

## Marketing Mix- The Concept

The term marketing mix was first coined by Neil H. Borden in 1964 in his article "concept of marketing mix". Strategists believe that the right marketing mix can make or break the firm. Over time the concept of marketing mix has provided a steady platform for the launch of a new product. According to Philip Kotler, "the marketing mix is the set of controllable, tactical, marketing tools that the firm blends to produce the response it wants in the target market." The term "**marketing mix**" is a foundation model for businesses, historically centered around product, price, place, and promotion (also known as the "4 Ps"). When marketers are in the process of selecting the target markets, the marketing mix decisions must be evaluated.

The Marketing mix decision variables include:

1. Product planning
2. Price planning
3. Place planning; and
4. Promotion planning.

## Variables of Marketing mix Decisions

### 1. Product planning in marketing mix decision

Product is the bundle of utility offered for sale by the firm. Before deciding on the product component the Marketer should decide on the following questions:

- ☐ What product are you selling?
- ☐ What would be the quality of the product?
- ☐ Whether there is a need to modify or develop entirely a new one?

Marketing the same product around the world is practical when culture has no influence over the way the product is used. However, a product has to be redesigned entirely to meet the needs of the population. Apart from the product and service component, branding and packaging are an integral part of the total product. Choice of brand name is a difficult problem. Companies like Coca-Cola establish a worldwide image for the product by using the same name. *Packaging decisions* must be taken in the light of the aesthetic preferences of customers, their income brackets and shopping habits. *Labeling decisions* are influenced by familiarity of language, literacy rate and local customs. International marketers follow three basic product strategies namely, standardization, adaptation and innovation.

#### a. Standardization in marketing mix decisions

Standardization is the strategy of selling identical products in all countries. This strategy is less costly as there is no need for special market research or product modification. Production and marketing costs are less. The success of standardization depends upon the product's suitability to its different target markets.

#### b. Innovation in marketing mix decisions

In certain markets, simple product modification is not sufficient. A complete new product may be required to suit the target customers.

#### c. Adaptation in marketing mix decisions

Adaptation involves modifying the product to satisfy local tastes. Though adaptation is an expensive proposition, it yields profit by tapping the market opportunities. Adaptation strategy is appropriate when the product performs the same functions under varying conditions of use.

## **2. Price planning in marketing mix decisions**

Price is the value of goods expressed in terms of money. Pricing affects the targeting and positioning of a product. It has to be updated based on the variables i.e. advertising, marketing expenses, costing of the product, taxes, tariffs, currency exchanges, competitions, Terms of sales such as discounts for middlemen, form of payment, credit period, refund policy, etc. Price planning involves decisions as to whether prices should be standardized, the levels at which they are set, the currency in which prices are quoted and terms of sales. When international marketers operate within an economic community, common market, standardization of prices is comparatively easy. Companies engaged in international market incur extra costs on account of taxes, tariffs, and currency exchanges. Local economic conditions such as per capita income and GNP are the basic considerations in setting the price level. Some firms charge lower prices to expand the market or overcome excess supply in the home market and preserve the domestic price structure. Some companies indulge in dumping by selling a product in a foreign country at a lower price than the exporter's own country. The terms of sales should be determined by paying due consideration to discounts for middlemen, form of payment, credit period, refund policy, etc.

## **3. Place/Distribution planning in marketing mix decisions**

Place is also called placement and distribution. In marketing mix, the process of moving products from the producer to the intended user is called place. Before taking any marketing decisions the Marketers has to consider the following points:

- Where the business is located?
- Where the target market is place?

How best to connect these two, how to store goods in the interim and how to eventually transport them?

Choice of channel members and physical distribution methods depend on customs, costs and other factors. Firms make a number of arrangements to place their products in foreign markets. International marketers consider degree of control needed and the volume of exports while making channel decisions. Firms marketing many products set up their own sales force abroad or buy out overseas distributors to have special control over servicing in foreign markets. Special planning is required for physical distribution in international markets. Poor physical distribution facilities create problems. The problems of transportation exist in less developed countries. Warehousing is also a problem even in industrialized countries. Inadequacy of storage facilities, and absence of modern facilities increases the costs of marketing.

## **4. Promotion planning in marketing**

Promotion is any type of marketing communication used to inform about product, brand, services and issues to its target audience. The purpose of promotion is the communication of goods and services marketed abroad. Communication takes place in the context of cultures. As cultures vary with countries, different approaches to promotion are adopted. Language, differing values and attitudes strongly influence the advertisement messages. The media used to carry the message. May also have to tailor locally.