

11.2.1 Planning Marketing Mix

Four basic elements—product, price, promotion and place—constitute the marketing mix. These four elements, called 4 Ps, are used for grouping different marketing activities. McCarthy proposed this four-factor classification as follows:

1. **Product:** Activities relating to the product, service or idea to be offered.
2. **Price:** Activities relating to the price to be charged for the product, service or idea.
3. **Promotion:** Activities relating to promotion (advertising, personal selling, sales promotion and publicity, called *promotional mix*) of the product, service or idea.
4. **Place:** Activities relating to distribution of the product, service or idea (physical distribution and channels of distribution).

In addition, there are two other classifications proposed by Frey (1961) and Lazer and Kelly (1962). According to Frey (1961), all marketing decision variables could be categorized under *two* factors:

- (i) *Offering* consisting of product, packaging, brand, price and service;
- (ii) *Methods and tools* comprising distribution channels, personal selling, advertising, sales promotion and publicity. Lazer and Kelly proposed a three-factor classification—goods and service mix, distribution mix, and communication mix. However, McCarthy's 4 Ps of the marketing mix are discussed here in detail.

11.2.2 Elements of Marketing Mix

The *four* basic elements of marketing mix are described below in detail:

1. **Product:** Activities related to a product are quality, style, brand name, features, sizes, packaging, services, warranties, and returns. Examples—Life Insurance Corporation introduces the *new policy*; *nationalised and other banks introduced core banking facilities*; Dunlop introduces the concept of *Tyre Service Centres*; Titan launches *Titan Quartz Watches* for the Indian market.
2. **Price:** The following factors are generally considered by the marketers in setting prices—target customers, cost competition, the law, and social responsibility apart from other factors as well.
3. **Promotion:** Important promotional methods are—advertising, personal selling, sales promotion, and publicity and public relations.
4. **Place:** Place is made up of two components—physical distribution and channels of distribution. Some examples of physical distribution are transportation, storage, order processing, inventory control, and location. However, a physical distribution network should be oriented towards the needs and desires of target consumers. The channels of distribution are those routes on which the ownership of goods, services and ideas flow on the way from producer to consumer. The overall objective of such decisions is to maximize service to the consumer at a profit to the marketer.

11.2.3 Relationship between Marketing Planning Process and Marketing Mix

The following components constitute a typical marketing plan:

- (a) **Current marketing situation:** The data relate to the market, product, competition, distribution and macro-environment.
- (b) **Identification of problems and opportunities:** Identification of SWOT analysis—strength, weaknesses, opportunities and threat—of a company's product.
- (c) **Defining aims:** Financial (long rate of return on investment; profits and cash flow during the current year) and marketing (sales revenue, sales volume, market share, average realized price, consumer awareness, distribution coverage, etc.) aims to achieve the financial objectives.
- (d) **Marketing strategy:** It consists of broad decisions on target markets, market positioning and mix and marketing expenditure levels. Marketing strategy also involves an awareness, the expected environment, and competitive conditions.