

across juice and smoothie bottles and 25% on carafes. The smoothie brand is also striking a balance between FSC sources and recycled content in its paper and cardboard packaging

Lush takes minimising packaging seriously with 46% of products sold 'naked', and many other products sold in reusable packaging or refillable pots.

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Lecture 8 - Strategic Services Decisions

Services

(Researched Examples in blue)

A service is an intangible product involving a deed, a performance or an effort that cannot be physically processed

There are Consumer services and also business services.

When classifying a service one must look at the:

- Type of market (consumer/ industrial)
- Degree of labour intensiveness (labour/ equipment)
- Degree of customer contact (high/ low)
- Skill of service provider (Professional/ non)
- Goal of service provider (profit/ non-profit)

Characteristics of services are that they are:

Intangible - before point of purchase they cannot be touched or felt but experienced

This therefore increases perceived risk. Marketers must find images aswell as physical evidence to enhance perceptions of the service quality. Use of marketing mix to help facilitate decision making

Perishable - cannot be stored

Essential to get cost and differentiation strategies right as service cant be stocked

Inseparable - cant have service without provider

Customers are co-producers/ designers

Service must be brought to consumer

Hard to lower price and hold image of quality

Heterogeneous - quality of service is dependant on provider

Difficult to differentiate as it is dependant on provider. Personnel must be standardised to provide high quality but this cannot be controlled. Consistency must be established, but should also be flexible to changes

Unowned - you cant own a service only provided

Increasingly firms are outsourcing many of the activities allowing them to focus on core competences

Examples Banks such as Barclays outsource their customer support services from overseas call centres for a cheaper cost

The extended marketing mix applies to only services:

- People

British Airways: Extensive recruitment procedure tests, Undergo training, International cabin crew with knowledge of language and culture

- Process

Structured process which attempts to make traveling procedure easy and efficient as well as safe

- Physical evidence (sensoral appearance of environment)

Uniform standards and appearance, logos, pleasant internal appearance of aircraft, different classes of travel

Lecture 9 - Pricing and Communications Strategy

Price is the marketing mix tool that produces revenue and must be treated as part of the overall brand strategy

The concepts of price are the

- **Customers** and their ability to afford and willingness to pay
- **Competitors** and their pricing strategies
- **Costs** of production

The objectives of pricing is:

- Maximising profitability
- Return on investments
- Increase *cash flow*
- Grow *market share*
- Optimise *production capacity*
- Product perception
- *Barrier* to entry

Pricing decisions are determined by both internal and external factors.

Internal factors consist of:

- Marketing objectives
- Costs, brand image
- Target market
- Marketing mix

External factors would be the

- nature of the market,
- price elasticity of demand,
- competition and
- other environmental factors

Pricing approaches can either be a **premium pricing** strategy, where *price is high to signify highest quality*

or **Economy pricing** *low and affordable prices*

The key elements to pricing are:

Value - perceived value to customers

Variable - whether prices can change over time or in terms of payment

Variety - can be set at different levels, such as bundling

Visible - they may be open and visible or hidden and confusing

Virtual

Pricing decisions for new products can either choose to be:

Market skimming: High initial prices before being reduced due to demand

Market penetrating: Low initial prices before being raised. Used to attract clients and new customers

Lecture 10 - Distribution & Logistics Strategies

Distribution and logistics

Marketing channels are structures linking groups of individuals or organisations through which a product or service is made available to the consumer or industrial user (Brassington & Pettitt 2000)

Intermediaries consist of wholesalers, retailers, distributors and dealers, agents and broker, franchises and the internet

Distribution system design

Factors influencing channel structure are:

- Choice of outlets
- Consumer concentration: where the consumers will be
- Product characteristics: perishable/ industrial
- Economic and legal restrictions

Strategic channel choices

- Intensive distribution
- Selective distribution
- Exclusive distribution

There are different types of channels

- Physical flow - the physical movement of goods
- Title flow - the passage of ownership, such as car
- Information flow - feedback and exchange of information

Vertical marketing systems

Corporate marketing systems

Franchise systems

Co-operative and voluntary groups

Strategic issues in channels can be caused by management conflicts such as:

- Goal incompatibility
- Position, role and domain incongruence
- Communication breakdown
- Ideological differences

Other issues can be growth of multi-channels and E-commerce

Buyer's perspective of distribution

- Availability
- Speed
- Reliable
- Range of choice
- Empathy when supply is interrupted
- Convenience
- Service and support
- Good price

The primary concerns of buyers are access, search, possession and transaction

Channel design decisions are based on

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