

# The Marketing Mix

By splitting the marketplace and developing strategies to position products, any organisation can choose an appropriate marketing mix for each target segment. The marketing mix comprises a complex set of variables which an organisation combines in order to ensure that objectives are achieved. It includes strategic, tactical and operational elements and techniques.

The concept is usually analysed on the basis of the four Ps: product, price, place and promotion. To meet customer needs an organisation must develop products to satisfy them, charge them the right price, get the goods to the right place and make the existence of the product known through its promotion.

'Mix' is an appropriate word to describe the market process. A mix is a composition of ingredients blended together to fulfill a common purpose. Every ingredient is vitally important and each depends on the contributions of the others. Just as with a cake, each ingredient is not sufficient on its own- but blended together it is possible to produce something very special. In the same way that there are a variety of cakes to suit various tastes, a marketing mix can be designed to suit the precise requirements of the market.

The marketing mix must have a time-scale. An organisation must have a plan that indicates when it expects to achieve its objectives. Some objectives will be set to be attained in the near future. Others might be medium-term (one to five years), and yet others might be visionary objectives for attainment in the longer term.

The mix must have strategic elements. These will involve the overall strategy of the organisation. They require considerable use of judgement and expertise and are only made by senior managers. Such decisions might involve the development of a new product or a new market strategy.

The mix must also have tactical or medium-term elements. The business environment has to be constantly monitored and decisions have to be taken according to whatever changes take place. External events might affect pricing strategies, product modifications or amendments to marketing plans.

There must also be short-term operational elements. These involve predictable everyday matters such as contacts with customers, analysis of advertising copy and minor decisions about packaging. The commitment and support of a programme of planning with sufficient resources will underlie the manipulation of the marketing mix and will ultimately determine how capable an organisation is of achieving its objectives.

Dave Needham & Robert Dransfield, *Advanced Business*,  
Oxford, Heinemann, 1995

## ◆ Useful words and concepts

the marketing mix  
marketplace  
product  
price  
place  
promotion  
blended  
time-scale

strategic elements  
tactical elements  
business environment  
pricing  
marketing plan  
operational elements  
advertising copy

## ◆◆ DEFINITIONS ◆◆◆

- ◆ the marketing mix framework consisting of four variables: *product, price, place, promotion*, which an organisation combines in order to ensure that objectives are achieved; *the 4Ps of marketing* or simply *the 4Ps*
- ◆ product good or service an organisation offers or performs in order to satisfy customer needs
- ◆ price value placed on or amount of money paid for a good or service *but also* the pricing policies of the organisation and their links to costs and competition
- ◆ place the distribution channels used, outlet locations, methods of transportation
- ◆ promotion strategy of communication used to make the product or service known to consumers, *viz.*, advertising, public relations, personal selling
- ◆ strategic elements long-term decisions and plans made by directors setting the course the organisation must follow.
- ◆ tactical elements flexible and medium-term actions taken by managers to implement company strategies
- ◆ business environment the influence the wider economic situation, the customers, the suppliers and the competitors have on the performance of the organisation
- ◆ marketing plan intended course of marketing action
- ◆ operational elements short term or immediate actions taken by managers and supervisors for a smooth running of day-to-day matters
- ◆ advertising copy material used for making a product or service known to consumers



◆◆ EXERCISES ◆◆◆

◆ EXERCISE 1

Comprehension

Circle the alternative (a), (b) or (c) that most fully and correctly completes each statement or answers the questions below

- Costs regarding advertising and the recruitment of salespeople have to be included in the decisions on  
(a) price (b) product (c) promotion
- The product your company offers is slowly getting out of date because of technological change. The decision to find a replacement for it is  
(a) strategic (b) tactical (c) operational
- Choices regarding brand names, warranties, packaging and services have to be considered while making decisions on  
(a) promotion (b) product (c) place
- Which element of the marketing mix represents the profit to be made on a marketing campaign?  
(a) product (b) promotion (c) price
- Your company wants to reach wide audiences in developing countries. This objective has to be included in the budget for  
(a) place (b) promotion (c) product
- In a supermarket, the decision to offer a free bottle of wine to customers buying a crate is  
(a) strategic (b) tactical (c) operational
- Which component of the marketing mix deals with the objective of making sure the products and services are available in proper quantities and qualities at the right time?  
(a) place (b) price (c) product
- The four elements of the marketing mix should be blended means that they should be considered  
(a) separately (b) as a package (c) one by one
- Visionary marketing objectives are goals your company intends to achieve  
(a) in the near future (b) in the short term? (c) in the long run
- Your company wants its brands to be leaders on the market in the next five years. What type of marketing objective is it?  
(a) short-term (b) medium-term (c) long term

◆ EXERCISE 2

Vocabulary

Use the list of definitions above to select the appropriate term to fit each sentence

- Finding good intermediaries such as wholesalers and sales agents is a decision to be considered in the ..... element of the marketing mix.
- Like assets, elements of ..... can be tangible such as posters and leaflets or intangible such as the courtesy of staff or good customer care.
- A ..... of the marketing mix could be creating an image of or even an aura around a product or brand.
- Critics argue that the ..... should additionally include process, people and physical evidence to account for services.
- Packaging increases the appeal of a.....
- ..... of the marketing mix include decisions store managers make in order to improve sales.
- Recent developments in air transport have compelled many airlines to modify their .....
- Because of stiff competition amongst producers, ..... seems to be an important element in the customer's choice.
- Gathering information on competitors' prices would be a ..... of the marketing mix.
- The performance of an organisation is somewhat dependent on the .....

◆ EXERCISE 3

Grammar

Modals

- (A) Underline all the modals used in the text *The Marketing mix* and discuss their usage
- (B) Paraphrase the following sentences from the text and convey the same meaning without using the modal
- Any organisation can choose an appropriate mix for each segment.
  - To meet customer needs, an organisation must develop products to satisfy them.
  - The marketing mix must have a time-scale.
  - External events might affect pricing strategies, product modifications or amendments to marketing plans.
  - Some objectives will be set to be attained in the near future.

(C) Rewrite the following sentences using the correct modal construction from the list below

*can, could well, may, must, will not, will probably, will no doubt, should, should have, would*

1. Each ingredient of the marketing mix is not sufficient on its own, but blended together it *is possible to* produce something very special.
2. It *is necessary for* Chrysler to find \$8.8 billion to set up a health-care trust for its present and former employees.
3. It *is possible that* HD DVD lives on as a data-storage technology for computers.
4. Factories are short of workers, so costs *seem likely to* rise further.
5. The company said it *was going to* replace Mr Smith with Mr Schultz as chairman.
6. There *is a strong possibility that* the next year determines whether Ford survives in its current form at all.
7. It *is a pity that* major music companies did not anticipate the downloading of music on the internet years ago.
8. There is buzz around the new Dodge challenger, but it *is difficult to see how* the tyre-burning coupé *is going to* generate enough sales on its own.
9. Internet service providers have made music labels look irrelevant and *are surely going to* prompt other artists to think about leaving them too.
10. Business men and women *are advised to* be aware that China has changed.

#### EXERCISE 4

#### Assignment

#### Case Study

Visit the website of a company you have heard about. Report to the class orally on the information you discover concerning the company's marketing mix. Your account should address the following questions:

1. What product(s) does the company make or what service(s) does it provide?
2. What image does each product or service project?
3. What image does the company itself project?
4. How does the price of the product or service compare in the market? Is it the same everywhere or does it vary from one area to another? Give details if possible
5. Does the company offer discounts in some transactions?
6. How and where is each product or service advertised?
7. What distribution channels are being used for the product(s)?
8. Where are the points of sale?
9. Are they easily accessible to customers?
10. What is your own opinion about the marketing mix of the company?



music industry: A case study

EXERCISE

Read the article below and discuss or write answers to the following questions

- What options did music publishers have to consider concerning the distribution of their songs in the mid-2000s?
- What has been the downside of the Internet for the music industry?
- How has the music industry cannibalized its products?
- Why have music publishers been attracted to digital downloading?
- Should music publishers reconsider their marketing mix? Give details.

The music industry: A case study

The recorded-music business about whether to make their songs available online as well as through physical media such as CDs, and also whether to make songs available online individually, in bundles or both. Technological change – the emergence of the Internet, increased broadband

end of text ↴

Music publishers will eventually face the same decision for CDs and audiotapes as they did for prior music formats. As new distribution mechanisms become more popular, music publishers and other content providers will need to compare the cost of making a format available against the

incremental revenue it is expected to bring in.

Reprinted from: *Designing the Right Product Offerings*, David S. Evans & Karen L. Webster, MIT Sloan Management Review, Fall 2007, by permission of publisher.

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penetration and capacity, and increased piracy through illegal downloads – had dramatically changed the costs and benefits of their established product line.

During the 1950s, popular songs had been sold as singles, mainly on 45-rpm records. Singles dominated the market until the Beatles released “Sergeant Pepper’s Lonely Hearts Club Band” as an album in 1967. Since then, popular music has been distributed primarily as collections of songs, usually 10 to 20. The publishers and artists selected the best songs for the album; songs that did not make the cut were either held for the next album or not distributed at all.

The all-in-one offering was efficient for several reasons. The cost of pressing and distributing recordings was fixed, and releasing singles and smaller collections would have required retailers to stock more products. Albums allowed music publishers to generate additional revenues from people who really just wanted one or two songs and who would buy them that way if they could. The business question was whether the net incremental revenues of releasing different versions of an album, with different numbers and selections of songs, would outweigh the incremental costs of producing and selling them. For more than 35 years, music publishers believed the answer was no.

The Internet and related phenomena (including the spread of fast broadband and Apple Inc.’s immensely popular iPod-iTunes combo) changed both the cost and the demand sides of the equation. On the cost side, the Internet made it much cheaper to distribute music and, in particular, to distribute individual songs. On the demand side, as downloading music has become easier, people are more eager to do it.

Identifying the optimal product architecture for the new digital era,

however, requires a thorough analysis of demand and costs. The fact that it is possible to make individual songs available digitally does not necessarily mean that music publishers should not offer digital bundles. Some people may still prefer having someone aggregate content because it is easier and less time intensive than doing it themselves. Moreover, music publishers may be able to realize higher profits by using bundles to segment consumer demand. However, there is also the chance that the Internet will disintermediate the role music publishers have played in choosing song lists. Rather than looking to music publishers, consumers may be just as happy to let other experts recommend bundles. What’s more, the increased popularity of iPods and other digital music devices may draw people away from whole CDs and playlists to selecting from massive libraries of songs.

One can determine the relative importance of these offsetting effects by using standard statistical survey techniques such as conditional logic or conjoint analysis studies, in which individuals are presented with alternative choices at various prices and are asked to express their preferences. This methodology will help companies find the optimal bundling strategies based on consumer demand.

From the music industry’s standpoint, two other major considerations are piracy and cannibalization. Music publishers were attracted to digital downloading based on the hope that more legal downloads of individual songs would reduce the demand for illegal ones, even though digital downloads result in less demand for physically distributed recorded music. The additional profits from reduced piracy are greater than the lost profits from cannibalization of physical media.

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