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## The marketing mix

In order to market its products effectively a business must consider its **MARKETING MIX**. The marketing mix refers to those elements of a firm's marketing strategy which are designed to meet the needs of its customers. There are four parts to the marketing mix - product, price, promotion and place. These are often known as the four 'Ps', as illustrated in Figure 1. To meet consumers' needs and to create an effective marketing mix, businesses must produce the right product, at the right price, make it available at the right place, and let consumers know about it through promotion.

**Product** Businesses must make sure that their products are meeting the needs of their customers. This means paying close attention to a number of features of the product.

- How consumers will use the product. A furniture manufacturer, for example, would market different products for home use than it would for office use. Products created for the office would need to be sturdy, functional, able to withstand regular use and be long lasting. Products created for the home would need to stress features such as the quality of the fabric, the design and the level of comfort.
- The appearance of the product. This is likely to involve a consideration of such things as colour. Food manufacturers, for example, go to great lengths to ensure that their products have an appealing colour. In some cases this means adding artificial colourings to alter the appearance. There are many other factors to be taken into account during the product's design. These include shape, taste and size. Deodorant manufacturers and toilet cleaning fluid producers among others might also consider aroma.
- Financial factors. There is little point in a firm producing a product which meets the needs of consumers if it cannot be produced at the right cost. All things being equal, a good produced at high cost is likely to be sold for a high

price. Unless consumers are convinced that a product is value for money, they are unlikely to purchase it. They might take into consideration factors such as the quality of the product or after-sales service.

- The product's life cycle. After a period of time the sales of all products rise and then later start to fall. A business must decide whether to allow the product to decline and cease its production or to try to revive it in some way.
- A product's **UNIQUE SELLING POINT** or **PROPOSITION**. This is the aspect or feature of the product that may differentiate it from its rivals. It may help a business to gain a competitive advantage over competitors.
- Market position. This is the view that consumers have of a product compared to that of its competitors. For example, a product might be seen as 'up-market' or alternatively 'low cost' by buyers.

**Price** The pricing policy that a business chooses is often a reflection of the market at which it is aiming. Prices will not always be set at the level which will maximise sales or short-run profits. For example, a business may charge a high price because it is aiming to sell to consumers who regard the product as **exclusive** rather than because production costs are high. However, factors such as production costs can also influence pricing.

**Promotion** There is a number of promotional methods a business can use including above the line promotions, such as TV advertising, and below the line promotions such as personal selling. A business will choose a promotion method it feels is likely to be most effective in the market in which it operates. For example, methods such as '10 per cent off your next purchase' are used with 'fast-moving consumer goods', such as canned food and packets of biscuits. National television advertising will only be used for products with a high sales turnover and a wide appeal.

**Place** This refers to the means by which the product will be distributed to the consumer. The product must get to the right place, at the right time. This means making decisions about the way in which the product will be physically distributed, i.e. by air, sea, rail or road. It also means taking into account how the product is sold. This may be by direct mail from the manufacturer or through retail outlets such as supermarkets.

Sometimes **packaging**, used to protect and brand a product, is also included.

Figure 1: Elements of the marketing mix



When considering the marketing mix of services, other



## Question 1.

Biome Lifestyle is an online shopping site ([www.biomelifestyle.com](http://www.biomelifestyle.com)) that offers eco-friendly and ethically-sourced products for the home. The emphasis of the business is upon products that are carefully chosen for how they look and for being made from recycled, sustainable, organic or fairly-traded materials. The business has grown rapidly since its launch in December 2005, but its founder Alexandra Bramham says it has not been easy. She spent the year before the official launch developing the idea and then had to wait for the public to cotton on. 'When we first started I was a bit naïve and thought people would flock to it. I quickly found that you have to develop ways of reaching the public,' she says.

One of those ways is a recently launched wedding list service for the eco-conscious couple. Another is online advertising. Although there are frustrations, Bramham insists she is enjoying trying to get the business off the ground. For the moment, she is keeping control of costs by outsourcing elements such as design and web development, but she has big plans. 'I want to be a one-stop shop for ethical products,' she says. The business' products are not always at low prices and include handmade recycled teddy bears for £32. There are also Eco Shopper Bags for £6 and recycled wrapping paper at £1.50 per sheet.

Source: adapted from the *Independent*, 5.7.2007 and [www.biomelifestyle.com](http://www.biomelifestyle.com).

- Identify elements of the marketing mix from the article.
- Explain how these elements might help Biome Lifestyle to gain a competitive advantage over its rivals.

factors are also considered in the marketing mix. The importance of the following is also stressed.

- The **people** involved in providing the service.
- The **process**, i.e. the mechanisms, activities and procedures involved in delivering the services, such as delivery time of a meal.
- **Physical evidence**, such as the appearance of the environment in which the service is provided.

## Choice of marketing mix

Each business must decide upon its own marketing mix. It is important that the right balance between price, product, promotion and place is achieved if this is to be as effective as possible. It could be argued that as businesses become more market orientated all elements are important. However, at times businesses may stress one or more elements of the mix. What is important for a business is that its marketing mix is integrated. This means that the different parts of the marketing mix must fit together well.

Take, for example, a business launching a new range of hand-made, luxury organic cheeses priced at over 50 per cent higher than rival cheeses, promoted in specialist food magazines, packaged by hand in high quality materials and with a taste, texture and smell positively commented upon by food experts. It

would not make sense to distribute such cheeses through discount supermarkets, such as Aldi and Netto, or through discount cheese stalls at local street markets. Such a strategy would suggest a marked lack of integration between the product, price and promotion on the one hand and place on the other. Instead, if it is to be effective, each element of the marketing mix should support the other. In the example above it may mean distributing the cheeses through high quality specialist cheese shops and delicatessens. The marketing mix a business chooses will depend upon certain factors.

**Finance available** Some new products are launched onto the market with the backing of large businesses and with huge financial back-up. There is a huge range of choice as to the components of the marketing mix to be used to support these products. Other businesses with more restricted finances have far fewer options available to them.

**Technological developments** Technological developments have enabled businesses to adapt and develop their marketing mixes in ways that wouldn't previously have been possible. For example, the use of the Internet and mobile phone texts are relatively recent additions to the promotional techniques available to businesses. Information technology developments have allowed businesses to develop much more sophisticated pricing strategies, with prices rising and falling according to demand. This has been a particular feature of airline and rail travel businesses. In addition, the Internet has revolutionised the place many products are sold. Many consumer goods are now more likely to be purchased on the Internet than they are in shops.

**The findings from market research** As well as informing consumers about the nature of a product itself, market research can also help a business to decide on the make up of its marketing mix. Indeed, it is likely that an effective marketing mix will have been informed by market research. For example, market research may allow a business to find out about how consumers will respond to different prices and where a product should be made available.

**The type of product it is selling** For example, a business marketing highly technical products is likely to emphasise its products' qualities rather than giving a free good as a promotion. However, a business marketing a product very similar to that of its competitors may wish to emphasise a lower price or use some method of promotion.

**The market it is selling to** Businesses selling consumer goods aimed at the mass market are likely to emphasise the promotional and pricing aspects of their marketing mix. Firms selling machinery or industrial goods are likely to stress the product itself.

**The degree of competition** A business operating in a



competitive market, with many close rivals, is likely to stress the importance of price in its marketing mix. In less competitive markets price might not be seen as being so important.

**The marketing mix of competitors** Businesses cannot afford to ignore the mix chosen by competitors. For example, confectionery manufacturers lay particular emphasis upon the availability of their products in a wide range of retail outlets. These include petrol stations, newsagents, off-licences and DIY stores. The emphasis here is on place. Any business wishing to compete in this market would, therefore, be unable to overlook the importance of place in its marketing mix.

**The position of a business within an industry** Businesses that are leaders within their industries tend to have a greater degree of freedom over the particular marketing mix which they choose. Such businesses include Nike and Coca-Cola. Other businesses are in less strong positions, but may operate in industries with strong market leaders. Where this occurs the relatively weaker businesses often choose to 'mimic' the marketing mix of the dominant business.

### The marketing mix and the scope of business activity

A wide range of organisations is engaged in marketing activities. Marketing is not confined to well-known businesses, such as BMW and PepsiCo, operating in a national and international environment. It is also used by smaller firms operating in local markets. However, the size of a business and the extent to which it operates in the private or public sector can affect its marketing mix.

**The marketing mix and small businesses** For many small businesses, particularly sole proprietors, sophisticated marketing strategies are beyond their means. As indicated above, financial factors restrict their choices in terms of creating an effective marketing mix. They often have so much work keeping their businesses ticking over on a day-to-day basis, they do not get the chance to think strategically about their marketing.

Nevertheless, it is vital that even small business consider all aspects of their marketing mix. For example, a cake maker employing two staff would still need to think carefully about:

- the type of cakes, the **product**, that consumers would buy in the local area and how these might be different from those of competitors;
- a **price** that would encourage local business to buy from a local business rather than a national distributor, but still allow the business to make a profit
- the type of **promotion** that is effective. Certain elements of the marketing mix may be more important for small business owners. For example, a survey by Barclays Bank found that 60 per cent of small businesses depend upon word of mouth to promote themselves.
- how to distribute to local shops and restaurants (**place**), for example, directly.

### Question 2.

In 2003 Jenny Bodey set up the smallest of small businesses in a single shop. It was a wedding shop in Bootle, Liverpool, called The Bridal Lounge. By Christmas 2003 and January 2004 she had experienced record days of sales. Perhaps this was due to her choice of business. The profit margins on products in this market are very high. Dresses that are bought for £119 can be sold for £449 and still remain competitive. In the first year sales were predicted to be £56,000 but turned out to be nearer £80,000. She could now easily look at opening a second shop within a couple of years, although she needed to be careful because the area where her current shop is sited had very low overheads.

Jenny also has some advice for others looking to start up. She says budding entrepreneurs should not be too keen to offer discounts and promotions. 'I was giving people £100 of accessories with certain deals, but I've halved that. People don't expect a deal to be so generous. She also says 'I did quite a lot of advertising from regional based wedding magazines to wedding brochures and the local press. If I had a stall at a wedding fair I would take an advert in the brochure as everyone who visited my stall would take the brochure away with them.'

Source: adapted from *en*, February, 2004.

- (a) Suggest reasons why the marketing mix of this business has been successful.

**Non-profit making organisations** There has been a huge increase in the marketing activities in which non-profit organisations such as schools and colleges, charities and hospitals engage. One of the reasons for this is that non-profit organisations in the public sector increasingly need to compete with other similar businesses for their customers (who are still usually called patients, students, clients or other appropriate terms by these organisations). The funding of such organisations is now usually linked to their ability to attract 'customers'. For example, if a college student chooses to attend College A to study for a course, rather than College B, College A will receive funding for this student and College B will not. This provides an incentive for public sector organisations to attract students. Not surprisingly they have employed marketing strategies and techniques to help them meet consumer needs and gain an advantage over rival organisations.

For many non-profit organisations, particularly those in the public sector, price may be less important as a component of the marketing mix than for other businesses. There are two reasons for this. First, such organisations often do not receive any money directly from their customers. For example, colleges and hospitals receive their money through funding organisations set up by the government. Second, the price which their customers are charged is often set by the government and is, therefore, out of the control of individual organisations. For charities, pricing is also likely to be a less important element of the marketing mix. This is because they do not have a priced product in the sense that many other businesses do. Instead they rely on donations from individuals and groups.



### Question 3.

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**Businesses operating in business to business markets** Such firms have other businesses as their consumers. For example, the manufacturers of fork lift trucks do not market their products for use in consumers' homes. Instead, they are aimed at businesses who are interested in buying these products, such as warehouses. The differences between consumer and business to business markets mean that the marketing mix for businesses operating in these two areas may vary a great deal. Whereas the marketing mix for many mass market consumer goods often places emphasis upon advertising campaigns in the media, business to business marketing relies more upon personal contacts and the role of personal selling. International shows or fairs are important events, where producers can make contact with actual or potential customers.

## KEYTERMS

**Marketing mix** – the elements of a business's marketing that are designed to meet the needs of its customers. The four elements are often called the 4 'Ps' – price, product, promotion and place.

**Unique selling point or proposition** – the aspect or feature of the product that differentiates it from its rivals.

## KNOWLEDGE

1. Identify the four main elements of an effective marketing mix.
2. What is a unique selling point?
3. What features of a business's product are important in the marketing mix?
4. Explain the difference between price and place in the marketing mix.
5. State five factors that influence a business's choice of marketing mix.
6. 'The size of a business is likely to affect its marketing mix.' Explain this statement.
7. Why might advertising be less important to a supplier of industrial equipment than personal contact with customers?

**Consumer markets** Many marketing theories and concepts have been developed to explain the behaviour of consumer markets, especially those for high sales, mass market goods (commonly known as fast-moving consumer goods or FMCGs). Most businesses operating within such markets tend to focus upon all aspects of the marketing mix, paying a great deal of attention to every element.

**International marketing** Businesses engaged in international marketing will often vary their marketing mix from one country or region of the world to another. Product names, product specifications, prices, distribution networks and promotional campaigns may all be different. For example, car and paper prices can be lower in Europe than in the UK.