

# Module 2 - Policy statement on marketing mix

## Marketing Mix

- Marketing Mix is a combination of marketing tools that a company uses to satisfy its target customers and achieve organizational goals.
- McCarthy classified all these marketing tools under four broad categories:
  - Product
  - Price
  - Place
  - Promotion
- These four elements are the basic components of a marketing plan and are collectively called 4 P's of marketing.

## Marketing Mix and 4P



# Product

- ❑ Product refers to the **goods and services offered** by the organization.
- ❑ A pair of shoes, a plate of rice, a lipstick, all are products. All these are purchased because they satisfy one or more of our needs.
- ❑ We are paying not for the tangible product but for the benefit, it will provide. So, in simple words, **a product can be described as a bundle of benefits that a marketer offers to the consumer for a price.**
- ❑ While buying a pair of shoes, we are actually buying comfort for our feet, while buying lipstick we are actually paying for beauty because lipstick is likely to make us look good.

# Price

- ❑ Price is the **amount charged for a product or service**.
- ❑ It is the **second most important element in the marketing mix**.
- ❑ Fixing the price of the product is a tricky job.
- ❑ The **factors that have to be kept in mind while pricing** a product are:
  - ❑ demand for a product,
  - ❑ cost involved,
  - ❑ consumer's ability to pay,
  - ❑ prices charged by competitors for similar products,
  - ❑ government restrictions etc.

# Promotion

- ❑ If the product is manufactured keeping the consumer needs in mind, is rightly priced, and made available at outlets convenient to them but the consumer is not made aware about its price, features, availability, etc., its marketing effort may not be successful.
- ❑ Promotion is done through means of personal selling, advertising, publicity and sales promotion.
- ❑ It is done mainly with a view to **providing information** to prospective consumers about the availability, characteristics, and uses of a product.
- ❑ **Advertising:** Advertising is the process of communication, persuasive information about the product to the target market by means of the **written and spoken word, and visual material**.
- ❑ There are **five principal media of advertising** as follows:
  - ❑ The press- newspapers, magazines, journals etc.
  - ❑ Commercial Television
  - ❑ Direct mail
  - ❑ Commercial radio
  - ❑ Outdoor- hoardings,
  - ❑ transport advertisements etc.



## Place

- ❑ Goods are produced to be sold to consumers.
- ❑ They must be made available to consumers at a place where they can conveniently make purchases.
- ❑ **Example:** Foods and snacks are manufactured on a large scale in Bangladesh and you purchase them at a store from the nearby market in your town. So, it is necessary that the product is available at shops in your town.
- ❑ This involves a chain of individuals and institutions like **distributors, wholesalers, and retailers** who constitute the firm's distribution network (also called a channel of distribution).
- ❑ **The channel through which the products are distributed to the final customer is known as the channel of distribution**
- ❑ Channel of distribution Most common channels of distribution are given below:  
Channel A **represents a direct marketing channel**. Manufacturers of goods such as m/c tools, computers, ships, and other large expensive items tend to move them directly to the buyer without involving a middleman or inter-middleman. e.g.: ship/plane

- Customizing your offer to your customer by varying the mix elements.
- The Marketing Mix is like the artist's palette.
- The marketer mixes the prime colors (mix elements) in different quantities to deliver a particular final color.
- Every hand painted picture is original in some way, as is every marketing mix.

## Extended Marketing Mix

- **Booms and Bitner** included three additional 'Ps' to accommodate trends towards a service or knowledge based economy:
- **People**
- **Process**
- **Physical Evidence**



## The Marketing Mix





# 7Ps & 7Cs

## The 7 Ps

### Organisation Facing

Product = Customer/ Consumer

Price = Cost

Place = Convenience

Promotion = Communication

People = Caring

Processes = Co-ordinated

Physical Evidence = Confirmation

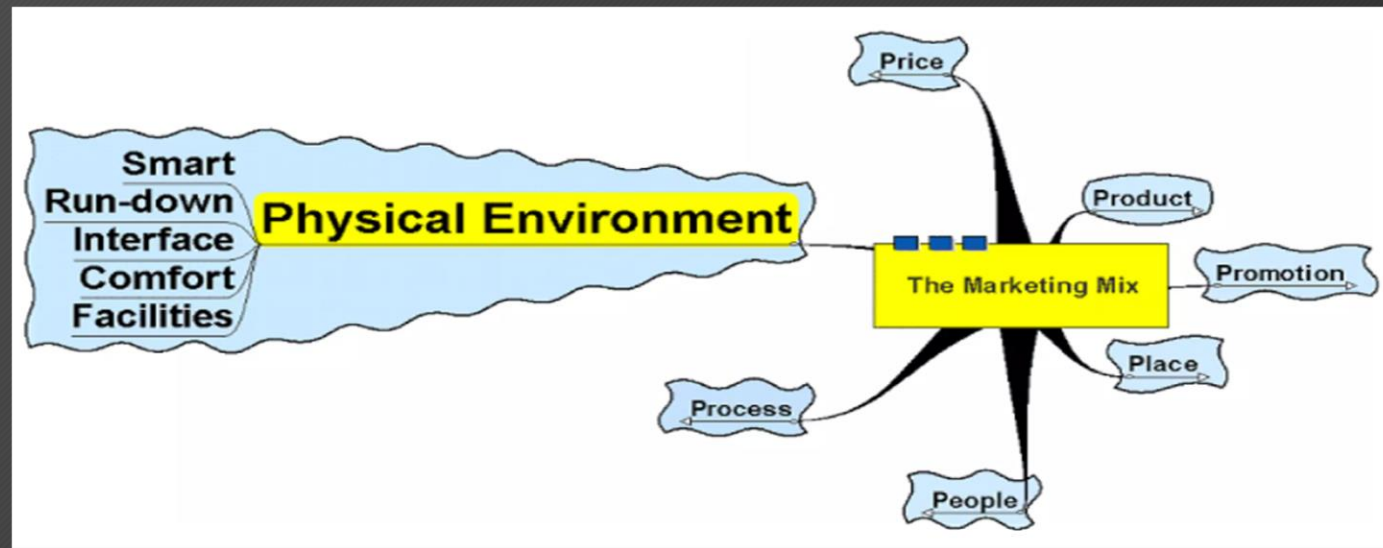
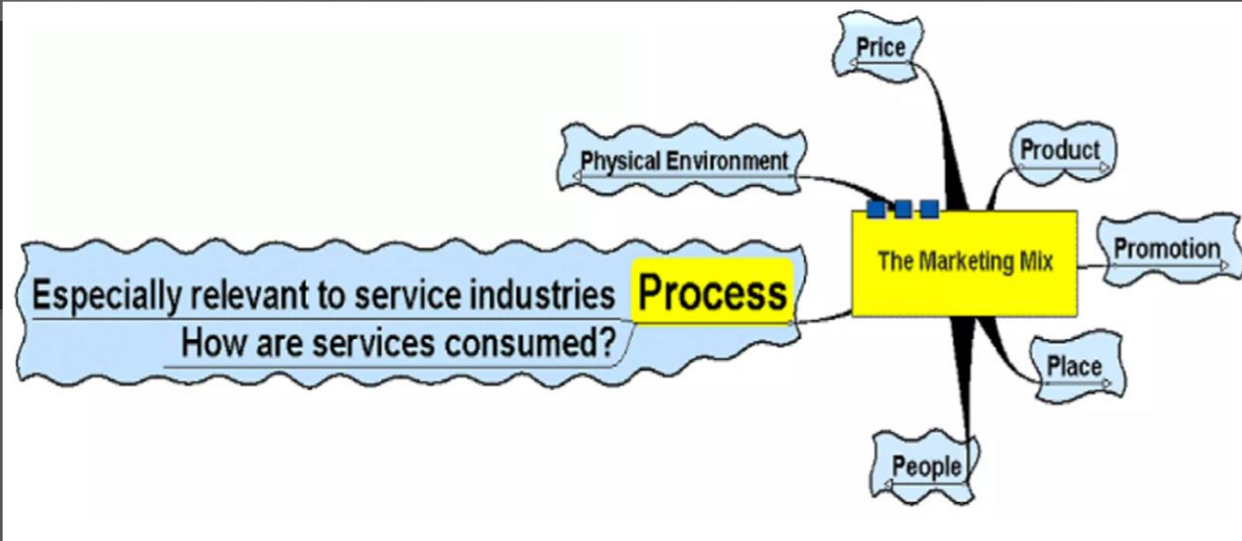
## The 7 Cs

### Customer Facing

- The tools available to a business to gain the reaction it is seeking from its target market in relation to its marketing objectives
- 7Ps – Price, Product, Promotion, Place, People, Process, Physical Environment
- Traditional 4Ps extended to encompass growth of service industry





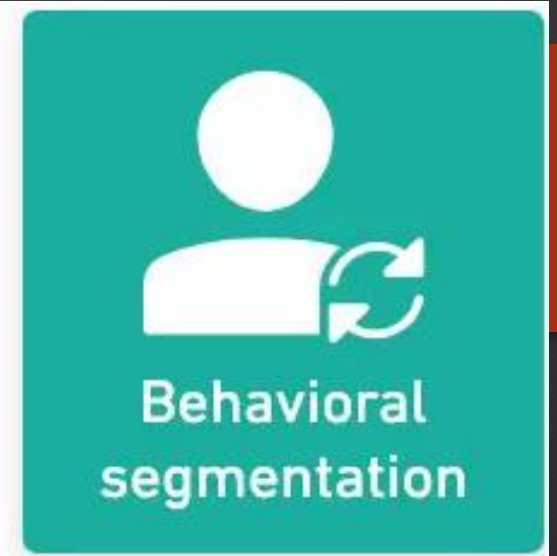


Geographical distribution of market.

# Geographical distribution of market

- There are 4 main types of market segmentation, and each offers a different way to define an audience:
- Demographic segmentation - grouping customers by identifiable non-character traits like age, gender, or income.
- Psychographic segmentation - grouping customers based on their personalities and interests, including beliefs, hobbies, and life goals.
- Geographic segmentation - grouping customers with regards to their physical location.
- Behavioral segmentation - grouping customers based on their past actions, like spending habits, browsing habits, and brand engagements.
- The premise is simple enough, but the key to successful market segmentation is understanding exactly how it can best work for you. Today we're going to do a deep-dive on geographic segmentation, and discover all the different ways your marketing can benefit from it.

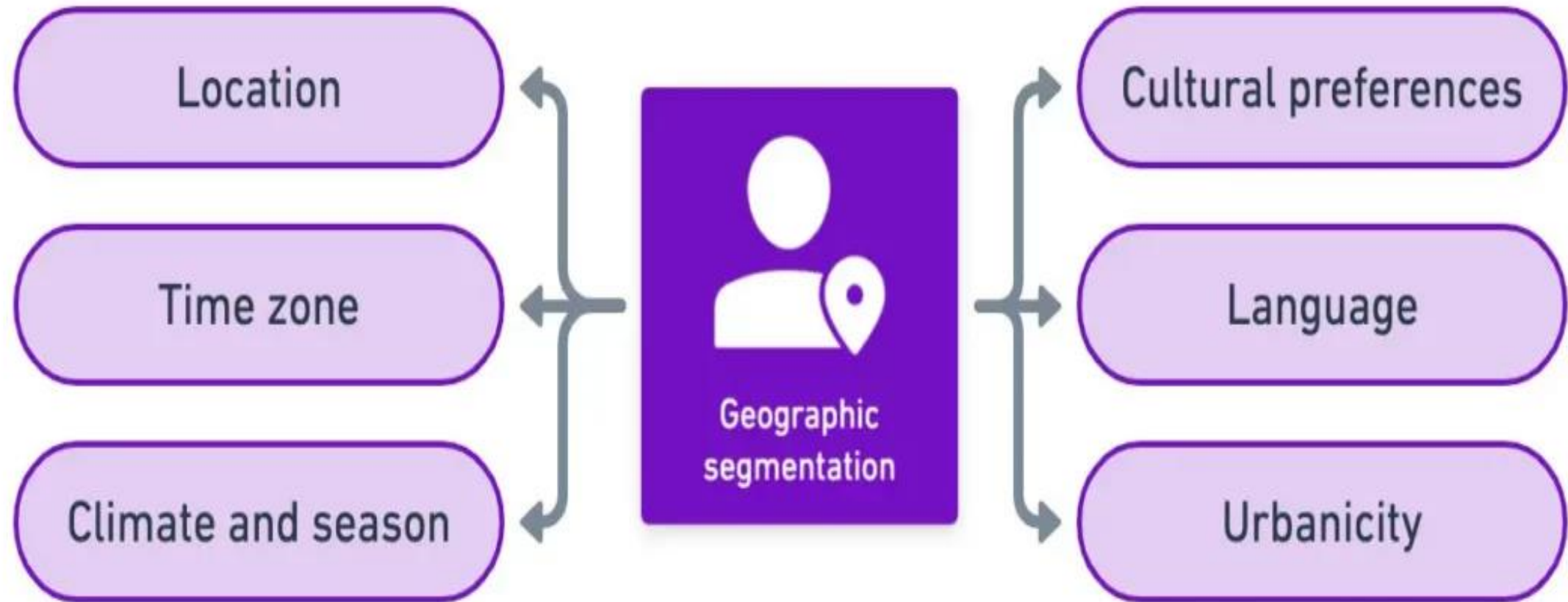




- Geographic segmentation involves **segmenting your audience based on the region they live or work in.**
- This can be done in any number of ways:
  - grouping customers by the country they live in,
  - or smaller geographical divisions,
  - from region to city,
  - and right down to the postal code.

- The size of the area you target should change depending on your needs as a business. Generally speaking, the **larger the business the bigger the areas you'll be targeting**.
- After all, with a wider potential audience, targeting each postcode individually simply won't be cost-effective.
- In total, there are **six factors that pertain to geographic segmentation** and can be used to create customer segments:
  - Location (country, state, city, ZIP code)
  - Time zone
  - Climate and season
  - Cultural preferences
  - Language
  - Population type and density (urban, suburban, exurban or rural)

# Six factors that pertain to geographic segmentation



# Geographic segmentation benefits

- Easy to implement
- Geographic segmentation is different from the other types of market segmentation (especially psychographic and behavioral) because it requires fewer data points.
- Offers a tangible way to reach potential customers using only their location as a starting point.
- This helps not only to improve sales but also creates a better relationship between customers and businesses.
- Presenting relevant items to customers improves user experience, reducing the amount of effort they need to put in to find what they want.

- **Improved advertising effectiveness**
- By presenting more targeted ads, you'll guarantee that more of your marketing **budget is spent reaching relevant customers**, and less wasted on those who have no need or interest in your product.
- This isn't to say that geographic segmentation is always the best strategy to employ. It has specific uses for specific businesses and industries. **Small businesses** working in localized areas will benefit immensely from targeting their marketing to just these areas. **Big businesses** with products that will have consumer hotspots in specific regions will also benefit.
- **Example:** An international manufacturer of big four-wheel drive vehicles will achieve more sales targeting customers in rural areas than those who drive congested city streets.
- **But businesses that sell products that do not depend on region-specific patterns won't benefit** as much from geographic segmentation. Consumers of Corn Flakes are likely to be as common in one region as the next.



# Geographical parameters by which to segment

- There are several geographical parameters you can use, these include:
  - **Location**
    - Getting the obvious out of the way. Segmenting by location gives you a lot of options. It could be a city, a town, different countries, or even a continent. This can also be used to identify a new geographic location your business may wish to expand into.
  - **Climate**
    - Do you think they are buying winter tires in Dubai? Segmenting by climate helps you identify areas where the climate is appropriate for your product or service.
  - **Culture**
    - When addressing your target market you need to account for cultural variations and sensitivities. For example, In Western cultures, white symbolizes purity, elegance, peace, and cleanliness. However, in China white represents death, mourning, and bad luck.

- **Population**

- This can either focus on density or population type. A brand may choose to focus on a densely populated city area, for example, a **fitness chain wouldn't set up a gym in a rural area**. You can also overlay demographic information here to find target audiences.

- **Urban, suburban and rural**

- These three different environments all need different and specific marketing strategies as customer needs are different. **Those in cities and suburbs tend to have more purchasing power than rural areas, so products can be more expensive.**

- **Language**

- Not every country in the world wants or can be marketed to in English. If you're running a **marketing campaign it will be essential it's done in the local language**. You'll need to make sure you're ready to enter a market if all your marketing messages are going to need to be changed.

- Example : Segmenting based on location
- Though all geographic segmentation involves grouping customers by the area they live or work in, here we're talking about selling purely based on the availability of a product to a certain area. This is a tool that is useful to businesses that only have the infrastructure or facilities to serve customers within certain boundaries.
- The food box subscription service Odd box has, until recently, only had the infrastructure to deliver within the borders of London. However, they have now expanded to deliver to another nearby city, Brighton.
- Using geographic segmentation they were able to target potential customers living in the city and deliver **relevant marketing via social media ads**. See their ads targeting Londoners and Brighton residents back to back above. As a result, users who weren't previously aware of Odd box can be shown the service now available to them.
- For bigger, global brands segmentation by country becomes even more important. One brand that always hones it's advertisements to the country it's targeting is McDonald's.
- To see exactly how they do this watch the video below.
- [https://www.youtube.com/watch?v=pMLrVP\\_E-jA](https://www.youtube.com/watch?v=pMLrVP_E-jA)