Main Aspects of Marketing Mix (100)

The easiest way to understand the main aspects of marketing is through its more famous synonym of "4Ps of Marketing". The classification of four Ps of marketing was first introduced and suggested by McCarthy (1960), and includes marketing strategies of product, price, placement and promotion. The following diagram is helpful in determining the main ingredients of the four Ps in a marketing mix.
Product

In simpler terms, product includes all features and combination of goods and related services that a company offers to its customers. So the Airbusproduct includes its body parts such as the engine, nut bolts, seats, etc along with its after-sales services and all are included in the product development strategy of the Airbus. However, a serious criticism can be raised here in terms of how marketing mix analysis will cater for companies such as ABN Amro Bank, Natwest Bank, British Airways and Fedex Corporation as they don't possess tangible products. It was argued that is it feasible to omit service-oriented companies with the logic that the term "services" does not start with a "P", however, it was asserted that these companies can use the terminology of "service products" under marketing mix strategy making (Kotler & Armstrong, 2004).

Lazer (1971) argued that product is the most important aspect of marketing mix for two main reasons. First, for manufacturers, products are the market expression of the company's productive capabilities and determine its ability to link with consumers. So product policy and strategy are of prime importance to an enterprise, and product decisions dictate the scope and direction of company activity. Moreover, the market indicators such as profits, sales, image, market share, reputation and stature are also dependent on them. Secondly, it is imperative to realise that the product of any organisation is both a component and a determinant of the marketing mix as it has a great influence on the other elements of the mix: advertising, personal selling, channels of distribution, physical distribution and pricing. So without proper product policy, a company can not pursue for further elements of marketing mix.

Pricing

Pricing is basically setting a specific price for a product or service offered. In a simplistic way, Kotler and Armstrong (2004) refer to the concept of price as the amount of money that customers have to pay to obtain the product. Setting a price is not something simple. Normally it has been taken as a general law that a low price will attract more customers. It is not a valid argument as customers do not respond to price alone; they respond to value so a lower price does not necessarily mean expanded sales if the product is not fulfilling the expectation of the customers (Lazer, 1971).

Generally pricing strategy under marketing mix analysis is divided into two parts: price determination and price administration (ibid).

Price determination is referred to as the processes and activities employed to arrive at a price for a product including consideration of relative prices of products within the same line, and differences in price for similar products of differing grades and qualities.

Price administration is referred to as the activities involved in fitting basic prices to particular sales situations such as geographic locale, functions performed by customers, position of distribution channel members, or special sales situations. An example of this is special discounted prices at, for instance, GAP, NEXTetc or Coca ColaandPepsiwheredifferent prices are set in different geographical areas considering the difference in patterns of usage as well as varying advertisement costs.

Placement

Placement under marketing mix involves all company activities that make the product available to the targeted customer (Kotler and Armstrong, 2004). Based on various factors such as sales, communications and contractual considerations, various ways of making products available to customers can be used (Lazer, 1971). Companies such as Ford, Ferrari, Toyota, and Nissan use specific dealers to make their products available, whereas companies such as Nestle involve a whole chain of wholesaler retailers to reach its customers. On a general note, while planning placement strategy under marketing mix analysis, companies consider six different channel decisions including choosing between direct access to customers or involving middlemen, choosing single or multiple channels of distributions, the length of the distribution channel, the types of intermediaries, the numbers of distributors, and which intermediary to use based on the quality and reputation (Proctor, 2000)

Promotion

Promotional strategies include all means through which a company communicates the benefits and values of its products and persuades targeted customers to buy them (Kotler and Armstrong, 2004). The best way to understand promotion is through the concept of the marketing communication process. Promotion is the company strategy to cater for the marketing communication process that requires interaction between two or more people or groups, encompassing senders, messages, media and receivers (Lazer, 1971). Taking the example of Nokia, the sender of the communication in this case is Nokia, the advertising agency, or both; the media used in the process can be salesmen, newspapers, magazines, radio, billboards, television and the like. The actual message is the advertisement or sales presentation and the destination is the potential consumer or customer, in this case mobile phone users.

Limitation of Marketing Mix Analysis (4Ps of Marketing)

Despite the fact that marketing mix analysis is used as a synonym for the 4Ps of Marketing, it is criticised (Kotler & Armstrong, 2004) on the point that it caters seller's view of market analysis not customers view. To tackle this criticism, Lauterborn (1990) attempted to match 4 Ps of marketing with 4 Cs of marketing to address consumer views:

Product – Customer Solution
Price – Customer Cost
Placement – Convenience
Promotion – Communication