

Marketing models and explanation for each

[Business](#), [Marketing](#)



Discuss various marketing models explain each with a suitable example. A marketing plan is your roadmap for finding and retaining your customers. By planning your marketing step by step, you are giving your business the best chance of succeeding in today's competitive marketplace. From building a strong brand to setting the right profile for your ideal customer to creating an engaging buying experience, the time you spend planning now will be largely driven by the results you'll get in the months and years to come. This paper describes five typical marketing models that can aid us in constructing our marketing campaigns and developing marketing plans that meet our organizations strategic goals. It describes following tools, models and techniques: The 4 P's Marketing Model The 4 C's Marketing Model The STP Model Pricing Models.

The 4 P's Marketing Model Definition: The 4P are the four major elements that define the " marketing-mix", that is to say all the choices and actions implemented by the company to meet its market and its customers. The 4P detail the marketing and commercial positioning of the company. The 4Ps are therefore the four pillars of the company's marketing strategy. Each pillar must be compatible and consistent with others.

The choices in marketing-mix are not random, they are based on a market study and a detailed knowledge of the segments (groups of customers) and the expectations of the target groups. Four main levers allow the company to act to meet its target: The first P is the product itself, the second P is its price, the third P includes all the tools that promote the product, Finally, the fourth P concerns the place of sale of the product. The goal for the company

is to develop a balanced and consistent recipe to enable it to attract a maximum number of customers.

P for PRODUCT (product).

The “ PRODUCT” details all the choices and actions that affect the product itself, in order to satisfy the customer: The brand or the name under which the product is sold, The quality of the product, Features and technical features, The options, Product-related services: after-sales service, warranties, insurance, etc. The style, the conditioning, Lines: these are groups of products responding to different sub-segments of customers (child line, premium line, organic line), The ranges: a wide range includes many different product lines, a deep range includes many different references within each line (large number of sizes, formats, or colours for example), a long range is both wide and deep.

P for PRICE (price).

The “ PRICE” details all the choices and actions that affect the price of the product: Price policies: skimming policy is to charge high prices to address a high-end clientele or who wants to stand out, the penetration policy is to charge low prices in order to impose on a market in the face of competition, the alignment policy is to adopt the prices of competition in order to avoid a price war, the psychological price policy consists in adopting the price expected by the customer. Trade reduction policies: The discount is an exceptional discount given to a customer due to quality or non-compliance issues, the discount is a reduction practiced in the usual way, for example according to the quantities bought (sale in batches, accumulation of purchases in the time ...), The rebate is a reduction calculated over a specific

period, valid for all the operations of the same customer. The terms of payment and credit: payment period, discount, credit and rate ... Of course, the pricing policy must be consistent with the product policy.

P for PROMOTION (communication).

The P “ PROMOTION” details all the choices and actions that affect the promotion of the product (we speak of communication-mix): Sales: canvassing, demonstrations, tests, sales by phone, participation in shows and fairs ... Advertising: radio, press, cinema, newspapers, posters, brochures, brochures, Sales promotion: these are techniques that aim to increase sales through temporary offers: quizzes, distribution of samples, coupons, coupons, occasional discounts, animations ... Public relations: press releases and press kits, sponsorship or sponsorship operations, sponsorship, lobbying, event holding, Direct marketing: sending catalogues, mailing letters, e-mailing... Communication must be consistent with product policy and pricing policy: a low-cost product will be promoted by mass, inexpensive and mainstream advertising. A high-end or distinctive product may be the subject of events or direct personalized marketing.

P for PLACE (distribution).

The “ PLACE” details all the choices and actions that affect the distribution of the product: The choice of points of sale, the choice of distribution channels: they are mainly classified into three categories: direct, short or long depending on the number of intermediaries, Stocks and warehouses, the assortment of orders, Logistics: means of transport, speed of delivery ... 4P marketing-mix: examples. Here is an example of a marketing mix for the Chanel brand (perfumes): Target: men and women aged 30 and over, with

above-average incomes Product: high quality, know-how, fashion and innovation Price: skimming policy Promotion: targeted women's magazines, targeted display, POS Distribution: selective distribution strategy (traditional network of downtown perfumeries) Here is another example of a marketing mix for Ryanair (airline): Target: all intra-European travellers or to countries close to Europe Product: standardized (no comfort class). Many additional services, optional and paid Price: aggressive penetration policy Promotion: mass communication by mainstream media Distribution: sale on own website only.

The 4 C's Marketing Model The 4Ps are increasingly competing with the 4Cs. With the evolution of marketing and modes of consumption, the theory of 4 P is more and more competed by that of 4 C: Consumer, Cost, Convenience, Communication: The Product is replaced by the Consumer: the reflection is more and more turned around the desires, behaviours and expectations of the customer. The product is becoming more of a concept rather than an object with a primary utility. The price is replaced by the cost: the customer sees the acquisition as a personal cost, without necessarily referring to the prices of the competition, Distribution is replaced by Purchasing Convenience: the customer seeks the least possible constraints to acquire and dispose of the product; he is ready to go out of traditional consumer networks to make his life easier, The Promotion is replaced by the Communication: traditional promotion policies must be abandoned for multi-channel communication strategies in order to establish a permanent dialogue with the customer. 1. Connection: Consumers expect to connect with brands and businesses anytime, anywhere ... smartphones, tablets,

<https://assignbuster.com/marketing-models-and-explanation-for-each/>

computers. In an omni-channel world, retailers need to learn to connect with consumers more and more early in the purchase journey (80% of searches start on the internet) when they begin online searches. And, they expect to continue without breaking store.

- Choice: Today's consumers are no longer limited by what they can find in stores, or even beyond their geographic boundaries. What is the virtual catchment area? There is none left. They expect to have the opportunity to choose from an expanded product line. Therefore, the brick & mortar must "connect" their virtual shelf to their store shelves. The offer must be homogeneous, even if it means combining the digital with the physical by "connecting" the department or the salesman. The choice whether online or offline must not be interrupted. This will require not only to rethink assortments, but also technology to allow a "seamless" shopping cycle.
- Convenience: This "C" is closely related to choose. Consumers are increasingly looking for convenience in the way they buy, but also in the way they want to take possession of their merchandise: at home, in my regular store, at another store, in a pickup location, in drive Consumers are running out of time (or want to spend less time on "constraint" mode, and shopping is 80% considered as a chore Ipsos source). They want Convenience today for their online or in-store purchases. Conveniences on the point of order and / or purchase store, at home, in nomadic mode ... and for taking merchandise: in store, drive, click & collect, delivered, point relay

- Conversation: If there is one thing essential for the consumer today ... it's on the social shopping register! Consumers are more likely to start their journey on social media in search of a " conversation" and especially recommendations about the desired product or service. And not only before the purchase but also after the purchase. Many US stores but also now in France continue their relationship " store customer" by the social networks Face book or Twitter. And it must be because the reflex for 50% of people today who have something to say or ask ... is to turn to social networks, Facebook in particular. Technology becomes key here too: relational and pursuit of experience beyond purchase. Go further than the CRM to continue a conversation between brand and users, create value relationships or even " of social life ". And in this time of disruptive change, conversations and willingness to give one's opinion are important. Speak up and be listened to and certainly investments in the field of 4P can be measured. But 4Cs are more difficult to measure and need to be tested.

The STP Model (segment, target, position) Once the research phase is over, and after identifying the various potential market segments, the company's strategists / decision-makers must choose the target customer segments with which they want to do business. By analyzing their skills and comparing them to the conditions of success associated with each market segment, the company will choose the target market segments with which it wishes to do business. The company will then work to study as precisely as possible its target customers in order to choose the most appropriate strategic

positioning to satisfy them. Any marketing strategy must meet the ambitions of the company.

To define the best way forward, it must be based on three key keys: segment and target its market, set medium-term directions and, finally, position its offering in a differentiated way from that of its competitors.

- Market segmentation Market segmentation consists of dividing a market into distinct and homogeneous groups of buyers called segments, whose needs and purchasing behaviour are sufficiently similar to be subject to the same product offering and become the target of a marketing plan. Most markets can be broken down into segments. Faced with a segmented market, two choices are possible: either we focus on a single segment, or we address several of them with the help of a differentiated offer. The first task of marketers is to divide the market into several parts.
- Market segmentation is therefore a method of analysis that consists of studying the entire market and breaking it down into distinct and homogeneous subsets. Consumers in each subset have more similar needs or homogenous characteristics than all consumers in the market. In other words, segmenting a market means taking a large heterogeneous market and dividing it into several relatively homogeneous segments. Segmentation consists of identifying and studying on its market groups of customers with similar behaviors. Segmenting a market involves breaking it into consumer segments that have similar buying needs and behaviors. Regardless of your

project, you will gain a great deal in precisely defining a single thirsty crowd and devoting all your energies to it.

- Targeting Action to choose a part of the market on which the company will focus all of its marketing efforts. We cannot talk to everyone at the same time in the same way. We must therefore choose specific targets and clearly define those we want to join. It is by analyzing its skills against the conditions of success of each segment [market] that the company will make its choice. We need to target the markets [customers] that we want to serve. According to an old African saying, if you hunt two monkeys at a time, they both miss you.

The fundamental role of marketing is to help companies target markets and gain dominant positions. Targeting allows the marketing manager to choose the segments, specifically the groups of customers that the company seeks to achieve as a priority. Targeted business models are more effective when addressing distinct market segments with clearly differentiated needs. If your business currently serves multiple segments, it may be a good idea to divide it into targeted units rather than trying to apply a single model.

Targeting is choosing the market segment most relevant to your business.

The positioning Product positioning is a strategic decision for the company to create the image of the product, that is, to determine how consumers perceive the product and the place it will occupy in their minds compared to competing products. Positioning amounts to setting a [significant] difference in [target] customers' minds. Each positioning strategy involves a corporate culture and a specific mode of operation to succeed in the retail business, according to Renée Dubé, partner at Zins Beaudesne ... “ You need a

differentiated positioning ... create an atmosphere that is not found elsewhere ... “

The fundamental role of marketing is to help companies target markets and acquire dominant positions. Choosing a value proposition that allows a company to be in relation to a specific and relevant set of competitors within a given industry. A strategic positioning is a positioning that is unique in a sector. A so-called strategic positioning is a positioning that is unique in a sector. Positioning is a strategic tool that makes it possible to assert the differentiation of a brand with respect to the competition with a targeted target. It then declines coherently on the different components of the marketing mix.

Pricing Models

Cost pricing is a fairly simple pricing method that allows you to determine your selling price. Calculate the production costs of the product or service you offer and apply the desired margins. There you go! You have your selling price. Rather easy as calculation, is not it? Accountants are fond of this method because it relies on precise figures that are easily attributable and analysable. For them, nothing counts more than predictability and reliability. In fact, the Financial Accounting Standard Board (FASB) oversees the “official” accounting rules and principles so that everyone in the industry operates the same calculations in the same way. This facilitates comparisons between companies, as well as the establishment of a regulatory system. Setting price orientation in terms of cost is part of that tradition and mind-set. But over time, agencies have seen this method split into three different models.

<https://assignbuster.com/marketing-models-and-explanation-for-each/>

Opaque pricing Some agencies use this model, which gives customers little or no visibility at all on the pricing choices made. For example, production media of the past, purchases or investments. It is impossible for the customer to understand the origin of a price since no calculation or rate is revealed, only the final price. This method is disappearing because of the increasing demand for consumer transparency. From this model follows that of hourly pricing.

Hourly or linear pricing The agencies that use it usually have a pricing table that indicates the hourly cost of each service or service they offer (creation, press relations, social networks, programming ...). This method provides customers with a certain amount of transparency about the service they get and the overall cost (for example, a campaign charged at 100 € / hour for a total of 200 hours will be € 20, 000).

The flat rate Located one step above the hourly rate, this method gets rid of some of its tedious aspects. It also has a tariff table, which is no longer based on hourly costs, but on the production of a certain number of products or services deliverable within a given time. These products or services are then sold as one-time offers or fee advances for a pre-defined number of hours. Among the services to which an inbound marketing agency applies this pricing model, there are, for example, packages for social networks, for PPC campaigns or for SEO. Where things get complicated is that the needs of most of your customers cannot be satisfied by just one of these offers at a time.

Indeed, the challenges your clients face are all different, their resources fluctuate and you have no control over the business choices they make, or the potential or capabilities of their business. In addition, the growth objectives of your clients are often out of step with their marketing investments, the efforts of their marketing and sales teams are not necessarily aligned and the emotional or professional attachment they show you may change depending on the economic policy of their enterprise.

Finally, this type of pricing is often too low or too high. If this pricing model is too low, you will leave your shirt there, slow down the development of your agency, plague the morale of your troops and alter the quality of your work and the relationship you have with your customers.

On the other hand, if this pricing model is too high, no new customer will use your services. Your current customers may be accepting your rates for a while but we have seen a lot of them leave their agency for this reason. If the value of the service you offer is not clear enough so that your customers feel they can justify your fees, they will have no trouble changing offices.