

COURSE: MBA-II SEMESTER

SUBJECT: MARKETING MANAGEMENT

TOPIC: MARKETING MIX



MRS. RASHMI DEWANGAN

ASSISTANT PROFESSOR

SCHOOL OF STUDIES IN BUSINESS MANAGEMENT

SHAHEED MAHENDRA KARMA VISHWAVIDYALAYA, BASTAR

JAGDALPUR, DIST-BASTAR (C.G.)

INTRODUCTION

The term marketing mix first came into existence in the year 1964 when Neil H. Borden published his article “The Concept of Marketing Mix”. According to him, the marketing mix is comprised of- product, planning, pricing, branding, distribution channels, personal selling, advertising, promotion, packaging, display, servicing, physical handling, fact-finding and analysis. However, later E. Jerome McCarthy grouped these ingredients into four broad categories namely Product, Price, Place and Promotion that today are popularly known as the 4 P’s of Marketing.

CONCEPT

The main objective of marketing is to identify the needs of the consumers and provide them with the goods and services that can satisfy their needs most effectively. For this purpose, the business organizations need to manufacture products as per the requirements of the consumers, make these products available at a price that the consumers are willing to pay, make these products available to the consumers at the outlets convenient to them and inform the consumers about the products and their characteristics through various media channels that are available to the consumers. The business organizations, thus, need to concentrate on four major decisions namely product, price, place and promotion to achieve their marketing objectives. These four elements together constitute the marketing mix and are popularly known as the 4 P’s of marketing. All these elements are interrelated to one another as decisions related to one element affect decisions made in other areas.

Philip Kotler has defined marketing mix as “a set of controllable variables that the firm can use to influence the buyer’s response”.

The controllable variables refer to the 4 P’s namely product, price, place and promotion. Every business organization needs to build such a composition of 4 P’s that the organization is able to achieve its objectives of profit maximization by providing consumers highest level of satisfaction. The business organization assembles the marketing mix as per the needs of the customer group that they are targeting. Moreover, the marketing mix of each organization differs from that of another organization according to the resources available to the organization and the marketing objectives it seeks to achieve.

COMPONENTS OF MARKETING MIX

Marketing mix consists of four interrelated components namely product, price, place and promotion which together represent the business organizations total marketing program. E. J. McCarthy has called these four marketing variables as the “four P’s” of the marketing mix.

Marketing mix- 4P’s



Source: <https://theintactone.com/>

1. Product

A product is a bundle of utilities or a cluster of tangible and intangible attributes that provide physical and psychological satisfaction to the buyer. Product mix also known as product assortment is concerned with the planning, development and manufacturing of the right type of products and services that can satisfy the wants of the consumers and enable the firm to achieve high profits. It includes decisions about the product line (number of related products the business organization offers), product width (number of product lines that the organization offers),

product length (total number of products in a business organization's product mix), product depth (variations in each product in terms of size, flavour or other distinguishing characteristics) and product consistency (how closely related in terms of production, distribution and use the products lines are).

2. Price

Price is the exchange value of goods and services in terms of money. It refers to the amount of money that is being charged by the seller for the product it offers to the buyer. Pricing of the product is of utmost importance for the success of the business. The price should be high enough to cover the cost of producing and distributing it but low enough to be within the reach of the targeted consumers. Price mix consists of decisions with regard to the unit price of products, the amount of discounts to be allowed and rebates to be given, the credit policy of the business organization, the profit margin the business organization seeks to earn, the pricing policies and terms of delivery.

3. Place

Place mix consists of those activities that need to be performed to transfer ownership of goods to the customers. It also entails activities that are to be performed to make goods available at the right time and the right place. The business organization needs to take decisions about the distribution channel to be employed, the outlets at which the products would be available, the place at which the products should be displayed, and the physical distribution system to be employed for handling and transporting the product to the trade channels.

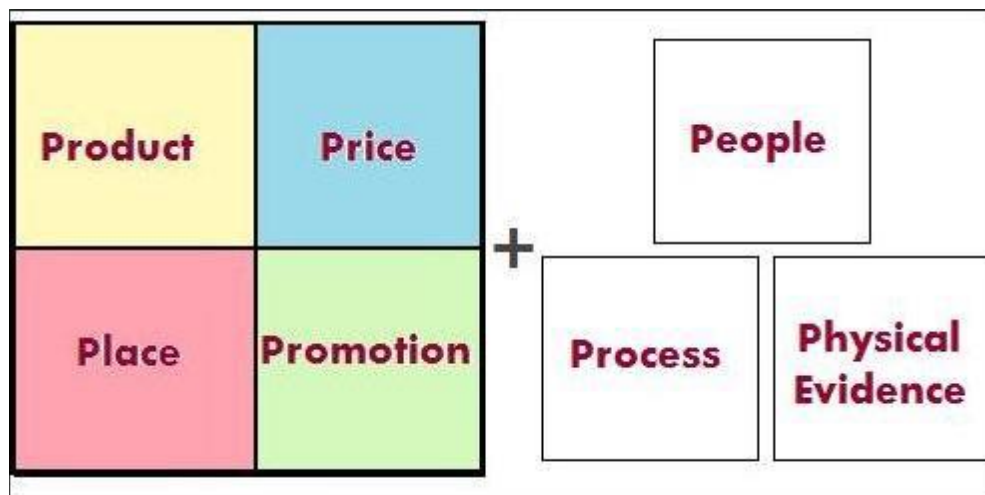
4. Promotion

Promotion is concerned with informing and persuading the customers about the business organization's products. It is a medium through which businesses can communicate with their customers about how their product is superior in comparison to other competing brands. The

promotion mix consists of five distinct elements namely advertising, public relations, personal selling, sales promotion and direct marketing. Under promotion mix, business organizations need to make decisions regarding which advertising media to use, the advertising theme to be employed, the amount of advertising budget, conducting sales contests, and deciding the role salesmen will play in creating awareness about the product.

Extended Marketing Mix

Traditionally the marketing mix consisted of only 4 P's. Increasing dominance of the service sector in the economic activity of the country along with an increasing focus on marketing about customer orientation has led to the emergence of an additional 3P's namely- People, Process and Physical Evidence. These extended elements of the marketing mix are particularly relevant to the service mix.



1. People

In the marketing of services, people constitute an important ingredient. Every employee working in the business organization is a sales person of the business organization's services. The judgment of the consumers about service provision and delivery are based on the performance of the people representing the business organization. People form an essential part of the service mix as it is one of the few elements of the service that customers can see and interact with.

Thus, it is imperative for business organizations to hire, train and retain the best possible people to gain competitive advantage.

2. Process

In the marketing mix, process refers to the system used to deliver the service to the consumers. It includes the procedures adopted and the routines and mechanisms used within the business organizations. For e.g. credit card companies send out new credit cards to their customers once the old ones expire. This is possible only if they have an efficient process in place that keeps track of expiry dates and renewals. This helps in fostering confidence and loyalty amongst the consumers. It is essential for a business organizations long term success that all services are underpinned by well-defined and efficient processes so that consistent service can be provided. The process is that element of the marketing mix through which everybody knows what to do and how to do it so that high-quality service can be provided to the consumers.

3. Physical Evidence

Physical Evidence refers to the space by which a customer is surrounded when he consumes the service. The physical environment is a package of ambient conditions (includes the temperature, colour scheme used, smell, music and noise); spatial layout (the way in which the machinery is set up and the furniture layout) and functionality (how well suited the environment is to accomplish the needs); and Corporate branding (the signs, symbols and artefacts that represent the image and identity of the business organization). This element helps the business organization differentiate itself from its competitors. It also enables the business organization to charge a premium price for the services provided along with establishing a positive experience for the consumers.

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