

Introduction to Business

Topic 5: Marketing

Lecture 3: The Marketing Mix and
SWOT Analysis

Learning Objectives

- What is
 - Marketing Mix
 - SWOT Analysis



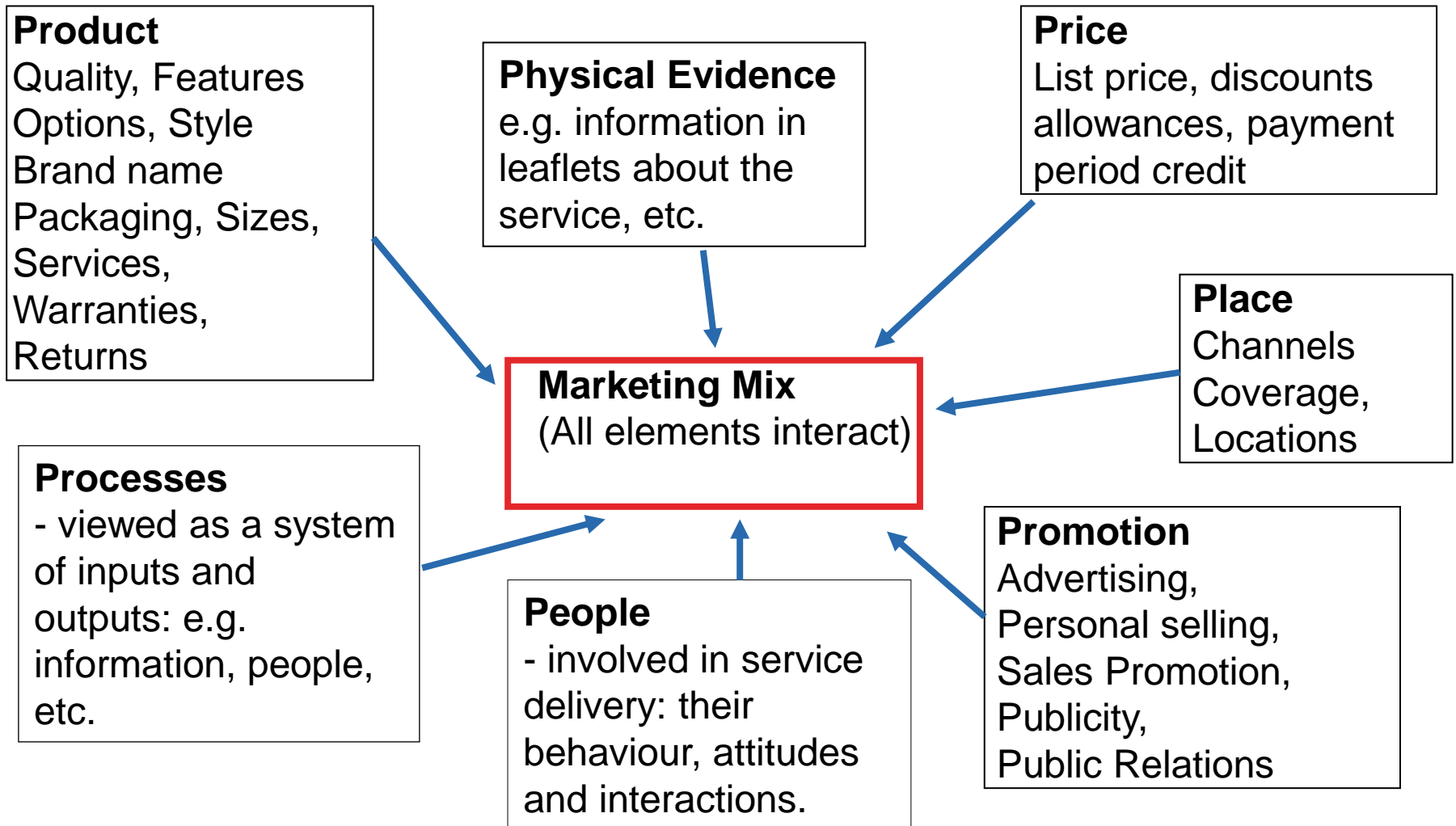
What is the Marketing Mix?

- The way a business markets its products or services to a particular target customer group.
- It is also referred to as the 4 Ps.
 - Product
 - Price
 - Promotion
 - Place
- Or the 7 Ps - the 4 Ps with the addition of:
 - People,
 - Process and
 - Physical Evidence.

Successful Marketing Mix

- When marketing their products, firms need to create a successful mix of:
 - the right product
 - sold at the right price
 - in the right place
 - using the most suitable promotion.

The Seven P's of the Marketing Mix



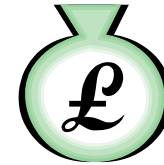
Product (or Service)



- When developing new products (or services), companies have to make;
 - Products that work,
 - with attributes that satisfy the customers' requirements
 - at a cost which the market will pay.

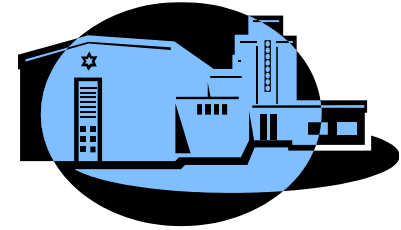
- The following can make a difference as to whether a customer will purchase a product or not;
 - Quality
 - Packaging
 - Warranty
 - Credit and delivery terms
 - Brand name
 - Extra features
 - After-sales service

Price



- Price is the value paid for the product or service as perceived by the customer
- Price is influenced by many factors including:
 - Costs involved in making the product
 - Demand for the product
 - Competitors prices
 - What price the customers are prepared to pay for the product
- One of the difficulties of pricing is that if the price is too low, the customer may think the product is inferior to the others and therefore not buy.

Place



- Place represents the location where a product can be purchased
- In order to place their products in the right place, an organisation needs to know:
 - Where customers want to buy- could be shops or internet for example
 - How long customers would be willing to wait for delivery for example customers might want instant access to some products
 - The method of transport that will be needed to get their goods to the customer, If the products are perishable or bulky for example.
 - The transportation costs to get the product to the desired place.

Promotion



- Promotion is communicating information about a product to potential customers

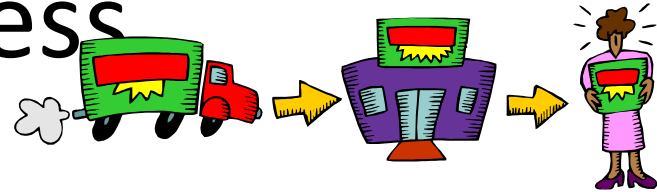
- Creating a positive image of the product in the mind of the customer in order to influence them to buy. This could be by:
 - Personal selling
 - Advertising
 - Sales promotions
 - Publicity
 - Exhibitions
 - Word of mouth

People



- People are the key to the success of any organisation.
- Employees and management are the people who represent the business
- It is important that the employees of an organisation have the skills and knowledge to be able to present the right image and level of service quality.
- The image they present is important. Therefore, careful selection and training of customer contact people is crucial to the success of the company.

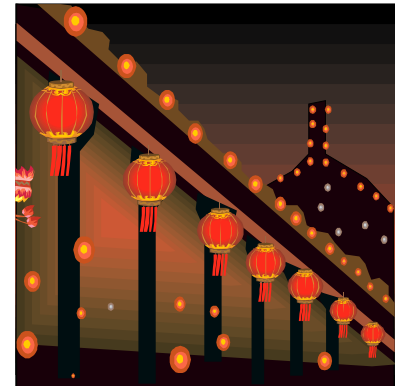
Process



- Process is the way the product or service is offered and delivered.
- New technology has a huge impact on the way companies process their products.
- For example, barcodes revolutionised the way that retailers identified products, but are rapidly being replaced by RFID (radio frequency identification)

Physical Environment

- The ambience, mood or physical presentation of the environment:
 - Smart/shabby?
 - Trendy/retro/modern/old-fashioned?
 - Light/dark/bright/subdued?
 - Romantic/chic/loud?
 - Clean/dirty/unkempt/neat?
 - Music?
 - Smell?



Class Exercise

- In groups, think about a local company and discuss the marketing mix in terms of the 7 Ps.
- 10 minutes

What is SWOT Analysis?

- The SWOT analysis is a very simple but effective means of carrying out an analysis of a company/product
- The SWOT analysis is probably the first step in putting together a marketing plan or business plan for a product/business

SWOT is an Abbreviation for:

- **S**trengths
- **W**eaknesses
- **O**pportunities
- **T**hreats

Strengths:

- What are the strengths of the product?
- What makes it better than other products?
- Are these strengths being sufficiently exploited?
- Are they being sufficiently defended?

Weaknesses

- What are the weaknesses of the product?
- What makes it inferior to other products?
- Are there strategies that should be adopted to offset these weaknesses?
- Should the business be removing these weaknesses completely?

Opportunities

- An opportunity is any feature of the external environment which creates positive potential for the organisation to achieve its objectives.
- The best market opportunities are those offering the best prospects for growth, competitive advantages and are also a good match with the capabilities of the firm.

Threats

- A threat is any external development that may hinder the organisation in achieving its objectives.
- They are defined as external factors presenting a danger to the firm.
- It is important to create strategies to minimise threats.

Internal Factors

- Strengths and weaknesses are internal factors:
 - A strength could be your specialist marketing expertise.
 - A weakness could be the lack of a new product.

External Factors

- Opportunities and threats are external factors:
 - An opportunity could be a developing a new distribution channel such as the Internet, or changing consumer lifestyles that potentially increase demand for a company's products.
 - A threat could be a new competitor in an important existing market or a technological change that makes existing products potentially obsolete.

Areas to Consider – Internal Factors

Positive	Negative
<p data-bbox="239 386 537 448"><i>Strengths</i></p> <ul data-bbox="170 489 832 1072" style="list-style-type: none"><li data-bbox="170 489 710 539">• Technological Skills<li data-bbox="170 579 614 629">• Leading Brands<li data-bbox="170 669 780 719">• Distribution Channels<li data-bbox="170 759 749 891">• Customer Loyalty/Relationship<li data-bbox="170 931 832 981">• Quality product/service<li data-bbox="170 1021 568 1071">• Management	<p data-bbox="1103 386 1476 448"><i>Weaknesses</i></p> <ul data-bbox="987 489 1765 996" style="list-style-type: none"><li data-bbox="987 489 1765 539">• Absence of important skills<li data-bbox="987 579 1398 629">• Weak brands<li data-bbox="987 669 1754 719">• Poor access to distribution<li data-bbox="987 759 1688 809">• Low customer retention<li data-bbox="987 849 1760 899">• Unreliable product/service<li data-bbox="987 939 1412 989">• Management

Areas to Consider – External Factors

Positive

Opportunities

- *Changing customer tastes*
- *Opening of geographic markets*
- *Technological advances*
- *Changes in government politics*
- *Change in population age-structure*
- *New distribution channels*

Negative

Threats

- Changing customer tastes
- Closing of geographic markets
- Technological advances
- Changes in government politics
- Change in population age-structure
- New distribution channels

Simple Rules for Successful SWOT Analysis - 1

- Be realistic about the strengths and weaknesses of the organisation when conducting SWOT analysis.
- SWOT analysis should distinguish between where the organisation is today, and where it could be in the future.
- SWOT should always be specific. Avoid grey areas.

Simple Rules for Successful SWOT Analysis - 2

- Always apply SWOT in relation to the competition i.e. better than or worse than the competition.
- Keep the SWOT short and simple. Avoid complexity and over analysis.
- SWOT is subjective.

Class Activity

- In groups consider the following:
 - A new shop is opening on the High Street. They do alterations to garments.
 - Consider what two promotional activities they could use to launch their business successfully.
 - Explain your reasons.

Conclusions

- Successful application of the marketing mix relies upon considered use of the '7 Ps' of marketing.
- SWOT is a useful business analysis tool to help organisations design, implement and maintain their marketing strategy.

Topic 5 Lecture 3

- Any questions?