Chapter V:

STRATEGIC POSTURES: IT INCLUDES MARKETING MIX:-

PRODUCT

Brand marketers rarely market just one product. One product along can rarely, if ever, be successfully marketed for the company. Multiple products are needed to stimulate interest in the products and company. The more products a brand marketers offers, the greater the probability the target market will purchase multiple items, increase repeat sales, and generate loyal consumer behaviour. The product line has a strong presence for the company’s image and brand. Prior to discussing image and brand, it is important to have a clear understanding of how a product line evolves and influences marketing efforts.

Companies make a strategic plan regarding their product strategy. The majority of fashion companies offer 70 percent new or updated products each season. The remaining 30 percent of the product offerings consist of classic product lines. A classic product line is a product line that is offered consistently over a period of time. Styles within the product line remain constant over time.

Updated styles are typically marketed at least six months prior to the season the consumers will wear the products. The styles are features in print advertisements and billboards shortly prior to, or immediately upon, their arrival in the stores. Classic product lines are an important component to the fashion marketer’s product strategy.

Classic styles are marketed by mixing them with updated fashions. The fashion marketer’s goal is often to encourage the target market to realize that the new styles can be added or used to enhance pieces purchased from prior seasons. The emphasis can then be on building a wardrobe, rather than simply purchasing products.
Hangtag

A hangtag is an information tag generated by the manufacturer and attached to the product. Technically the hangtag is not a part of the product. It is, however, an important component of the marketing process of the product. Information that is always included on the hangtag includes (a) the company name, (b) its brand, (c) product information (e.g. size), and (d) the logo. This identification information provides consumers with further loyalty – generating reminders of the company. Hangtags are typically small and easy to store for consumers to remember product information.

Pricing

Market – Skimming Pricing

A company doesn’t always price its products to maximize market share. Some products are meant to be unique, special, and highly prized by the target market. Products may also be identified as high profit – margin items. Under these circumstances, the fashion marketer will employ a market-skimming pricing strategy. A market – skimming pricing strategy exists when a high price is set, generating a larger than – average gross margin. The company sells fewer of the products but earns a higher than – normal profit on each unit sold. This strategy is used only if the product’s quality and image can support the market skimming pricing.

Market – Penetration Pricing

Companies that want to capture a deep portion of the target market often choose a market – penetration pricing strategy. Market-penetration pricing occurs when the product’s initial price is set low, there by enticing consumers to purchase. The greater the number of consumers purchasing the product, the likelier the company penetrates
the market. High merchandise turnover provides the company with increased profits. As the profits increase, the company is able to continue passing savings on to the consumer. Market penetration pricing works best when the target is sensitive to price. As is the case in all pricing scenarios, costs (e.g., production, distribution and marketing) must be covered when considering the markup. Competition is also a consideration when using market penetration pricing. Some companies use a “meet or beat the competition” strategy at this stage.

**Product-Line Pricing**

Brand marketers frequently promote entire product lines. A merchandise line consists of a group of products that are similar in style and design; they coordinate with each other and are by the same designer and/or manufacturer. Merchandise lines may be developed at varying quality levels (e.g. good, excellent, luxurious). Product-line pricing is used to price-point each quality level within a merchandise line. To be effective, significant price differences should exist between each price print. The price points should also be relatively the same distance apart. The difference between price points allows consumers to make comparisons with ease. Levi’s fashion marketing team aggressively uses product line pricing. For each style, jeans are marketed at a price point. The product-line pricing provides the target market with an easy method of selecting jeans based on style, design and price.

**Discount Pricing**

Consumers respond positively to symbolic words (e.g. save, value, deep discount). Brand marketers frequently use discount pricing to stimulate customer traffic, encourage the purchase of multiple products, instill brand loyal purchasing behaviour, and spread positive word-to-mouth promotion. Two types of discount-pricing
strategies are popular in the fashion industry: quantity discount and seasonal discount.

**Quantity Discount**

A quantity discount is provided when merchandise is purchased in bundles or multiple units.

**Seasonal Discount**

A seasonal discount is used to sell merchandise that is out of season.

**Psychological Pricing**

One of the first lessons a merchandiser learns about pricing is to cover the cost of goods sold (COGS). The company will soon go out of business if the price is set below COGS. Once COGS is taken into consideration, the amount associated with discount pricing strategies can be identified. While the fashion industry is serious business, many of the products themselves can also be considered emotional. Psychological pricing occurs when pricing is used as the basis to make consumers “feel more favourable” about the product. High pricing is often used to denote quality, luxury, and/or superior craftsmanship.

**Promotional Pricing**

Whenever a new product is introduced, marketers encourage existing customers of the brand to adopt the product. The marketing campaign may also be designed to entice customer’s away from the competition’s brand if a similar product is currently on the market. Promotional pricing is used during this strategy. Promotional Pricing is a method whereby the product is introduced at a lower than normal price. The product’s price is raised after the promotional time line ends.
Membership Pricing:

A membership pricing strategy is a selling strategy whereby consumers sign up for a retailer’s membership. Upon membership entrance, the consumer is eligible for discounts. Membership may cost an annual fee or may be free. Membership pricing instills loyal shopping patterns.

Value-Based Pricing

Value-based pricing is a form of pricing strategy whereby the consumer perceives the value of the product to be worth the price. Value-based pricing may result in prices in excess of 100 percent of the wholesale cost of the merchandise or in lower than average pricing. For some products this pricing strategy is not sufficient. Customers are looking for value. The pricing strategy is often used on clearance and luxury items.

PLACE

Marketing fashions in the correct location is critical. Fashion marketing must reach the target market. Prior to online retailing, retailers were required to carefully assess where the largest primary target market was geographically located. Online retailing and catalog operations now allow retailers to market their fashions nationally and internationally, Fashion marketers are able to greatly expand their reach to target markets and are only restricted by their distribution limitations.

When retailers are located primarily in one geographic location but market fashions nationally or internationally using catalogs or a web site, there are several considerations. One consideration is culture. The city, state, and/or nation’s culture must be considered when marketing fashions. Cultural and societal beliefs and values, as well s slogans, should be considered when developing a marketing message. A
particular location can enhance a company’s message if its marketing effort is decentralized or localized to a specific area. Avoiding messages and statements is often useful when considering the social and political nature of a city, state, or country. Fashion marketing efforts rarely involve political statements. One exception is celebrating national holidays; Fashion marketers often use national holidays as an excuse to offer the target market a discount.

**PROMOTION**

Promotion is “short-term non-recurrent efforts to increase buying response on the part of the consumers or to intensify sales efforts by the firms sales force”. A gift with purchase is designed to encourage new customers to try the products as well as encouraging loyal customers to add to their collection. A promotional theme may revolve around a holiday, new store opening, new product line, or an event at the retail operation. Regardless of the them, the promotion typically offers consumers an incentive to purchase products in the store.

**Advertising**

Despite the extensive use of the Internet, Print media continues to be popular with consumers. The Sunday paper remains the most read edition of the week in part because of the inserts and advertisements. Eighty-four percent of consumers read newspapers on Sunday, whereas eight-seven percent of consumers read them daily. Other types of print media include billboards, postcards, flyers, and newsletters.

**Close the Deal**

Fourth and finally, all print media should close the deal by inviting the consumer into the store to purchase specific items. Many times sales are not made because the consumer is not asked to purchase the product. The same is true with print media. The
advertisement must specifically ask the consumer to come in and purchase the product.

**Billboards**

Billboard advertising is a marketing tool used in extremely high traffic areas. Airports, sports venues, train stations, major streets and underground subway stations provide large open spaces for fashion marketers to promote merchandise. Similar to radio advertising, billboards provide marketers with widespread target distribution at a low cost.

**Postcards**

Postcards remain a popular method of fashion marketing. A postcard is typically a 4¼ by 6 inch card that allows full advertising on one side and partial advertising on the other side. Postcards can be printed in colour or black and white, and on a shiny or matte finish. Because postcards are typically mailed in large quantities, they can be sent using bulk rate.

There are multiple advantages for using postcards as part of a fashion marketing campaign. One benefit of a postcard is the quality of the paper. Unlike traditional paper, postcard paper stock is stiff. It can withstand mailing without being bent and damaged. The cost of mailing the postcard is also significantly lower than the cost of mailing a catalogue. A postcard can also successfully take advantage of full colour advertising.

With increased methods for marketing fashions through the use of technology (e.g. e-mail, social-networking Websites), an integrated use of fashion marketing efforts may be used with postcards, thereby saving marketing money.
**Flyers**

Flyers are not a widely used method of fashion marketing. Flyers use paper, text, and images to promote fashions. Because the fashion marketing message is printed on paper, the copy can easily be damaged by natural elements such as rain or wind. Flyers can be mailed in an envelope for the price of postage plus the cost of the envelope. The flyer can also be emailed as an attachment.

Flyers typically are not used by large fashion organizations. They can be very successful for small or independent fashion retailers and fashion marketers. Independent retailers have a particularly good understanding of their communities.

**Newsletters**

The newsletter can be an important tool in the overall marketing of a company and brand. A newsletter should contain three attributes: (i) The company’s name, (ii) a consistent image, and (iii) new information. Newsletter can be delivered in print or electronically and are typically published quarterly.

**ELECTRONIC MARKETING**

Traditional electronic marketing includes radio, television and Internet marketing.

**Radio Advertising**

Radio is a powerful form of marketing. Ajmer public listen in the car, at work, and at home. If they can’t get a signal on the radio, they can often get access to the radio station through live streaming on the Internet. Brand marketer’s use of radio advertising has changed as a result of the changing technology being adopted by consumers.
Facebook

Facebook is an international social marketing technique originally adopted by teens to get to know one another. Using the Internet, Facebook provides a venue for sharing photos, information, news and sales; it allows marketers to have an interactive Web presence with their existing clientele, as well as to encourage prospective customers to try their products. Consumers are encouraged to become “fans”, post messages, and encourage their friends to become a friend of the fashion site.

YouTube

YouTube is a social marketing medium whereby videos, television commercials, and photos are posted on the Internet. Average YouTube viewers are 44 percent female and 56 percent male.

Blogs

Blogs have become a popular method of communicating with others, both nationally and internationally. Using the Internet as a medium, a blog is a column written about a subject matter. The subject can be anything. More than 80 million active blogs are posted on the Internet Worldwide.