Review of course
Course evaluations can be accessed either through the link in the e-mail you should have received or through the link in the top left corner of your Blackboard home page.
<table>
<thead>
<tr>
<th>Discussion session</th>
<th>Product</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday 4-6</td>
<td>Crest gum</td>
<td>12</td>
</tr>
<tr>
<td>Thursday 4-6</td>
<td>Life EsteeLauder</td>
<td>14</td>
</tr>
<tr>
<td>Thursday 4-6</td>
<td>Lululemon</td>
<td>14</td>
</tr>
<tr>
<td>Thursday 4-6</td>
<td>Red Bull</td>
<td>14</td>
</tr>
<tr>
<td>Thursday 4-6</td>
<td>Snapchat</td>
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<tr>
<td>Thursday 4-6</td>
<td>Split (Venmo)</td>
<td>14</td>
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<td>Thursday 4-6</td>
<td>Yankee candle</td>
<td>10</td>
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<tr>
<td>Thursday 6-8</td>
<td>A la carte Amazon</td>
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</tr>
<tr>
<td>Thursday 6-8</td>
<td>Drone speaker</td>
<td>14</td>
</tr>
<tr>
<td>Thursday 6-8</td>
<td>VR Facebook</td>
<td></td>
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<tr>
<td>Thursday 6-8</td>
<td>Tempo by Voss</td>
<td></td>
</tr>
<tr>
<td>Thursday 6-8</td>
<td>Starbucks chews</td>
<td>14</td>
</tr>
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</table>
# Group presentations Friday

<table>
<thead>
<tr>
<th>Discussion session</th>
<th>Product</th>
<th>Time</th>
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<tbody>
<tr>
<td>Friday 10 - 12</td>
<td>Mercedes Flex Lease</td>
<td>14</td>
</tr>
<tr>
<td>Friday 10 - 12</td>
<td>Mophie laptop</td>
<td></td>
</tr>
<tr>
<td>Friday 10 - 12</td>
<td>Smart mower</td>
<td>14</td>
</tr>
<tr>
<td>Friday 10 - 12</td>
<td>White Nutella</td>
<td>12</td>
</tr>
<tr>
<td>Friday 10 - 12</td>
<td>Yelp University</td>
<td>10</td>
</tr>
<tr>
<td>Friday 10 - 12</td>
<td>Apple Movie</td>
<td>8</td>
</tr>
<tr>
<td><strong>Friday 12-2</strong></td>
<td>Google Parking Spotter</td>
<td>14</td>
</tr>
<tr>
<td><strong>Friday 12-2</strong></td>
<td>Nike Biotech</td>
<td>8</td>
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<tr>
<td><strong>Friday 12-2</strong></td>
<td>Thermalite</td>
<td>14</td>
</tr>
<tr>
<td><strong>Friday 12-2</strong></td>
<td>USC Bike Share</td>
<td>12</td>
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<tr>
<td><strong>Friday 12-2</strong></td>
<td>Venmo gift card</td>
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</tr>
<tr>
<td>Friday 2-4</td>
<td>Under Armor Shoe</td>
<td>8</td>
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<tr>
<td>Friday 2-4</td>
<td>Build ON! VR Design SW</td>
<td>14</td>
</tr>
<tr>
<td>Friday 2-4</td>
<td>Mophie Iphone 7</td>
<td>12</td>
</tr>
<tr>
<td>Friday 2-4</td>
<td>Solo Safe</td>
<td>14</td>
</tr>
<tr>
<td>Friday 2-4</td>
<td>Apple Care Premium</td>
<td>14</td>
</tr>
<tr>
<td>Friday 2-4</td>
<td>Yelp Live</td>
<td>12</td>
</tr>
</tbody>
</table>
- **Final exam**: Thursday, December 8, 2PM, HOH Edison
  - **Make up exam** (for 3 student): Friday, December 9, 10AM, ACC 312

- **Paper due**: Friday, December 2 by midnight

- **Alternative assignment**: Monday, December 5, midnight.
• Services (CH 13)
• Pricing (CH 14)
• Supply Chain (CH15)
• Multichannel marketing (CH 16)
• IMC (CH 17)
• Advertising (CH 18)
1. Describe how the marketing of services differs from the marketing of products.

2. Discuss how firms can provide a good service

3. Examine the five service quality dimensions

4. Explain the zone of tolerance

5. Service recovery
• **Service**: intangible offering that involves an effort and performance that cannot be physically possessed.
1. Describe how the marketing of services differs from the marketing of products.

Factors differentiating services from goods:

- Inseparable
- Intangible
- Perishable
- Heterogeneous
2. Discuss how firms can provide a good service (Gaps model in the book)

1. **Knowledge**: understand customers’ expectations
2. **Standards**: the service standards firms set.
3. **Delivery**: actual service firms provide to customers
4. **Communication**: firms deliver the service promoted
3. Examine the five service quality dimensions

- **Reliability**
  - Ability to perform a service accurately

- **Responsiveness**
  - Willingness to help customers/prompt service

- **Assurance**
  - Employees ability, knowledge, trust, etc

- **Empathy**
  - Care about your customers

- **Tangibles**
  - Appearance of the firm’s physical facilities
4. Explain the zone of tolerance
5. Service recovery
   - Solve by
     • Listen
     • Provide solution
     • Do it Quickly

   - Service recovery paradox
   - Fake reviews & management responses
1. 5 C’s of pricing
2. Explain the relationship between price and quantity sold.
3. Explain price elasticity.
4. Describe how to calculate a product’s break-even point.
5. Indicate the four types of price competitive levels.
6. Pricing strategies
7. Price discriminations
Price is **NOT** just what you pay - it’s everything that you, as a consumer, give in exchange for the product you purchase (time, effort in finding it, effort spent researching it).
1. 5 C’s of pricing

- Company objectives
- Customers
- Costs
- Competition
- Channel members
1. Company objectives
   - 4 orientations: profit, sale, competitor, customer

2. Customers
   - Price elasticity, etc

3. Costs
   - Fixed vs variable
   - Break-even point

4. Competition

5. Channel members
2. Customers

Price elasticity of demand

- Example price elasticity

\[
p_1 = \$10, \quad p_2 = \$5 \\
q_1 = 0.5M, \quad q_2 = 0.75M
\]

- Pct. change \( Q \) = \( (q_2-q_1)/q_1 = 50\% \)
- Pct. change \( P \) = \( (p_2-p_1)/p_1 = -50\% \)
- Elasticity = Pct. change \( Q \) / Pct. change \( P \) = -1
3. Costs

Break-even analysis

• Break-even point: # of units to sell in order to cover the total costs
  – At this point profit is 0!!

\[ q = \frac{\text{Fixed costs}}{p - \text{variable cost per unit}} \]
• Pricing strategies
  – EDLP (Walmart)
  – High/Low pricing
    • Groupon effect

• New product strategies
  – Penetration pricing
  – Price skimming
Pricing
• Price discrimination
  – First-degree: “personalization”
  – Second-degree: quantity/version
  – Third-degree: groups

• Internet and big data are facilitating first degree price discrimination
1. Understand the importance of supply chain and marketing channels.

2. Understand the difference between different types of marketing channels.

3. Describe how marketing channels are managed.
• Supply chain represents all the organizations that figure into any part of the process of producing, promoting, and delivering an offering or product to its user.

• Marketing channels: how the supply chain is organized and managed
Supply chain (simplified)

Some of the activities at this level include:
• Making the actual product (the most obvious)
• Research & Development (R&D)
• Brand Management
• Formation of sales force (manufacturer “reps”)
• Marketing research
• Supply chain management (efficiency, savings)

Make

Move/store

Sell

Consumers

This level or step in the supply chain may (or may not) include a wholesaler like Costco

Retailers, distributors, and manufacturers will often work closely with one another to create a more efficient supply chain, which can improve sales and profitability. It can even result in savings for the consumer.

If the consumer is not happy, no one along the supply chain is happy!

Consumer research!
Quality!
Reputation!
Business Ethics!
• Supply chain is very important
  – Adds value to consumers, retailers, etc
  – It affects many other aspects of marketing
    • Delivery of product
    • Customers expectations
Streamline the number of transactions an organization must make.

Source: http://2012books.lardbucket.org/books/marketing-principles-v2.0/s11-using-marketing-channels-to-cr.html
• Managing it effectively is challenging
  – Many entities involved with often different goals
Marketing channels can be distinguished depending on

– The entities part of the supply chain
  • Direct vs indirect marketing channels
    – No Intermediaries vs 1+ intermediaries

– The relationship between the entities
  1. Conventional
  2. Vertical

– Number of companies at each level of the chain
  3. Horizontal

– Number of channels adopted
  4. Single vs multichannel
Some of the activities at this level include:

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- Consumer research!
- Quality!
- Reputation!
- Business ethics!
Retailing: Set of business activities that add value to products and services sold to consumers

- Location → bring product/service closer to consumers
- Wide selection of products
- Salespersons can help in final choice/fit a product, e.g.:
  - Clothes → tailor to fit perfectly
  - Bike → bike fitting and sizing
We classified this strategies into the four Ps: product, price, promotion, and place.

Manufacturers must look at the
1. Channel structure
2. Customers expectations
3. Channel member characteristics
4. Type of distribution

Consumers desire a seamless experience when interacting with multichannel retailers. Four factors to control/manage channels are CRM, Brand Image, Pricing, Supply chain
What are the challenges associated with having multiple retail channels?

– Consumers desire a **seamless** experience when interacting with multichannel retailers
  * CRM, brand image, pricing, supply chain

**GOAL:** Unified commerce where multiple retail channels will work with each other to provide users a seamless, friction-proof shopping experience.
GOAL: Ensure that all the various marketing mix elements work together to deliver a **consistent** message
Integrated Marketing Communications

The communication process

Sender (Firm) → Transmitter encodes message → Communications channel (Media) → Receiver (Consumer) decodes message

Noise

Feedback loop
Communication moves users through several stages

**Awareness**
The ability to attract the attention of the consumers (teaser, viral ads)

**Interest**
The ability to raise the interest of consumers by focusing on advantages and benefits (Apple)

The advertisement convinces consumers that they want the product or service.

**Desire**
Leads consumers toward taking action by purchasing the product or service (urgency).

**Action**

THINK FEEL DO
• IMC elements
  – Advertising (good for A and I)
  – PR (managing firm’s comm. strategy)
  – Sales promotions
  – Personal selling
  – Direct marketing (personalization)
    • It is becoming very popular today
  – Online
  – Web, social media, blogs, etc
### Results

– Google AdWords

<table>
<thead>
<tr>
<th>Keywords</th>
<th>Clicks</th>
<th>Marketing Expenditure</th>
<th>Sales</th>
<th>Gross Margin Sales = Sales x Gross Margin% = Sales x 50%</th>
<th>Gross Margin ($) = Col. 5 – Col. 3</th>
<th>ROMI = Col. 6 / Col. 3 x 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee shop local</td>
<td>110</td>
<td>$10/day</td>
<td>$70/day</td>
<td>$35/day</td>
<td>$25</td>
<td>250%</td>
</tr>
<tr>
<td>New York City Coffee shop Fresh</td>
<td>40</td>
<td>$25/day</td>
<td>$80/day</td>
<td>$40/day</td>
<td>$15</td>
<td>60%</td>
</tr>
</tbody>
</table>
Advertising

– Not Free

– Carried by some medium
  • TV, Web, mail

– Source must be know (legally)

– Persuasive
  • Get consumer to take some action
A typical progression in business: Plan, execute, and then assess in order to continuously improve.
Advertising, PR, and sale promotions

1. Conduct research
2. Set the tone
3. Select the medium

1. Inform, persuade, remind
2. Focus: product vs institutional

No easy, it depends on 1) role of Ad, 2) product life cycle, 3) market

Red Bull . . . Gives You Wings
Nike . . . Just Do It.

Mass vs niche
Schedule: continuous, flighting, pulsing

Creativity ↔ message
Execution det. medium

Measuring results:
1. Before (pre-test)
2. During (tracking)
3. After (post-test)
• Public relations
  – Managing firm communications/relationship
  – Different elements with different functions
    • Event sponsorship, cause-related marketing

• Sales promotions
  – Coupons, Deals, Sampling, Loyalty programs, etc.
    • Point-of-purchase: Merchandise displayed at checkout.
    • Sweepstakes: A chance of winning a trip for two to..
    • Premiums: Item for free/low price when buying another one.
• Target case (sale promotion)
  – Personal data (or any customer data for that matter) are very important for marketers
  – Can reveal anything about us!
  – Can be used for targeted advertising
  – But challenging not be to intrusive/invade someone privacy