

MARKETING MANAGEMENT

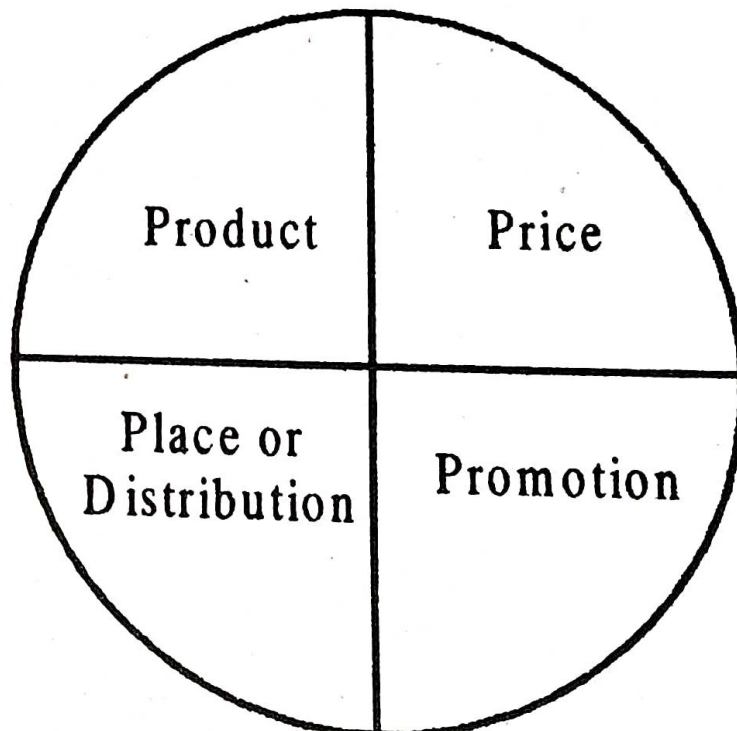
UNIT-1

PART-IV

MARKETING MIX

In order to satisfy the needs of its customers, a business firm must determine a marketing mix. The idea of the 'mix' of marketing functions was conceived by Prof. Niel H. Borden of the Harvard Business School. According to him, "the marketing mix refers to the apportionment of effort, The combination, the designing, and the integration of the elements of marketing into a programme or mix which, on the basis of an appraisal of the market forces, that will best achieve the objectives of an enterprise at a given time." According to Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system: the product price structure, the promotional activities, and the distribution system."

Marketing mix represents the marketing programme of a firm. It involves decisions with regard to product, price, place, and promotion. According to E.J. McCarthy, these four elements differ from firm to firm and every firm must determine its own mix keeping in view its own marketing environment. Marketing mix serves as the linkage between a business firm and its customers. Philip Kotler has defined the term marketing mix as "The set of controllable variables that the firm can use to influence the buyers' response. The concept of marketing mix may be illustrated elaborately as follows:



CONCEPT OF MARKETING MIX

Thus, marketing mix is a blending of decisions in the '4 ps. It is a system comprising the subsystems of price, product, promotion and place or distribution. These elements of the marketing mix are interrelated because decisions in one area affect the others. Marketing mix is a dynamic concept as it keeps on changing with changes in market conditions and the environment. The concept of marketing mix is useful in designing a marketing strategy. The idea behind the development of a mix is that a creating combination of four P's will produce greater customer satisfaction than other blends. As such, marketing mix is used as a strategy in developing marketing planning.

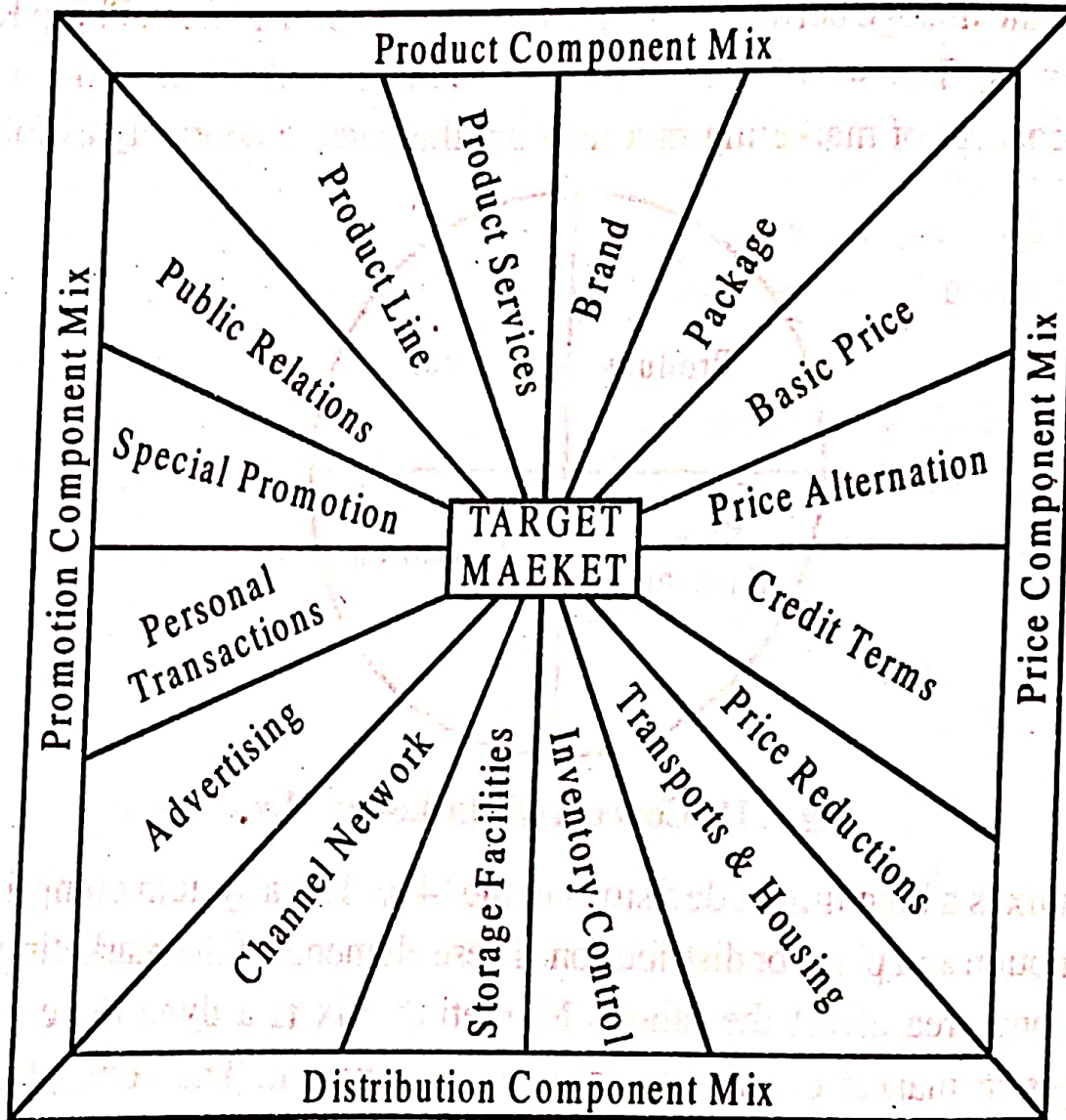
Elements of Marketing Mix

The four major ingredients of the marketing mix are described below:

1. Product. A product is any good or service that consumers want. It is a bundle of utilities or a cluster of tangible and intangible attributes. Product component of the marketing mix involves planning, developing and producing the right type of products and service. It deals with the dimensions of product line, durability and other qualities. Product policy of a firm also deals with proper branding, right packaging, appropriate colour and other product features. The total product should be such that it really satisfies the needs of the target market. In short, product mix requires decisions with regard to

- a) size and weight of the product,
- b) quality of the product,
- c) design of the product,
- d) volume of output,
- e) brand name,
- f) packaging,
- g) product range,
- h) product testing,
- i) warranties and after sale services, etc.

2. Price. Pricing decisions and policies have a direct influence on sales volume and profits of business. Price is, therefore, an important element in the marketing mix. Lot of exercise and innovation is required to determine the price that will enable the firm to sell its products successfully. Demand, cost, competition, government regulation, etc. are the vital factors that must be taken into consideration in the determination of price. Price mix involves decisions regarding base price, discounts, allowances, freight payment, credit, etc.



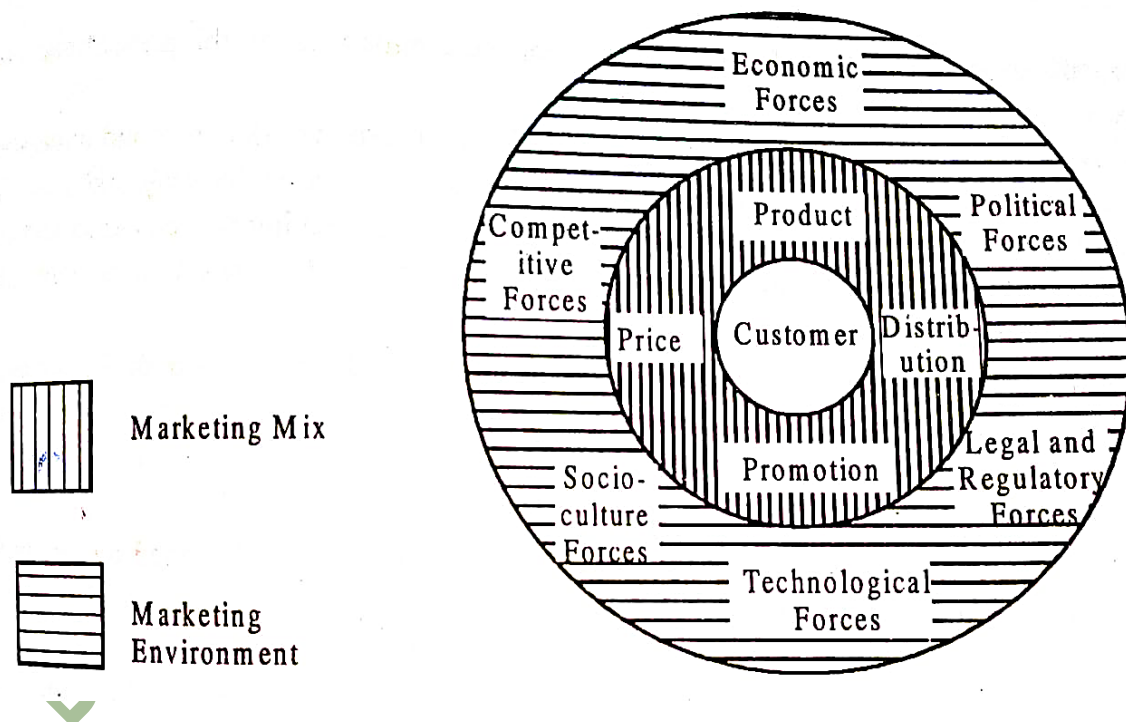
Component of Marketing-mix

3. Promotion: Promotion component of the marketing mix is concerned with bringing products to the knowledge of the customers and persuading them to buy the product. Promotion mix involves decisions with respect to advertising, personal selling and sales promotion. Growing competition and widening market have made simultaneous use of more than one promotional method all the more necessary. There is no one ideal promotional mix that fits all situations. While devising a promotional mix nature of product, type of customers, the promotion budget, stage of demand, etc. should be taken in to consideration.

4. Distribution. This element of the marketing mix involves choice of the place where products are to be displayed and made available to the customers. It is concerned with decisions relating to the wholesale and retail outlets or channels of distribution. The objective of selecting and managing trade channels is to provide the products to the right customer at the right time and

place on a continuous basis. In deciding where and through whom to sell, management should consider where the customer wants the goods to be available. A manufacturer may distribute his goods through his own outlets or he may employ wholesalers and retailers for this purpose.

In addition, management must develop a physical distribution system for handling and transporting the products through the selected channels. In the determination of distribution mix or marketing logistics, a firm has to make decisions with regard to the mode of transporting of goods to middle-men, use of company vehicles or both.



The Marketing Mix and Marketing Environment