



Prifysgol Cymru

Y Drindod Dewi Sant

University of Wales

Trinity Saint David

Trawsnewid Addysg, Trawsnewid Bywydau
Transforming Education, Transforming Lives



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Marketing and Sales

BMGM5001

Week 3

The Marketing mix - Introduction

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LAST WEEK RECAP:

The consumer decision making process

- Marketing discussion/definitions

"Marketing is not the art of finding clever ways to dispose of what you make, it is the art of creating genuine customer value". (Kotler, 1967)



4 P's Marketing MIX



(McCarthy, 1960)



TARGET MARKET?

PRODUCT:

WATERPROOF PACKAGING

PRICE:

25 GOATS FOR A
SHIPLOAD OF BURGERS

PROMOTION:

FRE

P
PUB



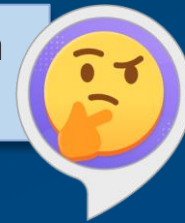
PAXTON / PATTERSON



4 P's Marketing MIX



What is the main difference between
a product and a service?



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PRODUCT



SERVICE

INDIVIDUAL ACTIVITY

Make a list of 20 products and 20 services



5 Key differences



Intangibility



Inseparability



Perishability



Variability



Not owned



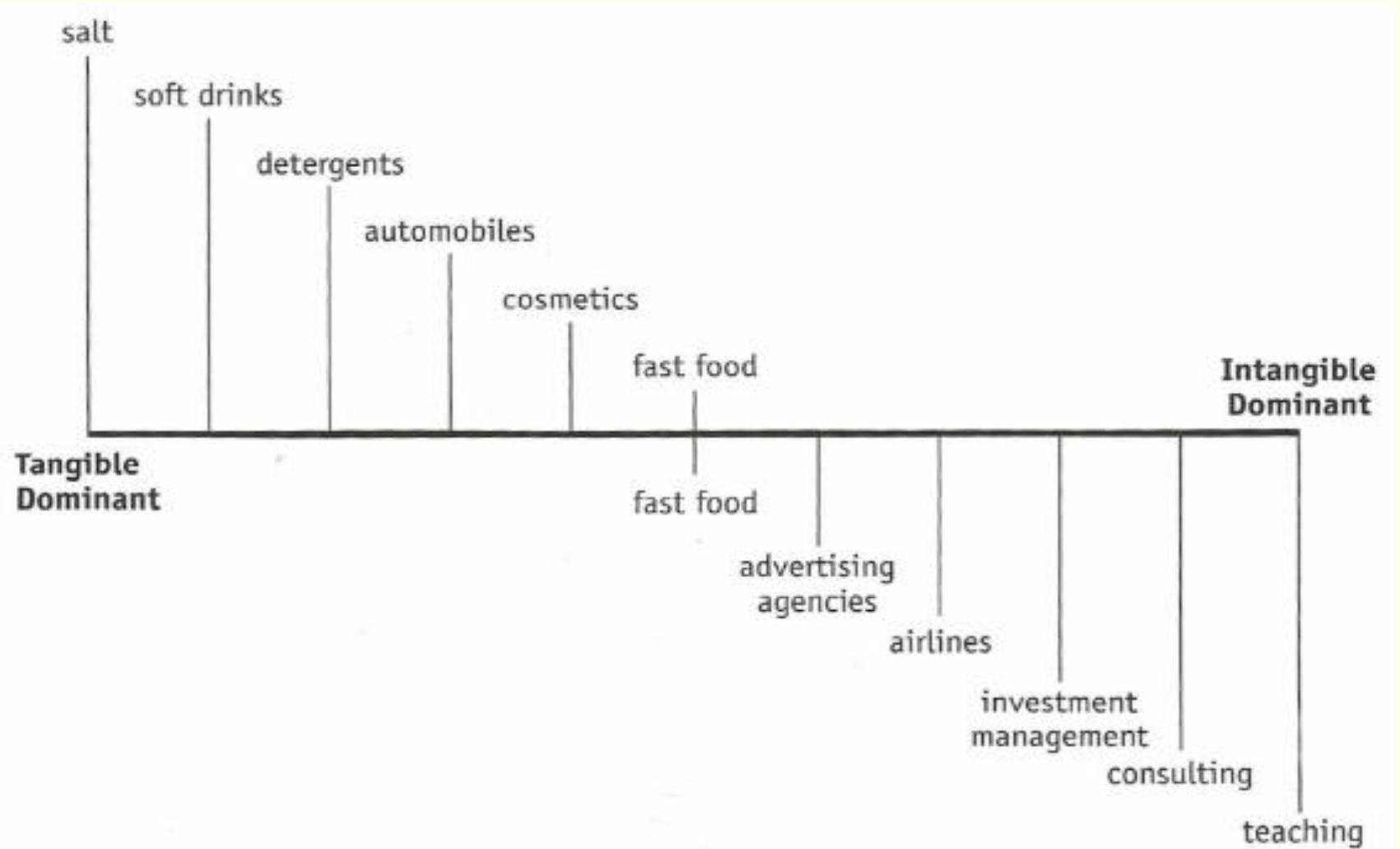
Intangibility

Services may be higher risk purchases because the customer can't fully experience them before they're bought. The risk associated with intangibility means that customers are less likely to try new services, or switch brands.

Perceived risk can be reduced by making a service more tangible. Ways to do this include:

- Create strong brand image
- Give good customer service whenever dealing with customers
- Engage in post-purchase communication

Shostack's spectrum (1977)

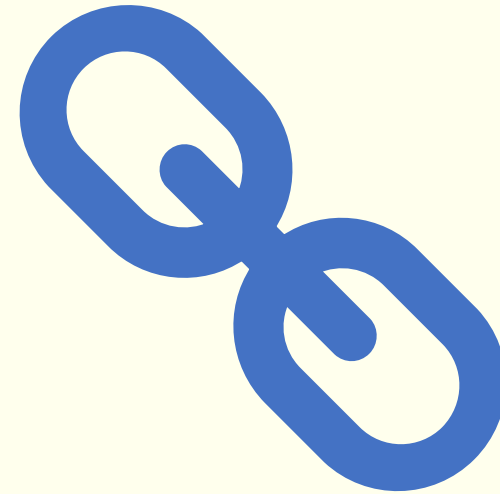


Inseparability

Services can't come without service providers (*you can't have car insurance without being a customer of a car insurance company*). Inseparability is sometimes called simultaneity, because the service is produced at the same time it is consumed.

Ways to manage inseparability include:

- Managing customer expectations of the service.
- Creating a “service blueprint” for staff which sets out the levels of quality expected.



Variability

Unlike products, standardising the quality of a service can be difficult. Services are run by people and there is always room for human error and technological issues – this creates variability.



The quality of a service depends on a number of things including:



Who provides it



When it is provided



Where it is provided



How it is provided

Perishability

Services have perishability – they cannot be owned or stored for later use or sale. They only exist at the time they are made and consumed (*car insurance isn't needed until you drive the car. Netflix isn't streaming if you aren't on the page*).

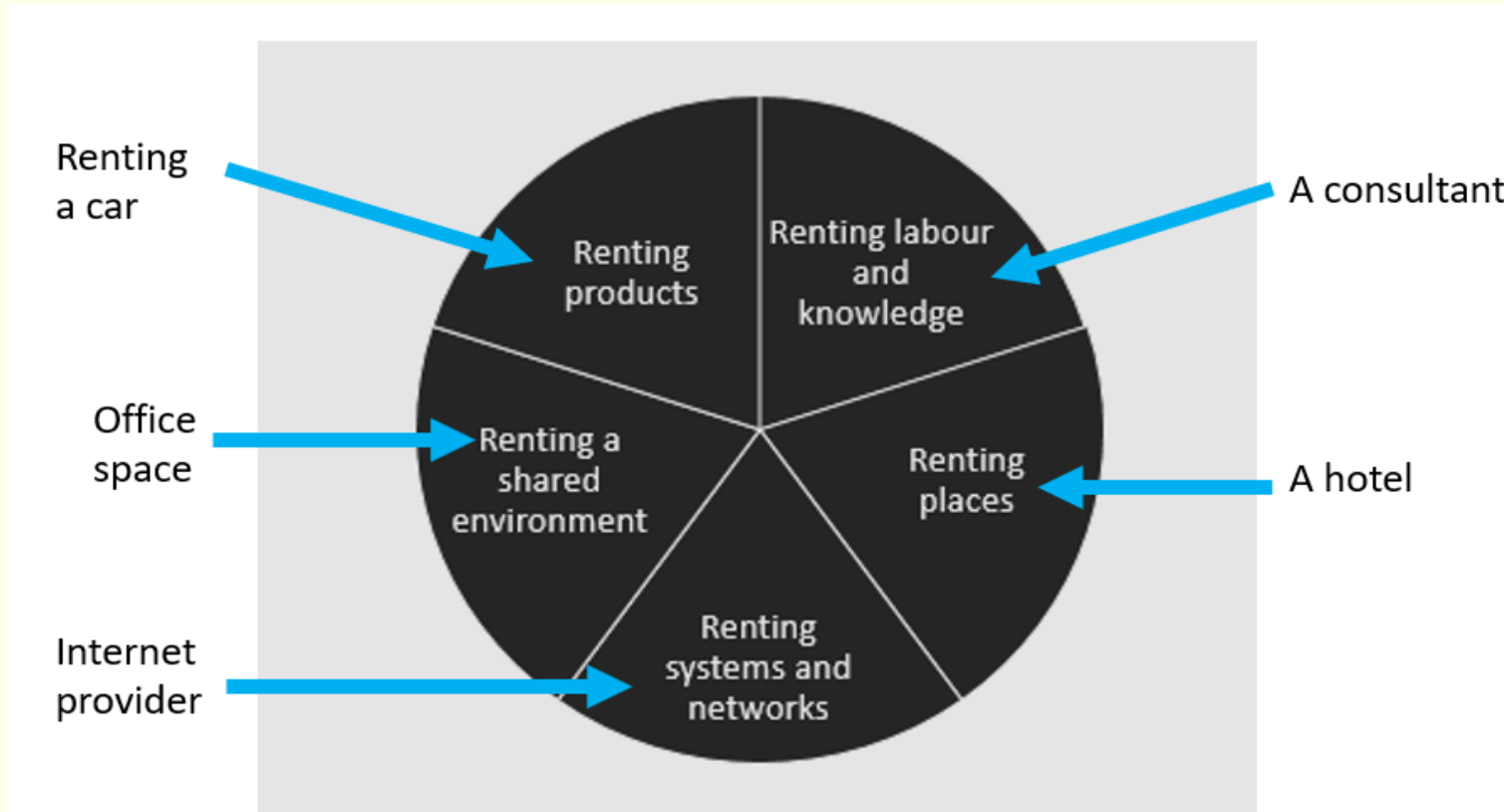
Perishability is the main source of supply and demand problems that service businesses face. Capacity and demand management are important when trying to deal with the perishability of services.

Not owned

It's difficult for consumers to own a service, but people enjoy ownership of products. For example, they could be more inclined to want to buy and collect DVDs rather than have a Netflix subscription.

How marketers deal with non-ownership:

- Emphasise the ease of renting rather than owning (e.g., a house)
- Price attractively



Categories of services

Which best describes a restaurant?



Layers of a product and the product lifecycle

Product

The most basic element of the Ps. It is the good or service being exchanged for money, and it needs to provide value to the consumer in some way.

A coffee purchased at a coffee shop is a product with service attributes.

Consumers interpret product in a number of ways (Sethna and Blythe, 2019):

- Cognitively (*mentally – e.g. quality*)
- Affectively (*emotionally – e.g. happy/anxious*)
- Conatively (*behaviourally – e.g. usage*)

How do you/ or the customers interpret the products sold by your placement restaurant?





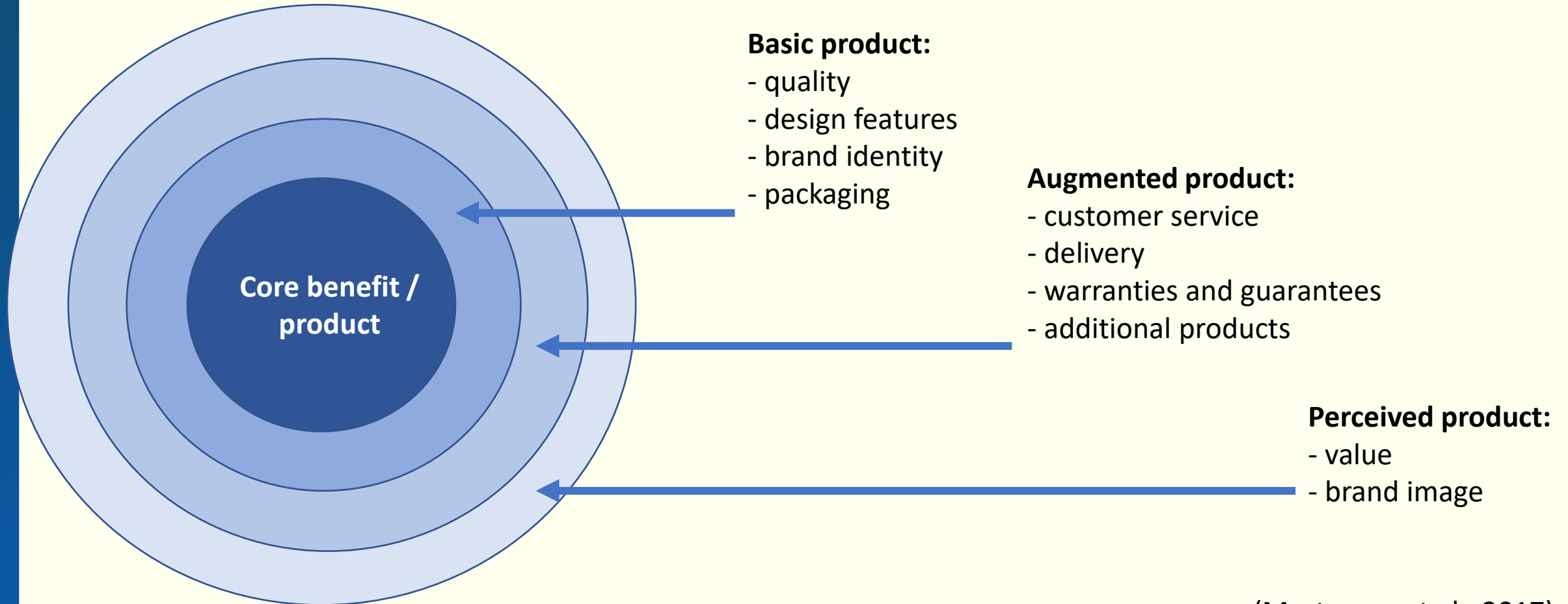
Value propositions

A value proposition is the “the full mix of benefits on which a product is differentiated and positioned. It is the answer to the customer’s question ‘why should I buy your product?’” - Kotler et al. (2018, p.232).

To know the answer to this we’re going to explore the following:

- Brand positioning
- Objective/subjective positioning
- Competitive advantage and USP
- Positioning statements

What makes a product?



(Masterson et al., 2017)

Case study: a Starbucks coffee

Core product: coffee

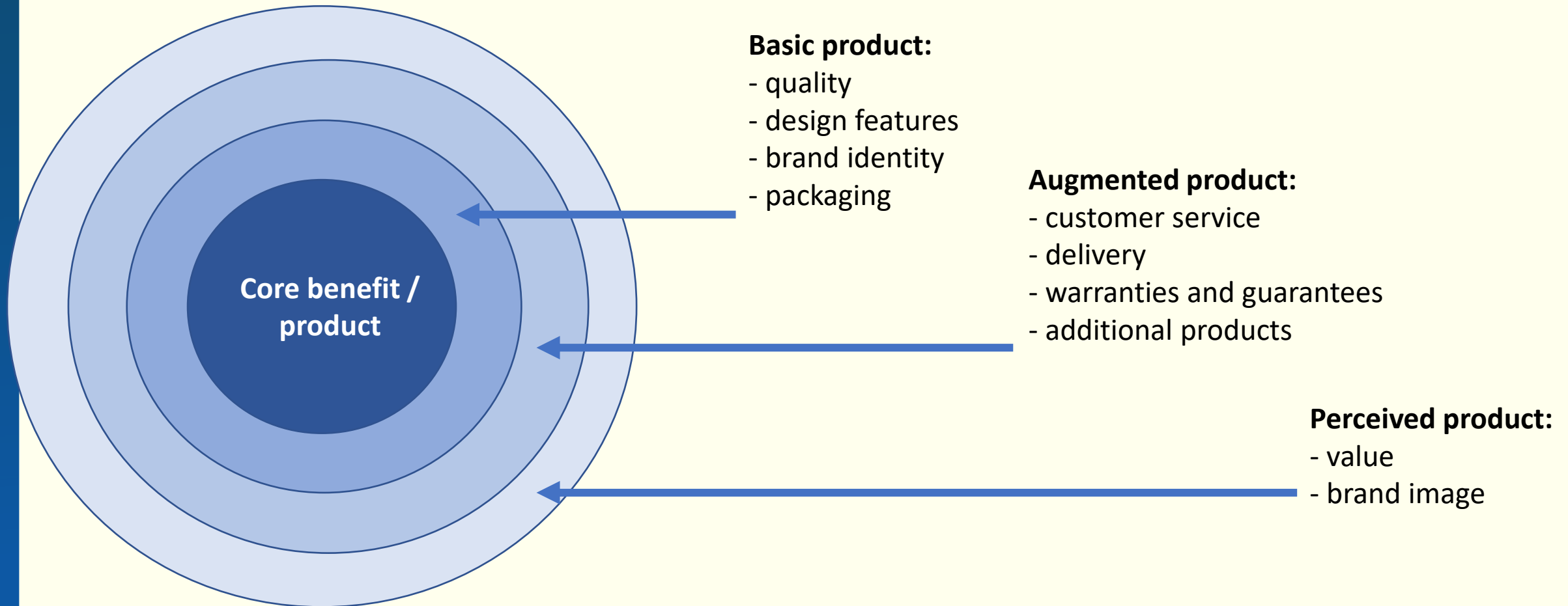
Basic product: a luxury coffee, high quality (high cost!), very good brand identity.

Augmented product: lots of extras and potential substitutions (*types of milk, flavourings, sizing*). You can add food to your order. Good customer service in the shop. You pick it up, at the counter or via drive through. Guaranteed quality – they will make a new drink if you're unhappy.

Perceived product: good value for money (*depends on your own opinion!*). Most people who like coffee would say Starbucks is a good brand.

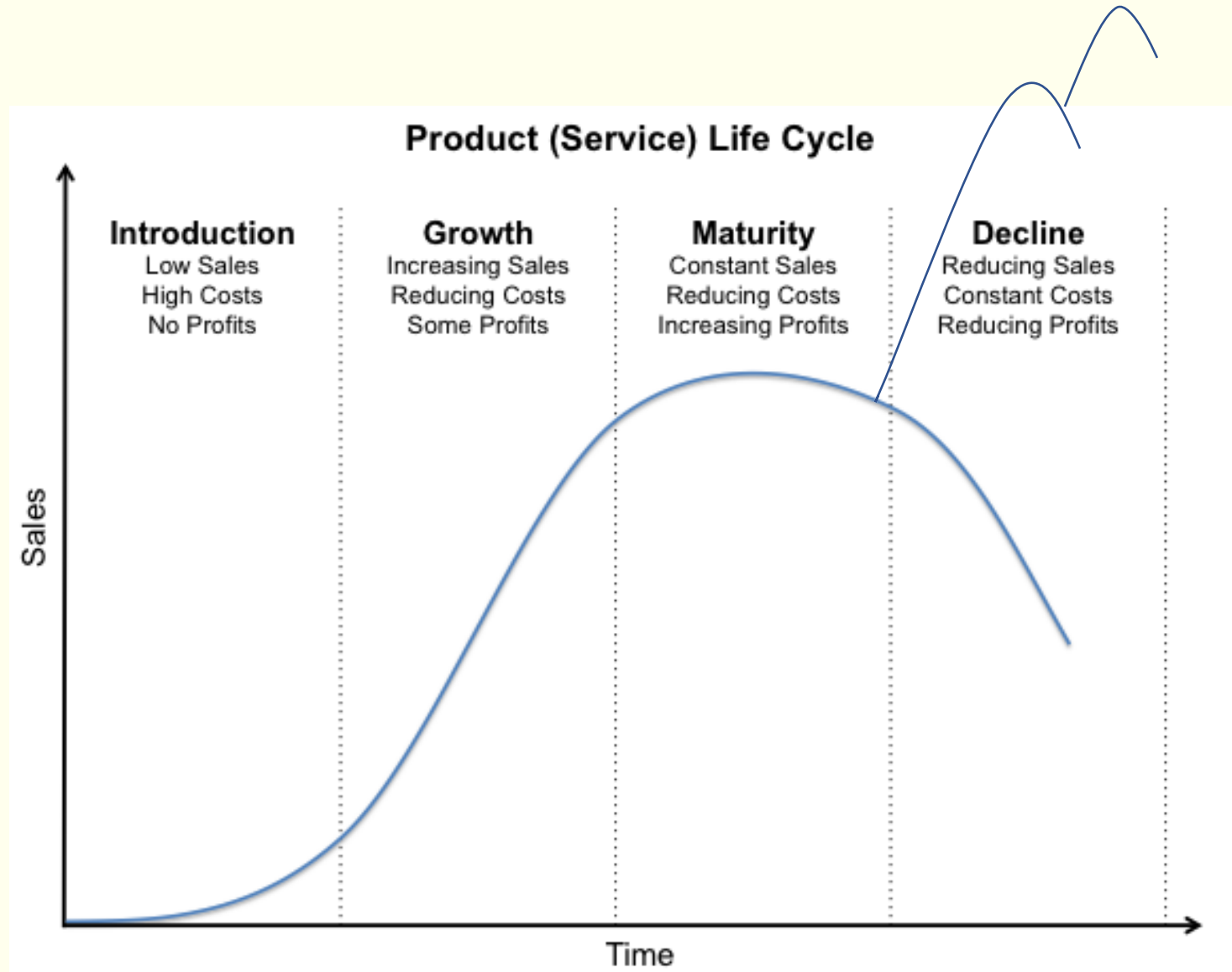


What about a product at your restaurant? Draw a diagram on 'Whiteboard' together discussing a dish of your choice



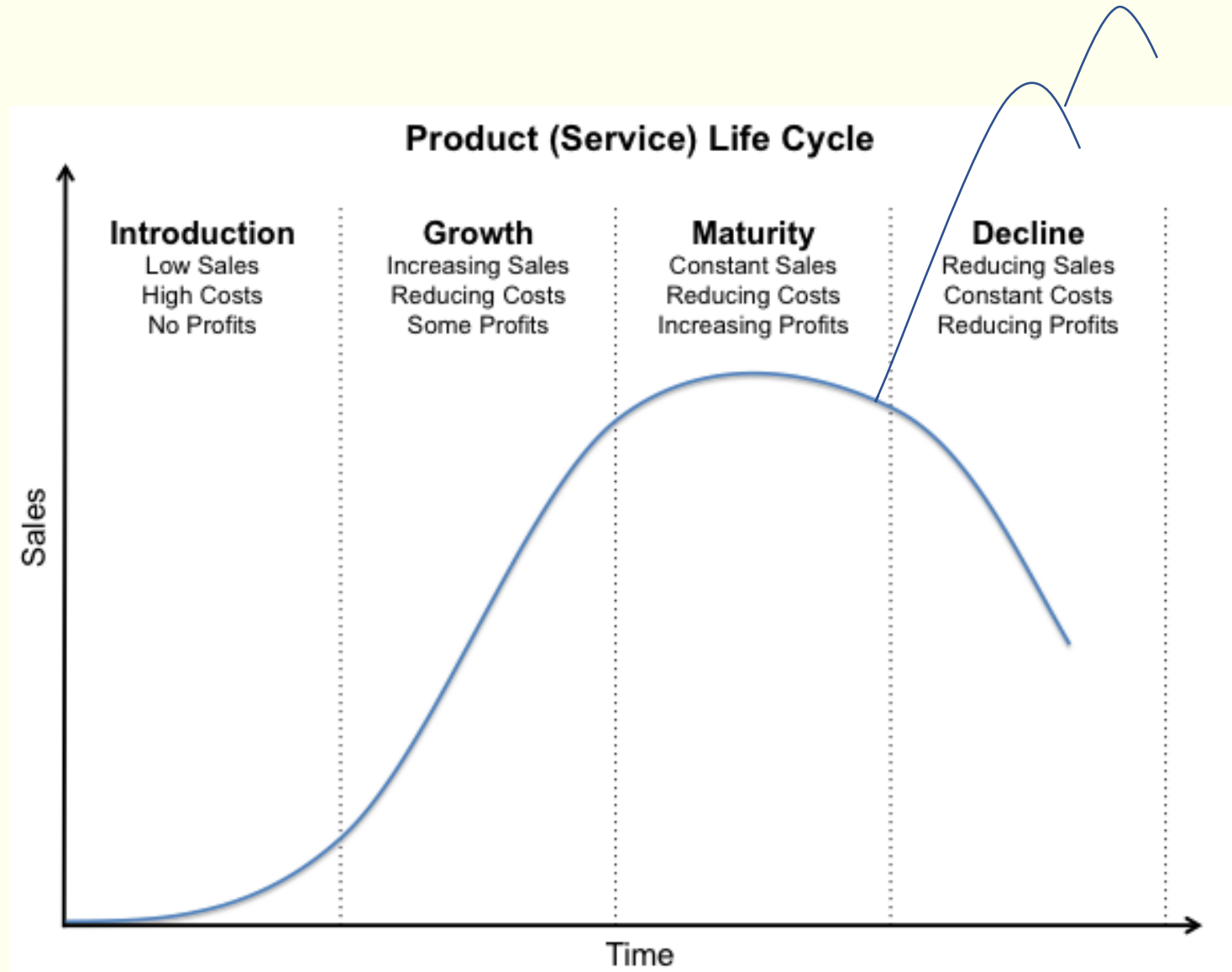


Products
don't live
forever:



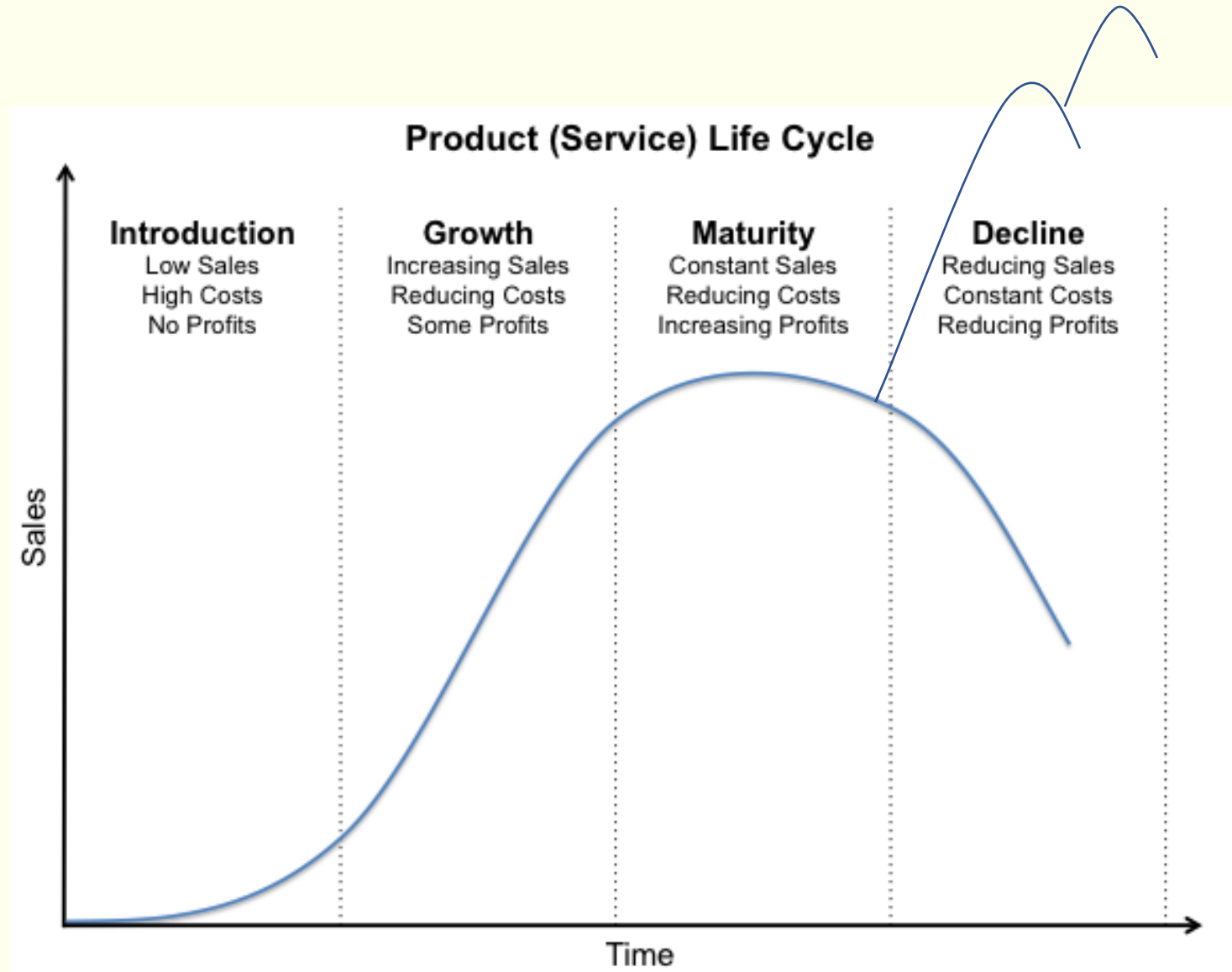


Products
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Products
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Case study: Chiquito

Introduction: Chiquito was a restaurant chain owned by TRG and founded in 1989 based in the United Kingdom specialising in Tex-Mex foods. It dubs itself as 'The Original Mexican Grill & Bar' and has been described as the United Kingdom's best known Mexican chain.

Growth: from 1990-2012 the brand experienced steady growth and expanded to 68 outlets across the UK.

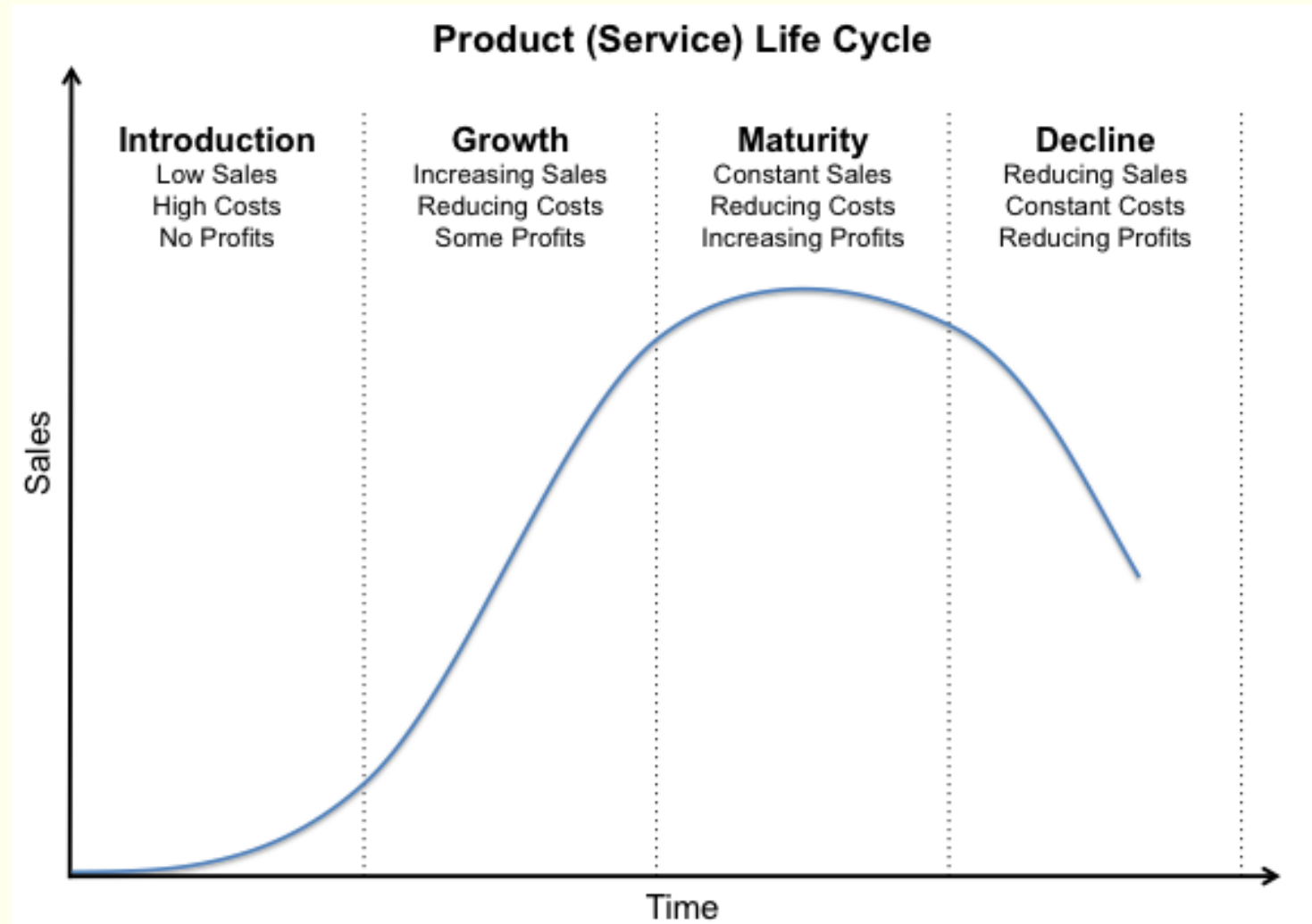
Maturity: in 2013 the brand reached its peak and was beginning to show signs of slowed growth as Brazilian and other South American cuisine brands began to rise, e.g Nandos, Viva Brazil, Chilango, Taco Bell etc..

Decline: from 2014 onwards, the brand experienced like for like sales decline and issued 3 profit warnings between 2015 and 2017. In 2023, the brand was sold along with Frankie and Bennys to big Table group for 7.5 million and now has only 20 restaurants remaining

Extension strategies: Menu Overhaul: A new menu was introduced, shifting away from the previous "Tex-Mex" focus. Brand Shift: The goal was to revitalize the business under the leadership of CEO Andy McCue. Smaller Portions: Aligning with changing consumer preferences.



What about your restaurant?
Where would you place your
brand and why?



References

- Sethna, Z., and Blythe, J. (2019). *Consumer Behaviour*. London; Sage.
- Shostack, G. L. (1977). 'Breaking free from product marketing'. *Journal of Marketing* Vol. 41, Iss. 2, pp. 73-80.





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See you
Next time!