

## THE PRODUCT SERVICE MIX

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## SUPPLY VS. DEMAND

- Determine the prices and quantities of goods produced and services offered.
- **Supply** is the amount of goods a producer is willing to make and sell.
  - Price and quantity move in the same direction.
    - Higher price, increase in quantity.
- **Demand** refers to the willingness and ability of a consumer to purchase a product.
  - Price and demand move in opposite directions.
    - Increase in product price, decrease in demand for product.

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## INTERACTION OF SUPPLY AND DEMAND

- **Surplus**
  - Supply exceeds demand.
- **Shortage**
  - Demand exceeds supply.
- **Equilibrium**
  - Supply and demand are equal.

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## MARKET SHARE

- The percentage of the total market that a company has control over is known as market share.
  - In a **monopoly** the company has **100%** market share because it is the only company providing a particular good/service.
  - In **perfect competition** there are multiple companies that offer essentially the same product/service and each has a **small percentage** of market share.
    - McDonald's (75% market share)
    - Wendy's (6% market share)
    - Burger King (10% market share)
    - Taco Bell (3 % market share)
    - KFC (3% market share)
    - Subway (3% market share)

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## INCREASING MARKET SHARE

- Increasing market share can be done in two ways;
  - 1. Increase the size of the overall market
  - 2. Take sales away from other competitors
- **Example**
  - Your teacher brings a cake to class.
  - How many people want a piece?
  - The cake is cut into 10 pieces and there are 28 in the class.
  - How do you get cake if you are not one of those 8 people?
    - Take it from someone OR cut the cake into smaller pieces

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## MARKET SEGMENTS

- Categories of products are often broken down into smaller segments so that they are more manageable for marketers.
- Some categories include:
  - Books, beverages, meat, sports equipment
- A category can be broken down as follows:
  - Example: Books
    - Children's Books
    - Magazines
    - Fiction
    - Non-fiction
    - Comics
    - Cookbooks
    - Self Help Books

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**SEGMENT THESE CATEGORIES...**

1. Sports Equipment

2. Breakfast Cereal

3. Beverages

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