

1-2 MARKETING DEALS WITH PRODUCTS, DISTRIBUTION, PROMOTION, AND PRICE

Marketing is more than simply advertising or selling a product; it involves developing and managing a product that will satisfy customer needs. It focuses on making the product available in the right place and at a price acceptable to buyers. It also requires communicating information that helps customers determine whether the product will satisfy their needs. These activities are planned, organized, implemented, and controlled to meet the needs of customers within the target market. Marketers refer to these activities—product, pricing, distribution, and promotion—as the **marketing mix** because they decide what type of each element to use and in what amounts. Marketing creates value through the marketing mix. A primary goal of a marketing manager is to create and maintain the right mix of these elements to satisfy customers' needs for a general product type. Note in Figure 1.1 that the marketing mix is built around the customer.

Marketing managers strive to develop a marketing mix that matches the needs of customers in the target market. Zumiez targets teenage girls and boys with snowboarding and skateboarding clothes. Products are made available in shopping malls (distribution) at competitive prices, supported by promotional activities. Marketing managers must constantly monitor the competition and adapt their product, pricing, promotion, and distribution decisions to create long-term success.

Before marketers can develop a marketing mix, they must collect in-depth, up-to-date information about customer needs. Such information might include data about the age, income, ethnicity, gender, and educational level of people in the target market, their preferences for product features, their attitudes toward competitors' products, and the frequency with which they use the product. Zumiez has to closely monitor trends to adjust its marketing mix to provide constant fashion changes. Armed with market information, marketing managers are better able to develop a marketing mix that satisfies a specific target market.

Let's look more closely at the decisions and activities related to each marketing mix variable.

marketing mix Four marketing activities—product, pricing, distribution, and promotion—that a firm can control to meet the needs of customers within its target market

1-2a The Product Variable

Successful marketing efforts result in products that become part of everyday life. Consider the satisfaction customers have had over the years from Coca-Cola, Levi's jeans, Visa credit cards, Tylenol pain relievers, and 3M Post-it Notes. The product variable of the marketing mix deals with researching customers' needs and wants and designing a product that satisfies them. A **product** can be a good, a service, or an idea. A good is a physical entity you can touch. Oakley sunglasses, Seven for All Mankind jeans, and Axe body spray are all examples of products. A service is the application of human and mechanical efforts to people or objects to provide intangible benefits to customers. Air travel, education, haircutting, banking, medical care, and day care are examples of services. Ideas include concepts, philosophies, images, and issues. For instance, a marriage counselor, for a fee, gives spouses ideas to help improve their relationship. Other marketers of ideas include political parties, churches, and schools.

The product variable also involves creating or modifying brand names and packaging and may include decisions regarding warranty and repair services. For example, the lawn care company TruGreen was originally branded as "Chemlawn." The company adapted its branding and products to provide a healthier and "greener" product offering.

Product variable decisions and related activities are important because they are directly involved with creating products that address customers' needs and wants. To maintain an assortment of products that helps an organization achieve its goals, marketers must develop new products, modify existing ones, and eliminate those that no longer satisfy enough buyers or that yield unacceptable profits.

1-2b The Distribution Variable

To satisfy customers, products must be available at the right time and in convenient locations. Subway, for example, locates not only in strip malls but also inside Walmarts, Home Depots, laundromats, churches, and hospitals, as well as inside Goodwill stores, car dealerships, and appliance stores. There are more than 40,566 Subways in 103 different countries, surpassing McDonald's as the world's largest chain.⁵

In dealing with the distribution variable, a marketing manager makes products available in the quantities desired to as many target market customers as possible, keeping total inventory, transportation, and storage costs as low as possible. A marketing manager also may select and motivate intermediaries (wholesalers and retailers), establish and

product A good, a service, or an idea



Types of Products

Sports events are intangible goods that provide fans with a fun experience. Bicycles represent a tangible good that consumers can use for recreation.

Distribution

Netflix uses digital distribution that allows consumers to stream movies right off its website.



maintain inventory control procedures, and develop and manage transportation and storage systems. The advent of the Internet and electronic commerce also has dramatically influenced the distribution variable. Companies now can make their products available throughout the world without maintaining facilities in each country. Apple has benefited from the ability to download songs and apps over the Internet. The company has supported growth and global success beyond the presence of physical Apple stores by selling phones, computers, iPads, and accessories online. We examine distribution issues in Chapters 14 and 15.

1-2c The Promotion Variable

The promotion variable relates to activities used to inform individuals or groups about the organization and its products. Promotion can aim to increase public awareness of the organization and of new or existing products. Holiday Inn Express, for example, wants to increase its appeal for younger travelers among Generation X (born between the early 1960s and early 1980s) and Generation Y (born between the early 1980s and early 2000s). The company launched its “Stay Smart” campaign encouraging consumers to offer humorous advice for any topic using social media channels such as Instagram, Twitter, and YouTube. The company adopted comedian Jason Jones as its spokesman. Holiday Inn hopes this interactive experience through digital media will engage younger generations of influential consumers.⁶

Promotional activities also can educate customers about product features. Iams provides wholesome dog food. The company’s advertisement seeks to educate dog owners about the potential health benefits of its dog food versus other competitors. In addition, promotional activities can urge people to take a particular stance on a political or social issue, such as smoking or drug abuse. For example, the National Highway Safety Traffic Administration released an ad campaign to deter drunk driving during the holiday season. The campaign carried the message that cops “would see you before you see them.” In the advertisement, a transparent cop watches a drunk couple as they leave a party, only to have them arrested as they are driving home.⁷

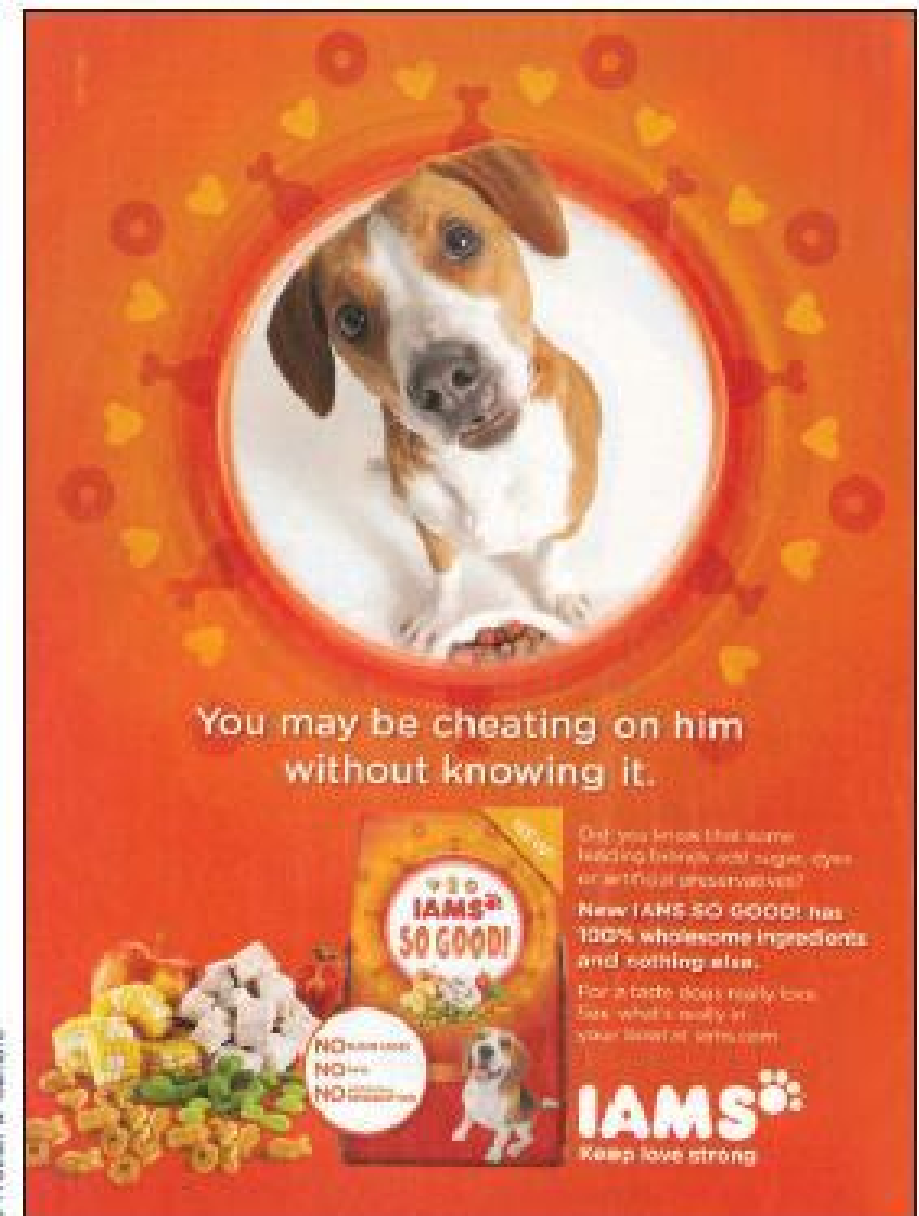
Promotion can help to sustain interest in established products that have been available for decades, such as Arm & Hammer baking soda or Ivory soap. Many companies are using the

Internet to communicate information about themselves and their products. Campbell's Kitchen provides a diverse array of recipes, coupons, and discussion boards online to support the sales of their soups.⁸

1-2d The Price Variable

The price variable relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices. Price is a critical component of the marketing mix because customers are concerned about the value obtained in an exchange. Price is often used as a competitive tool, and intense price competition sometimes leads to price wars. Higher prices can be used competitively to establish a product's premium image. Waterman and Mont Blanc pens, for example, have an image of high quality and high price that has given them significant status. Other companies are skilled at providing products at prices lower than competitors (consider Walmart's tagline "Save Money, Live Better"). Amazon uses its vast network of partnerships and cost efficiencies to provide products at low prices. Brick-and-mortar retailers have not been able to offer comparable products with prices that low, providing Amazon with a considerable competitive advantage.

The marketing-mix variables are often viewed as controllable because they can be modified. However, there are limits to how much marketing managers can alter them. Economic conditions, competitive structure, and government regulations may prevent a manager from adjusting prices frequently or significantly. Making changes in the size, shape, and design of most tangible goods is expensive; therefore, such product features cannot be altered very often. In addition, promotional campaigns and methods used to distribute products ordinarily cannot be rewritten or revamped overnight.



The advertisement features a vibrant orange background. At the top, a circular frame contains a close-up of a beagle's face. Below this, the text "You may be cheating on him without knowing it." is displayed. In the center, a bag of IAMS SO GOOD! dog food is shown next to a pile of kibble. To the right of the bag, a small circular badge lists "NO corn", "NO soy", and "NO artificial preservatives". Further right, a text block states: "Did you know that some leading brands add sugar, dyes, or artificial preservatives? New IAMS SO GOOD! has 100% wholesome ingredients and nothing else. For a taste dogs really love, see what's really in your bowl at iams.com". At the bottom right, the IAMS logo is accompanied by the tagline "Keep love strong".

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Promotional Activities

Iams compares the wholesomeness of its dog food with the artificial preservatives found in many other leading dog food brands.