

The expanded marketing mix: ikea assignment

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In Dalton's outlining the seven AS, this report focuses on the unique product and service marketing approach used by Netherlands-based furniture retailer and franchiser Inter KEA Systems B. V. The Expanded Marketing Mix

According to McDonald and Dunbar (1998), the marketing mix is the term used to describe the tools and techniques an organization uses to implement the marketing concept. Kettle et al (2001) recognize "4 AS" that encompass an organization's entire competitive marketing strategy: product, price, promotion, and place.

However, McCarthy (1987) prefers a more explicit explanation of the marketing mix, suggesting that the mix is "a set of controllable variables which the organization puts together to satisfy a target group." A representative marketing mix involves a product provided at a price, combined with some level of promotion to attract potential customers, along with a way (a "place") to meet those customers (McCarthy, 1987). In service marketing, McCollum-Kennedy and Kiel (2003) identify three extended elements for marketers.

In addition to the traditional 4 AS, McCollum-Kennedy and Kiel (2003) stress the core role of people in a service industry, including both employees and customers or potential customers. Additionally, the service process and physical evidence take on additional importance in service industries. All 7 attributes are described below. Defining the 7 As Kettle defines the product as a combination of goods and services (Kettle et al, 2001). Given the service focus of their work, McCollum-Kennedy, and Kiel (2003) define a product more generally.

They term a product merely as a bundle of attributes—some tangible, some intangible—offered too buyer by a seller. ' OFF is simply the amount of money buyers pay to gain the benefit of the product. The IANAL price reflects both the customer's perceived value of the products and the competitive atmosphere in the market for those products (Barnes et al, 1997). The third P in Jostler's definition, promotion, is the tool used to communicate the value of the product to potential customers. The goal of promotion is to create demand and persuade targeted customers to purchase the product (Kettle et al, 2001).

Generally, promotional activities include advertising, direct/personal sales, sales promotion and publicity (McCollum-Kennedy and Kiel, 2003). Marketers often refer to the fourth P, place, as placement, logistics or distribution. Marketers must create a place or a way for logistics and physical delivery to get a product to market and into the hands of target consumers (McCollum-Kennedy and Kiel, 2003). The distribution step incorporates various distribution channels, intermediaries, importers and exporters, as well as the locations of stores, store hours and more (McCarthy, 1987).

McCollum-Kennedy and Keel's expanded marketing mix includes people, process and physical evidence. Primarily used in consumer marketing, these additional mix attributes stress the importance of service alongside the products purchased by nonusers for personal consumption. The first expanded attribute is people. As Barnes et al (1997) describe, " the people involved in every transaction have a major role to play, and can be a major force in the customer's decision processes. " McCollum- Kennedy and Kiel

(2003) point out that all people, including customers themselves, factor into the marketing mix.

The sixth P in the expanded mix is process. The processes consist of standard operating procedures, mechanisms and relationship flows used by the organization to perform a service or manufacturing activity (McCollum-Kennedy and Kiel, 2003). From a consumer standpoint, this process refers to actual documentation from invoices to terms of sale involved in the purchase, the various stages of negotiation and the order flow through the seller organization. Barnes et al (1997) define process as the simplicity or complexity of making product delivery happen.

The last P is physical evidence, or environment. McCollum-Kennedy and Kiel (2003) define this final attribute as the environment in which a service is delivered in which the seller and buyer interact before, during and after the sale. For example, resources, reports, letterhead, business cards, facilities, and even colors used in the decor of the service area factor into the environment in which an organization carries out a service activity (McCollum-Kennedy and Kiel, 2003). Applying the 7 AS: KEA application of the 7 As in the expanded marketing mix.

The company's core product is furniture retailing, including decorations for the home and home office under its "Work ' KEA" concept (KEA. Com, 2004). KEA takes a unique approach, focusing on convincing customers to buy furniture to improve their " environment. " KEA offers a did range of home furnishings with good aesthetic design and functionality at lower prices than traditional furniture retailers. Based in the Netherlands, KEA has a presence

in 186 through its franchisees. In an attempt to capture an entire room worth of furniture, KEA leverages seamless integration and ergonomics of their line of furniture.

The products for the “ Work ‘ KEA” concept include computer tables, home office chairs, home office desks, organizational tools, storage boxes and work lamps (KEA. Com, 2004). All the parts are in one unit and can fit snugly in a room’s corner. KEA work chairs have easy height adjustments and castors. The organizational tools include letter tray, pen holder, magnet board and cable reel. KEA storage boxes come in many sizes, materials and colors for easier organization (KEA. Com, 2004). In addition to its integrated product concept, KEA seeks price leadership in each market.

For example, the company offers price guarantees in every market. Prices listed in their catalog are guaranteed to be no higher than the price in the catalog for one year from the publishing date (KEA. Com, 2004). In Australia, the catalog boasts that if the customer finds a lower price at other retailer within 30 days on an item they purchase at ‘ KEA, KEA will refund the difference and provide a free meal in the KEA store restaurant (KEA. Com. AU, 2004). Over its history, KEA has mastered successful promotions in building a globally recognized brand.

The most well-known promotion is the KEA Catalog. Every year, KEA prints and mass mails a catalog to consumers near its locations, introducing the latest products. KEA has numerous Web sites tailored to the consumer’s home country, giving potential customers access to on-demand pricing and product specifications. KEA advertises heavily on consumer-focused

television outlets relied to promote its environment-focused store and product concept (KEA. Com, 2004). As mentioned above, the place refers to the marketing channel and distribution used to get products into the hands of consumers.

KEA has 186 stores strategically placed in 31 countries, with 20 located in U. S. Markets including Chicago, Baltimore, New York, Los Angeles and San Francisco. KEA ensures that its stores and its franchisees remain fully stocked, with 27 distribution centers in 16 different countries. KEA recognizes the Internet as a growing distribution channel, with over 75 million suitors to its global sites last year alone (KEA. Com, 2004). KEA not only concentrates on creating a “ partnership with the customer”, but also pays attention to its employees and business structure.

The company keeps its between management and co-workers” (KEA. Com, 2004). From buyers seeking more and more cost-effective designs to store personnel trained extensively and given initiative to serve customers, KEA has a focus on the service aspect of their highly competitive business. A second component in the total service approach used by KEA is a focus on process. KEA offers a convenient self-serve shopping method that allows customers to see furniture set up in the store environment and flow through the store to a central hall for the actual purchase.

After checking out, KEA provides simple home delivery for consumers that cannot or do not carry purchased items out themselves. Creating a streamlined shopping experience, along with the focus on delivering the lowest cost products possible, ensures that KEA customers are satisfied with

the both the products and the experience of buying them. The final expanded component, physical evidence, consists of all of the tangible items seen in association with the products and services offered by ' KEA.

In addition to the catalogs and brochures, KEA maintains a simple, modern look in all of the stores with ample showroom space to view furniture as it might look in a home or home office. These physical items lead customers to readily identify the KEA brand and associate the company with quality products and purchasing experiences. Conclusion The expanded marketing mix outlined by McCollum-Kennedy and Kiel helps to highlight how businesses can use the traditional marketing mix to emphasize service as well.