



the progressive business group

the
Progressive
Business
group

The Marketing Mix – The Theory

In the sixties a business guru developed a way of addressing what marketing is all about, his marketing mix became known as the 4Ps and has been the framework and starting point for marketeers ever since. The 4 Ps are:

PRODUCT
PLACE
PRICE
PROMOTION

Over time some more Ps have been added so that the model now stands at 7Ps and includes

PEOPLE
PROCESS
PHYSICAL LAYOUT

A brief description of the variables included in each P is given below:-

PRODUCT

Here, you need to clearly define exactly what your product / service is using variables such as;

- what it does,
- how it is to be used
- its features and benefits to potential customers
- what wants and needs it fulfils
- packaging
- what models / sizes
- how it compares to similar products in the market
- what stage is it in the product life cycle

PLACE

- where will your product / service be sold (ie outlets)
- how will it be distributed (ie via wholesalers)
- how will it be stored (ie warehousing)



the progressive business group

the
Progressive
Business
group

PRICE

- retail / wholesaler price structure
- discounting structure
- is it a cash cow or a dog

PROMOTION

- advertising
- sales promotion
- personal selling
- pr
- sponsorship
- direct mail

PEOPLE

- all the people involved from the creation of the product / service to it being consumed

PROCESS

- all the procedures and systems involved from the creation of the product / service to it being consumed

PHYSICAL LAYOUT

- quality of physical layout (ie shops / websites)

The marketing mix is thus a combination of the above Ps that a business engages in so as to best meet the needs of its customers and potential customers. Getting the mix right enables a business to meet its marketing objectives (to satisfy customers).



the progressive business group

the
Progressive
Business
group

SETTING MARKETING OBJECTIVES

Just like having business objectives for the overall business plan it is necessary to set marketing objectives for the marketing plan. Some of these may be the same or similar to those in the business plan.

We can set objectives using the Ps model. Examples of marketing objectives are:
Product related objectives:

- Reduce production costs by 3% over the next 12 months (whilst maintaining sales volume)
- Move product A back from the mature stage of the product life cycle to the growth stage
- Consider dropping products that have a gross margin of less than 7%

Price related objectives

- Decrease the price of product B by 10% to stimulate demand (or to be more competitive)
- Decrease our average collection period from 60 days to 45 days to ease cash flow problems

Promotion objectives

- Develop high quality leads for the company's top 3 products (cost per enquiry not to exceed £4)
- Decrease advertising in cash cow products by 20% and spend that money on rising stars
- Have point of sale materials for product C in all Tesco's prime stores by Easter 06

Place related objectives

- Establish 3 new distributors in Northampton, Edinburgh and Cardiff by the end of December 2006
- Have a presence in John Lewis by July 06

Physical layout related objectives

- Update our website daily

Process related objectives

- Streamline the complaint handling process
- Carry out market research on customers' attitudes



the progressive business group

the
Progressive
Business
group

As you can see by the examples some of the objectives above are not “traditional” marketing objectives. This is because marketing covers all areas of a business. Marketing objectives are at the core of a marketing plan and should be based on stated facts and / or assumptions. Objectives should be

- o Measurable
- o Realistic
- o Attainable

The more complete your list of objectives, the more clearly you will be able to monitor results as you implement the plan.

OTHER FACT SHEETS IN THE MARKETING SERIES ARE DETAILED BELOW

PLEASE FEEL FREE TO DOWNLOAD

- Marketing Audit
- Creating an effective marketing plan
- Marketing communications
- Database marketing