

MARKETING MIX

The term "marketing mix" is a foundation model for businesses, historically cantered around product, price, place, and promotion (also known as the "4 Ps"). The marketing mix has been defined as the "*set of marketing tools that the firm uses to pursue its marketing objectives in the target market*". Thus, the marketing mix refers to four broad levels of marketing decision, namely: product, price, place, and promotion.

Brief Outline of 4 Ps

Category	Definition/Explanation/Concept	Typical Marketing Decisions
Product	<p>A product refers to an item that satisfies the consumer's needs or wants.</p> <p>Products may be tangible (goods) or intangible (services, ideas or experiences).</p>	<ul style="list-style-type: none"> • Product design – features, quality • Product assortment – product range, product mix, product lines • Branding • Packaging and labelling • Services (complementary service, after-sales service, service level) • Guarantees and warranties • Returns • Managing products through the life-cycle
Price	<p>Price refers to the amount a customer pays for a product.</p> <p>Price may also refer to the sacrifice consumers are prepared to make to acquire a product (e.g. time or effort).</p> <p>Price is the only variable that has implications for revenue.</p> <p>Price also includes considerations of customer perceived value.</p>	<ul style="list-style-type: none"> • Price strategy • Price tactics • Price-setting • Allowances – e.g. rebates for distributors • Discounts – for customers • Payment terms – credit, payment methods
Place	<p>Refers to providing customer access</p> <p>Considers providing convenience for consumer.</p>	<ul style="list-style-type: none"> • Strategies such as intensive distribution, selective distribution, exclusive distribution • Franchising • Market coverage • Channel member selection and channel member relationships • Assortment • Location decisions • Inventory • Transport, warehousing and logistics
Promotion	Promotion refers to marketing communications	<ul style="list-style-type: none"> • Promotional mix - appropriate balance of advertising, PR,

	May comprise elements such as: advertising, PR, direct marketing and sales promotion.	direct marketing and sales promotion <ul style="list-style-type: none"> • Message strategy - what is to be communicated • Channel/ media strategy - how to reach the target audience • Message Frequency - how often to communicate
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The 4Ps have been the cornerstone of the managerial approach to marketing since the 1960s

Product refers to what the business offers for sale and may include products or services. Product decisions include the "quality, features, benefits, style, design, branding, packaging, services, warranties, guarantees, life cycles, investments and returns".

Price refers to decisions surrounding "list pricing, discount pricing, special offer pricing, credit payment or credit terms". Price refers to the total cost to customer to acquire the product, and may involve both monetary and psychological costs such as the time and effort spent in acquisition

Place is defined as the "direct or indirect channels to market, geographical distribution, territorial coverage, retail outlet, market location, catalogues, inventory, logistics and order fulfilment". Place refers either to the physical location where a business carries out business or the distribution channels used to reach markets. Place may refer to a retail outlet, but increasingly refers to virtual stores such as "a mail order catalogue, a telephone call centre or a website".

Promotion refers to "the marketing communication used to make the offer known to potential customers and persuade them to investigate it further". Promotion elements include "advertising, public relations, direct selling and sales promotions."

Modified and expanded marketing mix: 7 Ps

By the 1980s, a number of theorists were calling for an expanded and modified framework that would be more useful to service marketers. The prospect of expanding or modifying the marketing mix for services was a core discussion topic at the inaugural AMA Conference dedicated to Services Marketing in the early 1980s, and built on earlier theoretical works pointing to many important problems and limitations of the 4 Ps model. Taken collectively, the papers presented at that conference indicate that service marketers were thinking about a revision to the general marketing mix based on an understanding that services were fundamentally different from products, and therefore required different tools and strategies. In 1981, Booms and Bitner proposed a model of 7 Ps, comprising the original 4 Ps plus *process*, *people* and *physical evidence*, as being more applicable for services marketing.

Table 2: Outline of the Modified and Expanded Marketing Mix

Category	Definition/ Explanation	Typical Marketing Decisions
People	<p>Human factors who participate in service delivery.</p> <p>Service personnel who represent the company's values to customers.</p> <p>Interactions between customers.</p> <p>Interactions between employees and customers.</p>	<ul style="list-style-type: none"> • Staff recruitment and training • Uniforms • Scripting • Queuing systems, managing waits • Handling complaints, service failures • Managing social interactions
Process	<p>The procedures, mechanisms and flow of activities by which service is delivered.</p>	<ul style="list-style-type: none"> • Process design • Blueprinting (i.e. flowcharting) service processes • Standardization vs customization decisions • Diagnosing fail-points, critical incidents and system failures • Monitoring and tracking service performance • Analysis of resource requirements and allocation • Creation and measurement of key performance indicators (KPIs) • Alignment with Best Practices • Preparation of operations manuals
Physical evidence	<p>The environment in which service occurs.</p> <p>The space where customers and service personnel interact.</p> <p>Tangible commodities (e.g. equipment, furniture) that facilitate service performance.</p> <p>artefacts that remind customers of a service performance.</p>	<ul style="list-style-type: none"> • Facilities (e.g. furniture, equipment, access) • Spatial layout (e.g. functionality, efficiency) • Signage (e.g. directional signage, symbols, other signage) • Interior design (e.g. furniture, colour schemes) • Ambient conditions (e.g. noise, air, temperature) • Design of livery (e.g. stationery, brochures, menus, etc.) • artefacts: (e.g. souvenirs, mementos, etc.)