



RETAIL MARKETING MIX

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RETAIL MARKETING MIX

Definitions

Retail

Retail is the final channel of distribution where small quantities of goods and services are sold directly to the consumer for their own consumption or use.

It is mainly done by retailers.

Marketing?

Marketing is the process of getting people interested in your product or service. It involves promotion, advertisement and selling products and services to the consumers.

Marketing is the key component of any venture and includes aspects like writing product descriptions, designing website pages, improving customer services, establishing business & market segments and conducting market research. Marketing involves strategies that aid in the growth of a business venture.

Retail marketing mix?

Retail marketing mix refers to the variables that a retailer can use in variable ways to arrive at an effective marketing strategy to attract his customers.

The variables are the varieties of merchandise and assortment along with the services that are offered, including advertising pricing layout and promotion and also store location design and visual merchandising. Retailers often employ a variety of combinations to promote their business and to ensure proper reach to their prospective customers.

The use of multiple methods depending on their objectives to promote themselves and create a market profile. The choice of methods of promotion varies and is dependent on the nature of the business, the goods that are kept in the retail store, and other such multiple factors. The credibility, control, and flexibility along with the cost that is associated with the retail promotion methods determine the choice of method of promotion.

There are 7 Ps that describes retail marketing mix in details as follows;

1. Product
2. Price
3. Place
4. Promotion
5. Process
6. People
7. Physical evidence

1. PRODUCT

Product refers to what is being sold, a physical product, service, or experience.

Product or service is always at the center of the strategy and will influence every aspect of the marketing mix. When designing your product, consider factors and question such as;

Factors such as;

- Quality
- Specific features
- Packaging/presentation
- The problem that it will solve for your customers

Questions

a) Is your current product or service, or mix of products and services, appropriate and suitable for the market and the customers of today? Whenever you're having difficulty selling as much of your products or services as you'd like, you need to develop the habit of assessing your business honestly and asking, Are these the right products or services for our customers today?

b) Is there any product or service you're offering today that, knowing what you now know, you would not bring out again today?

c) Compared to your competitors, is your product or service superior in some significant way to anything else available? If so, what is it? If not, could you develop an area of superiority? Should you be offering this product or service at all in the current marketplace?

2) PRICE

Price is the amount that consumers will be willing to pay for a product. As a marketer you must link the price to the product's real and perceived value, while also considering supply costs, seasonal discounts, competitors' prices, and retail markup.

Pricing is a continuous process in a business that involves repeatedly examining and reexamining the prices of the products and services you sell to make sure they're still appropriate to the realities of the current market. Sometimes you need to lower your prices.

At other times, it may be appropriate to raise your prices. Many companies have found that the profitability of certain products or services varies over a series of months or years, you can sell far more than you are today, and the interest you can charge will more than make up for the delay in cash receipts.

Sometimes you can combine the amount of effort and resources that go into producing them. By raising their prices, they may lose a percentage of their customers, but the remaining percentage generates a profit on every sale. Could this be appropriate for you?

Sometimes you need to change your terms and conditions of sale. Sometimes, by spreading products and services together with special offers and special promotions. Sometimes you can include free additional items that cost you very little to produce but make your prices appear far more attractive to your customers.

In business, as in nature, whenever you experience resistance or frustration in any part of your sales or marketing activities, be open to revisiting that area. Be open to the possibility that your current pricing structure is not ideal for the current market. Be open to the need to revise your prices, if necessary, to remain competitive, to survive and thrive in a fast-changing marketplace.

Pricing strategies that can be used in marketing?

Customer Value-Based Pricing

It involves pricing a product based on the value it brings to customers rather than the cost of producing it. Thus, the pricing decision starts by examining customer value - how much the product is worth to customers. The steps of value-based pricing are as follows:

1. Understand customer value perception and needs.
2. Set target price to match perceived value.
3. Analyze costs.
4. Create a product that matches the target value at the target price.

Cost-Based Pricing

Cost-based pricing involves setting prices based on the costs incurred by producing and marketing the product. This pricing method sets a floor price - a minimum price a company should charge to recover costs. Three types of costs considered for this approach are:

- Fixed costs (overhead)
- Variable costs
- Total costs

Competition-based pricing

Involves setting prices based on competitors' pricing strategies.

To use this approach, a company has to examine its competitors and their strategies, including:

- ✓ Competitors' market offering,
- ✓ Customers' value perception of competitors' offerings,
- ✓ Competitors' current pricing strategies,
- ✓ How strong/weak competitors are,
- ✓ Whether there is a niche/underserved market.

Price skimming

Involves setting a high price initially as the product is introduced to the market to maximise revenues. Due to the high price, the company makes fewer sales at a higher profit margin. Eventually, as new product variations and models are introduced, the company will decrease the original product's price.

Penetration pricing

Involves setting a low initial price to attract many buyers and increase market share. As prices are low, profit margins may also be lower, but due to the high number of sales, the company's costs will fall, allowing it to decrease its prices even further.

Product line pricing

Involves determining the price steps to be set between different products in a product line. These price steps should be determined based on cost and value differences.

Optional product pricing

Involves setting prices for optional or additional products that come with the original product, also known as add-ons and accessories.

Captive product pricing

Is similar to optional-product pricing, except the products are accompanied by another product.

Byproduct pricing

Involves determining a price for the byproducts derived from the production of the main product. This can help the company recover costs and even make extra profits. For example, farmers can turn their vegetable resin into biodegradable plastic.

Product bundle pricing

Involves combining various products into a product bundle and setting the bundle price lower than what the price would be for buying each product individually.

3. Process

Process encompasses what goes into every step of the customer journey , from making an enquiry to requesting information and making a purchase. The efficiency and consistency of your processes can significantly impact your overall effectiveness. From lead generation to customer support, having well-defined and streamlined processes ensures a seamless customer journey.

The more intentional and personalised your processes are, the happier your customers will be. Even with the best product in the world, your business can be let down by processes.

You want your customer interactions to be seamless from beginning to end, so think about things like:

- ✓ Your customer response time
- ✓ The time between booking with sales and actually having a meeting
- ✓ What happens once they make a purchase
- ✓ How to generate positive reviews after purchase
- ✓ What tools can make your processes more efficient i.e. AI, CRMs, email clients, KPI tracking, etc.

4) PLACE

The availability of the product should be close to the place of consumption so that the prospects and the customers can buy it easily. As preferred brand by the customer who is not easily available at a location which is convenient to the customer that person made by some other brand in the same category thereby increasing the market share of the competition

This is the retailer has to ensure the availability of the product so that the customers can buy it whenever they require the major components of place, in the retail marketing mix: physical distribution and marketing channels.

The elements of the marketing mix are affected by the channels decisions and involve a long term commitment of resources for them to run smoothly.

The intermediaries which are involved in the channel network independent organizations and their needs should be taken into consideration evaluating the alternatives of the channel. The marketing efforts success is dependent on a full-proof distribution network.

The stronger than another network, the better the success of the marketing effort. The elements of physical distribution involve warehousing, transportation, bulk packaging, material handling.

Some of these activities may be carried out by the intermediaries, and he is coordination would be required to see in maximum results of marketing operations. The Place also concerns with levels of operation of the store and the number of employees that are needed.

5) PROMOTION

Promotion is at the core of our marketing expertise. Whether through direct marketing, advertising, content strategies, or in-store presentations, as marketers, we excel in raising awareness and engagement.

Promotion involves telling a compelling brand story that resonates with consumers, guiding them to consider your offerings. Effective promotional strategies achieve various goals, from elevating brand recognition to driving sales and revenue. Addressing key questions sets the stage:

- ✓ Where is your audience able to find you? Online or in a physical store?
- ✓ Does seasonal impact influence your business?
- ✓ What is your brand personality and how does it shape your messaging and design?

- ✓ How do competitors promote themselves?
- ✓ Promotional tactics fall into two categories: **traditional and digital**
- ✓ Traditional methods encompass print media, broadcasting, mail, billboards, and word of mouth.
- ✓ Digital avenues include email, social media, content marketing, **SEO**, mobile outreach, and paid ads. **Digital marketing generates 50% more customer interactions** than traditional methods.

The way you communicate and promote directly affects your brand's success. Misplaced messages or poor timing can negatively impact sales. Understanding **your audience through segmentation** and targeting, along with integrating marketing data, helps cater to their needs and ensures seamless Omni channel campaigns.

6) PEOPLE

Refers to anyone directly or indirectly involved in the business side of the enterprise.

That means anyone involved in selling a product or service, designing it, marketing, managing teams, representing customers, recruiting and training.

It's critical to the success of your brand, and the satisfaction of your customers, that everyone who represents the company (including the catboats) is polite, professional, knowledgeable and fully trained.

Employees need to be able to solve the problems that customers have, so as a business, you need to offer training, good working environments and anything that will safeguard the contentment of your employees.

Some consumers will switch to a competitor after a single bad experience, while 80% will switch after multiple bad experiences. Excellent customer service is a must for any brand operating in today's customer-centric market.

Digital strategist, Dave Chaffey, says that people buy from people because of the human connection that we all typically crave. When marketers create a strategy that's highly tailored and personalized, they can be as influential as the best, most persuasive salesperson.

Having the right people is key for both long and short-term success. Each part of the marketing mix can help your customers see you as reliable and dependable, which is crucial to any branding strategy.

7) PHYSICAL EVIDENCE

Physical evidence comprises elements incorporated into a service to make it tangible and somewhat measurable.

In marketing mix, it refers to the place and atmosphere where customers buy or use the product. It also helps in the positioning of the brand and in targeting the right kind of customers.

Types of Physical Evidence

There are two types of physical evidence that add value to the intangible aspect of a service or product: peripheral evidence and essential evidence.

Peripheral Evidence

This refers to any physical element that is an accessory or a complement to the service or product, such as the layout of a store, the design of the packaging, and other customer service amenities.

For example, the ambiance of a restaurant can create an unforgettable dining experience for customers. It may also refer to things like napkins used in the restaurant, or uniforms worn by staff members. All of these elements are considered to be peripheral evidence as they add value to the customer experience.

Essential Evidence

These are the physical elements that form part of the core service or product offering. It refers to the components, elements, or products that are necessary for customers to use or experience the service. For example, if you're selling a product, such as clothes, then the physical fabric of the clothing is considered essential evidence. The same goes for services like spas, the massage tables, oils used in treatments, or the ingredients used to make the products all essential evidence.

Both peripheral and essential evidence can have a positive impact on customer satisfaction since they often help create an overall positive experience. They also help in building trust and credibility for the brand, which ultimately leads to customer loyalty and optimizes your marketing strategy.

Components of Physical Evidence

Physical Environment

This refers to the atmosphere or environment where customers buy and use a product.

It includes the physical structure of the place, such as colors, lighting, furniture, interior design, and layout.

The physical environment comprises factors such as the overall atmosphere, arrangement, and other relevant elements related to the surroundings. The physical environment refers to the place and immediate surroundings where the customer uses or experiences the service or product.

It is a crucial aspect of physical evidence as it can influence the atmosphere and overall impression of the service or product's worth.

Spatial Layout

The spatial layout of a service setting or place refers to the arrangement of physical elements like furniture and equipment that work in conjunction with the physical environment.

It affects the overall ambiance and customer experience while using the product or service. For example, a restaurant's spatial layout could consist of tables and chairs in different arrangements, depending on the desired atmosphere.

Ambiance

Ambiance refers to the overall atmosphere of a place or service setting.

It is created by lighting, music, and other sensory elements that create an emotional experience for customers. Ambiance can influence customers' feelings towards a product or service and thus affect their decision making process.

Setting the mood of the physical environment is heavily influenced by this key factor. Ambiance refers to the way you create a specific mood or atmosphere that influences your customers' experience.

Corporate Branding

Corporate branding and decoration refer to the visual elements used in a service setting or place to identify it with its company. This includes decorations, logos, color schemes, and other visual cues that create a connection between the customer and the product or service. The perception of customers can be positively or negatively influenced by corporate branding and decoration; it is an important factor in creating a lasting impression.

Consistency

Consistency is a fundamental element in delivering a successful service experience. Consistency means that all areas of the product or service should be consistent with each other, from the customer's point of view.

Marketers focus on providing uniform services across different locations, offering consistent pricing and quality control measures, and having consistency in employees' behavior.

Ensuring that physical evidence is consistent is crucial for providing customers with a clear understanding of what they can expect when using your product.

Elements of Physical Evidence

You can use different physical elements to create the environment that your customers desire. They also play a key role as marketing elements. Physical evidence components are composed of these elements and they can be utilized to manipulate and regulate customers' senses. Some of the common physical evidence element examples are personal selling customer interact

- ✓ Layout and Design
- ✓ Location
- ✓ Interior and Exterior Design
- ✓ Decorations, Furniture, and other Props
- ✓ Lighting
- ✓ Signage
- ✓ Music
- ✓ Scents
- ✓ Employee dress code
- ✓ Business card cardstock
- ✓ Colors
- ✓ Air quality

These elements work together to create an atmosphere that appeals to customers' senses and encourages them to take action.

For example, if you own a restaurant, you might use a combination of inviting decorations, pleasant music, and delicious food scents to create an atmosphere that encourages customers to stay.

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