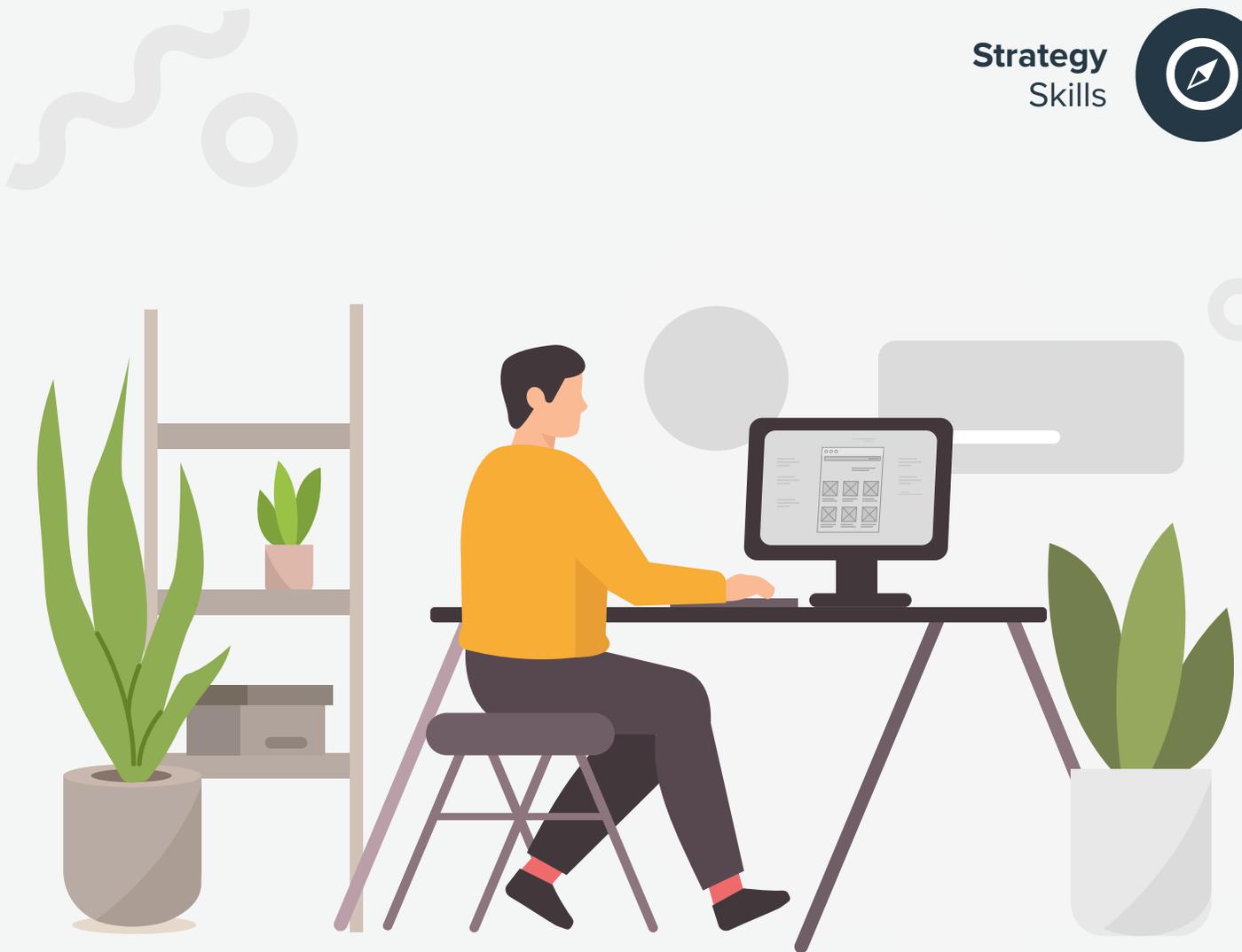


Skillbook

Marketing Essentials

Strategy
Skills



Mindtools

Marketing Essentials

Skillbook

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1. Introduction

Marketing can have a huge impact on the success of a product or service.

For example, Coca-Cola is just a dark brown, sugary soft drink, yet it's also one of the most well known and widely sold beverages in the world. The success of its marketing campaigns is beyond dispute.

But even the most successful companies are prone to the occasional marketing blunder. Remember “New Coke”? In 1985, concerned that its main rival, Pepsi, was outperforming Coke in taste tests, Coca-Cola replaced its market-leading product with a new, sweeter formula. Its slogan read, “The best just got better!”

However, consumers did not agree, and they proved it by launching petitions and grassroots campaigns against the revamped soda.

And, after less than three months, Coca-Cola was forced to bring back the original “secret recipe” under the name Coca-Cola Classic. The company had underestimated its customers’ emotional attachment to the product, and it learned an important lesson.

That lesson is even more important today, when instant feedback on social media and the web can cause a new campaign or product to fail in days, rather than months!

So, in this **Skillbook**, we’ll explore how you can follow some basic principles to market your product or service effectively and successfully.

In around one hour, you’ll:

- Find out how to use USP Analysis to understand what your customers value the most about your product or service.
- Learn where your product is in its life cycle, so that you can better understand the type of marketing that will be the most effective.
- Use market segmentation to narrow down your target market, and to ensure that you send the right messages to the right people.
- Discover how to bring your findings together, and apply the Marketing Mix and the 4Ps of Marketing – product, place, price, and promotion – to develop a successful marketing strategy.

2. What Is Marketing?

Marketing is “putting the right product in the right place, at the right price, at the right time.” Many marketers are taught this clear, simple definition of marketing when they start out in the industry, and it’s hard to explain it any better!

But it’s important to note that there’s a subtle distinction between marketing and sales. A sales team is focused on your **company**, and on increasing its revenue – often via one-on-one interactions such as direct sales calls, or deals with wholesalers or retailers, for example.

Marketing, meanwhile, concentrates on the **customer**, creating or increasing demand in the wider marketplace, so that your product “sells itself.”

Marketers aim to understand what customers **think** about a product, how they **feel** about it, and how they **experience** it. They analyze data to identify market trends and consumer needs, and they create targeted campaigns that address those needs. This helps to establish your product’s position in the marketplace, and to enhance the value of your brand – which, in turn, increases sales!

The marketing messages that you send, and the tools and channels that you use to send them, may change over time. But the four principles that form the basis of effective marketing remain the same:

1. Have a **product or service** that a particular group of people want.
2. Sell it in a **place** (online, a physical location, or both) where they can buy it.
3. **Price** it at a level that matches their perceived value of it.
4. **Promote** it in a way that attracts them and motivates them to buy it.

In this Skillbook, we introduce you to some of the key tools and techniques that you can use to put these principles into practice.

3. USP Analysis

It's important to understand what your customers value most about your product or service, and what you offer that your competitors don't. This is your Unique Selling Proposition (USP). You can use USP Analysis to work out why people buy from you, and not from someone else, and to communicate your USP in the most effective way.

Follow the three steps below to carry out a USP Analysis.

1. Understand What Your Customers Value

Begin by brainstorming the characteristics that your customers assess when they choose your product or service, and how they decide whether to buy your offering or a competitor's. These characteristics could include price, quality, exclusivity, or delivery terms, for example.

2. Rank Yourself and Your Competitors

Once you know what characteristics your customers value, score yourself and your competitors out of 10 on each one. Try to score from the customer's point of view, and use data if it's available.

3. Identify Where You Rank Well

The final step is to plot your rankings on a graph, to compare your product with those of your competitors.

At this stage, you'll likely have a better overall understanding of your product or service and its place in the market. This enables you to develop a simple, easy-to-communicate USP statement.

If you have a higher score than your competitors for customer service, for example, but your scores are similar for price and delivery options, you could make customer care a key message in your marketing strategy.



Action:

Think about one of your products or services. In the table, below, list five factors that might influence a customer's decision to purchase it, and give each one a score out of 10. Then do the same for one of your competitors.

My Product or Service:		
Characteristics That Influence a Customer's Decision to Buy:		Score
1.		
2.		
3.		
4.		
5.		

Competitor's Product or Service:		
Characteristics That Influence a Customer's Decision to Buy:		Score
1.		
2.		
3.		
4.		
5.		



Action:

When you've listed and scored your product characteristics, and those of your competitor, plot both sets of scores on a graph to compare your rankings. This makes it easier to see where your offering stands out from the competition.



4. Product Life Cycle

Just as people go through infancy, childhood, adulthood, and old age, so too do products and brands. Every product has a life cycle, and each stage of it requires a different marketing strategy.

The stages of a product's life cycle are:

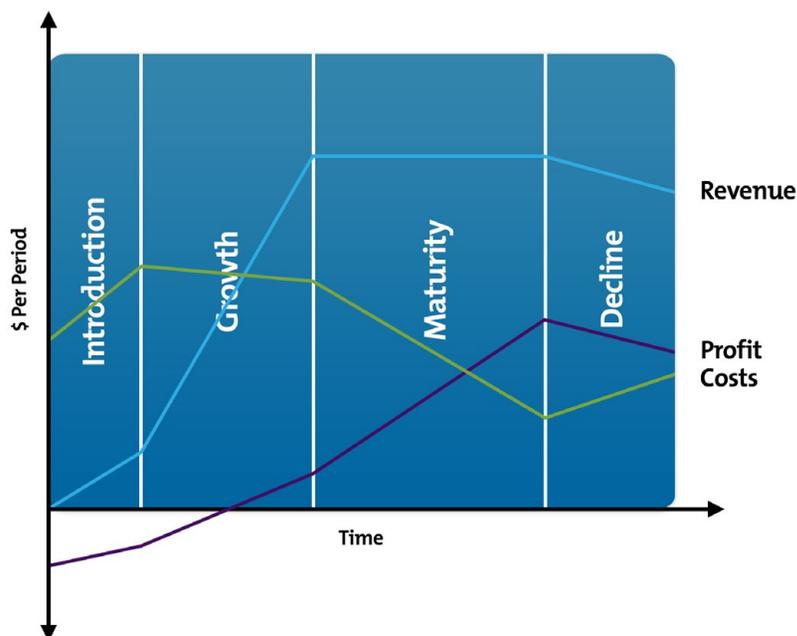
- Introduction.
- Growth.
- Maturity.
- Decline.

Figure 1, below, shows a typical life cycle for a well-managed product.

In this example, the initial cost of bringing the product to market is high, which has a negative impact on profits.

However, as the product becomes established, marketing to maintain sales is less costly and profitability increases.

Figure 1. A Typical Product Life Cycle



You have to identify a product or service's USP before you can come up with a marketing strategy. But you also need to understand where your product is in its life cycle. This is because customer attitudes vary, from the adventurous "early adopters" who seek out "the next big thing," to those who prefer to buy an established product with a proven track record.

Introduction Phase

In the Introduction phase, the aim of your marketing strategy is to raise awareness of the new product. For example, you could give it a low price to encourage rapid adoption into the market, or give it a higher price to increase the market's perception of it as a premium product (and to recoup your costs more quickly).

Growth Phase

As the product moves into the Growth phase, promotional activity often focuses on expanding into new market segments. You can also encourage growth by increasing the product range, introducing new colors, flavors or sizes, for example.

Maturity Phase

In the Maturity phase, a product may need to recoup development and marketing costs from earlier in its life cycle. You could refresh its features, or run price promotions to maintain its pace with your competitors, but consider dramatically reducing the amount that you spend on marketing it. You can also start to prepare for its Decline phase by emphasizing the product's good reputation.

Decline Phase

Most organizations don't promote a product during its Decline phase, and sales are driven largely by its residual reputation. You could send out occasional marketing messages to remind customers of your product's strong track record, but you'll probably want to take it off the market if it starts to cost money, regardless of any sentimental attachment that people may have to it.



Tip:

If you decide too soon that a product is in decline and withdraw its marketing support, this can actively push it into decline. So, consider your product's life cycle stage carefully.



Action:

Consider the following products, and suggest which stage of the product life cycle they're at – introduction, growth, maturity, or decline. In the final row, add your own product from the table on [page 4](#).

Product	Life Cycle Phase
Apple iPhone®	
Nintendo Switch®	
Diet Coke®	

5. Market Segmentation

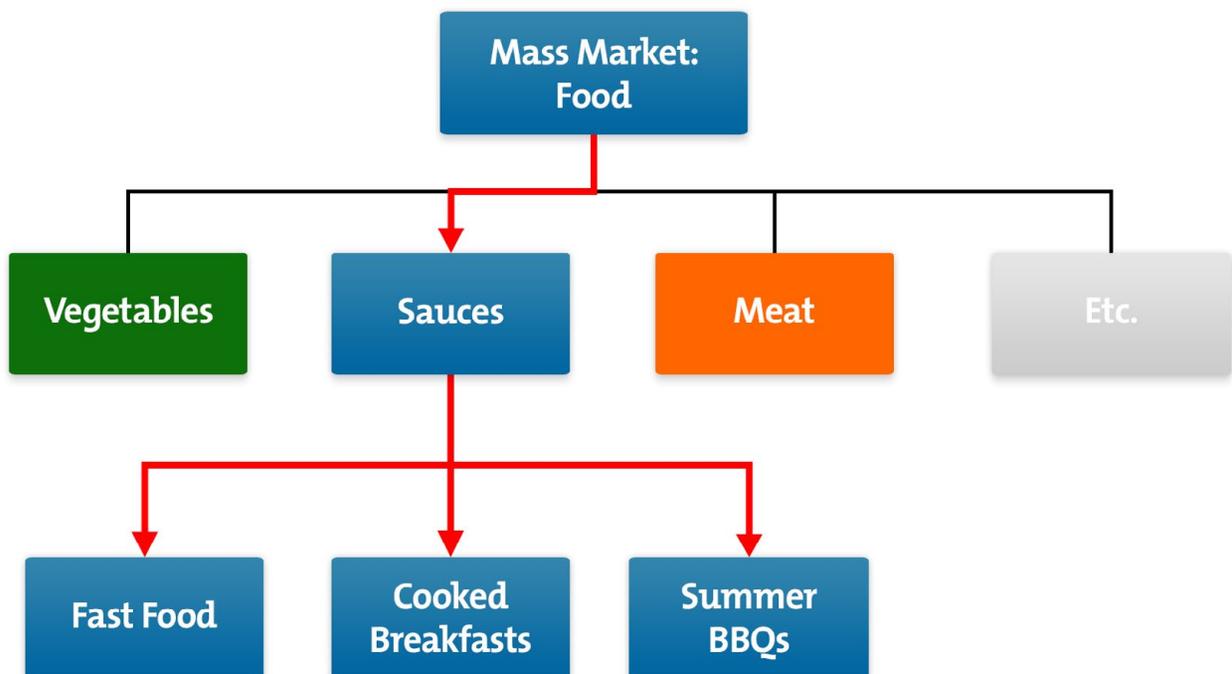
As we've seen, marketing is all about “putting the right product in the right place, at the right price, at the right time.” So, imagine that you've come up with the right product. How do you identify the right place? This is where market segmentation is useful – it allows you to analyze the potential markets for your product.

The first step is to identify the appropriate mass market for your product, and to break it down into different groups of consumers with specific needs. These are the product's **market segments**.

Next, you develop tailored products or services for each segment, with specific marketing strategies that will appeal to each group.

Our example, below, shows a potential market segmentation for a new brand of tomato ketchup.

Figure 2. Market Segmentation for a Ketchup Product



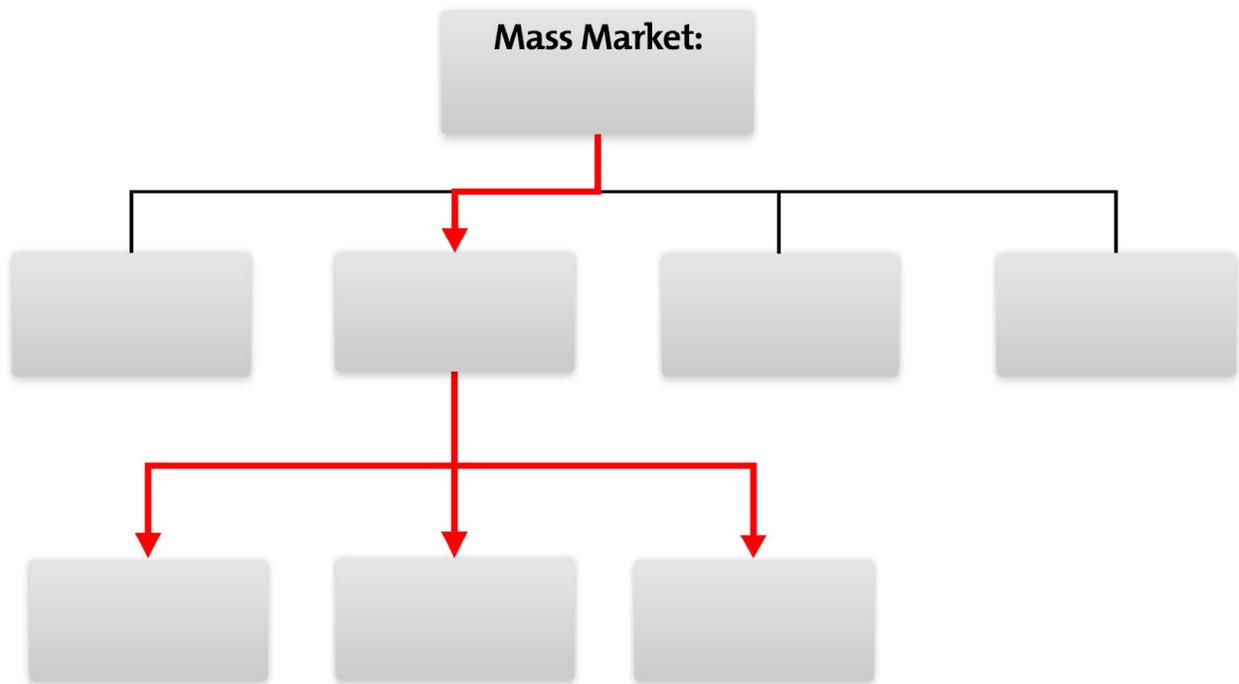
Devising a single strategy to promote a new ketchup to the entire food market would be difficult, as your efforts would be spread too thin. So, in our example, we've used **behavioral** factors (the uses that consumers have for the product) to identify the specific segments of the market that we will focus on.

This is one way to segment your market, but you could also use **geographical** factors (country, language, region, state, city, or neighborhood), **psychographic** factors (lifestyle, values or interests), or **demographic** factors (age, gender, occupation, income, or ethnicity).



Action:

Consider the product or service that you noted on page 4, and identify its mass market. Then, break this mass market down into smaller market segments that you could target, and enter them in the diagram, below.



6. The Marketing Mix and the 4Ps of Marketing

The “marketing mix” describes the choices that an organization makes when it brings a product or service to market. And companies can use the 4Ps of marketing to define these choices, so that they have a clear and effective marketing mix.

The 4Ps are:

- Product (or Service).
- Place.
- Price.
- Promotion.

To use the 4Ps, consider each of the market segments you identified in your market segmentation analysis, and think about the marketing mix for each segment. This allows you to explore all of the available options for promotion.

Here are some questions that will help you to understand and define each of the four elements. The findings from your USP analysis and the analysis of your product’s life cycle will also help at this stage.

Product (or Service)

- What does the customer want from the product or service? What need does it satisfy?
- What features allow it to meet these needs?
- Are there any features that you’ve missed out?
- Have you included any costly features that the customer may not use?
- How and where will the customer use it?
- What does it look like? How will customers experience it?
- What size(s), color(s), and so on should it be?
- What have you called it?
- How is it branded?
- How is it different from your competitors’ products or services?
- How much can you charge to make a profit? (See also “Price.”)

Place

- Where do buyers in each segment look for your product or service? For example, online, at a store or boutique, in the supermarket, direct from you, via a catalog?
- How can you access the right distribution channels?

- Do you need to use a sales force? Attend trade fairs? Make online submissions? Send samples to distributors?
- What do your competitors do, and how can you learn from and/or differentiate yourself from them?

Price

- What is the value of the product or service to the buyer?
- Are there any established price points for products in this area?
- Is the customer price-sensitive? Will a small decrease in price gain you extra market share? Or will a small increase go unnoticed, and increase your profit margin?
- What discounts should you offer to trade customers, or to other specific segments of your market?
- How does your price compare with your competitors' prices?

Promotion

- Where and when can you direct your marketing messages to your target market?
- Will you advertise on social media? In apps or on websites? In the press, or on TV, radio or billboards? By email or text message? Using search engine marketing (SEM)? Through PR? Will you use content marketing?
- When is the best time to promote your product? Is the market seasonal? Are there any wider environmental issues that affect the timing of your market launch, or of subsequent promotions?
- How do your competitors promote their products? And how does that influence your choice of promotional activity?



Action:

Consider the product that you chose on page 4, and carry out a 4Ps analysis for one of the market segments that you identified on page 10. Note down key words from your answers to the questions above (and any others that you feel are relevant), in the table on the next page.

Market Segment:	
Product	Key Points
Place	Key Points
Price	Key Points
Promotion	Key Points



Action:

Once you've assessed your 4Ps, "test" them from the customer's perspective by asking customer-focused questions. Does the product meet their needs? Will they find it easily? Will they consider it to be priced fairly? Will your marketing messages reach them? Refer back to all of the data and market research available to you, and keep on asking questions until you are satisfied that you have optimized your marketing mix.



7. Key Points

Marketing is:

1. Having a **product or service** that a particular group of people want.
2. Selling it in a **place** where they can buy it.
3. **Pricing** it at a level that matches people's perceived value of it.
4. **Promoting** it in a way that attracts them and motivates them to buy it.

USP Analysis gives you a better understanding of your product, and enables you to identify what customers value most about it, so that you can tailor your marketing messages accordingly.

You can use the **Product Life Cycle** model and **Market Segmentation** to understand how to market your product effectively, and to identify key groups of potential customers.

And the **Marketing Mix and the 4Ps of Marketing** bring all of this together. Deciding on your product's place, pricing and promotion is the foundation of a successful marketing strategy.