Snk13

Marketing 215 Final Notes

Chapter 8: Improving Decisions with Marketing Information

# Effective Marketing Requires Good Information

2 key sources that managers turn to 4 information 2 make better decisions

Source 1) Marketing Research: procedures that develop and analyze new information about a market

May involve use of

* Questionarres
* Interviews with customers
* Directly observing customers
* Experiments

Source 2) Marketing Information System (MIS): an organized way of continually gathering, accessing, and analyzing info that marketing managers need 2 make decisions.

Marketing managers may need a combination of both sources 2 get information they need.

# Changes are under way in marketing information systems

Firms anticipate the information they will need to develop a continual flow of information that is available and quickly accessible from an MIS when it is needed

Many firms have their own intranet- a system for linking computers within a company

## Elements of a complete marketing information system

Information Sources: Market research studies, internal data sources, external data sources

An MIS system organizes incoming info into a Data Warehouse: a place where databases are stored so that they are available when needed.

A Decision Support System (DSS): is a computer program that makes it easy for a marketing manager to get and use information as he or she is making decisions. A DSS typically helps change raw data- like product sales for the previous day- into more useful info.

Search Engine: a computer program that helps marketing manager find information that is needed.

Marketing Dashboard: displays up-to-the-minute marketing data in an easy to read format. A marketing dashboard is usually customized to a managers area of responsibility.

A Marketing Model: is a statement of relationships among marketing variables.

# The Scientific Method

: Marketing Research is guided by the SM, a decision-making approach that focues on being objective and orderly in testing ideas before accepting them. Managers use their intuition and observation to develop hypotheses: educated guesses about the relationships between things or about what will happen in the future.

# 5 step approach to Marketing Research

The Marketing Research Process is a five step application of the scientific method that includes

1. **Defining the problem**
* The most difficult step
* It’s easy to confuse problems with symptoms
* A manager must narrow the research objectives
1. **Analyzing the situation**
* A Situation Analysis is an informal study of what info is already available in the problem area. It can help define the problem and specify what additional info is needed.
* The situation analysis may begin with quick research, perhaps an internet search
* The Situation Analysis should also find relevant secondary data- information that has been collected or published already.
* Secondary Data sources include: Inside Company and Outside the company
* The virtue of a good situation analysis is that it can be very informative, takes little time, and inexpensive.
* Research Proposal: a plan that specifies what information will be obtained and how- to be sure no misunderstandings occur later.
1. **Getting Problem Specific data (aka primary data)**
* Obtaining Information from customers through: Questioning and Observing
* Qualitative Research: seeks in depth responses, not yes or no answers, the researcher tries to get people their thoughts. The advantage of this approach is gathering depth.
* Focus Group Interview: involves interviewing 6-10 ppl in an informal group setting. It uses open ended questions, but here the interviewer wants group interaction to stimulate thinking.
* Quantatative research: which seeks structured responses that can be summarized in numbers, like percentages, averages, or other statistics.
* Response Rate: not many ppl complete questionarres and this is a problem
* Telephone interviews are also popular
* Observing: is a method of collecting data, focuses on a well-defined problem. They don’t want observing to affect behavior. (observe website, blah blah)
* Consumer Panels:a group of consumers who provide information on a continuing basis.
* Experimental Method: researchers compare the responses of 2 or more groups that are similar except on the characteristic being tested.
1. **Interpreting the data**
* After someone collects the data, they have to be analyzed to decide what they all mean. This step usually involves statistics
* Statistical Packages: easy to use computer programs that analyze data have made this step easier.
* Cross Tabulation: one of the most frequently used approaches for analyzing and interpreting data. It shows the relationship of answers to 2 different questions.
* Population and Sample:
* Confidence Intervals: the range on either side of an estimate that is likely to contain the true value for the whole population. (ya3ne the range of normal answers, a few far off don’t make a difference)
* Validity: concerns the extent to which data measure what they are intended to measure. Many ppl try 2 answer even when they have no clue.
* A marketing manager must also consider whether the analysis of the data supports the conclusions draw in the interprataion step. (aka misinterpreting the data)
1. **Solving the problem**
* Managers use the research results to make marketing decisions

The advantages of working with local marketing firm overseas: they know the local situation are less likely 2 make stupid mistakes on culture…etc…

# Chapter 9: Elements of Product Planning for goods and services

Product: means the need-satisfying offering of a firm. Product is basically potential customer satisfaction or benefits. Customers think about a product in terms of the total satisfaction it provides.

Quality: means a product’s ability to satisfy a customer’s needs or requirements.

Quality and satisfaction depend on the total product offering. (chip, button, example)

A Product may be a physical good or a service, or a blend of both.

A company can differentiate its offering by blending in a service that the target market values. (dvd set up example)

## Differences in Goods and services

* A good is a physical thing, it can be seen and touched
* Services are intangible. A service is experienced
* Goods are usually mass-produced in a factory from from customers, services are usually produced in person near customers
* It’s hard for quality consistency with services, grumpy employee somewhere example
* Services are perishable, only left with a memory. Can’t be stored. Hard to determine supply and demand for a service.

Product Assortment: the set of all product lines and individual products that firm sells

Product Line: is a set of individual products that are closely related

Individual Product: a particular product within a product line is usually differentiated by brand, level of service offered, price, or some other characteristic. Each individual product and target market may require a separate strategy

Branding: the use of a name, term, symbol, or design, or combination of these, to identify a product.

Brand name: a word, letter, or a group of words or letters. (AOL)

Trademark: includes only those words, symbols, or marks that are legally registered for use by a single company. (the pics)

Service mark: the same as a trademark except that it refers to a service offering.

Brand promotion has other advantages for branders as well as customers. A good brand reduces the sellers time and effort. Also improves companies name.

## Achieving Brand Familiarity

5 levels of Brand familiarity: how well customers recognize and accept a company’s brand. It affects the planning for the rest of the marketing mix.

1. Brand REJECTION: I won’t buy it unless the image is changed.
2. Brand NON RECOGNITION: I don’t recognize that brand
3. Brand RECOGNITION: I remember the brand.
4. Brand PREFERENCE: I prefer that brand over others just because it’s a habit.
5. Brand INSISTENCE: I WANT THAT BRAND AND I’M WILLING TO SEARCH FOR IT

Brand Equity: the value of a brand’s overall strength in the market. Brand Equity is likely to be higher if many satisfied customers insist on buying the brand.

The Lanham Act: the rights of trademark and brand names protection.

## Types of Brands

Family Brand: The same brand name for several products, or individual brands for each product. Like Keebler Snack foods or Sears appliances.

Licensed Brands: a well known brand that sellers pay a fee to use. (ppl pay to use Sunkist brand name in their products)

Individual Brands: separate brand names for each product- when it’s important for the products to each have a separate identity.

Generic Products “Brands”: products that have no brand at all. Usually in non developed countries.

Manufacturer Brands: are brands created by producers. Also called national brands.

Dealer brands (private brands: brands created by intermediaries. Equate by walmart.

Battle of the brands: the competition between dealer brands manufacturer brands for who will be more popular and who will be in control.

Intermediareies have adv in this battle cuz they can put their stuff where they want on the shelves.

Packaging: involves promoting (good promoting on package), protecting(from can reduce storing costs and theft), and enhancing the product (making them environmentally friendly). A new package can make the important difference in a new marketing strategy. Packaging can tie the product to the rest of the marketing strategy. Packaging for energizer shows the bunny and reminds us its durable.

* Packaging may lower distribution costs.
* Universal Product Code: identifies each product with marks readable by scanners.

The Federal Fair Packaging and Labeling Act: requires that consumer goods be clearly labeled in easy to understand terms to give consumers more information.

Warranty: explains what the seller promises about its product. Warranties reduce consumer risk. A strong warranty can send consumers a signal about brand quality. Service Guarantees are common. The cost of warranty support ultimately must be covered by the price that consumers pay.

Magnuson-Moss Act: says that producers must provide a clearly written warranty if they choose to offer any warranty.

Consumer Products: Are products meant for the final consumer.

Business Products: products meant for use in producing other products.

## Consumer Product Class

1. Convenience Products: are products a consumer needs but isn’t willing to spend that much time and effort.
	1. Staples: products that are bought often, rountinely, without thought
	2. Impulse Products: products that are bought quickly- unplanned purchases- because of a strongly felt need. You don’t plan on buying it.
	3. Emergency Products: products that are purchased immeadietly when the need is great. You don’t have time to run around when an accident happens. (ice cubes for a surprise party, ambulance service, raincoat)
2. Shopping Products: Products that a customer feels are worth the time and effort to compare with competing products
	1. Homogenous Shopping Products: shopping products that customer see as basically the same and wants at the lowest price.
	2. Heterogenous Shopping Products: the customer sees as different and wants to inspect for quality and suitability. (furniture, clothes, spa membership)
3. Specialty Products: consumer products that the customer really wants and makes a special effort to find. It doesn’t mean comparing, the buyer wants that special product and is willing to search for it. It’s all about the customers willingness to search, not the extent of searching.
4. Unsought Products: products that potential customers don’t yet want or know they can buy. So they don’t search for them at all. In fact, consumers probably won’t buy these products if they see them unless promotion can show their value.
	1. New Unsought Products: are products offering really new ideas that potential customers don’t know about yet.
	2. Regularly Unsought Products: gravestones, life insurance, and encyclopedias. The stay unsought but not unbought forever.

## Business Products

Derived demand: the biggest difference between consumer and business products. It is the demand for business products that derives from the demand for final consumer products.

Expense Item: a product whose total cost is treated as business expense in the year it is purchased.

Capital Item: a long-lasting product that can be used and depreicated for many years.

## Business Product Classes

1. Installations: important capital items. Require skillful personal selling, technical contracts, and understanding of applications.
2. Accessory Equipment: short-lived capital items – tools and equipment used in production or office activities. Cost less than installations and last less.
3. Raw Materials: unprocessed expense items – such as logs, iron ore, and wheat that are moved to the next production process with little handling. Unlike installations and accessories, they become part of a physical good and are expense items. The need for grading is one of the important differences between raw materials and the other business products. Someone must sort and grade RM to satisfy various market segments.
	1. Farm Products: grown by farmers
	2. Natural Products: products that occur in nature: timber, iron ore, oil.
4. Components: are processed expense items that become part of a finished product. Component parts are finished (or nearly finished) items that are ready for assembly into the final product. They have already been processed but need to be processed further.
5. Supplies: are expense items that do not become part of finished product.
	1. Maintenance
	2. Repair
	3. Operating Supplies: or MRO supplies
6. Professional Services: are specialized services that support a firm’s operations. They are usually expense items. Management consulting services can improve the company’s efficiency.

# Chapter 10: Product Management and New Product Development

Product Life Cycle: describes the stages a really new product idea goes through rom beginning to end. The PLC is divided into 4 major stages

1. Market Intro
	1. In this stage, sales are low as a new idea is first introduced to a market. Informative promotion is needed to tell potential customers about the advantages and uses of the new product concept.
2. Market Growth
	1. Industry sales grow fast- but industry profits rise and then start falling. The innovater makes lots of profit and competitors quickly c the opportunity and enter. This is the time for the biggest profits for the company. TOWARD THE END OF THIS STAGE THE INDUSTRY PROFITS BEGIN TO DECLINE AS competition and consumer price sensitivity increase.
3. Market Maturity
	1. Occurs when industry sales level off and competition gets tougher. Many aggressive competitors have entered the race for profits. Industry profits go down throughout the market maturity stage because promotion costs rise and some competitors cut prices to attract business.
4. Sales Decline.
	1. New products replace the old. Price competition from dying products becomes more vigorous. Firms with strong brands may make profits until the end because they have successfully differentiated their products.

\*\*The product life cycle describe industry sales and profits for a *product idea* within a particular product market. The sales and profits of an individual brand may not, and often do not, follow the life-cycle pattern.

* Some products face a quick death
* How we see the PLC depends on how broadly we define a product market.
* Product Life Cycles vary in length

For fast growth a product should be

* Easy to use
* Greater comparative advantage
* Can be tried on a limited basis without a lot of risk for the customer
* Compatible with target market

PLC’s are getting shorter – partly due to rapidly changing technology.

The PLC means that firms must be developing new products all the time. The must try to use marketing mixes that will make the most of the market growth stage – when profits are the highest.

Fashion: the currently accepted or popular style. They currently have short product life cycles.

Fad: an idea that is fashionable only to certain groups who are enthusiastic about it. Very short lived.

It’s important for a firm 2 have some competitive adv when moving into market maturity. A little can make a difference

Product Life cycles keep moving, don’t just sit there when it reaches sale decline. A firm can improve its product or develop a new product for the same market. Or it can develop a new strategy targeted at a new market where the life cycle is not so far along.

Many firms are constantly developing strategies for new markets.

If prospects are poor in a product market a phase-out strategy may be needed. The need for phasyic out becomes more obvious as the sales decline stage arrives.

New product: one that is new in any way for the company concerned.

Federal Trade Commission (FTC): the federal government agency that policies antimonopoly laws.

“Planned Obsolescence:” releasing new products that the company plans to soon replace with improved new versions

The key to a firm’s success and survival: identifying and developing new product ideas and effective strategies to go with them

## New Product Development Process

1. Idea Generation
	1. Analyzing new and different views of the company’s markets and studying present consumer behavior you can spot opportunities that have not yet occurred.
	2. Reverse Engineering
2. Screening
	1. Screening involves evaluating the new ideas with SWOT analysis and long run trends analysis, and an understanding of the company’s objectives.
	2. The product should increase consumer welfare, not just satisfy a whim
	3. Consumer Product Safety Act: encourages safety in product design and better quality control.
	4. Safety complicates because not all customers are willing to pay more for safer products.
	5. Product Liability: means the legal obligation of sellers to pay damages to individuals
3. Idea Evaluation:
	1. When an idea moves past the screening step, it is evaluated more carefully. THE PRODUCT HAS NOT YET BEEN DEVELOPED
	2. Concept Testing: getting reactions from customers about how well a new product idea fits their needs. (ranging from internal focus groups to formal surveys of potential customers)
	3. Product planners must think about wholesaler and retailer customers as well as final consumers because they might refuse to handle your product
	4. Idea evaluation is often more precise in business markets. The customers are better informed and their needs focus on the economic reasons for buying rather than emotional.
	5. This step must gather enough info to help decide if there is an opportunity and fits with the firm’s resources, and whether there is a basis for developing a competitive advantage. With this info a firm can estimate likely ROI in the various market segments.
4. Development
	1. Usually this involves some research and development (r&d) and engineering to design and develop the physical part of the product.
	2. Running market tests is costly, but not testing is risky
5. Commercialization
	1. A product idea that survives this far can finally be placed on the market.
	2. Putting a product on the market is expensive and the WHOLE company should be cooperating.
	3. “rollout”

New Product Development: a total company effort

The common trait with companies that are successful at developing new goods and services have enthusiastic top management support for new product development.

A culture that supports innovation can generate more ideas.

A new product development team with ppl from different departments help ensuer that the new ideas are carefully evaluated and profitable ones are quickly brought to market.

Steps shouldn’t be skipped

Product Managers or Brand Managers: manage specific products, often taking over the jobs formerly handled by advertising managers. Their main job is promotion.

TOTAL QUALITY MANAGEMENT (TQM): the philosophy that everyone in the organization is concerned about quality, throughout all of the firm’s activities, to better serve customer needs.

The cost of poor quality is lost customers.

Continuous Improvement: adopting TQM means you are always committed to constantly make things better once step at a time.

Managers who use TQM think of quality improvement as a sorting process. Sorting things that have gone right from wrong.

Pareto Chart: a graph that shows the number of times a problem cause occurs.

Fishbone Diagram: a visual aid that helps organize cause and effect relationship for things gone wrong.

2 keys 2 Improving service quality are

1. Training
2. Empowerment

# Chapter 11: Place and Development of Channel Systems

Channel System may be direct or indirect

* Many firms prefer to distribute directly to the final customer or consumer because they want to control the whole marketing job
* Direct distribution allows a firm to maintain control of the marketing mix. Since wholesalers and retailers often carry products of several competing producers, they may not give any one item the pricing or promotion support that helps it sell best
* The internet makes direct distribution easier
* If a firm is in more direct contact it is more aware of changes in customer attitudes. And this helps it adjust its marketing mix quickly because there is no need to convince other channel members to help.
* Most consumer products are sold through intermediaries.
* Direct Marketing: direct communication between a seller and an individual customer using a promotion method other than face-to-face personal selling. The term direct marketing is mainly concerned with the *promotion* area.
* Sometimes it is better to use indirect channels, for example SEARS is known as the only place for tires so it would be better 2 put ur tires there,

The Benefits of Intermediereis

* If you have limited financial resources or u want to retain flexibility
* They reduce a producers need for working capital by buying the producers output and carrying it until sold.
* The most important reason for using an indirect channel of distribution is that an intermediary can often help producers serve customer needs better and at a lower cost

Discrepancy of Quantity: the amount firms want 2 make isn’t the amount people want 2 buy

Discrepancy of assortment: means the difference between the lines a typical producer makes and the assortment final consumers or users want.

Regrouping activities: adjust the quantities or assortments of products handled at each level in a channel of distribution.

Regrouping Activities

1. Accumulating (adjusting quantity discrepancy)
	1. Involves collecting products from many small producers. A hospital for example collects a number of different specialized people and this makes it easier for patients
2. Bulk-Breaking (adjusting quantity discrepancy)
	1. Involves dividing larger quantities into smaller quantities as products get closer to the final market.
3. Sorting (adjusting assortment discrepancy)
	1. Means separating products into grades and qualities desired by different target markets. For example an investment firm might offer its customer’s shares in a mutual fund made up only of stocks for companies that pay regular dividends.
4. Assorting(adjusting assortment discrepancy)
	1. Means putting together a variety of products to give a target market what it wants. This is usually done by those closest to the final consumer or user. Someone selling yazoo tractors might also be selling pennington grass seed and fertilizer.

Channel Relationship Must Be managed

Intermediary specialists can help make a channel more efficient, how well they work together depends on the relationship they have

All the members of a channel system should have a shared product market commitment with all members focusing on the same target market at the end of the channel and sharing the various marketing functions in appropriate ways. When they do this they are able to better compete in an effective manner for the customers business.

Traditional Channel system: the various channel members make little or no effort to cooperate with each other. Does only what they consider to b in their best interest.

2 types of conflict in a channel

* Vertical conflict
	+ Occurs between firms at different levels in the channel of distribution. For example a producer and a retailer disagree about how much promotion effort the retailer should give the producer’s product.
* Horizontal Conflict
	+ Occurs between firms at the same level in the channel of distribution.
	+ Bike example

Channel captain: a manager who helps direct the activities of a whole channel and tries to avoid or solve channel conflicts.

## Vertical Marketing Systems

: are channel systems in which the whole channel focuses on the same target market at the end of the channel.

There are 3 types of VMS

* Corporate channel systems
	+ Corporate ownership all along the channel
	+ May develop from VERTICAL INTEGRATION: acquiring firms at different levels of channel activity
	+ Advantages of vertical integration is that it has stable soruces of supplies, better control of distribution and quality, greater buying power, and lower executive overhead.
* Contractual channel systems
	+ The channel members agree by contract to cooperate with eachother.
* Administered channel systems
	+ The channel members informall agree to cooperate with eachother.

Ideal Market Exposure: makes a product available widely enough to satisfy target customer needs but not exceed them. To much exposure increases the total cost of marketing.

Intensive Distrbution: selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.

* Ex: needed for convenience products like printer cartridges

Selective Distribution: selling through only those intermediaries who will give the product special attention.

* Selective distribution is becoming more popular than intensive distribution
* Can produce more profits for all channel members
* Selective often moves to intensive as market grows

Exclusive Distribution: selling through only one intermediary in a particular geopgrahic area.

* An extreme case of selective distrubtion.

Horizontal Arangements:

* Illeagal
* Reduces completion and harms customers

Vertical Arrangemnts

* May or may not be illeagal
* A firm has to be able to leagally justify any exclusive arrangements

Multichannel Distribution: occurs when a producer uses several competing channels to reach the same target market – perhaps using several intermediaries in addition to selling directly

Reverse Channels: channels used to retrieve products that customers no longer want (returning stuff, recycling…etc…)

THE 5 BASIC WAYS FOR ENTERING INTERNATIONAL MARKETS

1. Exporting: selling some of what the firm produces to foreign markets.
2. Licensing: means selling the right to use some process, trademark, patent, or other right for a fee.
3. Management Contracting: means that the seller provides only management and marketing skills – others own the production and distribution facilities.
4. Joint Venture: a domestic firm enters into a partnership with a foreign firm.
5. Direct Investment: means that a parent firm has a division in a foreign market. This gives the parent firm complete control of marketing strategy planning.

# CHAPTER 14: PROMOTION – INTRODUCION TO INTEGRATED MARKETING COMMUNICATIONS

Promotion: communicating info between the seller and potential buyer or others in the channel to influence attiudes and behavior.

Promotion methods

Personal Selling: involves direct spoken communication between sellers and potential customers. Salespeople get immediate feedback which helps them to adapt. It’s very expensive

Mass selling: communicating with large numbers of potential customers at the same time. It’s less flexible than personal selling, but when the target market is large and scattered it’s less expensive.

* Advertising: any paid form of non personal presentation of ideas, goods, or services by an identified sponsor
* Publicity: any unpaid form of non personal presentation of ideas. Goods…
* Sales promotion: stimulate interest by final consumers. SAMPLES

Sales Managers: are concerned with managing personal selling. Often the sales manager is responsible for building good distribution channels and implementing Place policies.

Adverstising Managers: manage their company’s amss selling effort

Public relations: communication with noncustomers, including labor, public interest groups…

Sales Promotion Manager: manage their company’s sales promotion effort

Integrated Marketing Communications: the intentional coordination of every communication from a firm to a target customer to convey a consistent and complete message.

The ULTIMATE OBJECTIVE OF PROMOTION: is to encourage customers to choose a specific product. Promotion objectives depend on the market situation and target.

3 main promotion objectives

1. Informing
2. Persuading
3. Reminding

THE AIDA MODEL

1. Attention (part of informing)
	1. Necessary to make consumers aware f the company’s offering.
2. Interest (part of informing)
	1. Holding interest gives the communication a chance to build the consumer’s interest in the product
3. Desire (part of persuading)
	1. Arousing desire affects the evaluation process, perhaps building preference.
4. Action (part of reminding)
	1. Obtaining action includes gaining trail, which may lead to purchase decision.

COMMUNICATION PROCESS

1. SOURCE
2. ENCODING
3. MESSAGE CHANNEL
4. DECODING
5. RECIEVER

NOISE : reduces effectiveness of the communication process

Direct Response promotion: usually relies on a CRM database to target specific prospects

There is no one right promotion blend for all situations

Pushing: means using normal promotion effort – personal selling, advertising, and sales promotion, to help sell the whole marketing mix to possible channel members.

Pulling: means getting customers to ask intermediaries for the product

The Adoption Curve: shows when different groups accept ideas.

1. Innovators: first to adopt, eager to try new ideas and willing to take risks
2. Early Adopters: well respected and often opinion leaders. Spread promotion effort through word-of-mouth
3. Early Majority: avoid risk and wait to consider a new idea after many early adopters have tried it.
4. Late Majority: cautious about new ideas.
5. Laggards, nonadopters: prefer to do things the way they’ve been done in the past and are very suspicious of new ideas.

The adoption curve helps explain y a new product goes through the product life cycle stages. Promotion blends usually have to change to achieve different promotion objectives at different life cycle stages.

Primary Demand: demand for the general product idea

Selective Demand: demand for a company’s own brand.

Task method: basing the budget on the job to be done,

# CHAPTER 17: PRICING OBJECTIVES AND POLICIES

Price: the amount of money that is charged for “something” of value.

PRICING OBJECTIVES

Target Return Objective: sets a specific level of profit as an objective

Profit maximization objective: seeks to get as much profit as possible.

Sales oriented objective: seeks some level of unit sales, dollar sales, or share of market – without referring to profit. Basically thinking that sales growth always leads to more profits. This causes a problem on the long run when costs grow faster than sales.

Status Quo Objectives: don’t rock the pricing boat objectives. Wanting to stabilize prices or meet or avoid competition. Usually occurs when the market is not growing

Nonprice competition: aggressive action on one or more of the Ps other than price

Administered prices: consciously setting prices.

One price policy: means offering the same price to all customers who purchase products under essentially the same conditions and in the same quantities.

Flexible price policy: offering the same product and quantities to different customers at different prices.

Skimming price policy: tires to sell the top of a market – the top of the demand curve- at a high price before aiming at more price sensitive customers.

Penetration price policy: tries to sell the whole market at one low price. This approach is wise with an elite market, those willing to pay a high price is small.

Introductory price dealing – temporary price cuts – to speed new products into a market and get customers to try them

Basic list prices: the prices final customers or users are normally asked to pay

Discounts: are reductions from list price given by a seller to buyers who either give up some marketing function or proivede the function themselves

Quantitiy discounts: offererd to encourage customers to buy in larger amounts

Cumulative quantity discounts: apply to purchases over a given period – such as a year – and the sicousnt usually increases as the amount purchased increases.

Noncumalative quantity discounts: apply only to individual orders, do not tie a buyer to the seller after that oen purchase

Seasonal discounts: offered to encourage buyers to buy earlier than present demand requires

Net: the payment for the face value of the invoice is due immeadieatly

Cash discounts: reductions in price to encourage buyers to pay their bills quickly

2/10, net 30: means the buyer can take a 2% discount off the face value of the invoice if the invoice is paid within 10 days. Otherwise the full face value is due within 30 days.

Trade (functional) discount: a list price reduction given to channel members for the job they are going to do.

Sale price: a temporary discount from the list price

Allowances: like discounts are given to consumers, customers, or channel members for doing something or accepting less of something

Advertising allowances: price reductions given to firms in the channel to encouarage them to advertise or otherwise promote the supplier’s products locally

Stocking allowances: given to to an intermediary to get shelf space for a product

Push (or prize) money allowances: given to retailers by manufacturers and wholesalers to pass on to the retailers sales clerks for aggressive selling (BODY SHOP LADY)

Trade-in allowance: is a price reduction given for used products when similar new products are bought.

Rebates: refunds paid to consumers after a purchase. So intermediareies don’t take the benefit of the discount and customers get passed along the savings.

FOB Shippoing point: the seller pays the cost of loading the products onto some vehicle then title passes to the buyer.

FOB delivered: if a firm wants 2 pay the freight and take responsibility full way its this

Zone pricing: means making an average freight charge to all buyers within a specific geographic area.

Uniform delivered pricing: means an average freight charge to all buyers

Freight absorption pricing: which means absorbing freight cost so that a firm’s delivered price meets that of the nearest competitor.

Value pricing: means setting a fair price level for a marketing mix that really gives the target market superior customer value.

Dumping: pricing a product sold in a foreign market below the cost of producing it or its sold in the foreign market

Phony list prices: prices customers are shown to suggest that the price has been discounted from list

Wheeler Lea Amendment: bans these deceptive acts

Price fixing: competitors getting together to raise, lower, or stabilize prices. Very illeagal

Discrimination and prbinson patman act