.

Taking steps above and beyond= how we can add to/ AUGMENT the product: itunes software and store, accessory products made for the iPod: speakers, cases etc which have created a small industry around the iPod. Services offered by Apple are also part of augmenting in order to make it a part of YOUR life. A simple music player is taken and tied into consumer lifestyles.

COMPLEX PRODUCTS begin to take this a step further to create more benefits for consumers. iPhone4s, is basically a telephone, but apple advertises it as the best camera you have ever owned and more. People can make the product what it is for themselves (customization creating different value for customers).

The interaction of PRODUCTS AND SERVICES: A product is a tangible item, services are intangible, they are ideas that we can interact with but they don't have a presence in the real world. Tangible products= Pen, services are like a lecture by a lecturer that provide benefits. A range or things are in between; for example a restaurant meal; e.g. a good quality hamburger is a product, but the sourcing of the materials, the cooking process, the serving process etc. →Products today attempt to add a service and vice-versa.

PLACE: CHANNELS OF DISTRIBUTION: These are the ways we get things to customers, in a time and in a condition they prefer. Place is where products and services are sold.

-And the systems needed to get them to the customer. It is usually a physical place- a mall, or agrodome, or it can be online/virtual; Countdown has a physical and virtual presence. Trademe=biggest store in NZ, half population of NZ.

DIFFERENT PLACE OFFERS: Places are actually businesses in and of themselves; different places can come up with different offers. **DIFFERENT VALUE PROPOSITIONS:** Reduced to clear sells products cheaply, selection is limited and valuable, location is inconvenient, product may be less fresh.

Countdown sells a wide range of products at the suggested retail price, selection is broad, location is fairly convenient, and products are fresh. Everyday place for products.

A dairy sells at high prices, selection is limited, produce is less than fresh, location is superbly convenient. Each offering (clearance, supermarket, dairy) successfully serves different target customers.

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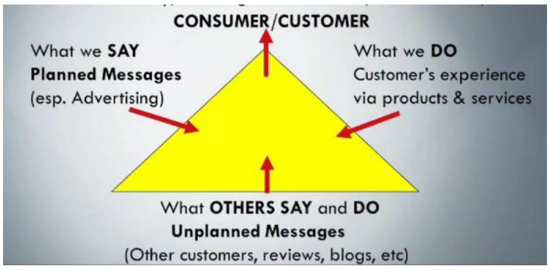
Each avenue is successful due to all their different USP's; they target different customers in different ways or sometimes the same target customers in different ways.

PRICE and PROFIT: WHAT WE PAY: Companies succeed by delivering value, but they also must make a profit to; pay stuff, buy supplies from other companies, develop improved offerings. Price is important and a strategic choice. Are they at the high end of the market or the low end or in between? Any of those strategies can be successful, sometimes companies can pursue all 3, e.g Air New Zealand(the same plane offers: economy, premium economy and business premier). diff price →diff channels → diff groups of people
-grabaseat pricing is to get rid of excess service inventory: low prices are offered for empty flights. Selling an empty seat for an inexpensive price is like free revenue.
PRICING AND VALUE: Value is what you get for what you pay; an inexpensive product that lasts may offer better value than a cheap product that breaks.

PROMOTION (marketing communications): integrating the 4P's to communicate a brand's image, its positioning and the offer. All 4p's should work together to create a good offer for the customers that make up our target market.
MARKETING COMMUNICATIONS ARE MADE UP OF: Internet and social media, public relations, advertising, packaging, sales promotion, telemarketing, point of sale, signage, uniforms, direct mail, and personal selling. Howe each is used depends on the core product, how much money we are willing to spend and how the promotion needs to be done in order to effectively portray a message to the target market. It also depends on how well the brand is known and the image and positioning compared to competitors.
INTERGRATED MARKETING COMMUNICATION (MARCOM): Coordination of all promotional elements in a consistent manner, integrating them with the firm's other marketing activities. It is a team effort, not just individual ides, and creates greater synergy=greater effectiveness.
FEDEX: created a point of difference by stating they could deliver any package overnight. Thus all departments had to be integrated for this to happen and make it hard to copy.
Integrated customer communication such as word of mouth and messages (4p's +Physical place and process) conveyed to the customer in every form of marketing to reinforce its message effectively.

SMITH+CAUGHEY'S: (USP)high end products, consistent with times. The 4P's reinforce brand image.
PRODUCT: Famous top quality brands
PRICE: top sales signal quality
PLACE: Locations signal quality, (Queen St and Newmarket)
PROMOTION: look of ads signal quality, website, Facebook, Twitter reach to new generation of customers)
The DESIGN and layout of the physical store itself, the service provided by employees and the processes are all good signals of a top quality store.
THE WAREHOUSE reinforces its positioning "Everyone gets a bargain" with its 4P's aimed at lower to middle income demographics.



The SAY-DO Triangle: demonstrates the challenges marketers are faced with.
We must be able to deliver what we promise: ANZ=yes bank, promised to say yes to all mortgages {but that is not always the case!}→ NEGATIVE IMAGE.
Think in form of CUSTOMER COMMUNICATIONS.

PUBLIC RELATIONS AND CRISIS MANAGEMENT: are called on in difficult situations because our relations with shareholders, customers and the government are equally important. It doesn't always work.

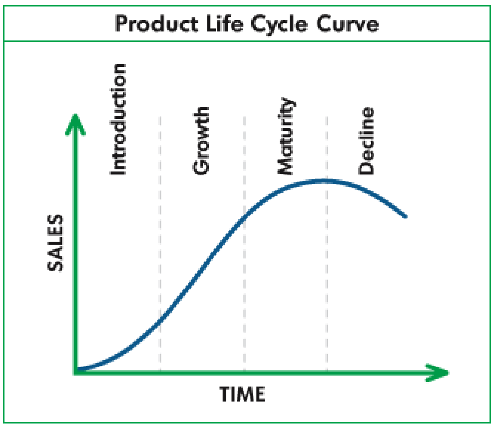
In the past, business value creators communicated with their customers with the 4P's and predominantly with promotional messages. It was a one-way communication. IN THE NEW CUSTOMER COMMUNICATION PARADIGM, the communication between the 4P's is seen to focus heavily on the product and the brand using "value innovators" and is based on what customers are saying to one another.
A BRAND IS NO LONGER WHAT WE TELL THE CONSUMER IT IS. IT'S WHAT THE CONSUMERS TELL EACH OTHER IT IS.
The media landscape has changed from mainstream to mass media (t.v./ newspapers {one to many}), to one to few, or more segmented media(magazines and radio), to one-to-one, e.g. email and iPhones, to many to many, the new

social/ we media era, e.g. Facebook and Youtube.--> Social media brings clarity to the business environment and can no longer be ignored. KEEP INTERACTIONS SIMPLE AND FUN focuses on quality not quantity.
Twitter reports news faster than any other medium. People unfollow a brand when over marketed to; conversation must be dynamic and unique. Youtube is rapidly growing; businesses in New Zealand use it as a way to communicate with customers (Air New Zealand use it to generate brand loyalty at minimal cost).
Another way to launch a product at a minimal budget is to GET PEOPLE TALKING. e.g. V pocket rocket: cone stunt got media attention by "coning" places around Auckland on a jetpack, Road cone on a skytower promoted V and engaged customers, V outdid Coke sales in convenience stores.

CHARACTERISTICS OF PRODUCTS: Products are the central element of a company's exchanges with its customers. Chips, computers and celebrities all have to be marketed in different ways due to buyer behavior, product characteristics, market expectations, competition, etc.
Products can be classified according to the basis of tangibility and application and marketed accordingly. Some products are predominantly tangible (goods); others are mostly intangible (ideas, services), and most products fall in between these two extremes.
To provide a more complex solution to customer needs, many companies find success by augmenting a core product with accessories, services and other elements (adding value. In some cases these enhancements are included in the price of the product, but product augmentation can also be a way to increase revenue, by offering new services and accessories or by charging for enhancement that were previously included at no charge.

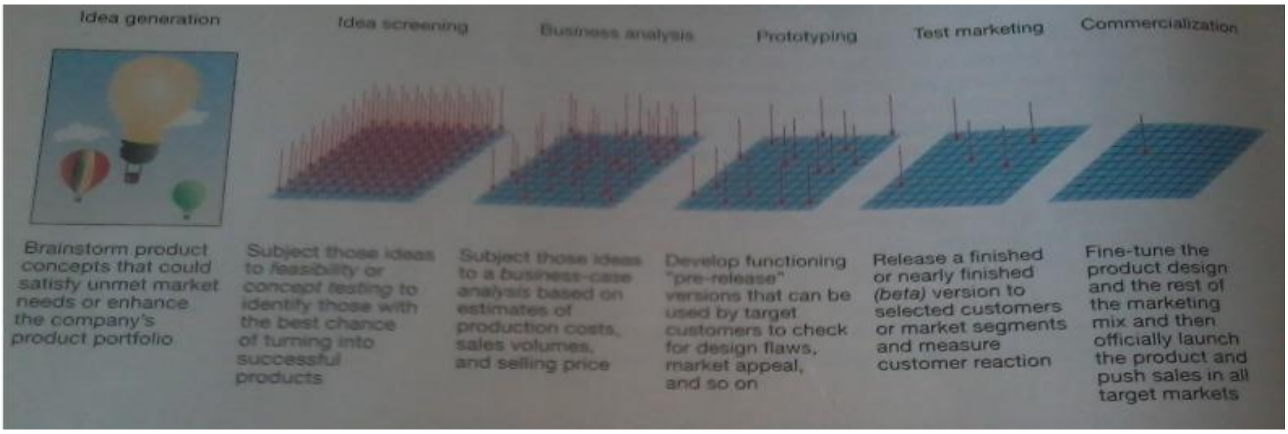
CONSUMER PRODUCTS: products that are primarily sold to individuals for personal consumption. Consumer products can be classified into four subgroups, depending on how people shop for them.
-**CONVENIENCE PRODUCTS:** Everyday goods and services that people buy frequently, usually without much conscious planning.
-**SHOPPING PRODUCTS:** Fairly important g/s that people buy less frequently with more planning and comparison.
-**SPECIALITY PRODUCTS**: particular brands that the buyer especially wants and will seek out, regardless of location or price.
-Some products, such as life insurance, cemetery plots and items that are new to the marketplace, consumers aren't looking for them. The marketing challenges for these unsought products include making consumers aware of their existence and convincing people to consider them.

INDUSTRIAL AND COMMERCIAL PRODUCTS: generally purchased by organizations in large quantities and are used to create other products or to operate the organization. **EXPENSE ITEMS**: inexpensive products that organizations generally use within a year of purchase. **CAPITAL ITEMS**: more expensive organizational products with a longer useful life, ranging from office and plant equipment to entire factories. Businesses and other organisations also buy a wide variety of services, from facilities maintenance to temporary executives. Aside from dividing products into expense and capital items, industrial buyers and sellers often classify products according to their intended use:
-RAW MATERIALS: iron, crude oil, chemicals etc…
-COMPONENTS: semiconductors and fasteners also become part of the manufacturers' final products
-SUPPLIES: pencils, nails, supplies that are used in a firm's daily operations are considered expense items
-INSTALLATIONS: such as factories, power plants, and airports are major capital projects
-EQUIPMENT: includes items such as desks, computers and factory robots
-BUSINESS SERVICES: range from landscaping and cleaning to complex services such as management consulting and auditing.



THE PRODUCT LIFE CYCLE: Four stages through which a product progresses: introduction, growth, maturity and decline. The marketing challenge changes from stage to stage, sometimes dramatically. The product life cycle can describe a product class (gasoline-powered automobiles), a product form (sport utility vehicles), or a brand model (Ford explorer). Product classes and forms tend to have the longest life cycles, specific brands somewhat have shorter life cycles, and individual products even shorter cycles. The amount of time that a product remains at any one stage depends on consumer needs and preferences, economic conditions, the nature of the product and the marketer's strategy. The explosion of new product changing technology, globalization and the ability to quickly imitate competitors is hurtling

many product forms and brands through their life cycles mush faster today than in the past. In categories such as smartphones, individual models can go through the entire life cycle in as little as nine months.
-The first stage in the PLC is the I**NTRODUCTORY** stage, which extends from the research and development phase through the product's first commercial availability. Marketers focus on stimulating demand for the new product.
-The **GROWTH** stage: marketers focus on increasing the products market share.
-The **MATURITY** stage: marketers try to extend the life of the product by highlighting improvements or by repackaging the product in different sizes (e.g. ipad → ipad mini)
-The **DECLINE** stage: firms must decide whether to reduce the products costs to compensate for declining sales or to discontinue it.
PRODUCT DEVELOPMENT PROCESS: A formal process of generating, selecting, developing and commercializing products ideas. It aims to identify the product ideas most likely to succeed in the marketplace. The process varies widely by company, of course, entrepreneurs and start-ups sometimes begin with a single product idea and take it all way through to commercialization.
PROTOTYPES: Preproduction samples of products used for testing and evaluation.
TEST MARKETING: A product development stage in which a product is sold on a limited basis to gauge its marketing appeal.

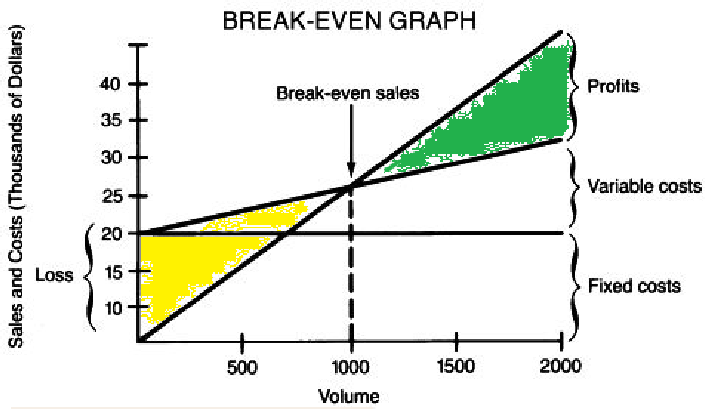


COMMERCIALISATION: Large-scale production and distribution of a product.
PRODUCT IDENTITIES: Creating an identity for products is one of the most important decisions marketers make. That an identity is encompassed in the brand, which can have meaning at 3 levels: (1) a unique name or symbol, or design that sets the product apart from those offered by competitors, (2) the legal protections afforded by a trademark and any relevant intellectual property; and (3) the overall company or organizational brand. For example, the Nike "swoosh" symbol is a unique identifier on every Nike product, a legally protected piece of intellectual property, and a symbol that represents the entire company.
BRAND: A name, term, sign, symbol, design, or combination of those used to identify the products of a firm and to differentiate them from competing products.
BRAND EQUITY: The value that a company had built up in a brand.
BRAND LOYALTY: The degree to which customers continue to purchase a specific brand.
BRAND NAMES: The portion of brands that can be expressed orally, including letters, words or numbers.
BRAND MARKS: The portion of brands that cannot be expressed verbally.
LOGO: A graphical and/or textual representation of a brand
TRADEMARK: Brands that have been given legal protection so that their owners have exclusive rights to their use.
NATIONAL BRANDS: Brands owned by manufacturers and distributed nationally
PRIVATE BRANDS: Brands that carry the label of a retailer or a wholesaler rather than a manufacturer.
Co-BRANDING: A partnership between two or more companies to closely link their brand names together for a single product.
LICENSE: An agreement to produce and market another company's product in exchange for a royalty or fee.
PRODUCT PACKAGING: usually have a number of functions, from promoting and promoting the product to displaying legally required health and safety information to provide instructions for use. Packaging makes products easier to display, facilitates the sale of smaller products, serves as a means of product differentiation, and enhances the product's overall appeal and convenience. Packaging can significantly influence buyer perceptions too.
LABELING: is an integral part of packaging, whether the label is a separate element attached to the package or a printed part of the container, it serves to identify a brand and communicate multiple types of information, promotional messages to legally required safety or nutritional data.

Brand encompasses the various elements or product identity and meaning. Brand equity reflects the value of a brand name based on its strength and appeal in the marketplace and its power as a communication vehicle. Brand loyalty can be defined at three levels: brand awareness, in which the buyer is familiar with the product: brand preference, in which the buyer will select the product if it is available; and brand insistence in which the buyer will accept no substitute.

EXPANDING A PRODUCT LINE:
LINE FILING: Developing items to fill gaps in the market that have been overlooked by competitors or have emerged as consumers tastes and needs shift.
LINE EXTENSION: Creating variations of an existing product.
BRAND EXTENSION: using the brand of existing products on products in a new category.
BRAND MANAGERS: Managers who develop and implement the marketing strategies and programs for specific products or brands.
PRODUCT LINE: A series of related products offered by a firm.
PRODUCT MIX: The complete portfolio of products that a company offers for sale.
FAMILY BRANDING: Using a brand name on a variety of related products.
BRAND EXTENSION: Applying a successful brand name to a new brand category.
A product line can be expanded by filling gaps in the market, extending the line to include new varieties of existing products, extending the brand to new product categories, and stretching the line to include lower-or higher priced items. Two of the biggest risks with product-line extensions are losing brand identity and coherence (weakening of the brand's meaning) and cannibalizing of sales of other products in the product line.

STRATEGIC CONSIDERATIONS IN PRICING:
-**Market objectives**: is it to increase market share, increase sales, improve profits, project a particular image, or combat competition. Price is a flexible tool that can help a firm achieve a wide variety of marketing objectives.
-**GOVERNMENT REGULATIONS**: to protect consumers and encourage fair competition, governments around the world have enacted various price-related laws over the years. These regulations are particularly important in three areas of prohibited behavior: (1) *price discrimination*, unfairly offering attractive discounts to some customers but not to others; (2) *deceptive pricing,* schemes that are considered misleading; and (3) *price fixing*, an agreement among two or more companies supplying the same type of products as to the prices they will charge.
-**CUSTOMER PERCEPTIONS**: Another consideration in setting price is the perception of quality and value that a price elicits from customers. An unexpectedly low price can fears of low quality, but a high price can connote quality and even exclusivity. e.g. the "9" effect, $9.99 is cheaper that $10
-**MARKET DEMAND**: Market demand usually fluctuates (due to supply and demand) as prices fluctuate. However, some goods and services are relatively insensitive to changes in price; others are highly sensitive buyers can also exhibit individual levels of price sensitivity. PRICE ELASTICY: a measure of sensitivity of demand to changes in price.
-**COMPETITION**: Competitive prices are obviously a major consideration whenever a firm is establishing or changing its prices. Technology has profoundly shifted the balance of power in this respect from sellers to buyers in recent years, as social commerce websites and mobile internet access make it easy to find the lowest prices for a variety of g/s. The easier it is for buyers to compare prices, for instance, the more important competitive prices become- particularly when buyers don't perceive much difference among the available products.



$$B = \frac{\text{Fixed Costs}}{\left(\text{Price} - \frac{\text{Variable Cost}}{\text{Unit}}\right)}$$

BREAK EVEN ANALYSIS:
FIXED COSTS: Business costs that remain constant regardless of the number of units produced.
VARIABLE COSTS: Business costs that increase with the number of units produced.
BREAK EVEN ANALYSISL A method of calculating the minimum volume of sales needed at a given price to cover all costs.
BREAK-EVEN POINT: Sales volume at a given price that will cover all of a company's costs.
Break-even analysis is a way to determine how many units (the break-even point) a firm needs to produce in order to begin turning a profit by covering its fixed

and variable costs. The break-even point is calculated by dividing fixed costs by the difference between the SP-VC.

PRICING METHODS: Break-even analysis and the various strategic considerations help managers establish an overall framework of pricing possibilities. Costs establish the pricing "floor" whereas demand, competition, and other factors establish the "ceiling". Somewhere between those two limits lies the ideal price for each product. Managers can apply a variety of methods to pinpoint specific prices. Companies can use a variety of methods at the same time.
-COST-BASED PRICING: A method of setting prices based on production and marketing costs, rather than conditions in the marketplace.
-VALUE-BASED PRICING: A method of setting prices on customer perceptions of value.
-OPTIMAL PRICING: A computer based pricing method that creates a demand curve for every product to help managers select a price that meets specific marketing objectives.
-SKIM PRICING: Charging a high price for a new product during the introductory stage and lowering the price later.
-PENETRATION PRICING: Introducing a new product at a low price in hopes of building sales volume quickly.
-LOSS LEDER PRICING: Selling one product at a loss as a way to entice customers to consider other products.
-PARTICIPATIVE PRICING: Allowing customers to pay the amount they think a product is worth.
-FREEMIUM PRICING: A hybrid strategy of offering some products for free while charging for others, or offering a product for free to some customers while charging other for it.
-DISCOUNTS: Temporary price reductions to stimulate sales or lower prices to encourage certain behaviours such as paying with cash.
-BUNDLING: Offering several products for a single price that is presumably lower that they total of the products' individual prices.
-DYNAMIC PRICING: Continually adjusting prices to reflect changes in supply and demand.
(1) Cost based or cost-plus pricing takes the cost of producing and marketing a product and adds a mark-up to arrive at the selling price. (2) Value-based pricing to establish the perceived value of the product in the eyes of target customers and sets a price based on that. (3) Optimal pricing is a computer based method that used sales data to create a demand curve for every product, allowing managers to select prices based on specific marketing objectives. (4) Skim pricing involves setting an initial price that is relatively high in order to capitalise on pent-up demand or the lack of direct competition for a new product. (5) Penetration pricing is setting a price low enough to achieve targeted sales volumes. (6) Loss-Leader pricing is setting the price artificially low on the product in order to attract buyers for other products. (7) Auction pricing lets buyers determine the selling rice by bidding against one another; in reverse auction, buyers state a price they are willing to pay and sellers choose whether to match it. (8) Participative pricing lets buyers pay whatever they think a product is worth. (9) Freemium pricing involves giving away products to some customers as a means of attracting paying customers, or giving away some products but charging for others.

DISTRIBUTION AND MARKETING LOGISTICS:
DISTRIBUTION STRATEGY: A firm's overall plan for moving products through intermediaries and on to final customers.
MARKETING INTERMEDIARIES: Businesspeople and organisations that assist in moving and marketing g/s between producers and consumers.
WHOLESALERS: Intermediaries that sell products to other intermediaries for resale or to organisations for internal use.
RETAILERS: Intermediaries that sell g/s to individuals for their own personal use.

CONTRIBUTIONS OF MARKETING INTERMEDIARIES: Wholesalers and retailers are instrumental in creating ¾ forms of utility. They provide the items customers need in a convenient location (place utility) they save customers the time of having to contact each manufacturer to purchase a good (time utility), and they provide an efficient process for transferring products from the producer to the customer (possession utility). In addition to creating utility, wholesalers and retailers perform the following distribution functions:
-MATHING BUYERS AND SELLERS: By making sellers' products available to multiple buyers, intermediaries such as Costco reduce the number of transactions between producers and customers.
-PROVIDING MARKET INFORMATION: Retail intermediaries, such as Amazon and Macy's collect valuable data about customer purchases; who buys, how often and how much. e.g. Frequent shopper trends are derived from e-commerce records and data providing vital market information they can then share with producers to optimize product mixes and promotional efforts.

Intermediaries can be responsible for any and all aspects of distribution; one of the key elements in any firm's marketing mix. The two major categories are wholesalers, who buy from producers to other wholesalers, and to organisational customers such as businesses, government agencies, and institutions; and retailers, which buy from producers or wholesalers and sell products to final consumers. These marketing intermediaries bring products to market and help ensure that the g/s are available at the right time, place and amount. Depending on their position in the channel, intermediaries can perform 8 key functions of matching buyers and sellers;

-Providing promotional and sales support
-Gathering assortments of goods
-Transporting and storing products
-Assuming risks
-Providing financing
-Completing product solutions
-Facilitating transactions and supporting customers.

MERCHANT WHOLESALERS: Independent wholesalers that take legal title to goods they distribute.
DISTRIBUTORS: Merchant wholesalers that sell products to organisational customers for internal operations or the production of other goods, rather than to retailers for resale.
AGENTS AND BROKERS: Independent wholesalers that do not take title to the goods they distribute but may or may not take possession of those goods.
DISINTERMEDIATION: The replacement of intermediaries by producers, customers, or other intermediaries when those other intermediaries when those other parties can perform channel function more effectively or efficiently. The business of wholesaling is changing in ways that are helping some wholesalers and threatening others. Most wholesalers can perform channel functions more effectively or efficiently.
Most wholesalers can be classified as merchant wholesalers, agents or brokers, agents, or brokers. Merchant wholesalers are independently owned businesses that buy from producers, take legal title to the goods, and then resell them to retailers or to organisational buyers. Merchant wholesaler can be distinguished by level of service (full-service versus limited service) and target customers and distributers that sell goods to organisations for internal operation use to make other products). In contrast merchant wholesalers, agents and brokers do not assume ownership but focus on bringing buyers and seller together. Four trends shaping wholesaling are integrated logistics management, the threat of disintermediation, the unbundling or service, and industry consolidation.

WHEEL OF RETAILING: An evolutionary process by which stores that feature low prices gradually upgrade until they no longer appeal to price-sensitive shoppers and are replaced by a new generation of leaner, low price competitors.
DEPARTMENT: Large stores that carry a variety of products in multiple categories, such as clothing, house wares, gifts, bedding, and furniture.
SPECIALTY STORES: Stores that carry only a particular type of gods, often with deep selection in those specific categories.
DISCOUNT STORES: Retailers that sell a variety of everyday goods below the market price by keeping their overhead low.
OFF-PRICE RETAILERS: Stores that sell designer labels and other fashionable products at steep discounts.
ONLINE RETAILERS: Companies that use e-commerce technologies over the internet; includes Internet-only retailers and the online arm of store-based retailers.
E-COMMERCE: The application of Internet technologies to wholesaling and retailing.

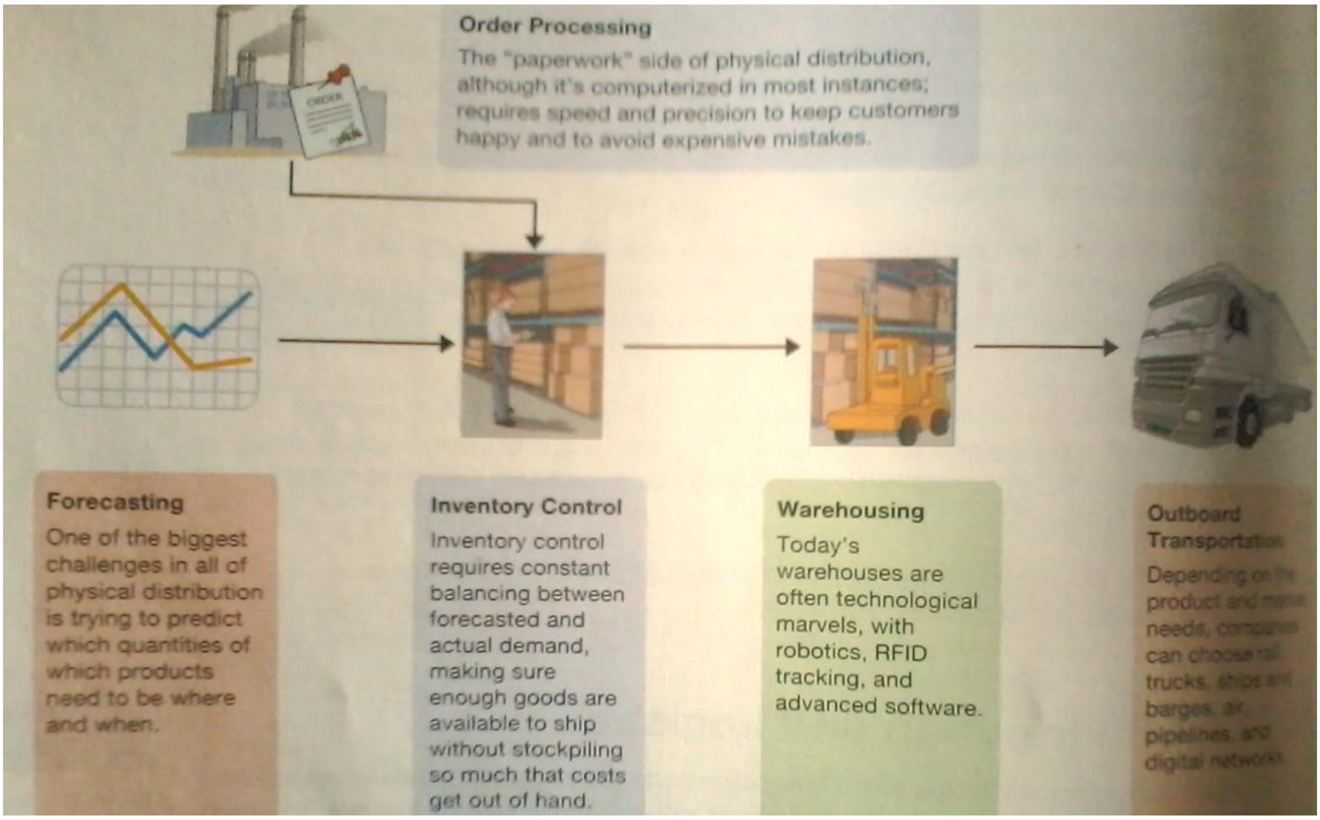
THE OUTLOOK FOR RETAILING: Retailing has always been a challenging field, and it's not getting any easier for many companies in the sector. Of course, disruption for some can mean opportunities for others. Retailers that survive and over the long term tend to do the same things well: (1) maintaining a clear sense of purpose in the minds of target customers, (2) crafting an overall shopping experience that complements the purchases customers are making, (3) protecting the credibility of the retail brand, and (4) adapting to consumers trends without overreacting to short-term fads. Major forces shaping the future of retailing:
-Overcapacity
-Continued growth in online retailing
-Growth of multichannel retailing
-Format innovations
-Retail theatre

-Threat of disintermediation.
MULTICHANNEL RETAILING: Coordinated efforts to reach consumers through one or more retail channel.
RETAIL THEATER: The addition of entertainment or education aspect to the retail experience.
Retailers come in many shapes and sizes, but the significant store formats include department stores, speciality stores, category killers, discount stores, and off-price retailers. The two most widely known nonstore retailers are online retailers and mail-order firms. The future of retailing is being shaped by such forces as overcapacity, continued growth in online retailing, the growth of multichannel retailing, format innovations such as hybrid stores, the use of retail theatre, and the threat of intermediation.

DISTRIBUTION MIX: A combination of intermediaries and channels a producer uses to reach target customers.
Defining a distribution strategy requires consideration of such issues as customer needs and expectations; product support requirements; segmentation, targeting, and positioning objectives; competitors' distribution channels; and established distribution patterns and requirements.

CHANNELS LENGTH: Many businesses purchase good they use in their operations directly from producers, so those distribution channels are short. In contrast, the channels for consumer goods are usually longer and more complex.
-PRODUCER TO CONSUMER
-PRODUCER TO RETAILER TO CONSUMER
-PRODUCER TO WHOLESALER TO RETAILER TO CONSUMER
-PRODUCER TO AGENT/BROKER WHOLESALER TO RETAILER TO CONSUMER
INTENSIVE DISTRIBUTION: A market coverage strategy that tries to place a product in as many outlets as possible
SELECTIVE DISTRIBUTION: A market coverage strategy that uses a limited number of carefully chosen outlets to distribute products.
EXCLUSIVE DISTRIBUTION: A market coverage strategy that gives intermediaries exclusive rights to sell a product in a specific geographic area.
CHANNEL CONFLICTT: Disagreement or tension between two or more members in a distribution channel such as competition between channel partners trying to reach the same group of customers.
MARKETING SYSTEMS: Arrangements by which channel partners coordinate their activities under the leadership of one of the partners.
Five key attributes of channel design and management are channel length (the number of layers between producers and target customers), market coverage needs (intense, selective, or exclusive distribution), distribution costs (all the costs involved in using a particular channel), channel conflict (disagreement and tension between channel partners), and channel organisation and control (attempts to coordinate the activities of a channel into a cohesive marketing system).

PHYSICAL DISTRIBUTION: All the activities required to move finished products from the producer to the consumer.
LOGISITCS: The planning, movement, and flow of goods and related information throughout the supply chain.
Managing the physical distribution system is an attempt to balance a high level of customer service with the lowest overall cost.



ORDER PROCESSING: Functions involved in receiving and filling customer orders.
WAREHOUSES: Facilities for storing inventory.
DISTRIBUTION CENTERS: Advanced warehouse facilities that specialise in collecting shipping merchandise.
TRANSPORATTION: Shippers can also combine the benefits of multiple modes by using INTERMODAL TRANSPORTATION (the coordinated use of multiple modes of transportation, particularly with containers that can be shipped by truck, rail and sea)
The major components of a firm's distribution process are order processing, inventory control, warehousing, materials handling and outbound transportation. When choosing the best method of outbound transportation, (truck, rail, ship, airline…) you should consider cost, storage, sales, inventory size, speed, product, perishability, dependability, flexibility, and convenience.

CUSTOMER COMMUNICATION:
SOCIAL COMMUNICATION MODEL: An approach to communication based or interactive social media and conversational communication styles.
ESTABLISHING COMMUNICATION GOALS: Communication activities can meet a wide range of marketing goals, but only if these activities are crafted with clear goals. In this new world of interactive communication, it's more vital than ever to have a strategy that (1) establish clear communication goals (2) defines compelling messages to help achieve those goals, and (3) outlines a cost-effective media mix to engage target audiences.
-GENERATING AWARENESS: People obviously can't buy things they don't know about, so creating awareness is essential for new companies and new products.
-PROVIDING INFORMATION AND CREATING POSITIVE EMOTIONAL CONNECTIONS: Social media can work for or against companies in a significant way at this stage. If customers are or ARE NOT pleased with a product, they'll help spread the message through the virtual word of mouth communication of social media.
-BUILDING PREFERENCE: If buyers accept a product as a potential solution to their needs, the next step is to encourage them to prefer it over all other products they may be considering.
-STIMULATING ACTION: Convincing a consumer or an organisation to act on that product preference to make a purchase (a very critical step) using a compelling call to action.
-REMINDING PAST CUSTOMERS: Past customers are often the best prospects for future sales so reminder advertising tells these buyers that a product is still available or a company is ready to serve their needs.

CORE MESSAGE: The single most important idea an advertiser hopes to convey to the target audience about its products or the company.

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COMMUNICATIONS MIX: A blend of communication vehicles-advertising, direct marketing, personal selling, sales promotion, social media and public relations-that a company uses to reach current and potential customers.
PUSH STRATEGY: A promotional strategy that focuses on intermediaries, motivating them to promote, or *push*, products toward end users.
PULL STRATEGY: A promotional strategy that stimulates consumer demand via advertising and other communication efforts, thereby creating a *pull* effect through the channel.
INTERGRATED MARKETING COMMUNICATIONS (IMC): A strategy of coordinating and integrating communication and promotion efforts with customers to ensure greater efficiency and effectiveness.

COMMUNICATION LAWS AND ETHICS: As marketing and selling grow increasingly complex, so do the legal ramifications of marketing communication. The legal aspects of promotional communication can be complex, and they vary from state to state and from country to country.
-MARKETING AND SALES MESSAGES MUST BE TRUTHFUL AND NONDECEPTIVE: The Federal Trade Commission considers messages to be deceptive if they include statements that are likely to mislead reasonable customers and the statements are an important part of the purchasing decision. Failing to include important information is also considered deceptive. The FTC also looks at implies claims: claims you don't explicitly make but can be inferred from what you do or don't say.
-YOU MUST BACK UP YOUR CLAIMS WITH EVIDENCE: According to the FTC, offering a money-back guarantee or providing letters from satisfies customers is not enough; you must still be able to support claims for your product with objective evidence such as a survey or scientific study. If you claim that your food product lowers cholesterol, you must have scientific evidence to support that claim.
-"BAIT AND SWITCH" advertising is illegal: Trying to attract buyers by advertising a product that you don't intent to sell-and trying to sell them another (and usually more expensive) product-is illegal.
-MARKETING MESSAGES AND WEBSTIES AIMED AT CHILDREN ARE SUBKECT TO SPECIAL RULES: For example, online marketers must obtain consent from parents before collecting personal information about children under age 13.
-MARKETING AND ALES MESSAGES ARE CONSIDERED BINDING CONTRACTS IN MANY STATES: If you imply or make an offer and then can't fulfil your end of the bargain, you can be sued for breach of contract.
-IN MOST CASES, YOU CAN'T USE A PERSON'S NAME, PHOTOGRAPH, OR OTHER IDENTITY WITHOUT PERMISSION.
Communicator must stay on top of changing regulations, such as the latest law governing unsolicited bulk email ("spam"), customer privacy, data security, and disclosure requirements for blogger who review products. Two of the latest ethical concerns that could produce new legislation are behavioural targeting, which tracks the online behaviour of website visitor and serves up ads based on what they appear to be interested in, and remarketing, in which behaviourally targeted ads follow users even as they move on other websites.
Regarding privacy and other aspects of communication, responsible companies recognised the vital importance of ethical standards.

ADVERTISING:
INSTITUTIONAL ADVERTISING: Advertising that seeks to create goodwill and to build a desired image for a company, rather than to promote specific products.
ADVOCACY ADVERTISING: Advertising that presents a company's opinions on public issues such as education or healthcare.
ADVERTISING APPEAL: A creative tactic designed to capture the audience's attention and promote preference for the product or company being advertised.
Logic, emotion, humor, celebrity, sex ("sex" based advertising gets seen and is in some cases effective), music (embeds itself into emotions) and scarcity.
ADVERTISING MEDIA: Communications channels, such as newspapers, phones and handheld devices, television, and the World Wide Web.
MEDIA MIX: A combination of print, broadcast, online, and other media used for an advertising campaign.
PRODUCT PLACEMENT: The paid display or use of products in television shows, movies and video games.
DIRECT MARKETING: Direct communication other than personal sales contacts designed to stimulate a measurable response. **Direct marketing differs from advertising in three important ways: (1) it uses personally addressable media such as letters and email messages to deliver targeted messages to individual consumers or organisational purchasers. (2) it doesn't involve the purchase of time or space in other media, and (3) it has a direct response aspect that often isn't present in advertising. The major categories of direct marketing media are mall (including catalogues), emails, search engine marketing, telephone, and direct response television.**
DIRECT MAIL: Printed materials addressed to individual consumers, households, or business contacts.

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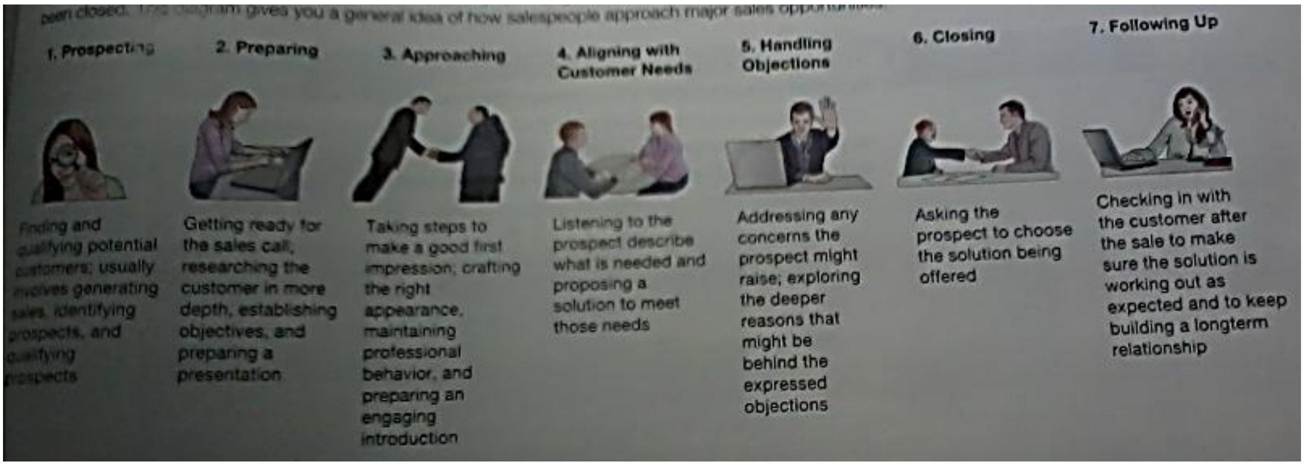
SEARCH ENGINE MARKETING: Automated presentation of ads that are related to either the results of an online search or the content being displayed on other webpages.

DIRECT RESPONSE TELEVISION: The use of television commercials and longer-format infomercials that are designed to stimulate an immediate purchase response from viewers (infomercials)

PERSONAL SELLING: One-on-one interaction between a salesperson and a perspective buyer.

CONSULTIVE SELLING: An approach in which a salesperson acts as a consultant and advisor to help customers find the best solutions to their personal or business needs.

PROSPECTING: The process of finding and qualifying potential customers.



SALES PROMOTION consists of short-term incentives to build the reputation of a brand, encourage the purchase of a product, or simply enhance relationships and potential customers. Sales promotion consists of two basic categories: consumer promotion and trade promotion, and is a wide range of events and activities designed to promote a brand or stimulate interest in a product. This can be done through:

-Contests and other audience involvement tactics

-Coupons: Printed or electronic certificates that offer discounted on particular items and are redeemed at the time of purchase.

-REBATES: Partial reimbursement of price, offered as a purchase incentive.

-POINT OF PURCHASE DISPLAY: Advertising or other display materials set up at retail locations to promote products to potential customers as they are making their purchase decisions.

-Samples and trial-use versions

-Special-event sponsorship

-PREMIUMS: Free or bargain-priced items offered to encourage consumers to buy a product.

-SPECIALTY ADVERTISING: Advertising that appears on various items such as coffee mugs, pens and calendars, designed to help keep a company's name in front of customers.

TRADE PROMOTIONS: Sales-promotion efforts aimed at including distributors or retailers to push a producer's products. Common trade promotions include trade allowances, dealer contest, bonus programs and samples.

TRADE ALLOWANCES: Discounts or other financial consideration offered by producers to wholesalers and retailers.

SOCIAL MEDIA AND PUBLIC RELATIONS: These rely on others to forward or create promotional messages, and they don't provide anywhere near the level of control over those messages that conventional marketing methods offer.

SOCIAL MEDIA: Any electronic media that transform passive audiences into active participant in the communication process by allowing them to share content, revise content, respond to content, or contribute new content.

WORD OF MOUTH: Communication among customers and other parties , transmitting information about companies and products through online or offline personal conversations.

CONVERSATION MARKETING: An approach to customer communication which companies initiate and facilitate conversations in a networked community of potential buyers and other interested parties.

-Remember that it's a conversation, not a lecture or a sales pitch

-Facilitate community building

-Initiate and respond to conversations within the community

-Identify and support champions

-Restrict conventional promotional efforts to the right time and the right place.

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BRAND COMMUNITIES: Formal or informal groups of people united by their interest in and ownership of particular products.

PUBLIC RELATIONS: Nonsales communication that businesses have with their various audiences (including both communication with the general public and press relations)

PRESS RELEASE: a brief statement or video program released to the press announcing new products, management changes, sales performance, and other potential news items; also called news release.

PRESS CONFERENCE: An in person or online gathering of media representatives at which companies announce new information also called news conference.