Dear Ruby

I am writing to congratulate you on your academic achievement in Semester 1, 2017. I am pleased to advise that you placed among the top three students in one of your units of study:

- In MKTG1001: Marketing Principles, you placed 1st out of 581 students with a mark of 89.

The Business School is committed to providing a university education that is at the cutting edge of knowledge, is intellectually rigorous, and has contemporary and professional relevance. Our undergraduate student body comprises of high-achieving local and international students.

Your achievements are particularly outstanding given the high calibre of your peers.

Sincerely,

Associate Professor Rae Cooper
Associate Dean (Undergraduate Business)

Product:

What is a product? Anything offered to a market for attention/acquisition/use etc. That might satisfy need/want (many products can satisfy same need)
→ physical goods, services, experiences

- Consumer products:
  - FMCG/non durable: single/few use
  - Durable: extended use
- Industrial products
- Organisations, persons, places, events, ideas

Competitive marketing strategies:

- Better product, market price
- Same product, lower price

'**Anything' marketing:**

- Event: physical products with services → product in own right
- Person: high profile – generate $, e.g. Oprah
- Political
- Cause related: social impact, change attitudes/behaviour (diff from brand with cause e.g. Dove)
- Not-for-profit → ultimately leads to contribution
- Experiences: consumers actively involved

Total product:

1. *Core product*: what are they really buying? → need satisfied
2. *Actual product*: as many as 5 characteristics; quality level, features, styling, a brand name & packaging → how we see product in market place
3. *Augmented product*: add services/benefits, often point of differentiation

Product differentiation: most common strategy, monopoly over segment of market represented by loyal customers
→ compete at individual product level through

- Product, services, personnel, channel, brand, first mover adv

Services:
<u>Intangible</u> (challenge to tangiblise)
→ <u>inseparability</u> (synchronise delivery + consumption of service)
→ <u>variability</u> (bc of insuperability)
→ <u>perishability</u> (difficult to manage demand)

+3ps: people, process, physical element

New product development:

Original product, improvements/modifications etc. R&D

Driven by: changing consumer tastes, tech, comp + customer wants/expectations

Obtained through: acquisitions (firms, patents) or NPD process

Why introduce new products?

- *Growth* → new sales from existing/new markets
- *Leverage* → brand relationships, existing resources
- *Adapt* → changing needs, tech etc.
- *Defend* → match/beat comp

Types of new products:

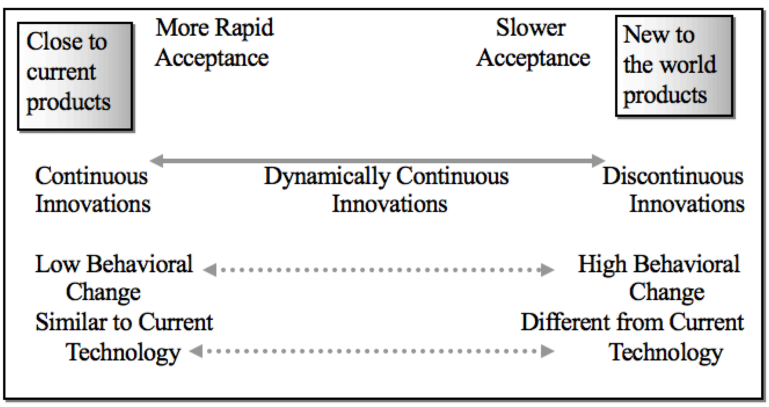
	Description	Risks
New to world	• Brand new invention – not available in market before • Using capabilities to create monopoly/leapfrog • Every step of NPD	• Huge upfront expense
New to firm	• Existing product, new type of product to firm	• Unfamiliar market • Established competition
Repositioning	• Change image/use or target market for existing product	• Significant costs • Give up existing sales
Product line extension	• Variety of existing product already offered • Leveraging existing brand success etc.	• Cannibalising sales • Damage brand
Product improvement	• Enhancing existing product against comp	• ↑ cost, poor market acceptance

Nature of innovation:

2 dimensions

- How much the user must change behaviour
- How new innovation is for user

Continuum of Perceived Product Newness



Pricing strategies:

Customer value based pricing	• Buyers perception of value → set price accordingly, outside in • Price considered with other marketing mix variables *before* marketing program set → use other tools to ↑ value • *Everyday low pricing:* constant low price with few discounts • *Value added:* add features/services to differentiate and support price ↑ (i.e. perception of value)
Cost based pricing	• Cost of producing/distribution/selling products + fair rate of return, inside out • Key = manage spread between costs + prices, how much company makes for customer value delivered • *Mark up/cost plus* • *Break even/targeting pricing:* cost = revenue, how many units needed to break even given price
Competition based pricing	• Following competition – charge same/below/above depending on positioning/value relative to comp
New product:	
Market skimming (new product)	• High $ to skim max revenue at introduction stage → fewer but more profitable sales • Inelastic demand → luxury products
Market penetration pricing (new product)	• Low $ to attract large no. of buyers/large market share • Elastic demand curve • Economies of scale to be gained
Product mix pricing	
Product line pricing	• Price steps between product line items (19.95, 39.95)
Optional product/service	• Added stuff e.g. free transfers
Captive product pricing	• Products necessary for main product → fixed fee/price + variable usage rate e.g. Printers + cartridges
By-product pricing	• Pricing low value by products to get rid of them e.g. Pet food from meat products
Product bundle pricing	• Sold together → lower price than when bought individually e.g. Holiday packages
Situational pricing	
Discount/allowance pricing	• Reward customer responses e.g. paying early
Segmented pricing	• Differences in customers/locations/products e.g. students
Psychological pricing	• Adjust $ for psychological effect → influence perception of value • Reference $: $ consumer carries in mind – can be influenced through pricing cues e.g. shelf placement, sale (red), 19.95 pricing
Promotional pricing	• Temporarily ↓ $ to ↑ short term sales
Dynamic prices	• Continually adjusted to meet needs of customer /situations e.g. hotel promotions
Geographic pricing	• Adjusted for international markets (taxes, tariffs)