

## **SUBJECT – MARKETING MANAGEMENT**

### **UNIT I – INTRODUCTION (PART – V)**

#### **MARKETING MIX**

The process of marketing or distribution of goods requires particular attention of management because production has no relevance unless products are sold. Marketing mix is the process of designing and integrating various elements of marketing in such a way to ensure the achievement of enterprise objectives.

The elements of marketing mix have been classified under four heads—product, price, place and promotion. That is why marketing mix is said to be a combination of four P's. Decisions relating to the product include product designing, packaging and labelling, and varieties of the product. Decision on price is very important because sales depend to a large extent on product pricing. Whether uniform price will be charged or different prices will be charged for the same product in different markets are examples of decision pertaining to the price of the product. The third important element is place, which refers to decision regarding the market where products will be offered for sale. Promotion involves decisions bearing on the ways and means of increasing sales. Different tools or methods may be adopted for this purpose.

In short, marketing mix involves decisions regarding products to be made available, the price to be charged for the same, and the incentive to be provided to the consumers in the markets where products would be made available for sale. These decisions are taken keeping in view the influence of marketing forces outside the organization (e.g., consumer behaviour, competitors' strategy and government policy).

#### **Definition:**

According to Philip Kotler “Marketing Mix is the set of controllable variables that the firm can use to influence the buyer's response”.

#### **Characteristics/Features/Nature of Marketing Mix:**

##### **1. Marketing mix is the crux of marketing process:**

Marketing mix involves many crucial decisions relating to each element of the mix. The impact of the mix will be the best when proper weightage is assigned

to each element and they are integrated so that the combined effect leads to the best results.

**2. Marketing mix has to be reviewed constantly in order to meet the changing requirements:**

The marketing manager has to constantly review the mix and conditions of the market and make necessary changes in the marketing mix according to changes in the conditions and complexity of the market.

**3. Changes in external environment necessitate alterations in the mix:**

Changes keep on taking place in the external environment. For many industries, the customer is the most fluctuating variable of environment. Customers' tastes and preferences change very fast. Brand loyalty and purchasing power also change over a period. The marketing manager has to carry out market analysis constantly to make necessary changes in the marketing mix.

**4. Changes taking place within the firm also necessitate changes in marketing mix:**

Changes within the firm may take place due to technological changes, changes in the product line or changes in the size and scale of operation. Such changes call for similar changes in the marketing mix.

**5. Applicable to business and non-business organization:**

Marketing mix is applicable not only to business organizations but also to non-business organizations, such as clubs and educational institutions.

**6. Helps to achieve organization goals:**

An application of an appropriate marketing mix helps to achieve organizational goals such as profits and market share.

**7. Concentrates on customers:**

A thorough understanding of the customer is common to all the four elements. The focus point of marketing mix is the customer, and the marketing mix is expected to provide maximum customer satisfaction.

**Elements of Marketing Mix :**

**1. Product:**

Product decision involves deciding what goods or services should be offered to customers. The product or service serves the basic need of the customer. The product provides the primary value to the customer. The customer gets interested in the company primarily because of the product or service it is producing or proposes to produce. All other elements should be reinforcing the value proposition of the product.

An important element of product strategy is new product development. As technologies and tastes change, products become out-of-date and inferior to competition. So companies must replace them with new designs and features that customer's value.

The challenging task is to include the latest available technologies and solutions to the latest needs of the customer in a company's product.

It also has to decide its branding strategy, and how the other three Ps will complement its product strategy, which essentially involves decisions regarding packaging, warranties and services.

## **2. Price:**

Price is the cost that customer is willing to bear for the product and the way it is made available to him. Price represents on a unit basis what the company receives for the product which is being marketed. All other elements of the marketing mix represent costs. Marketers need to be very careful about pricing objectives, methods to arrive at a price and the factors which influence setting of a price.

The company gives discounts and allowances to lure customers to buy its products, which means that a company's realized price is less than its list price. Therefore, if a company is generous in giving discounts and allowances, it should keep its list price high. The list price should always have negotiation margin built in it. Payment periods and credit terms also affect the real price, and if a company has generous payment periods and credit terms, it should keep its list price high.

## **3. Promotion:**

Decisions have to be made with respect to promotional mix advertising, personal selling, sales promotions, exhibition sponsorship and public relations.

By these means, the target audience is made aware of the existence of the product and the benefits that it confers to customers.

The type of promotional tool used has to gel with other elements of the marketing mix. An expensive product, like machinery, with limited number of customers should be promoted through personal contacts between buyers and salespersons.

Advertising in the mass media would be wasteful as the number of customers is far too small, and it would be ineffective as the customer will not make a decision to buy such an expensive product based on a little information provided in an advertisement. He will require extensive information to be able to make a choice. But an inexpensive product bought by the mass market can be advertised in the mass media.

#### **4. Place:**

Place involves decisions concerning distribution channels to be used, the location of outlets, methods of transportation and inventory levels to be held. The product should be available in the right quantity, at the right time and place. Distribution channels consist of independent intermediaries such as retailers, wholesalers and distributors through which goods pass on their way to customers. Distribution channels perform three distinct functions. They transfer products from the manufacturer to the customers, they pass information from the manufacturer to the customers, and they retrieve payment from the customers to the manufacturer.

With the growth of the services sector, marketers realized that services cannot be marketed in the same way as the products. Certain characteristics of services posed serious problems for marketers who realized that services marketing must be done differently and not with the same marketing mix (4 Ps) variables. Service characteristics like intangibility (service firms don't sell a tangible thing, but a promise) inseparability (production and consumption of services take place at about the same time), heterogeneity (the problem due to the fact that no two service providers are like, nor are the service consumers) and perishability (service providers cannot maintain inventories of their products). To cope with these challenges, service marketers suggest additional 3 Ps – process, physical evidence and people.

**5) The process** - the process is aimed at solving the heterogeneity or variability problem associated with the services by providing a service blueprint.

**6) The physical evidence** - the physical evidence solves some of the problems associated with the intangible nature of services. The physical evidence in terms of service environment, equipment, personnel and so on attempts to tangibilize the intangible.

**7) People** – gives lot of attention to the service providers because they are, strictly speaking, part of the service provided. They can influence the perceived service quality in a big way.