

MARKETING PLANS

Food Product Development Unit
HSC Food Technology

MARKETING PLANS

Businesses implement the 4 Ps as a marketing strategy to increase sales and market share:

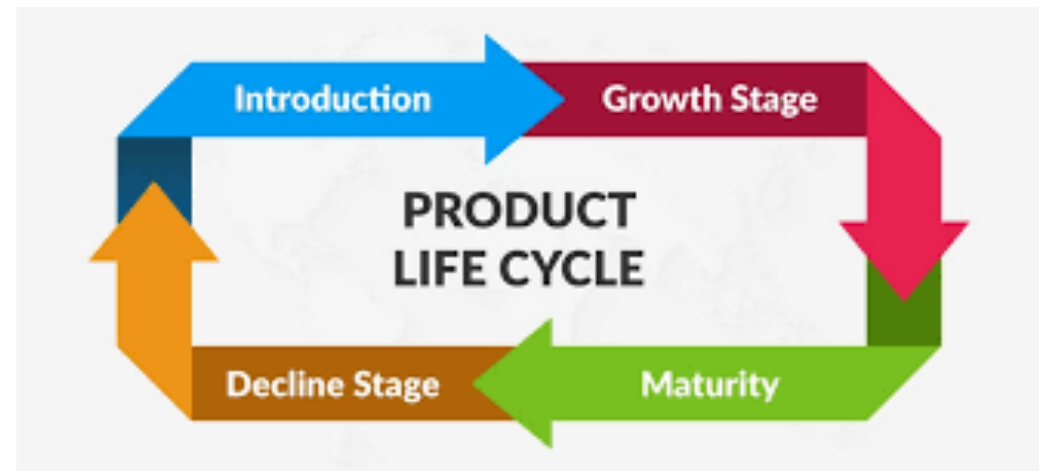
- **P**roduct Planning
- **P**rice Structure
- **P**lace and Distribution System
- **P**romotional Program

PRODUCT PLANNING

Product planning involves the **product life cycle**: introduction, growth, maturity and decline.

It looks at all aspects of the product:

- Ingredients
- Quantity
- Flavours
- Size
- Packaging



PRICE STRUCTURE

The aim of **pricing** is to allow consumers to see **value** in the product and is dependent on how much the **target market** is willing to pay.

Prices are often **compared** to similar products available in the marketplace (competition).

Price will **fluctuate** depending on **quality**.

Generic Brands often offer value for money.

Consumers are sometimes willing to pay a **higher price** for a premium quality product (e.g. *niche market*).



PRICE STRUCTURE CONT.

Pricing Tactics include:

- **Penetration Pricing:** pricing a product below that of a competitor's to obtain a foothold in the market.
- **Price Skimming:** initially pricing a product at a higher price that then falls over time.
- **Competitive Pricing:** pricing a product to match the price of a competitor's product.



PRICE STRUCTURE CONT.

Target Markets = Price

Target Market	Acronym	Description
Dual income, no kids	DINKS	Two people in household, both bring in incomes
Dual income with kids	DEWKS	Two people with incomes with kids
Poor urban professionals	PUPPIES	Two incomes, low incomes
Young upwardly mobile urban professionals	YUPPIES	Two people, advancing in career with good incomes
Well-off older folk	WOOFS	Two people, probably retired, living off proceeds in superannuation, investments etc.
Single occupants low income	SOLI	Single occupant living alone, low income
Single occupant good income	SOGI	Single occupant living alone, good income

PLACE AND DISTRIBUTION SYSTEM

Place refers to where the product will be sold and the kinds of outlets in which it will be sold, including:

- **Intensive Distribution** involves selling a product at every possible outlet, e.g. chocolate bars are sold at service stations, grocery stores, vending machines etc.
- **Selective Distribution** involves wide but not intensive distribution, e.g. types of cheeses are often available at Delis instead of Woolworths.
- **Exclusive Distribution** involves very limited supply available at limited stores, usually because the product is expensive, e.g. handmade chocolates.

PLACE AND DISTRIBUTION SYSTEM CONT.

Distribution refers to the process of moving the product from the producer to the consumer. This involves several different stages:

- **Warehousing:** the correct storage of goods means that the consumer receives the product in the best and safest condition.
- **Material Handling:** refers to the forklifts, conveyor belts and other methods that move products from the storage area to pallets ready for shipping.
- **Inventory Control:** ensures the quality of the product and the quick completion of orders (holding too much stock is expensive due to the risk of theft and damage and the use of limited space).
- **Order Processing:** involves the handling and filling of orders, processing of accounts and collection of credit payments.
- **Transportation:** products may be transported via air, water, rail or road. Which method is used depends on the type of product, the distance to be covered and the nature of the product.

PROMOTIONAL PROGRAM

A promotional program informs consumers about new products and persuades customers to buy these new products through:

- **Advertising** is the most commonly recognized promotional tool. It can be done via *magazines, newspapers, television, radio and internet (e.g. social media)*.
- **Personal Selling** is also known as an ‘invisible promotional tool’, e.g. *when a salesperson helps a customer to choose one product over another*.
- **Publicity and Public Relations:** **Publicity** is the unpaid use of the media to broaden the public’s knowledge and recognition of a product, e.g. *advertising a company’s wine when they win a prize at an annual wine show*. **Public Relations** is a communication tool to build or maintain a favorable image with the public, e.g. *sponsorship of sporting activities and teams*.
- **Sale Promotions** include the use of *free samples and coupons*. However, the biggest sales promotion occurs when a product is ‘on sale’ as the customer feels like they are receiving value for their money.