

# UNDERSTANDING THE MARKETING MIX

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## Abstract

*Marketing Mix is a set of marketing tool or strategy that is used to promote a product or services in the market and sell it. It is about positioning the goods and services, i.e. the products and deciding it to persuade in the right place, at the right price and right time. The components of the marketing mix primarily consist of 4Ps: **Product, Price, Place, and Promotion**. Additional three new P's were added in the existing 4Ps model to have a proper understanding of the marketing mix, particularly in case of service marketing. The additional three Ps are: **People, Process and Physical Evidence**. These are also called Service Marketing Mix. In 1990s, the 4Ps were tailored to the four Cs. Customer is the king in the competitive world. In a competitive environment, the product will not create its demand if it is not required wanted by the consumer. This was done to place less focus on the business and more on the customers. The 4Cs of the marketing mix are: Customer, Cost, Convenience and Communication. A good marketing mix results into excellent customer service and huge profits.*

**Keywords:** *Marketing Mix, Product, Price, Place, Promotion, People, Process, Physical Evidence, Customer, Cost, Convenience, Communication*

## A. What is Marketing Mix?

The marketing mix can be defined as a group of activities undertaken by the marketers to create and encourage product's brand and to help in selling the product or service to the customers. Companies come up with strategies to sell their products, of which one of them is the marketing mix.

Marketing Mix is a set of marketing tool or strategy that is used to promote a product or services in the market and sell it. It is about positioning the goods and services, i.e. the products and deciding it to persuade in the right place, at the right price and right time. The components of the marketing mix primarily consist of 4Ps: **Product, Price, Place, and Promotion**. The marketing managers plan a marketing strategy taking into consideration all the 4Ps. The 4Ps or the original marketing mix was proposed by marketer E. Jerome McCarthy. It has become one of the most enduring and widely accepted frameworks in marketing. Further, Philip Kotler said to be the Father of Modern Marketing, popularized this idea of 4Ps. As defined by P. Kotler, Marketing mix can be understood as a set of controllable variables that the firm can use to influence the buyer's response.

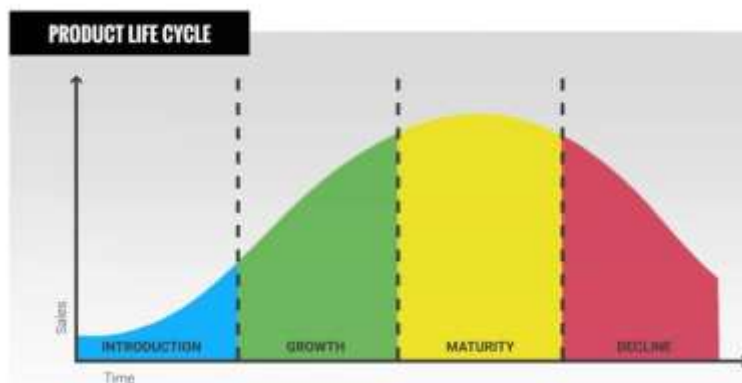
However, nowadays, the marketing mix increasingly includes several other Ps (the additional 3Ps or the 7Ps model) for vital development. This was proposed by Booms and Bitner in the year 1981. It is more applicable in case of services marketing.

## B. The 4 Ps of Marketing

### (1) **Product:**

A product is a commodity produced, built or sold to satisfy the need of an individual or a group of individuals. The product can be in form of services (intangibles) or goods (tangibles). The products have a fluctuating life cycle; as such it is very important to do extensive research before developing a particular.

A product has a certain life cycle that includes the introduction phase, growth phase, the maturity phase, and the decline phase. It has been depicted in the picture below:



It is important for marketers to reinvent products to encourage and stimulate more demand once it reaches the sales decline phase. It should create an impact in the mind of the customers, which is exclusive and different from the competitor's product. The marketers must have the strategy, "What can I do to offer a better product to this group of people than my competitors?" to help the company build brand value and trust.

## (2) Price:

The price of the product is basically the amount that a customer pays for the product. Price may be said to be the most critical element of a marketing plan because it dictates a company's survival, profit and positioning of the products vis-à-vis the competitors. Any change in the price of the product, even a little bit, has a big impact on the entire marketing strategy as well as greatly affecting the sales and demand of the product in the market. It is very important to consider the cost of the product, the competitor's price, list price, customer location, discount, terms of sale, etc. well in advance before fixing or changing the price of the products. At times, companies or the marketers go for psychological pricing, for example, consider two price tags : Rs. 1,000/- and Rs. 999/-. The first price tag is a four digit figure and breaks the customer's mental barrier for going for the second "three" digit price tag. There are various other strategies like, tier pricing, offering seasonal or off-season or festive discounts, reducing the left digit in the price tag etc.

## (3) Place (Distribution):

The products are produced for selling them to the customers. These must be made available at a convenient so that customers can purchase them easily. For example, woolen goods are manufactured on a large scale in a city A and we have to purchase it in city B (where we reside), it is necessary that the product is available at shops in our own town. This involves a chain of individuals and institutions like distributors, wholesalers and retailers who constitute the distribution network (also called a channel of distribution). The decision about the place, i.e. whether to sell directly to the retailer or through the distributors/wholesaler etc., is done by the organisations. Few organisations work on direct selling under B2C model also.

## (4) Promotion:

Promotion is the process in which the company publicize its products and its features, advantages and benefits to the target customers. It is one of the most expensive and essential components of the marketing mix. Promotion helps to grab the attention of the target customers and prompts them to go for the product. There are various ways of promotion which include, but not limited to, direct marketing, advertising, personal branding, sales promotion, etc. In short, promotion tends to focus on attracting the attention of the customers.

## C. 7 P of Marketing (The Additional 3Ps of Service Marketing):

The service industry has special characteristics like intangibility, inseparability, perishability and variability, when compared to the commodity or product marketing. The quality of service provided depends on various factors such as, who is providing services, to whom the services are being provided and how it is being provided? The service marketing also includes some tangibles like ambience, infrastructure etc. So, additional three new P's were added in the existing 4Ps model to have a proper understanding of the marketing mix. The additional three Ps are: People (who is providing service to whom), Process (the business process) and Physical Evidence. These are also called Service Marketing Mix.

**(5) People:**

The company's employees are important in marketing because they are the ones who deliver the service to clients. Hiring the right people and training them properly helps to deliver superior service to the clients, wherever they are placed. It is very important to find people who genuinely believe in the products or services that the particular business creates, as there is a huge chance of giving their best performance. In the organization, there must be acceptability of the honest feedback from the employees about the business.

**(6) Process:**

Process means the business processes involved in delivering the products and services to the customers. The process should be well structured to avoid mistakes and minimize costs, and to deliver the same standards of service to the customer each and every time. There is another aspect for the "Process" part. According to this concept, processes are means to achieve an outcome, like, to achieve a market share of 25%, a business entity implements a marketing planning process.

**(7) Physical Evidence:**

How do we differentiate a premium dine-in space say a restaurant from a regular one? To create such differentiation, physical evidence is added. A concept of this is branding. For example, when going for "fast food", one may think of Dominos, KFC or Pizza Hut or any other restaurants of which we have the *physical evidence*. When we think of sports accessories, the names Nike and Adidas come to our mind. The Airlines offer Premium as well as economy class of travel for different set of target customers and use physical evidences for differentiating.

**D. The four Cs of Marketing:** In 1990s, the 4Ps were tailored to the four Cs. Customer is the king in the competitive world. In a competitive environment, the product will not create its demand if it is not required wanted by the consumer. This was done to place less focus on the business and more on the customers. The 4Cs of the marketing mix are:

- (i) **Customer:** This concept emphasizes that the business should be focused on solving problems of the customers rather than designing new products.
- (ii) **Cost:** The total cost of acquiring a product is vital in marketing mix. This includes the time taken for research as well as may include the trade-offs that a customer makes, such as forgoing another purchase or the cost of guilt for buying or not buying a particular product.
- (iii) **Convenience:** The customer must find it convenient to search and purchase a product, when required.
- (iv) **Communication:** The onus of communication depends on the customer as well as the marketer. It includes advertising, emails, websites, blogs, social medial channels etc.

Let us have a comparison of the 4Ps and 4Cs:

The Ps	The Cs	Resemblance/ Comparison (Shift from Product in focus to Customer in focus)
<b>Product</b>	<b>Customer</b>	Organizations or the business entities should first think about the <b>customer's</b> requirements, issues and problems before developing a new product.
<b>Price</b>	<b>Cost</b>	Organizations or the business entities should focus on the <b>Cost</b> that the customer is willing to pay.
<b>Place</b>	<b>Convenience</b>	The organizations must evaluate how <b>Convenient</b> it is for their customer to find and buy.
<b>Promotion</b>	<b>Communication</b>	The type of <b>Communication</b> required for different target customers is different. The promotion should be done in such a way that it is more receptive to the target customers.

**E. Example of Marketing Mix:**

Let us take example of any bank's marketing mix.

1. **Product:** The banking products include: Deposit Products, Loan Products, Digital Products (Internet Banking, Mobile Banking and other channels), Investment banking products, Wealth Management, Corporate Banking etc.
2. **Price:** There are various charges and applicable rate of interests on different products wherein banks decide to go for strategic pricing. Every bank has a clear cut pricing policy.
3. **Place:** The banks have various touch points like branches (inland and foreign offices as well), CSPs (Customer Service Points), ATMs, Kiosks etc. for serving the customers.
4. **Promotion:** Proper strategies are implemented to promote the services and facilities provided by the organization. This is generally done by way of TV Advertisements, Newspapers, hoardings, radio channels etc.
5. **People:** The word people is used in service marketing in two perspectives:
  - (a) For employees- The internal customers
  - (b) For customers- The external customers

Along with focusing on the service quality delivered to the customers, any service intensive industry including the banks, are conscious for delivering superior experience to the internal customers.
6. **Process:** Process of banking service broadly has the following components:
  - (a) Flow of activities or the workflow
  - (b) Standardization of the process
  - (c) Customizations, as per the needs of the customer
  - (d) Simplicity, so that the stakeholders can easily understand
  - (e) Customer involvement
7. **Physical Evidence:** Physical evidence includes the websites, brochures, brick and mortar branches, Signage, Taglines and other tangible items related to the bank.

**F. Marketing Mix Product**

Products can be broadly classified into three main categories:

- (i) **Tangible products:** Tangible products can be defined as physical items that can be touched i.e. they have an actual physical presence such as a mobile phones, tablets, laptops, cars, etc.
- (ii) **Intangible products:** Opposite to that of tangible products, items that cannot be touched i.e. do not have any physical presence are intangibles. An insurance policy, software applications, music, video files is an example of this.
- (iii) **Services:** Services are also intangibles products but they are the outcome of an economic activity that does not result in ownership. This process provides benefits for the customers.

**G. Importance of Marketing Mix**

Marketing is being done for the growth of the business. So is the marketing mix. It is a very important tool for creating the appropriate marketing strategy and its implementation effectively. The assessment of the roles of the 4 Ps and the additional 3 Ps play a vital part in the overall marketing approach. The marketing mix strategy includes positioning, targeting, and segmentation. Marketing mix takes care to integrate a variety of strategies into the marketing plan. A thorough examination of the marketing mix for the product yields a more effective and ultimately successful marketing plan. A good marketing mix results into excellent customer service and huge profits.

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