



Pick the Mix

Nature of Marketing Strategies

Objectives:

-  Explain the importance of marketing strategies to business.
-  Explain the nature of the marketing mix.



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When you discover a product that you want, how do you get it? You could ask your family or friends for it.

Or you could save your hard-earned cash until you have enough money to buy it yourself. But what prompts you to GET it—to actually buy it when you do? Think about these situations:

- You pick up a pack of gum in the checkout aisle as the cashier rings up your purchases.
- You try a new sandwich at a local restaurant because you saw an advertisement that made it look tasty.
- You buy two pairs of your favorite jeans because they're half-price on the sale rack.

Do these scenarios sound familiar? Whether you realize it or not, the conditions of your purchase have been planned far in advance—but not necessarily by you. How do you know about, and have access to, the items you need and want?



Go the Distance

Customers often don't realize how much preparation goes into connecting them with producers of goods and services. Many purchases wouldn't occur without marketers' efforts. To achieve satisfying connections, marketers plan *where* they need to go and *how* to get there efficiently. Then, of course, they do what it takes to go the distance.

What does it take for you to go the distance? Let's say you're planning a family vacation.

Choose Your Destination

What's the first thing you do? Figure out where you want to go, of course! You determine whether you want to go to the East Coast, Canada, or the Southwest. Then, you decide *specifically* where you want to go—Virginia Beach, Niagara Falls, or Carlsbad Caverns.

If your entire family is going on the trip, you might discuss your options. Though you may not agree with each other right away, you eventually reach a common **goal**—an objective you plan to fulfill.



► *When planning a vacation, the first thing you do is decide where you want to go.*

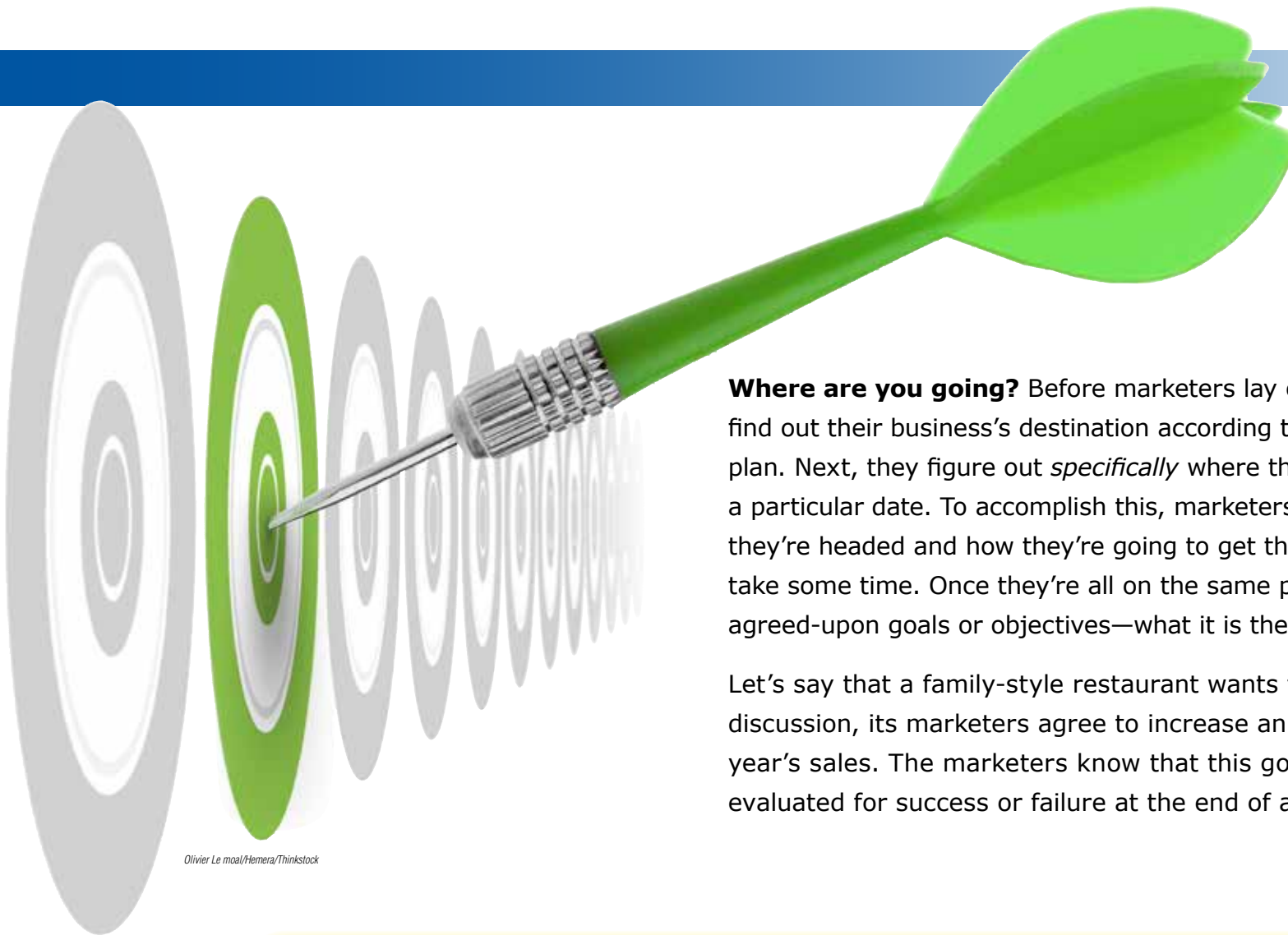
Once you determine the location, you decide how you're going to get there. If you're going to drive, you begin mapping your route. Will you take the freeway or side roads? If you're like most people, you want to focus on reaching your goal. So you sketch out a **strategy**, or plan of action, for achieving your goals and objectives.



◀ *A strategy is the route that will help you reach your goal.*

When you know where you're going and the route you're going to take, you create a checklist of all the things you need to do to make it happen. You need someone to collect your mail, watch your cat, and water your plants. You need to find out what the weather will be, what activities you'll be involved in, and how long you'll be gone. And once you pack for the trip, you definitely need to put gasoline in the car. These small steps, or **tactics** (specific actions used to carry out strategies), are essential for making your vacation plan work.

Get the picture? You eagerly determine your destination, your route, and your to-do list so you can enjoy your vacation. In the same way, marketers establish goals, strategies, and tactics so they can meet customers' needs.



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Where are you going? Before marketers lay out their strategies, they first find out their business's destination according to their company's overall plan. Next, they figure out *specifically* where their business needs to be by a particular date. To accomplish this, marketers assemble to discuss where they're headed and how they're going to get there—a process that may take some time. Once they're all on the same page, they write down their agreed-upon goals or objectives—what it is they want to achieve.

Let's say that a family-style restaurant wants to increase sales. After some discussion, its marketers agree to increase annual sales by 10% over last year's sales. The marketers know that this goal is specific and can be evaluated for success or failure at the end of a given time frame.



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Read more about marketing goals and how to set them in the article "This is How You Come Up With Marketing Goals" by Jay Conrad Levinson and Al Lautenslager: <http://www.entrepreneur.com/article/234204>.

Which way are you headed? Of course, since marketers want to move forward without wasting anything, they create a plan of action—the *route* they believe to be most efficient. This strategy, or road map, serves as their guide, directing them straight to their destination.

One strategy the family-style restaurant might use is to add a kids' menu in order to increase sales to the many young parents who live in the area. By selecting this strategy, its marketers reject a couple of other ideas:

- Staying open later—because they think parents may put their kids to bed early
- Reducing prices—because they may not be able to make enough profit

By evaluating their options, the restaurant's marketers pick the strategy most likely to help them reach their goal.

THE GRAY ZONE

Companies use lots of different strategies to market their products. Many companies have found that supporting relevant charities is one way to do this. Some companies, for example, pledge to donate proceeds to cancer research. But what if the companies in question only donate 1% of their proceeds? Is it still ethical for them to take credit for supporting a charity if they are donating just pennies of each purchase? Consumer dollars may be better spent donating directly to the charity in question, instead of buying the product. What do you think? Are these companies exploiting a disease for profit, or simply using a smart marketing strategy?

How will you get there? Because marketers want to be efficient, they carefully choose *the short-term actions*, or tactics, they use to carry out their strategy. They know their tactics must line up with where they plan to go—their goal—and which way they are headed—their strategy. So marketers pay close attention to every detail.

To introduce the new kids' menu, the family-style restaurant might decide to use the following tactics.

- Introduce the following kid-tested meals:
 - ✓ Spaghetti and meatballs
 - ✓ Macaroni and cheese
 - ✓ Hot dog with potato chips
 - ✓ Hamburger and french fries
- Offer a free ice cream cone to each child who selects a meal from the kids' menu.

Each of these simple actions leads the restaurant toward its desired destination—a little at a time.

- *If a restaurant's strategy is adding a kids' menu, the restaurant might use a tactic like choosing hamburgers and other kid-friendly meals.*



Once marketers figure out specifically where they need to be by a particular date, they plan how to get there—and write down their agreed-upon goals.

Plan Thoroughly—but Stay Flexible

Remember the old saying about best-laid plans going astray? No one knows for sure exactly how a plan will play out. So planning needs to be as complete as possible—but easily adaptable, too.

Since you can't predict the future, your vacation plans are never complete. For the most part, the road you take depends on the direction you're headed—and how you want to get there. If you're interested in the most efficient journey, you'll compare the roads available and select the one you think is best. You might ask questions such as:

- How many miles will I drive?
- Does the route have many stop lights?
- What will the speed limit be?

Even if you've chosen a good route, you might encounter some hiccups in your plan. An unfortunate accident may back up traffic for miles, or a construction crew might decide to repave a road right when you plan to use it. So what do you do? You plan for success (take the road you feel is your best option) and be ready to adjust at any given moment (steer around any obstacles in your way).



▲ *The road you take depends on the direction you're headed—and how you want to get there.*



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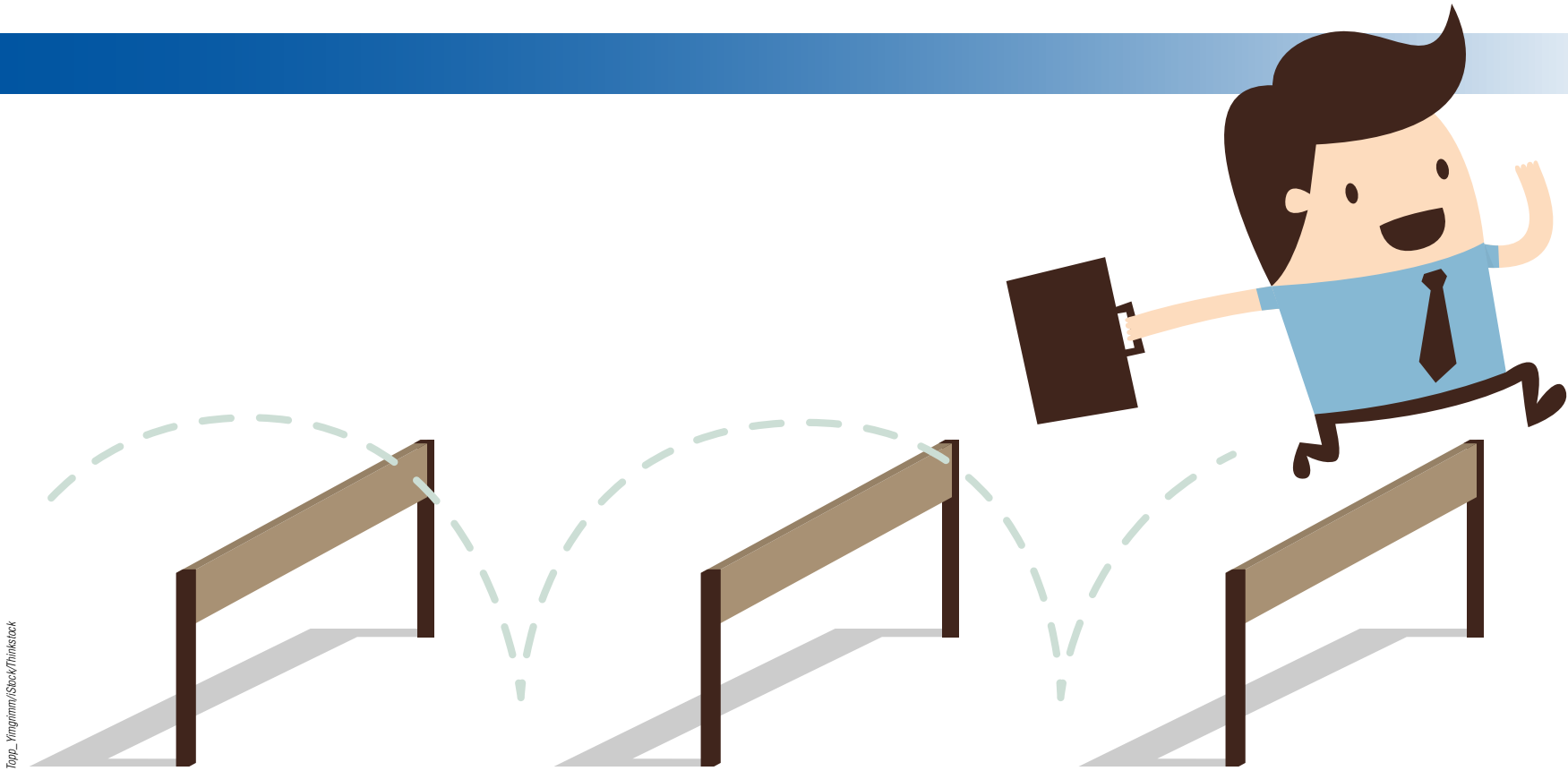
Taking the best road. Just as there can be many options for reaching your vacation spot, there can be many appropriate marketing strategies. While a business's strategy is important because it shows how the goal will be reached, it may not be the only option. There may be several good routes available.

With this in mind, marketers start with the road they determine to be the *best*—one that will jump-start them on their journey to success. They consider the following:

- How the marketing concept applies to their situation
- When they want to reach their goal
- Which resources are on hand

Marketers who take the best road check out their options and select the path they feel will lead them directly to their destination. Once they carefully plan the most efficient way to go, marketers set aside the funds to make it happen—putting power behind what they plan to do.

◀ *What's the best option? Marketers must choose the best strategy for reaching their goal.*



Steering around obstacles. Because business situations change, marketers also remain on the lookout for obstacles they can turn into opportunities for problem solving. Situations that might invite a change of plan include:

- Hearing about a new product with better features
- Figuring out that the price is slightly high for customers
- Suspending a social media campaign when it doesn't play out as planned
- Learning of new government regulations that impact the business
- Watching the economy improve or worsen

Whatever the hurdle, marketers need to be able to react quickly and accurately to changes to be able to achieve their goals. They must remain alert to changes in their environment so they can steer around any obstacles.

Sometimes, those obstacles might be a company's own campaigns. What does a company do when a social media campaign gains negative attention? Read the article "McDonald's Twitter Campaign Goes Horribly Wrong" by Gus Lubin to find out what McDonald's did when the company's campaign backfired: <http://www.businessinsider.com/mcdonalds-twitter-campaign-goes-horribly-wrong-mcdstories-2012-1>.

Summary

Just as we use goals, strategies, and tactics to plan a vacation, marketers use them to connect producers to customers. For marketers, knowing where they're going and how they're going to get there is essential for success. They need a strategy that's detailed enough to be efficient—and flexible enough to adjust for surprises.

TOTAL RECALL

1. What do marketers do to achieve satisfying connections?
2. What is a goal?
3. What is a strategy?
4. What is a tactic?
5. Describe the relationship among goals, strategies, and tactics.
6. Why are marketing strategies important?
7. How do firms determine which strategy is the best?
8. What are four examples of situations that could cause a strategy to be changed?



Bring the Right Gear

Does the same marketing strategy work in every situation? Not in today's world. Each situation requires a customized approach. To adapt, marketers often adjust, and even *combine*, their strategies to fit their purposes.

You do the same thing when you pack for your vacation—you take items appropriate for your trip. For instance, if you're travelling to Florida, you're likely to take flip-flops, a swimsuit, T-shirts, and other clothing that will keep you cool. On the other hand, if your destination is Washington, D.C., you're probably going to pack comfortable shoes, some clean shirts, and other clothing appropriate for visiting the White House and other famous sites.

Just as you put together different outfits for assorted travel destinations, marketers combine different marketing elements to produce strategies appropriate for reaching assorted marketing goals.

Pack Your Suitcase

As marketers select the right gear for the job, they make sure they have the right marketing pieces in the right combination.

Including the right things. The **marketing mix** is a combination of the four elements of marketing—product, price, place, and promotion. This mix is a unique blend of elements that are valuable individually. Let's take a look at each element.

► *Combining marketing elements is a lot like choosing what to bring on a trip.*





Product. As you might expect, the starting point is the **product** (the goods, services, or ideas a business will offer its customers). Marketers conduct research and use their creativity to figure out what customers need and how their business can meet those needs. To do this, marketers ask themselves questions such as:

- Should we offer one product—or more than one?
- Is the product a good, a service, or an idea?
- Does the product have special features?
- Does the product have multiple uses?
- What resources are necessary to research and develop the product?
- What level of quality should be produced or provided?
- Which brands should be used?
- How should the product be packaged?
- How might the product affect our image?
- How might customers view this product in relation to other products?
- Should we offer a warranty, maintenance contract, or other support services?

Marketers have succeeded with the product element when customers view the product as the best solution to their needs.



▲ *The product element of the marketing mix involves many decisions, including whether or not to offer a warranty.*



Price. Price—the amount of money a business asks for in exchange for its products—is also an important element of the marketing mix. To be successful, marketers must find a good balance between customer value and satisfaction and company cost and profit. To achieve this balance, marketers start by determining their pricing objectives, which may include one or more of the following:

- Getting their product into more customers' hands. Marketers can sometimes accomplish this by lowering prices.
- Helping customers view their business as distinct from competitors. To do this, marketers might offer something unique, such as a payment plan.
- Bringing in the amount of income they need or want. To pay for their business's activities *and* ensure a profit, marketers price the product high enough to cover expenses—and then some.
- Raising the product's value in the customer's eyes. By asking a higher price, marketers can encourage customers to view the product as higher quality.
- Matching the product's value with what customers *expect* to receive. Marketers know that if customers are looking for a high-quality product, they need to assign a price high enough to match these expectations.



▲ *Price is an important element of the marketing mix. Marketers might decide to lower prices to achieve their pricing objectives.*

In years past, price was the primary factor in a customer's product choice. Today, though, marketers seek to balance customer value and satisfaction with company cost and profit.



After developing their pricing objectives, marketers determine how they will accept payment. Will they take cash, credit, debit, check, or some combination of payment methods? Also, marketers must decide whether they will offer discounts to their customers.

When customers feel that the benefits they receive *outweigh* the costs, and the business is bringing in enough revenue to make a profit, marketers have been successful with the price element.



Place. The **place** element can make or break the buying experience. Getting a selected product in the right place at the right time is all about creating convenience for the customer. When developing the place element of their marketing mix, marketers consider the following:

- Which businesses to buy the product from
- When to buy the product
- How much of the product to order
- Where to make the product available
- How to process customer orders
- Which businesses to involve in the process
- How to answer customer questions
- How to coordinate all of the steps involved

◀ *Deciding where to sell the product is part of the place element. For example, marketers may decide to sell their product online to reach more customers.*



If marketers make a mistake with this element, the results can be unfortunate. A product may be in the wrong location, available in the wrong amount, or not available at all. But, if done well, place can overshadow product shortcomings such as a high price—because, to some customers, convenience may be worth the added expense.

Marketers are successful with the place element when customers can buy a desired product when and where they want.

Promotion. The final element in the marketing mix involves letting customers know a product's value and how its benefits meet their current needs. **Promotion** refers to the various types of communication that marketers use to inform, persuade, or remind customers about their products. These types of communication include advertising, personal selling, publicity and public relations, and sales promotion. To use these communication channels effectively, marketers consider the following factors:

- Which messages to send
- Which media to use
- When they want messages delivered
- How often they want messages delivered
- How to coordinate communication efforts
- How to evaluate results

The ultimate goal of promotion is to generate a positive response from customers. What is this positive response? Customers buy the marketers' product. If customers are sure that making a purchase is the right thing to do at this time, then marketers have successfully promoted their product.



▲ Marketers use promotion to let customers know about products. Advertising is one type of promotion.



Put It All Together

Blending the marketing mix elements is similar to making a recipe. The ingredients you use vary based on whether you're making a blueberry pie, a chocolate cake, or a batch of peanut butter cookies. The same is true of marketing mixes. Since situations vary, marketers must adapt their marketing mix to suit each unique set of circumstances.

The marketing mix elements are also interrelated. A change to one element affects the others. When marketers improve a product's features, the price goes up. When the place element is simplified, the price goes down. When they assemble the mix, marketers carefully determine which elements to include and to what degree—keeping in mind that the mix must work together as a unit.



Remember Your Map

Keep in mind that it's important for marketers to select a strategy before customizing the marketing mix. If not, it's as if they've packed for a vacation before deciding where to go! Similar to the careful selection of each tactic, choosing the right blend of the marketing mix takes thorough planning.

How does this play out in a company like Target? Let's take a look.

When you think of Target, do you think of trendy clothes—or the Bullseye logo? Whatever comes to mind, Target's *strategy* is to offer discount shopping for the fashionable crowd. In support of this strategy, Target has designed a creative marketing mix:

- **Product**—Target offers both typical household necessities and products unique to its stores. Since the firm hires its own designers for some of its product lines, it is impossible for competitors to carry the same brands. This individuality encourages customers to come back for things they won't get anywhere else.
- **Price**—Featuring quality products at lower prices, Target offers chic shoppers a refreshing change from higher priced department stores—and from lower quality discount stores. Its prices remain low enough to be considered discount but high enough to establish an image of quality.
- **Place**—To ensure that its products are in the right place at the right time, Target is part of an extensive online system to get products from its suppliers. This allows the business to stock its shelves as professionally as department stores do.
- **Promotion**—When customers notice that Target's advertisements sport a cutting-edge image, they conclude that this discount store accommodates its customers' style requirements.

A unique blend, Target's marketing mix puts together the image of quality and the convenience of discount shopping in a way that few stores have demonstrated. The blend effectively supports Target's strategy of catering to stylish discount shoppers.

You can read more about how the four elements of the marketing mix work in the article "The Marketing Mix and the 4Ps of Marketing" from MindTools: https://www.mindtools.com/pages/article/newSTR_94.htm.



Summary

The marketing mix is made up of a distinct blend of elements—product, price, place, and promotion—that are valuable individually. Determining the product to sell is the starting point. Finding the right pricing balance involves weighing value and satisfaction for the customer, as well as cost and profit for the firm. Making sure that products are in the right place at the right time ensures a convenient buying experience. Effective promotion uses communication to inform, persuade, or remind customers of the products' benefits. As a unit, the mix elements are interrelated and can be tailored to suit various situations. Before putting the elements together, marketers must select a strategy for reaching their goal.

TOTAL RECALL

1. Explain why different strategies are used in different situations.
2. What is the marketing mix?
3. Why is the product element of the marketing mix important?
4. To be successful with the price element, what must marketers balance?
5. What factors should marketers consider when developing the place element?
6. As a marketing mix element, what is promotion?
7. How do the marketing mix elements affect each other?
8. How are strategies important to the marketing mix?

Make It Pay!

Marketing strategies come in all shapes and sizes. That's because they're customized for each individual set of circumstances. In particular, strategies for marketing a service can be quite different from strategies used to market a good.

Think for a minute about two different products—one good and one service. These may be products that you sell at your place of employment, or they might be products you consume. What strategies and tactics do the products' producers use to reach their goals? How are the strategies and tactics used to market the good similar to and different from those used to market the service?