

## MARKETING MIX

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What is the marketing mix?

The marketing mix is probably the most famous marketing term. Its elements are the basic, tactical components of a marketing plan. Also known as the Four P's, the marketing mix elements are price, place, product, and promotion.



The concept is simple. Think about another common mix - a cake mix. All cakes contain eggs, milk, flour, and sugar. However, you can alter the final cake by altering the amounts of mix elements contained in it. So for a sweet cake add more sugar!

It is the same with the marketing mix. The offer you make to your customer can be altered by varying the mix elements. So for a high profile brand, increase the focus on promotion and desensitize the weight given to price. Another way to think about the marketing mix is to use the image of an artist's palette. The marketer mixes the prime colors (mix elements) in different quantities to deliver a particular final color. Every hand painted picture is original in some way, as is every marketing mix.

Some commentators will increase the marketing mix to the Five P's, to include people. Others will increase the mix to Seven P's, to include physical evidence (such as uniforms, facilities, or livery) and process (i.e. the whole customer experience e.g. a visit to the Disney World). The term was coined by Neil H. Borden in his article *The Concept of the Marketing Mix* in 1965.

I think 4P is a traditional structure, but 7P-structure characterizes marketing in a more modern way.

**Price.** There are many ways to price a product. Let's have a look at some of them and try to understand the best policy/strategy in various situations.

*Premium Pricing.*

Use a high price where there is a uniqueness about the product or service. This approach is used where a substantial competitive advantage exists. Such high prices are charged for luxuries.

*Penetration Pricing.* The price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased.

*Economy Pricing.* This is a no frills low price. The cost of marketing and manufacture are kept at a minimum. Supermarkets often have economy brands for soups, spaghetti, etc.

*Price Skimming.* Charge a high price because you have a substantial competitive advantage. However, the advantage is not sustainable. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s. Once other manufacturers were tempted into the market and the watches were produced at a lower unit cost, other marketing strategies and pricing approaches are implemented.

**Place.** Another element of Neil H. Borden's Marketing Mix is Place. Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/ service provider to the user or consumer.

**Product.** For many a product is simply the tangible, physical entity that they may be buying or selling. You buy a new car and that's the product - simple! But maybe not.

**The Product Life Cycle (PLC)** is based upon the biological life cycle. For example, a seed is planted (introduction); it begins to sprout (growth); it shoots out leaves and puts down roots as it becomes an adult (maturity); after a long period as an adult the plant begins to shrink and die out (decline).

**The Customer Life Cycle (CLC)** has obvious similarities with the Product Life Cycle (PLC). However, CLC focuses upon the creation of and delivery of lifetime value to the customer i.e. looks at the products or services that customers NEED throughout their lives.

**Promotion.** Another one of the 4P's is **promotion**. This includes all of the tools available to the marketer for 'marketing communication'. As with Neil H. Borden's marketing mix, marketing communications has its own 'promotions mix.' Think of it like a cake mix, the basic ingredients are always the same. However if you vary the amounts of one of the ingredients, the final outcome is different.

**Physical Evidence.** Physical Evidence is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues. There are many examples of physical evidence, including some of the following:

- Packaging.
- Internet/web pages.
- Paperwork (such as invoices, tickets and dispatch notes).
- Brochures.
- Furnishings.
- Signage (such as those on aircraft and vehicles).
- Uniforms.
- Business cards.
- The building itself (such as prestigious offices or scenic headquarters).
- Mailboxes and many others . . .

**People.** People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the 'individual needs' of the person consuming it.

**Process.** Process is another element of the extended marketing mix, or 7P's. There are a number of perceptions of the concept of process within the business and marketing literature. Some see processes as a means to achieve an outcome, for example - to achieve a 30% market share a company implements a marketing planning process.

Another view is that marketing has a number of processes that integrate together to create an overall marketing process, for example - telemarketing and Internet marketing can be integrated. A further view is that marketing processes are used to control the marketing mix, i.e. processes that measure the achievement marketing objectives. All views are understandable, but not particularly customer focused.

So as a result each element of marketing mix is very important because it has an influence on product success.