

## Chapter 13 Lecture Notes

What makes up the **value** the customer receives?

1. Quantity
2. Timing
3. Opportunity cost

Products:

1. **Product Mix**: A range of associated products that yields larger sales revenue when marketed together than if they were marketed individually or in isolation from others.
2. **Product Line**: a series of different products which form a group, all made by the same company

Do you believe that C2C selling is a major threat to B2C businesses?

Consumer Products: **convenience** products, **shopping** products (I want a shirt from Belk), **specialty** products, **unsought** products

Business products:

1. **Materials and parts**: have to buy the parts to make a car
2. **Capital Items**: headquarters to administer
3. **Supplies and Services**: pens for secretaries

Product Attributes:

1. **Product features**
2. **Product quality**: quality matters
3. **Brand**: walmart coffee vs. starbucks
4. **Packaging**: does it appeal or attract the customer? Promotes
5. **Labeling**
6. **Warranties and guarantees**
7. **Support services**: Best Buy geek squad; Crutchfield's free of charge tech services

Marketing Channels

1. **Intermediaries**
2. **Retailers**: specialty store, department store, convenience store, discount store,
3. **Wholesalers**: justify the value that they add
  - a. Merchant wholesaler
  - b. Broker:
  - c. Agent: represents a buyer or a seller; real estate

Pricing:

- What must the business **charge**?
  - o Pricing on the margin: marginal or variable cost per unit
  - o Pricing on average cost: *average, fixed, variable cost, sales*
  - o **Average cost= (FC+(VC\*S))/S= Total Cost/Sales**
- What will the customer **pay**?
  - o Price elasticity
  - o Cyclical vs. non-cyclical products: is the market good or not?

- o Seasonal products: Halloween costumes

*Contribution margin: Break even* (how many units do you have to sell to not lose money?) = Fixed variable / Cost Margin

Promotion: process of communicating to the customer

- target market
- determine objectives
- design message
- choose medium
- execute
- collect feedback and make adjustments

The promotion mix:

- Advertising
- Sales promotion
- Personal selling
- Direct marketing
- Public relations

*Pull strategy:* buy product due to customer demand

*Push strategy:* sell product to customers

Market products based on the **Product life cycle**: introduction stage, growth stage, maturity stage, decline stage