The marketing mix

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1. Introduction

'Marketing' has a lot of definitions, but what they boil down to is an approach to business which emphasises the importance of attracting and retaining customers. Key to this is ensuring that any product offered to a customer is designed to meet their needs and is available to the customer where and when it is required. The customer must also be made aware that the product is available and will meet their needs. In marketing terms, a 'product' is any item or service that an organisation offers its customers.

The marketing mix describes the combination of all the aspects which need to be considered to market a product successfully. It provides a framework for considering all of the elements and how they can be balanced to best suit the customer and the need for profitability. These elements include product strategy, packaging design, pricing, sales promotion, advertising and distribution. The elements are grouped into what are known – at least in English – as the four Ps - product, price, place and promotion. These four elements are the variables that you can adjust to make your business different from your competitors, and thus more attractive to your target customers.

2. Product

Getting the product right is all about making sure it satisfies customers' needs or wants and can be produced and delivered at a profit. There is an enormous number of ways you can make your product different and more appealing. The sort of factors you could consider include whether it looks right, feels right and how well it does the job? What special features does it have and how do those translate into benefits that customers need and/or want? Is it attractive enough, both visually and functionally, to appeal to sufficient customers (you will want to sell in reasonable volumes even if you choose to target a niche market) in preference to the offerings from competitors? Is it appropriately and attractively packaged?

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How reliable is it? Does it meet the expectation of the target market in terms of perceived quality and value for money?

Be clear about what you are hoping to sell. If you cannot describe it easily, then you will have difficulty selling it. You need to be clear about it before you do your market research.

Once you know what you are selling and to whom, you can match the features of your product to the benefits that your customers will receive (or perceive that they will receive) when they purchase. Features are what a product has or is, eg size, colour, attachments, etc. Benefits are what the product does for the customer. A personal healthcare insurance policy might feature unlimited cover for accidental injuries; the benefit to the customer is peace of mind. Leather seats in a car are a feature, they translate into the benefits to the customer of comfort and prestige. It is important to remember that the seller pays to add or enhance features, while the customer buys the benefits. Specific benefits must be worth more to the customer than the features cost the business to deliver.

In addition, think about people who are not customers. What are their needs? What benefits are they seeking? Have you missed out on becoming their supplier because of a small mismatch between what you have to offer and what they want to buy?

Even if you sell a tangible product, the associated service is an important part of what customers buy. Service factors to think about include: is there appropriate information and support before and after the sale? Are the instructions clear? Can you offer the sort of delivery, lead-time and installation service the customer wants? Are the payment terms appropriate to customers' needs and wants? These last two items will affect considerations of place and price.

How will you make your product stand out from your competitors? For a shop, it could be something like being open later. In the case of a tangible product, you may be able to manufacture it to a higher quality than competing products. Any differentiation should also be considered when promotion is reviewed.

Markets are dynamic - they do not stand still and customer requirements and expectations change over time. This means you need to think about trends: what are the future trends? What is the potential impact on product specification? What needs will customers have in the future? What benefits will they be seeking in tomorrow's products?

3. Price

Good pricing policy relies on knowing what customers will be prepared to pay rather than working out the cost and adding an arbitrary mark-up. For example, does it really cost Mars that much more to make and sell their ice-cream bars than the traditional version? The ice-cream versions are priced at a premium because consumers are willing to pay the extra.

You might be able to get an indication of typical market pricing by comparing your products with equivalent competitive products as part of your research - this will help you decide where to pitch your prices. Some people choose a strategy of price leadership - aiming to sell marginally cheaper than any equivalent offering from existing competitors. Such a strategy can be hard to maintain profitably. If your market position is based on differentiating your product from the competition, you need to assess the value customers are likely to attach to the additional benefits gained from choosing your product, then set your price accordingly.

Fixing a price is a juggling act between strategy, costing and cash flow. It is important not to charge too little, otherwise the income may not cover all the costs and it may be difficult to raise prices without deterring customers. Initial pricing is often made even lower to encourage customers to try the product. Avoid this approach if at all possible. It is much easier to reduce prices when it is clearly necessary than it is to push them up.

It is also important to distinguish between cost and price. Price should relate back to the market research. Businesses need to charge a price which will cover all their costs and also generate a reasonable profit. The price should be the maximum amount that people will pay for the product. Businesses should continually seek to reduce costs and improve productivity. Keeping the price high and costs low will maximise profit.

4. Place

Place refers to distribution. Distribution is not just about the method of delivering the product to the customers. It is important to recognise that customers may expect to go to, or look in, certain places when they want to buy specific products or services. Some firms make their sales only or largely by taking their product to the customer (for example, life insurance and ice-cream vans). Sales success will depend on your products or services being available in the right place and/or sold through the right distribution channels.

When considering your distribution strategy, key factors include: what distribution channels already exist in your chosen market? Are there signs of any new approaches to distribution emerging in your market? Can you adopt these new approaches, or adapt approaches from other markets? Do buyers in the next stage of the supply chain prefer to buy from a local distribution point? Do buyers of your products or services tend to purchase from distributors, wholesalers, etc, or do they deal direct? If buyers of your products buy only from premises with the right feel, appearance, or specific facilities, then these could become important factors in choosing your outlets. Are the locations of distribution points appropriate to customers' demands for quick response at acceptable cost?

5. Promotion

There is an old saying: 'Build a better mousetrap and the world will beat a path to your door' on the basis that everyone will hear about it without any marketing effort and want to buy it. Ignoring price considerations, and the fact that most people would want to buy the product locally, it would only be true if everyone who needed a mousetrap was aware of the invention and understood the benefits it would bring them over existing mousetraps.

Raising awareness is the primary role of the promotion element in the marketing mix. It is about effectively communicating the necessary information to prospective customers so that they are encouraged to decide to buy your product rather than a competing one. In this context promotion means all types of informative communication with customers including, advertising, exhibitions, telesales, face-to-face selling, sponsorship, etc.

A key element in your marketing strategy has to be what to say, to whom and how. What is your message and what medium might best convey it?

You will want to promote your product to two groups of people: those who are already customers, to encourage repeat business, and those who are not yet customers, though you may need to communicate with each in different ways.

For promotion to be effective, you need to know as much as possible about your customers' typical purchase decision making process. How do they go about making purchase decisions? What stages do they go through? At what times? Who or what can influence their decisions? Based on that information, you can determine what you should say, how to say it, when to say it, and which method(s) of delivering the message would be most cost effective.

As products and services are designed to meet customer requirements, the method and content of promotional activity must be focused on providing the important information they want. When it comes to making purchase decisions, they want answers to questions like: what will it do for me? Why should I choose this over competing products/services? How do I know I can trust your promises? What do I have to do / where do I go to get it?

What differentiates your product from those of your competitors? What will encourage customers to buy from you rather than from them? Identify your unique selling point (USP) and communicate it effectively to your customers.

The presentation style used in your promotional activity can influence customer perceptions of the product - the brand image. If you are trying to create a particular image for your product, then the style of your promotional activity should reflect that image as closely as possible.

When to promote depends on what you want to achieve, and what stage the customers are at in the purchase decision making process (particularly if it is a lengthy process). For most businesses, effective promotional and selling activity is continual from the time the customer recognises the need to make a purchase to the point at which the decision is taken. It is then a question of what promotion is best for the stage the customer has reached.

Whatever the technique, remember the advice of David Ogilvy, one of the world's top advertising executives: 'Advertising which promises no benefit to the customer does not sell - yet the majority of campaigns contain no promise whatsoever.'

6. Useful tips

- It is impossible to view any of the four Ps in isolation. Any review of one element usually reflects on the other elements.
- The marketing approach to industrial markets will be different to consumer markets, and the distribution chain for the product or service must be taken into account.

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