***Mr. Liu: Marketing 11 Finals***

**Marketing Final What to know:**

* Two of the three Definitions of Marketing
* Difference between a “Good” and a “Service” – and examples of each

**(1) Industrial Goods:**

* **Raw materials**
* For example: Timber, Iron Ore, Coal, Gold, Silver, Grain, Sugar, Spices. A Finished good such as a shovel is the opposite. Colonies sent raw material home, the factories back home made goods, and then they were shipped back to the colonies to be sold at high prices (extremely profitable for the colonial power).
* **Processed goods:**
* A good that has been transformed in some way by a production activity, in contrast to a raw material; However a processed good is not fully finished yet
* **Finished goods:** are goods that have completed the manufacturing process but have not yet been sold or distributed to the end user.

(2) **Consumer Goods:**

* The goods which are bought for household use, personal use, or family use from retail stores are called “consumer goods.”

 Services :

* the action of helping, improving, or doing work for someone.
	+ E.g. perform routine maintenance or repair work on (a vehicle or machine)
	+ E.g. Massage Therapy, Car Wash, Barber/Hair Dresser
* The Concept of Marketing: The **marketing concept** is the idea that a business or organization must consider both its *potential customers* and its *competitors* in every important business decision.
	+ Businesses must satisfy customers’ needs and wants in order to make a profit.
* The “Marketing Mix”: The Four P’s combined together – How is it like a cake?
* Product: What is it?
	+ What “need” does it address?
	+ What are the functional specs?
	+ What are its Features & Benefits?
	+ What are the economics?
	+ What will it cost me, what will it save me?
* Price:
	+ Marketing is responsible for establishing the price of their service/product
	+ Must consider the costs of all the **inputs** (materials, labour, etc)
	+ **Mark-up Price** – How much profit do you want to make on every product/customer
	+ Example: Selling Cupcakes. Every cupcake uses $1 of materials and labour roughly costs $0.25 to make one muffin. You must charge at least $1.25 to **break-even**
* The price of your product or service tells the customer **a lot** about your product
* Price Strategies:



* Markup Price
* Cost vs profit, breakeven point, bundle pricing
* Different Pricing Strategies
	+ Competition – basing your prices on those of the competition
	+ Penetration – making your price low while new just to get some business
	+ Bundle – putting the product/service with another item and bundling the prices
	+ Psychological – making the price say something about the quality of your product
* Price protection (e.g. computer) companies will offer this protection and refund you the difference if a product you buy is marked down further than the price you paid within a certain time frame (usually 60 days).

**Place:**

* Simply refers to how & where you are going to sell the product to the consumer

Direct vs Indirect distribution

* **Direct Distribution –** selling your product directly to the consumer
	+ From a Warehouse
	+ From your direct website – e.g. Directly through the Apple site v.s. Best Buy
* **Indirect Distribution** – sold through a 3rd party
	+ What retailers are the best for reaching your Target Market? E.g. Walmart, Superstore, IGA, Shoppers, London Drugs, Home Depot

 **Promotion:** Getting the word out there .

* Any form of communication a business or organization uses to **inform**, **persuade**, or **remind** people about its products
* Used to **convince** customers to buy your products instead of those of the **competition**

Direct Marketing: A type of advertising directed to a specific person or targeted group of prospects and customers - rather than to a mass audience.

This is done through: Printed direct mail, Teleshopping, sent via regular mail to a home or business, Search Engine ads – Google bar directed ads, Electronic direct mail (usually with an unsubscribe), App ads.

* **Public Relations** – any activity designed to create a **favorable** image toward a business, its products, or its policies.
	+ *It is designed to* ***influence*** *the public’s view of a business: Press Releases, Twitter, Facebook, SnapChat, Canteen17 Instagram*
* Teleshopping is another name for **Direct Response Television Shopping** (DRTV)
* Teleshopping: To target the customer in a personal **“direct”** way, the ads will usually use a **spokesperson** who seems to be talking directly to you (or an audience) Usually ends with a flashing phone number

Call now! 1-800-832148211293218734 “The Food Lift!!!!”

 What else to know:

* The Four C’s and which 4 P’s they Correlate to

 Packaging: The Science and art of enclosing or protecting a product for distribution, storage, sale. It is the container and sales person for the product.

**Primary Packaging:** The material that first envelopes the product. It holds the smallest unit. e.g. One Snickers bar wrapper.

**Secondary Packaging:** is the grouping of multiple primary packages. Eg. A box with 12 Snickers in it.

**Tertiary Packaging:** The Grouping of multiple secondary packages. Usually for bulk distribution and handling - good for transporting and shipping. An entire pallet, crate, or flat of secondary packages of Snickers

**Definitions of : Demand, Market Demand, Supply, Market Supply**

* Demand is the desire, willingness, and ability to buy a good or service. e.g Lamborghini’s

–can refer to one individual consumer (Mr. Liu) or to the total demand of all consumers in the market (market demand) e.g. Everyone in Canada

* Supply refers to the various quantities of a good or service that producers are willing to sell at all possible market prices.
* Supply can refer to the output of one producer or to the total output of all producers in the market (market supply).
* What a Demand Schedule: A demand schedule is a table that lists the various quantities of a product or service that someone is willing to buy over a range of possible prices. (At $3 there are 8 people willing to buy the product)
* Factors that change Demand: BITER
	+ Buyers, Income, Tastes, Expectations, Expectations, Related Goods
	+ –Buyers (# of): changes in the number of consumers
	+ –Income: changes in consumers’ income
	+ –Tastes: changes in preference or popularity of product/ service
	+ –Expectations: changes in what consumers expect to happen in the future
	+ –Related goods: compliments and substitutes
* What is “Utility” : We buy products for their utility- the pleasure, usefulness, or satisfaction they give us.
* What is The principle of "diminishing marginal utility" Remember getting more jeans, how much are you satisfied with each additional unit/pair of jeans your receive?

**Substitute Goods and Complementary goods**

* Pepsi & Coke / Peanut Butter and Jam

–a substitute is a product that can be used in the place of another (Coke and Pepsi)

- a compliment is a good that goes well with another good. (Cars and Gasoline / Iphones and Iphone case sales – one is affected by the other)

Factors that change Supply: STONER - Supply being Created

* Subsidies/taxes, Technology, Other Goods, Number of Sellers, Expectations, Resources
* –Subsidies and taxes: government subsides encourage production, while taxes discourage production
	+ For example if the government adds a fuel tax to each Toyota car, there will be less made
* –Technology: improvements in production increase ability of firms to supply – Iphone 7,8,9 improvements
* –Other goods: businesses consider the price of goods they could be producing (Typewriters or Computers)
* –Number of sellers: how many firms are in the market (Phone companies: Apple, Samsung, Xiaomi, )
* –Expectations: businesses consider future prices and economic conditions (Price of gas and creating Hybrid or Electric cars)
* –Resource costs: cost to purchase factors of production will influence business decisions (The price increase of Pomegrenates would influence a Pomegrenate Juice company)

**Branding Vs. a Product - What are the main differences**

Points about what a BRAND is: Think of the Coca Cola Documentary

- A set of product perceptions by the consumer.

- It is a personality developed over time. For example Coca Cola

- A brand signifies a relationship with the customer.

- It is the company’s most valuable asset.

- It’s also the main differentiator, the best defense against price competition, and the key to customer loyalty.