

5.4 Marketing Mix Flash cards

Price

4 P's Price

Promotion

Marketing mix

Product
& Customer
Value

Place
& Cost

Price
&
Cost

Promotion
&
Communication

Marketing mix

Marketing mix is also known as the 4 P's. Price, product, place and promotion. It is vital a business get all four elements right to enable them to meet customer needs and compete with other businesses.

A hand is holding a magnifying glass over a wooden house-shaped object on a scale. In the background, a vertical stack of wooden blocks spells out 'PRICE'. The scene is set on a wooden surface against a neutral background.

Factors that influence pricing decisions

Factors that influence pricing decisions

Costs


Nature of the market
Degree of competition
Product life cycle



Product Differentiation



Product Differentiation



This is a strategy where a business makes its product different from competitors. Businesses can do this through a USP (unique selling point), branding, design features or customer service.

This can make a product more competitive, higher prices can be charged and it ensures the product stands out. However it can be expensive and competitors may copy.

Intro

Growth

Maturity

Decline

Product lifecycle



Product lifecycle

This describes the stages a products goes through from when it is introduced until it is removed from sale.

Introduction - Product is new, sales are low, promotion is high.

Growth - Sales increase, profits start to grow, competitors enter the market.

Maturity - Sales reach their highest level, market becomes saturated and competition is strong.

Decline - Sales start to fall, product becomes outdated, may discontinue product.

Extension strategies



Extension strategies

These are methods a businesses use to extend the life of a product, usually when it is in the maturity or decline stage.

1. Improving the product by adding a new feature
2. Changing the packging
3. New promotion
4. Reducing the price
5. Targetting a new market





Product portfolio



Product portfolio

Product portfolio is the collection of products a businesses offers. It helps to balance risk, growth and profit.

Relative Market Share

High

Low

Market Growth Rate

High

Low

Boston Matrix

Stars

Question Marks

Cash Cows

Dogs

Boston Matrix

This is a business tool used to analyse a company's product portfolio.

Star - High market growth, high market share.
Leaders in a growing market. E.g. Iphone

Cash Cow - Low market growth, high market share.
Generates stable income E.g. Classic Coca cola

Question Marks (or problem child) - High market growth, low market share.

Need significant investment to become a star.

Dogs - Low market growth, low market share.

A silver iPhone 11 Pro Max is the central focus, lying on a spiral-bound notebook with a grid pattern. A silver pen is positioned diagonally across the notebook. The background is a wooden desk. A black rounded rectangle is overlaid on the center of the image, containing the text 'Price skimming' in a white, serif font.

Price skimming

Price skimming

A pricing strategy where a business sets a very high initial price, the price is then lowered gradually over time. Apple is a good example of a business that uses price skimming.

Advantages

R&D costs can quickly be recovered
High profit margins

Disadvantages

The high price may be out of reach for many customers

Price penetration

Value

Price

Price penetration

This is a pricing strategy, where a company sets a low initial price and gradually increases the price over time. Netflix, Amazon Prime are good examples.

Advantages

- Quickly gains market share
- Attracts price sensitive customers

Disadvantages

- Low profit margin at the start
- Switch to competitors when price increases

Competition Pricing



Competition Pricing

This pricing strategy is when a business sets its prices similar to its competitors. Supermarkets are wellknown for using competitive pricing.

Advantages

Helps with competitiveness

Disadvantages

May not make a profit (ignores costs)

Can lead to price wars



Loss Leader

LOW PRICES

Loss Leader

This pricing strategy is where a product is sold at a loss to attract customers who may buy other profitable items.

Advantages

Attracts customers to the businesses
Increases overall sales

Disadvantages

The businesses loses money on the product
Customers may only buy the loss leader product

Cost-plus Pricing



Cost-plus Pricing

Cost-plus pricing is when a business calculates the cost of making a product and then adds a percentage on for profit.

Advantages

Guaranteed profit

Disadvantages

Ignores competitors prices

Can be difficult to calculate the cost to make one product.

Advertising

Stop the spread of COVID-19
Avoid contact with others and stay at home



o.ca/coronavirus

the
nt of Ontario

CF Toronto Eaton Centre

Stop the spread of COVID-19
Avoid contact with others and stay at home



Visit ontario.ca/coronavirus
Paid for by the Government of Ontario

Ontario

hp ELITE DRAGONFLY
Lighter than air



Stop the spread of COVID-19
Avoid contact with others and stay at home



Visit ontario.ca/coronavirus
Paid for by the Government of Ontario

Ontario

Stop the spread of COVID-19
Avoid contact with others and stay at home



Visit ontario.ca/coronavirus
Paid for by the Government of Ontario

Ontario

JACK ASTOR PARTY IS THIS WAY

DRIVE THRU IS OPEN

2019 World's Best Leisure Airline



Visit [airtransat.com](https://www.airtransat.com)

SCOTT
Association with Mrs S

SHARK CLUB SPORTS BAR & GRILL

Advertising

Advertising is a marketing method to communicate products and services to customers. Advertising includes the following methods:

Newspapers

Magazines

Television

Internet

Billboards



Newspaper's

A newspaper is a printed or digital publication, which is printed for local or national readers.

Advantages

Effective for targetting local customers

Cost effective

Disadvantages

Declining readership

Black and white print

Magazines



Magazines

A magazine is a glossy colourful printed or digital publication, which is printed to reach a specific target audience.

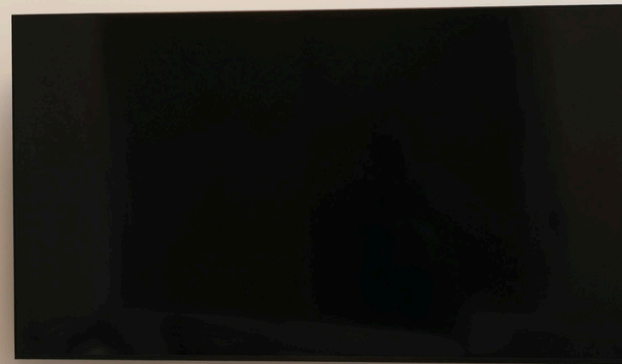
Advantages

- High quality
- specific target audience
- Long shelf life
- Niche marketing

Disadvantages

- Not for mass reach
- Can be expensive

Television



Television

This is an expensive advertising method where businesses pay for commercials. The adverts reach a wide audience and it combines audio with visual.

Advantages

- Audio and visual impact
- Targetting options
- Brand recognition

Disadvantages

- High costs
- Short duration
- Declining audiences

Internet

Internet

Internet advertising, uses websites, social media, search engines and other online channels to reach and engage customers.

Advantages

Global reach

Prcise targetting

Cost-effective

Disadvantages

Technical skills required

Negative reviews

Ad fraud



Billboards

Billboards

Billboard advertising is a form of outdoor marketing where large printed or digital displays are placed in high traffic areas.

Advantages

Large in size so highly visible

24/7 Exposure

Geographic targeting

Disadvantages

Limited information

High cost for prime locations

Difficult to measure effectiveness

Public Relations



Public Relations

Public Relations(PR) are activities a businesses does to maintain a good image. These include:

Sponsorship

Charity donations

Press releases

PR focuses on reputation and relationships but the businesses can not fully control how the media presents the information.

Sales Promotion

SALE

Sales Promotion

These are methods that occur in store or on the businesses website to encourage sales. The main aim of sales promotions is to encourage a customer to purchase the product immediately.

Sales promotions include:

Point of sale displays

2 for 1 offers

Free gifts

Samples

Coupons

Competitions

Sponsorship



Sponsorship

Sponsorship is when a business pays money or provides support to an event, organisation, or a team in return for promotion of its name or brand.

e.g. A small local business could sponsor a kids football team and have their name on the kit. Emirates sponsor Arsenal's stadium and the deal is worth hundreds of millions.

Advantages - Brand recognition and publicity.

Disadvantages - It can be expensive and if negative issues occur with team or individual being sponsored, it can impact business.

Social Media



Social Media

Social media promotion is when a business uses platforms like Instagram, TikTok, Facebook and X to advertise products, communicate with customers and build brand awareness.

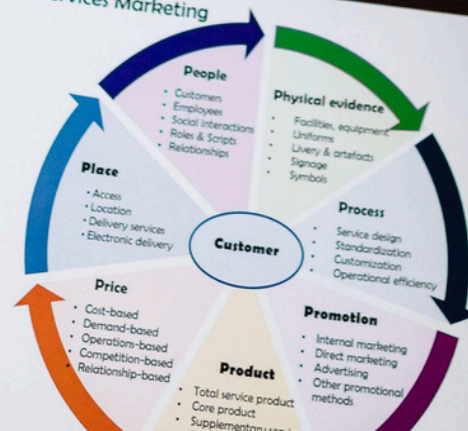
Advantages - Low cost, wide audience, targeted advertising, direct communication.

Disadvantages - No control over reviews or comments, time consuming.

Factors affecting promotional mix



The 7 Ps of Services Marketing



Factors affecting promotional mix

The promotional mix is the combination of promotion methods a business uses. The key factors that affect the promotional mix, are as follows:

- Finance available
- Competitor actions
- The product or service
- The nature of the market
- The target market



Reasons for promotion

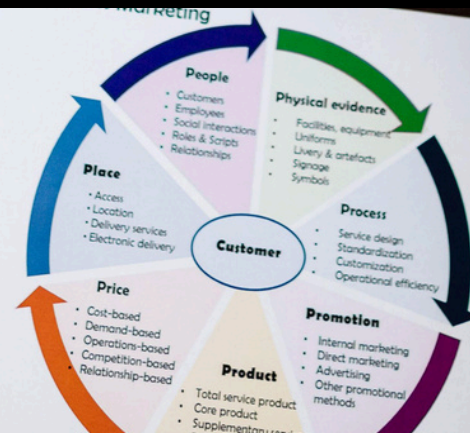


The 7 Ps of Services Marketing

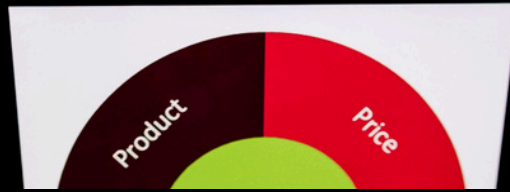


Reasons for promotion

1. Inform / remind customers of product / service.
2. To increase sales
3. To change the brand image of the product / service.
4. To persuade customers to purchase the product.



Place



THE MARKETING MIX



The 7 Ps of Services Marketing



Place

This doesn't just refer to the place where the product is sold, it also means the different channels of distributions. There are three main channels.

1. Retailers (Sell product directly to consumers)
2. Wholesalers (Purchase products in bulk from manufacturers and sells them to retailers.)
3. Telesales (Sells products directly to customers over the phone)



A photograph of two women in a retail store. The woman on the left is wearing a dark brown sleeveless top and has her hair in a ponytail. The woman on the right is wearing a white long-sleeved shirt and blue jeans, with long curly hair. They are both smiling and looking at each other. In the background, there are shelves with various products and a counter.

Retailers

Retailers

Retailers are businesses that sell products directly to customers.

Benefits - Direct contact with customers

Opportunity to promote products, such as: displays and special offers.

Build customer loyalty.

Drawbacks - High operational costs, strong competition, dependent on suppliers. Only sell small quantities directly to customers.



Wholesalers

Wholesalers

Wholesalers buy in bulk from manufacturers and sell to retailers.

Benefits - Bulk buying results in discounts, retailers purchase large quantities.

Drawbacks - Wholesalers will add their profit margin, resulting in higher costs for retailers. Very little communication with direct customer and slower supply chain.

A blurred background of a modern call center. Several employees in white shirts are seated at desks with computer monitors and headsets. The scene is brightly lit, suggesting a professional and active work environment.

Telesales

Telesales

This is a method of selling products or services, directly to the customer over the phone.

Benefits - Direct communication with customer, immediate feedback, lower costs and large customer reach.

Drawbacks - Customer may hang-up or not answer, it is time consuming and it can give a negative brand image.

A person wearing a white sweater is sitting at a desk. They are holding a credit card in their left hand and typing on a silver laptop with their right hand. A black smartphone is lying on the desk in front of the laptop. The background shows a rack of clothes, including a blue and white polka-dot shirt. A black rounded rectangle is overlaid on the center of the image, containing the text 'E-Commerce' in white serif font.

E-Commerce

E-Commerce

E-commerce, is buying and selling products or services over the internet.

Benefits - Wider market, lower costs, 24/7 sales and convenient for customers.

Drawbacks - Delivery costs, risk of online fraud, no physical experience and high competition.



M-Commerce

A hand holding a smartphone displaying an online store interface. The screen shows a search bar with the text 'Online store', a shopping cart icon, and a notification badge. The background is a blurred outdoor scene.

M-Commerce

M-Commerce, known as mobile commerce, is buying and selling products or services using a mobile device.

Benefits - convenient, faster purchasing, wider reach and personalised marketing through apps.

Drawbacks - Risk of hacking, internet access is needed, smallscreen size and app development costs are high.