

# Good case study about marketing

[Business](#), [Company](#)



## **MARKETING**

1. Which of the different product mix strategies discussed in the text applies best to Payless's new strategy? Discuss this in detail.

A product mix comprises of the entire product and services that is manufactured and sold by the company. The product mix strategy affects the product from all the angles. The product mix strategies are

- Developing new products
- Brand or product expansion
- Existing product modification
- Removal of any product or brand

With the decreasing market space and the closure of stores, Payless was forced to implement a completely new strategy for recovering from the situation. The company started their strategy by first changing the leadership in the form of the new CEO. They were aiming to design new shows which will have the look of rich people, but completely affordable by middle-income family. The aim was the completely reinvent the image of the company. The company wanted to mix their creativity and their ability. All this focused towards improved brand image and a probable increase in the product price without affecting their business. The company was looking to expand their brand portfolio. A new corporate structure was given to the company. The company assigned as a dedicated team for designing products which customers can relate to. The company collaborated with top designers in New York and took their products to Fashion week. The company revamped their advertisement and promotional strategy by focusing on full-page ads in popular magazines to designer association for complete

exposure. The company reflected their strategy by focusing on the changing outlook of their stores to make it more appealing to the customers. The company was able to focus on developing new products in their strategy apart from focusing on the expansion on their products and brands. The Company made changes to their existing products to make them look expensive, yet affordable.

2. How do concepts such as psychological pricing and reference pricing apply to the Payless strategy? In what way does the strategy deviates from these concepts?

A pricing strategy aims at achieving the marketing as well as pricing objectives. These strategies help the company to easily establish the price of the product. The different types of pricing strategies are new product pricing, differential pricing, promotional pricing, product line pricing and psychological pricing.

Reference pricing is an essential part of the psychological pricing wherein a company considers a customer's psychology than the finances. A person is very rational and comparative in nature and when it comes to buying any products, they want to make sure that they are able to get the product which fits their pocket. Payless is looking forward to get associated with many partners and offer variety of products to the customers, they will certainly be looking at the financial aspect as well. In reference pricing, a discount store like Payless should use the buyer's purchase psychology by offering discounts that will attract customers but will not impact their business. The current strategy of Payless is looking towards offering new products to the customers, but they are looking for an increase in their product price and not

ready to offer any discount at the initial stages.

3. Discuss the benefits and risks of the new strategy for both Payless and the designers with whom it partners. Which of these stands to lose the most?

Payless has opted to take a completely new approach towards the business to get their market share back on track. The new strategy is a mix of different product mix strategies and aimed as not only enhancing the brand image, but also attract more customers. The company's decision to associate with different partners will certainly make them a standout in the market and one stop store for customers. The customer doesn't need to visit 10 different stores to buy a shoe when they can come to Payless and check out most of the latest designs and brands. Initially the company focused on offering discounts to get their products sold, but lacked the ability to create new products. The new decision of designing team will ensure that the company is at par with the customer's demand and able to recognize the scope of any new product whenever possible. The company will be able to emerge on a global platform as not only a discount store, but a store which has everything that a customer from different age groups might need. On the flip side, the company has not chosen to follow the reference pricing and planning to increase the price of their products slightly. They hope that the purchase of the new range of products will not get affected due to an increase in price. Looking at the current strategy, more than their partner's, Payless is at risk of losing lot including their current image, reputation, customers as well as current business alliance with other companies.

4. Consider the scale on which Payless operates. How much of price increase does Payless need to achieve, making this venture worthwhile?

The company is looking for reinventing their image from a cheap shoe shop to a shop which has low priced designer shoes and follows the trends. The company will have to look for more labor and increase the price of their products due to their expansion plans. Payless customers are used to purchasing low priced products and they the company will have a completely hard time to convince new as wells as existing customers the increase in the price. With the increasing amount of investment that will be required from the company's end, the company can opt to increase probably a few dollars more than the current price to cover the expenses.