

Unit 1

The Marketing Mix



 *Quote of the Unit:*

"The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself."

—Peter Drucker, founder of Drucker Institute

 *Learning Objectives:*

1. Understand some basic concepts of marketing and marketing mix.
2. Understand the key characteristics of a modern marketer.
3. Apply both the language and knowledge learned in this unit to analyzing marketing related cases.

 *Pre-class Questions:*

1. What do you know about marketing?
2. In your idea, what are the important tasks that marketers should perform?
3. According to your understanding, what makes a qualified marketer in today's business world?

Text A: Lead-in



Learning Resources

About Marketing Mix

Marketing mix is normally regarded as a fundamental model in marketing. The word “mix” is **synonymous** with “combination”, therefore, marketing mix can be defined as the combination of marketing tools that a firm uses to pursue its marketing objectives.

The term was originally **coined** by Jerome McCarthy, a **pivotal** figure in the development of marketing thinking. Since its coinage, it quickly became one of the most enduring and widely accepted concepts in marketing.

To be specific, the marketing mix refers to four broad levels of marketing decision, namely product, price, place and promotion.

First, product. A product refers to an item that satisfies consumers’ needs or wants. In modern sense the boundary between a **tangible** product and an **intangible** service is already blurred. These days people often use the word “product” to refer to their services. A successful product should be one that can satisfy a customer’s specific need to solve a real problem. If a product is very good in terms of quality but does not really help solve an **existent** problem for people, it will be less likely to be successful. Besides, when people make product decisions they should also consider the following elements, such as product design, features, quality, branding, and product life cycle issues.

Second, price. Price refers to the amount of money a customer pays for a product. It may also refer to the sacrifice consumers are willing to make in order to obtain a product. It is regarded as the only **variable** that has implications for revenue.

Fixing a price for a product is not an easy task, since decision makers need to take many issues into consideration. For example, sales volume objectives, revenue objectives and profit objectives, etc. In order to make their products more competitive in the marketplace, different companies adopt different pricing strategies, such as premium pricing, penetration pricing, psychological pricing, etc. In practice, many sellers may provide discounts or favorable payment terms to attract customers.

Third, place. Originally place refers to location, logistics, warehousing and distribution. In a broader sense, place also refers to providing customers access to products. Hence, companies should consider improving **accessibility** of their products. The key element of place is

convenience, which means a business should consider providing convenience for consumers to reach the product. This is also a very important decision in that if the product is not widely and appropriately distributed then it would lose the favor of consumers, since no one would like to travel a long way to buy something. Therefore, market coverage is a very important issue to consider. Strategies such as intensive distribution, selective distribution, exclusive distribution, franchising are often applied to improving accessibility of products. In the era of Internet, catalogues, credit cards and phones, people neither need to go anywhere to satisfy a want or a need, nor are limited to only a few shopping places. Today, marketers should know how the target market prefers to buy, how to be there and be **ubiquitous**, in order to guarantee convenience to buy.

At last, promotion. It is a marketing communication process that helps publicize a product to the public. It helps grab the attention of the customers and influence or persuade them to buy the product. Marketers use tactics to promote their products and reach out to the target audience. The promotion might include direct marketing, advertising, personal branding, sales promotion, and any form of communication between the organization and the consumers.

While promotion is regarded as “**manipulative**”, which means it is initiated by the seller, communication is seen as “cooperative” exchange of information and opinions from the buyers, with the aim to create a dialogue with the potential customers based on their needs and lifestyles. Businesses currently prefer to use socializing Apps to create and distribute messages to target audience, hoping to create a buzz among them. (642 words)



Vocabulary and Useful Expressions

synonymous /sɪˈnɒnɪməs/	a. having the same, or nearly the same, meaning 同义的
coin /kɔɪn/	v. to invent a new word or phrase that other people then begin to use 创造 (新词语)
pivotal /ˈpɪvətl/	a. of great importance because other things depend on it 关键性的, 核心的
tangible /ˈtændʒəbl/	a. that can be clearly seen to exist 有形的, 实际的, 真实的
intangible /ɪnˈtændʒəbl/	a. that does not exist as a physical thing but is still valuable to a company 无形的 (指没有实体存在的资本性资产)
existent /ɪgˈzɪstənt/	a. existing; real 存在的, 实有的

variable /'vɛəriəbl/	<i>n.</i> a situation, number or quantity that can vary or be varied 可变情况, 变量, 可变因素
accessibility /ək,sesə'bɪləti/	<i>n.</i> the quality of being at hand when needed 易接近, 可达性
ubiquitous /ju:'bɪkwɪtəs/	<i>a.</i> seeming to be everywhere or in several places at the same time; very common 似乎无所不在的, 十分普遍的
manipulative /mə'nɪpjʊlətɪv/	<i>a.</i> if you describe someone as manipulative, you disapprove of them because they skillfully force or persuade people to act in the way that they want 善于操纵的, 会控制的, 会摆布人的



Exercises

Exercise 1. Language: Fill in the blanks with words or expressions from the above article.

- Promotion is regarded as _____ since it is initiated by marketers. Consumers commonly see it as a trick to lure them into buying products through manipulation.
- New product development is a process that aims at developing a new product to solve an _____ problem.
- Price is an important _____ that may influence revenue and profitability.
- Advertisement is _____ across the globe. It can be seen almost everywhere.
- Marketers should try every means to improve product _____ so that consumers can buy it without much effort.
- A physical product is normally seen as _____.
- Service is traditionally thought as _____.
- As an old saying goes, wealth is not necessarily _____ with happiness.
- The marketing mix, which consists of product, price, place and promotion, plays a _____ role in marketing.
- Researchers try to _____ a term to describe communities of homeless people living in cardboard boxes.

Exercise 2. Knowledge: True or false statements. If the following statements are true, write T; if false, write F.

- The term marketing mix was originally coined to reflect market situations. ()

2. Marketing mix is the combination of marketing tools to help marketers pursue marketing objectives. ()
3. The marketing mix is one of the most popular and accepted concepts in marketing. ()
4. A product is regarded as a solution to a consumer's existent problem. ()
5. Promotion can be either manipulative or communicative. ()
6. Pricing decisions can directly affect one company's revenue and profitability. ()
7. Improving a product's accessibility to consumers is one of the major jobs of marketers. ()
8. A product is absolutely tangible according to its definition. ()
9. As a trend, marketers tend to use socializing platforms to promote their products nowadays. ()
10. In practice many sellers provide discounts or favorable payment terms to attract customers. ()

Text B: Intensive Reading



Learning Resources

Marketers and Their Roles and Characteristics

Marketing consists of the strategies and tactics used to help marketers identify, create and maintain satisfying, **sustained** and mutually beneficial relationships with customers.

What Marketers Do

In order to reach the goal of creating and maintaining a satisfying, sustained and mutually beneficial relationship that adds value to both customers and the organization, marketers use a diverse **toolkit** that facilitates decision making in the following aspects.

Product — a product can be seen as an item that helps solve a consumer's problem. It can either be a tangible good or an intangible service. Tangible products are those that have an independent physical existence. Typical examples of **mass-produced**, tangible objects are cars and the **disposable** razors. A less obvious but ubiquitous mass-produced service is a computer operating system.

Price — the amount a customer pays for the product. Price is particularly important as it

determines the company's profit, and affects its survival and further development. Adjusting the price has a profound impact on the marketing strategy and, in view of the price **elasticity** of the product, price change will affect the demand and sales as well.

Place — place refers to providing the product at a place which is convenient for consumers to access. Various strategies such as intensive distribution, selective distribution, exclusive distribution and **franchising** can be used by marketers to **complement** the other aspects of the marketing mix.

Promotion — all of the methods of communication that a marketer may use to provide information about the product to the public, especially the target audience. Promotion **comprises** elements such as: advertising, public relations, sales organization and sales promotion.

Target Markets — markets consist of customers identified as possessing needs that the marketer believes can be addressed by marketing efforts.

Each option within the marketer's toolkit is tightly **integrated** with all other options so that a decision in one area could impact decisions in other areas. For instance, a change in the price of a product (e.g., lowering the price) could impact distribution (e.g., requires increased product shipments to retail stores).

Additionally, options within the toolkit are affected by factors beyond the control of marketers. These include economic conditions, political/legal issues, technological developments, social/cultural changes, etc. These external factors must be monitored carefully and dealt with since these can either generate opportunities or cause considerable harm to the organization. Ignorance of outside elements will be very costly especially if competitors are the first to take advantage of the opportunities. Therefore, it would be particularly wise for marketers to pay close attention to the changing environment outside the organization.

Characteristics of Modern Marketers

Marketing is a critical business function that operates in an environment which is highly **scrutinized** and constantly changing. Today's marketers should undertake various tasks so that they can build customer relationships, and the knowledge and skill sets needed to successfully perform these tasks are also varied.

Then What Does It Take to Be a Successful Marketer?

Obviously, at the center of a successful marketing career is an understanding of the important concepts of marketing. But basic marketing knowledge is just the beginning, modern marketers must possess much more than that:

Basic Business Skills

Marketers are first and **foremost** business people who must perform necessary tasks required of all successful business people. These basic skills include problem analysis and decision-making, oral and written communication, basic quantitative skills, team spirit and interpersonal skills.

Understanding Marketing's Impact

Marketers must take a wholistic view of the business and know how their decisions will impact other areas of the company and business partners. They must realize that marketing decisions are not made in isolation and that decisions made by the marketing team might possibly lead to problems for others. For example, deciding to run a special sale that significantly lowers the price of a product could lead to supply problems if the production is not informed well in advance of the sale.

Technology Savvy

Today's marketers must have a strong understanding of technology on two fronts. First, marketers must be skilled in using technology as part of their daily activities. Not only must they understand how basic computer software is used to build spreadsheets or create slide presentations, but in a world where information **overload** is a problem. Marketers must investigate additional technologies that can improve their effectiveness and efficiency, such as multifunctional smartphones, web-based **productivity** applications. Second, marketers must understand emerging technology and applications in order to spot potential business opportunities as well as potential threats. For instance, the rapid growth of social media requires marketers to firmly understand how these fit within an overall marketing strategy.

Global Perspective

Thanks to the Internet, it is now theoretically possible for every company to do business on a global scale. Yet, just having a website that is accessible to hundreds of millions of people worldwide does not guarantee success. Marketers selling internationally must understand the nuances of international trade and cultural differences that exist between markets.

Information Seeker

The field of marketing is dynamic. Changes occur constantly and rapidly. Marketers must maintain close contact with these changes through a steady intake of information. Information can be obtained through formal marketing research methods that includes the use of a variety of information gathering techniques. However, marketers also must be in tune with day-to-day

developments by paying close attention to news that occurs in their industry, in the markets they serve, and among their potential customers. (900 words)



Vocabulary and Useful Expressions

sustained /səs'teɪnd/	<i>a.</i> maintained at length without interruption or weakening 可持续的, 持久的
toolkit /'tu:lkit/	<i>n.</i> a set of tools in a box or bag (装在箱子或包里的)一套工具, 工具箱, 工具包
mass-produced /,mæs prə'dju:st/	<i>a.</i> if something is mass-produced, it is made in large quantities, usually by machine 大批量生产的
disposable /dɪ'spəʊzəbl/	<i>a.</i> made to be thrown away after use 用后即丢弃的, 一次性的
elasticity /,i:læ'stɪsətɪ/	<i>n.</i> in economics, the elasticity of something, especially the demand for a product, is the degree to which it changes in response to changes in circumstances (尤指产品需求的)弹性, 灵活性, 伸缩性
franchising /'fræntʃaɪzɪŋ/	<i>n.</i> a form of marketing and distribution in which the owner of a business system (the franchisor) grants to an individual or group of individuals (the franchisee) the right to run a business selling a product or providing a service using the franchisor's business system 特许经营
complement /'kɒmplɪmənt/	<i>v.</i> to add to sth. in a way that improves it or makes it more attractive 补充, 补足, 使完美, 使更具吸引力
comprise /kəm'praɪz/	<i>v.</i> if you say that something comprises or is comprised of a number of things or people, you mean it has them as its parts or members 包括, 由……组成
integrate /'ɪntɪɡreɪt/	<i>v.</i> to combine two or more things so that they work together; to combine with sth. else in this way (使)合并, 成为一体
scrutinize /'skru:tənaɪz/	<i>v.</i> to look at or examine sb./sth. carefully 仔细查看, 认真检查, 细致审查

foremost /'fɔ:məʊst/	<i>a.</i> the most important or famous; in a position at the front 最重要的, 最著名的, 最前的
savvy /'sævi/	<i>n.</i> (informal) practical knowledge or understanding of sth. 实际知识, 见识, 了解
overload /,əʊvə'ləʊd/	<i>n.</i> too much of sth. 过多, 过量, 超负荷
productivity /,prɒdʌk'tɪvətɪ/	<i>n.</i> the rate at which a worker, a company or a country produces goods, and the amount produced, compared with how much time, work and money is needed to produce them 生产率, 生产效率, 生产力
perspective /pə'spektɪv/	<i>n.</i> a particular attitude towards sth.; a way of thinking about sth. (~ on sth.) 态度, 观点, 思考方法



Exercises

Exercise 1. Language: Correct the language mistakes you identify in the following sentences.

1. Typical examples of mass-produced, intangible objects include cars and the disposable razors.

2. Various strategies such as intensive distribution, exclusive distribution and franchising can be used by marketers to compliment the other aspects of the marketing mix.

3. Marketers are firstmost business people who must perform necessary tasks required of all successful business people.

4. Marketers use a diverse toolkit that facilitations decision making in various aspects.

5. Each option within the marketer's toolkit is tightly integrate with all other options so that a decision in one area could impact decisions in other areas.

6. Modern consumers have to face the problem of information overloading, which may cause difficulty of selection for them.

7. Marketing is a critical business function that operates in an environment which is highly scrutinizing and constantly static.

8. Merely constructing a website that is accessibility to hundreds of millions of people worldwide does not guarantee success.

9. In view of the price elastic of the product, price change will affect the demand and sales as well.

10. Computers and smartphones can be regarded as productive tools for modern marketers.

Exercise 2. Knowledge: Answer the following questions briefly according to the above article.

1. Can you define marketing in your own words?

2. How can marketers develop satisfying relationships with customers that benefit both the customers and the organization?

3. When it comes to making product decisions, what factors should marketers consider?

4. When it comes to setting a price for the product, what factors should marketers consider?

5. When it comes to promotion, what methods can be used to promote one organization's products or services?

6. When it comes to place (distribution), how can the marketers distribute their products so as to make them more accessible to customers?

7. Why is it necessary for marketers to pay close attention to the changing environment outside the organization?

8. In terms of developing a global perspective, what does a marketer need to pay attention to?

9. In order to develop technology savvy, what should a marketer do?

10. As an information seeker, what types of information must a marketer seek for or collect?

 Task

Oral practice: Work in pairs. One part of the article above discusses the characteristics of modern marketers. After reading it carefully, firstly retell the major characteristics to your partner and you may complement them with your own ideas; secondly, rank the characteristics according to their importance and justify this ranking.

Text C: Extensive Reading



Learning Resources

Fast-food Chains in Asia Cater Menus to Customers

By Kathy Chu

HONG KONG SAR — Two floors below ground, in his stainless-steel laboratory, McDonald’s food scientist Leslie Bailey creates tempting Asian dishes such as taro pie, mala chicken and wasabi filet of fish.

But his duties in the company’s so-called Forbidden Kitchen also involve testing the quality of existing products: hamburgers, fries and condiments. It’s a job that requires precision, nuanced taste buds and a healthy appreciation for protein.

“People come to McDonald’s expecting a certain taste,” says Bailey, explaining why the U.S. fast-food giant obsesses about such details as how much to salt its fries and how much ketchup to apply to its beef patties.



In recent years, fast-growing Asia has become a corporate playground for a host of American industries, especially as business has slowed in the U.S. fast-food companies are no exception. In 2009, fast food — from burgers to tacos to ice cream — generated \$139.8 billion in retail sales in Asia Pacific, rising nearly 32% from two years before, says Euromonitor International. By comparison, the larger American fast-food industry grew at a snail’s pace, with total sales up 1% to \$181.2 billion in that time.

One rule for success in this region? Adhering closely to time-tested recipes while offering the right mix of new products to appeal to Asian palates.

It’s a simple, but not easy, formula. Finding this balance “is the biggest problem, challenge and headache for any company,” says Martin Roll, a Singapore brand strategist who wrote *Asian Brand Strategy*. “There’s no fact sheet on how to do it.”

A Marriage of East and West

U.S. companies have been tailoring products to local tastes — and grappling with the challenges inherent in doing so — for decades. What’s changed is that in recent years, companies have begun to realize they need to be more sophisticated about their offerings in Asian markets.

In the past, most of what Western companies sold in Asia were the same products offered in the U.S., with “very superficial... cosmetic changes,” says David Tse, an international marketing professor at the University of Hong Kong. But as China’s economic might has grown, so has American companies’ willingness to fundamentally revamp their menus in Asia. “China has become too big to ignore,” says Tse.

Yum’s KFC, for example, offers a significant number of menu items geared specifically to Asian tastes. In China, the fast-food chain’s 3,000 stores serve items such as congee, or rice soup, and the “dragon twister”, a tortilla wrap containing crispy chicken strips, cucumber, scallions and Beijing roast duck sauce. Meanwhile, Pizza Hut, also part of Yum, serves up entrées in Asia such as a lemon-flavored salmon pastry roll and a “seafood catch” pizza, topped with crab sticks, green pepper and pineapple.

Locals appear to be embracing the innovations: Since 2005, Yum has added more than 1,800 restaurants and tripled its profits in China and Thailand. The chain is also expanding in established Asian markets such as Hong Kong of China, and up-and-coming ones such as Vietnam.

Starbucks now serves black sesame green tea and Frappuccinos with coffee jelly pieces in Asia. For years after Starbucks entered the Asia-Pacific market it offered products similar to its U.S. stores. But Starbucks has increasingly tailored its menu to Asian tastes amid fierce competition from local brands.

Meanwhile, General Mills’ Häagen-Dazs premium ice cream brand, which has 140 shops in the greater China region, not only offers fruity flavors (which tend to appeal to consumers here) but sells special products for Asian holidays.



They Want to Be Part of It

Häagen-Dazs is marketing a twist on traditional dough-and-egg cakes given to family and friends during the mid-autumn moon festival. Häagen-Dazs’ full moon-shaped concoction has ice cream and also may have wafers, caramel or a chocolate coating.

“The ice cream moon cake has become major business,” says Gary Chu, president of the greater China region for General Mills. Häagen-Dazs expects to sell 1.5 million boxes of moon cakes in the region this year, up 20% from 2009. Yet, it still has work to do in winning customers. “I like the traditional moon cakes,” says Horace Cheng, 20, as he enjoyed a rum raisin ice cream cone at a Häagen-Dazs shop in Hong Kong. Häagen-Dazs’ version “is just ice cream”.

General Mills also has adapted snacks such as its Bugles chips to local tastes. In Asia, the company makes the snacks out of rice and potato, in addition to corn, the ingredient used in the U.S. It also offers flavors such as ketchup and seaweed. “You really have to understand the local customer,” Chu says.

While U.S. companies have become smarter about catering to Asian markets, they’ve been able to do so only through a process of trial and error.

A few years ago, McDonald’s offered a rice burger — a meat patty sandwiched by sticky rice molded into a bun — in Singapore, the Philippines and Hong Kong SAR of China. Customers initially responded favorably to the product but eventually lost interest because rice is not something they associate with McDonald’s, says Tim Fenton, the chain’s president for the Asia, Pacific, Middle East and Africa region. “Customers come to us because they want us to be McDonald’s, and when we try to become something we’re not, they don’t like it.” Yet, what Asian customers welcome, Fenton adds, is when the company takes a familiar product and “puts a local twist on it”.

Roll, the brand consultant, warns that Western brands can go overboard in their attempts to adapt to Asian tastes. “My experience is that if people see you as too local, why would they buy your brand versus the local brand? You risk losing your identity and what you stand for in the first place.”

But Tse disagrees, saying a concept will fail if it’s ill conceived, not because the product is too responsive to local tastes. “I’ve never seen any product over-adapt and destroy the brand,” he says. (990 words)

(Source: http://usatoday30.usatoday.com/money/world/2010-09-07-asiatastes07_ST_N.htm.)



Exercises

Knowledge: Answer the following questions briefly according to the above article.

1. Can you list the marketing mix (or 4Ps) of any one of the aforementioned companies?

2. How do these companies adapt to the marketplace? How do their actions embody the marketing concepts that you learned previously?

3. Do you think these tactical changes would help these companies win greater popularity among Asian customers? You can illustrate your answer to this question by using your own experience.

 Task

Oral practice: Work in pairs. Suppose you (Student A) are an international business consultant. An executive (Student B) of an international fast food chain wants to know more about how to enter the Chinese market, and how to organize the marketing mix of the company.

Direction:

Student B should introduce the general situation of the fast food chain, including its brief history, its main products, and its main target markets.

Student A should try to introduce the characteristics of the Chinese market, and preferences of Chinese customers. At the same time, Student A should provide specific suggestions on how to make changes to Student B's marketing mix.

At last, the two students should summarize the content of the discussion and report it to the teacher orally.

Writing: Read more cases about how international firms adapt their marketing mix to cater to Chinese customers, and write a brief report about their actions, how they change the marketing mix (especially the specific 4Ps in the marketing mix), and the result of these changes.

Word limit: 250 words.