

# Analysis of the current situation

Marketing Plan DIY  
danny abramovich

Chapter 1 out of 4  
Marketing-mix

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# 1.5 Marketing-mix, introduction



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## 1.5 Marketing-mix, introduction



To properly understand what is 'marketing-mix' and later manage marketing activities by this concept, one can act as a **bartender** preparing a specialized **cocktail** for a specific **customer**.

In order for it to be **served** and finally satisfy the customer's needs, the **cocktail** will have an optimal result only with the **right mix of variables**.

One version of the origins of the 'marketing mix' starts in 1948 when James Culliton said that a marketing decision should be a result of something similar to a **recipe**.

## 1.5 Marketing-mix, introduction



To properly understand what is marketing-mix and later manage marketing activities by this concept, one can act as a **bartender**<sup>1</sup> preparing a specialized **cocktail**<sup>2</sup> for a specific **customer**<sup>3</sup>.

In order for it to be **served**<sup>4</sup> and finally satisfy the customer's needs, the **cocktail**<sup>(2)</sup> will have an optimal result only with the **right mix of variables**: Liquor, sugar, ice, etc.

To properly understand what is marketing-mix and later manage marketing activities by this concept, one can act as a **person who “thinks marketing”**<sup>1</sup> preparing a specialized **plan**<sup>2</sup> for a specific **target audience**<sup>3</sup>.

In order for it to become integrated **marketing activities**<sup>4</sup> and finally satisfy customers' needs, the **plan**<sup>(2)</sup> will have an optimal result only with the **right mix of variables**, but what are they?

## 1.5 Marketing-mix variables

Few of the variables that have to fit into the “right mix” can be found in the following definition of ‘marketing’.

### Marketing is...

The right **product**, at the right **price**, to the right **customer**, at the right **time**, at the right **place**, with the right **communication** for the right **profit**.

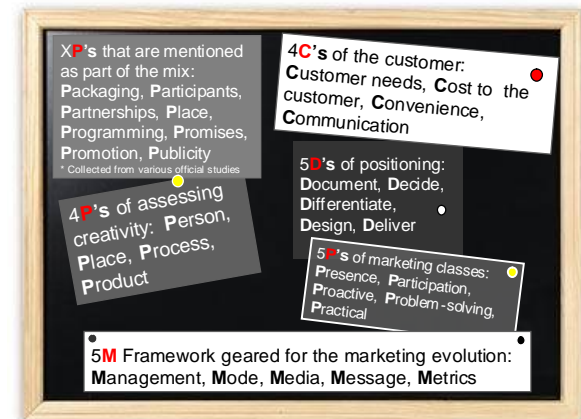
What is the ‘variable-mix’ - or as it’s called the ‘marketing-mix’, and what are its variables?

## 1.5 Marketing-mix variables as of 1960

Neil Borden coined the term 'Marketing-Mix' in 1953 while Jerome McCarthy added in 1960 the “4 P classification”, highlighting four basic variables that started (or were enforced to start) with the letter “P”:  
**P**roduct, **P**rice, **P**lace, **P**romotion

The above 4**P** concept is easy to remember but it tends to follow many other less practical ‘tips & tricks’ ▶

click to enlarge



**X**P's that are mentioned  
as part of the mix:  
Packaging, **P**articipants,  
**P**artnerships, **P**lace,  
**P**rogramming, **P**romises,  
**P**romotion, **P**ublicity

\* Collected from various official studies

**4**P's of assessing  
creativity: **P**erson,  
**P**lace, **P**rocess,  
**P**roduct

**4**C's of the customer:  
**C**ustomer needs, **C**ost to the  
customer, **C**onvenience,  
**C**ommunication

**5**D's of positioning:  
**D**ocument, **D**ecide,  
**D**ifferentiate,  
**D**esign, **D**eliver

**5**P's of marketing classes:  
**P**resence, **P**articipation,  
**P**roactive, **P**roblem-solving,  
**P**roduct

**5**M Framework geared for the marketing evolution:  
**M**anagement, **M**ode, **M**edia, **M**essage, **M**etrics

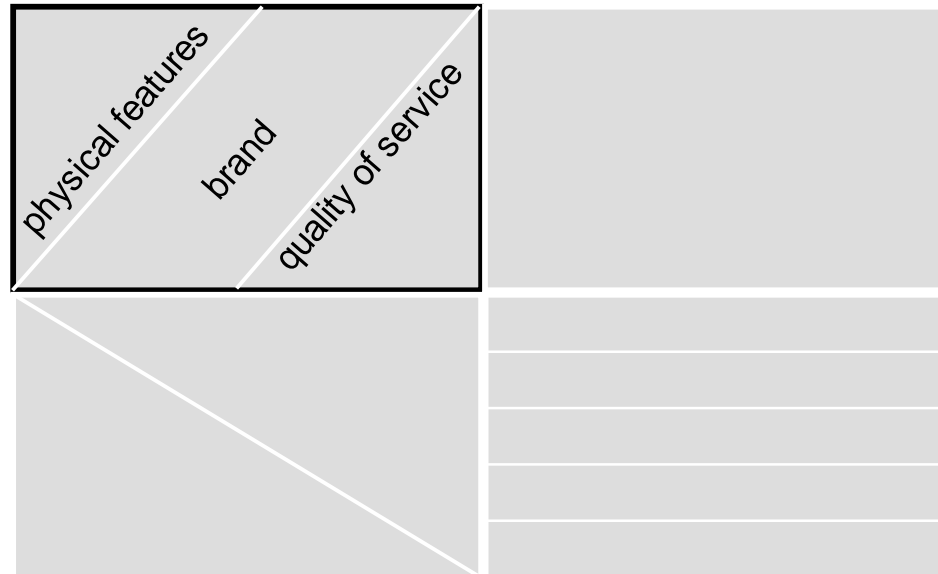
## 1.5 Marketing-mix variables as of 1960



In order to have an optimal result with the right mix of controllable tactical variables, 50 years after the first use of the 4P's; let's get updated!



# 1.5 Marketing-mix, product (PSI)



product

The product is composed of three sub-variables that stand for the 'product-mix'

## 1.5 Marketing-mix, product (PSI)

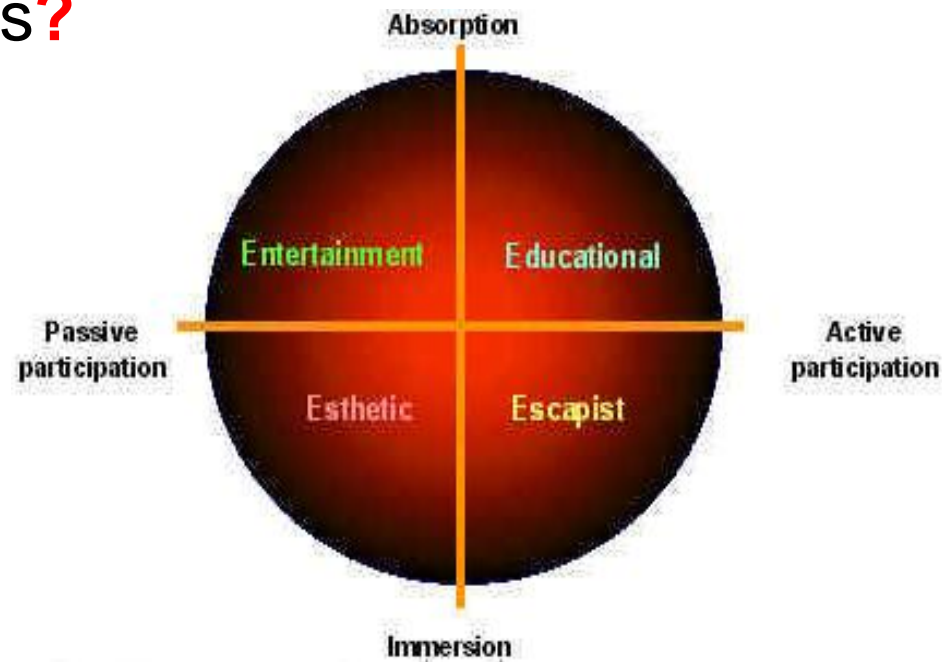
**Product** - what is it we offer?

- **Products, Services or Ideas (PSI)** to be marketed.
- A PSI-mix includes three sub-variables that (almost) every PSI has in a unique dosage:
  - Brand
  - Quality of service
  - Physical features



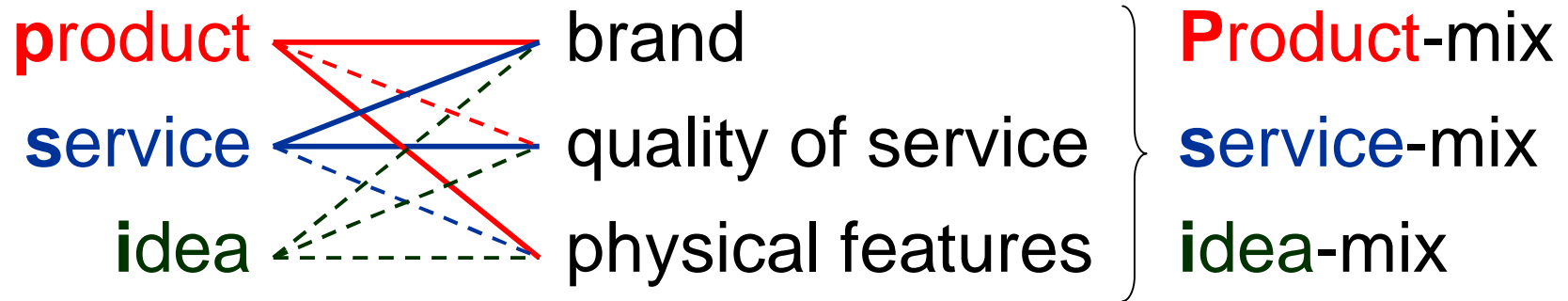
## 1.5 Marketing-mix, product (PSI)

Products, **S**ervices or **I**deas (PSI), what about **e**xperiences?



Four realms of experience model to the tourism industry (Pine & Gilmore, 1998)

# 1.5 Marketing-mix, product (PSI)



————— sub-variable with a **firm liaison**

----- sub-variable with a **weak liaison**

What is the quality of service of a bottle of mineral water? information



# 1.5 Marketing-mix, product (PSI)



- Brand
- + Quality of service
- + Physical features

+ = dosage has to be considered (ordinal scale)

- Product-mix
- or Service-mix
- or Idea-mix



The product-mix of branded “commodities” favors the brand, then the physical features, and only then the quality of service.

# 1.5 Marketing-mix, product (PSI)

physical features  
brand  
quality of service

**BAD YEAR**

PLEASE BUY



Berkshire Hathaway

Supportive models

product



# 1.5 Marketing-mix, price



The variable of price includes all the economic, marketing, legal and other considerations of pricing the offer

## 1.5 Marketing-mix, price

### Price

“There is scarcely anything in the world that some man cannot make a little worse, and sell a little more cheaply. The person who buys on price alone is this man's lawful prey.”

John Ruskin, English critic & reformer (1819-1900)

Ile to kosztuje? How much does it cost? Wieviel kostet das? Combien ca coute? Quanto costa? (PEGFI)



## 1.5 Marketing-mix, price

**Price** - at what price do we address the market?

- Price is simply the amount of money that customers are willing to pay for a product or service.
- The market price of a good is determined by both the supply and demand for it (price elasticity).
- In the context of the marketing-mix price also stands for discount standards: Who is liable to give and to get a discount of what kind and in which conditions?

# 1.5 Marketing-mix, price

price



Supportive models



price

# 1.5 Marketing-mix, offer



Product + Price variables = The marketing offer

# 1.5 Marketing-mix, distribution



distribution channels

Marketing distribution channels are composed of two sub-variables that stand for the 'distribution channels-mix'

## 1.5 Marketing-mix, distribution

### **Marketing distribution channels** (not “Place”!)

What are the best channels (not media) for our offer to reach the market? Directly, indirectly or both ways?

- Direct distribution channels, or simply “direct marketing”, represent all the ways in which the offer can directly reach its market without intermediaries:
  - Direct mail, telemarketing, email, fax, SMS/ MMS, voicemail, etc.
  - Direct selling, face-to-face selling & 1:1 marketing have a very similar meaning and are also a direct channel.

## 1.5 Marketing-mix, distribution

### Marketing distribution channels

- Indirect distribution channels, or simply intermediaries, represent all the ways in which the offer can be channeled through to the customer indirectly via wholesalers, retailers, representatives, agents, and others.
- Marketing distribution channels-mix: Often an optimal solution is to have an access to the market by both distribution channels: direct & indirect

## 1.5 Marketing-mix, distribution

### Marketing distribution channels

- Procter & Gamble started a pilot to sell directly through [www.theessentials.com](http://www.theessentials.com)



Companies that already sell directly include:



ESTÉE LAUDER

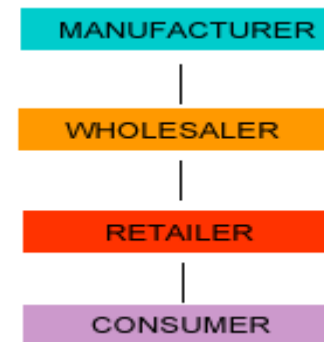
# 1.5 Marketing-mix, distribution

- Direct distribution channels
- + Indirect distribution channels

## Marketing distribution channels-mix



+ = dosage has to be considered (ordinal scale)





# 1.5 Marketing-mix, distribution

direct marketing  
indirect  
distribution

distribution channels

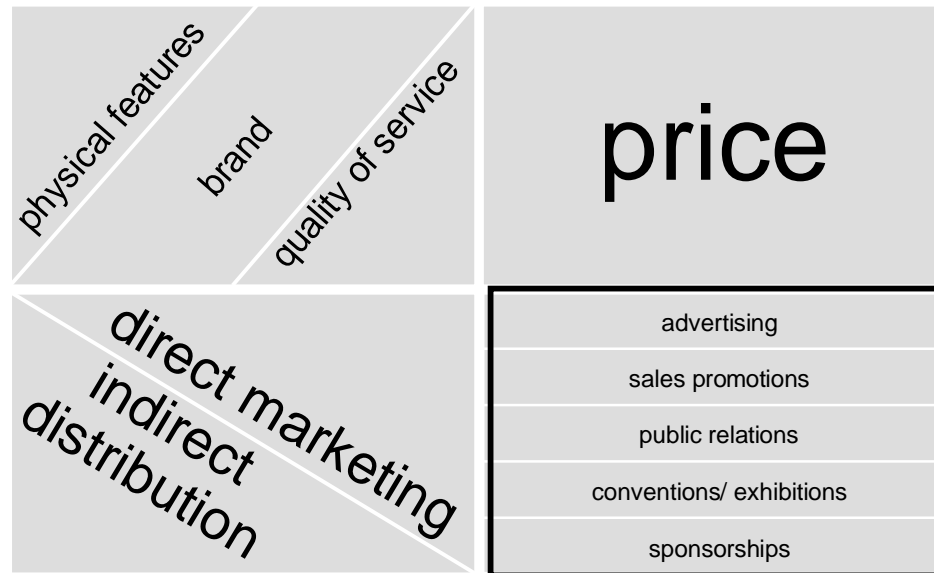
Supportive models



# 1.5 Marketing-mix, MarCom



marketing communication



Marketing Communication is composed of up to five sub-variables that stand for the 'marketing communication-mix'

## 1.5 Marketing-mix, MarCom

A disappointed salesman of Coca Cola returns from his assignment in Dubai.

A friend asked, "Why weren't you successful with the locals?"

The salesman explained, "When I got posted in the Dubai, I was very confident that I would make a good sales pitch in rural areas. But, I had a problem I didn't know how to speak Arabic. So, I planned to convey the message through three posters..."



**First poster** - A man lying in the hot desert sand... totally exhausted and fainting.

**Second poster** - man is drinking our Cola.

**Third poster** - Our man is now totally refreshed.

Then these posters were pasted all over the place.

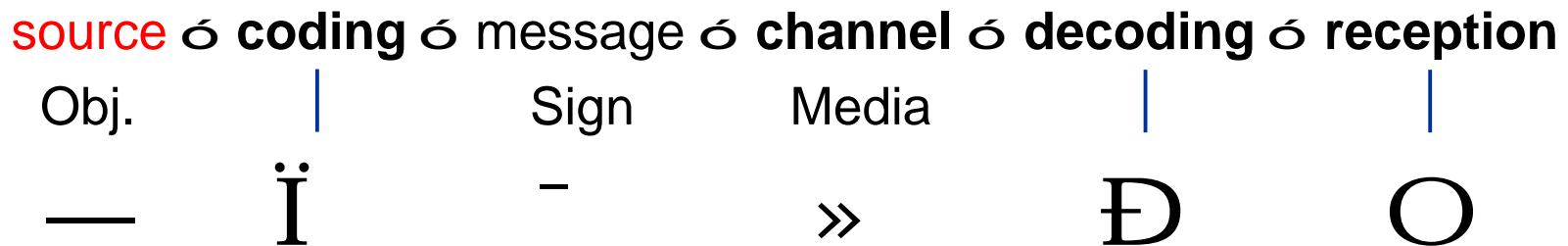
"That should have worked", said the friend.

The salesman replied "I didn't realize that Arabic is read from right to left".

# 1.5 Marketing-mix, MarCom

**Marketing communication** (not “Promotion”!)

What are the mass communication tools (media) for **our** messages to be carried out to our market segments and effectively change their attitudes?



# 1.5 Marketing-mix, MarCom

## Marketing communication

What are the best mass communication tools (media) for our **messages** to change attitudes in the market?



# 1.5 Marketing-mix, MarCom

## Marketing communication

What are the best **mass communication tools** (media) for our messages to change attitudes in the market?

- Advertising
- Public relations
- Sales promotions
- Conventions & exhibitions
- Sponsorships



# 1.5 Marketing-mix, MarCom

## Marketing communication

What are the best mass communication tools (media) for our messages to **change attitudes** in the market?



## 1.5 Marketing-mix, MarCom



+ = dosage has to be considered (ordinal scale)

- Advertising
- + Public relations
- + Sales promotions
- + Conventions & exhibitions
- + Sponsorships

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### Marketing communication-mix

Referred to as **MarCom-mix**

Referred to as **Integrated MarCom-mix (IMC)**



# 1.5 Marketing-mix, MarCom

- advertising
- sales promotions
- public relations
- conventions/ exhibitions
- sponsorships

marketing communication

Supportive models



AIDAS

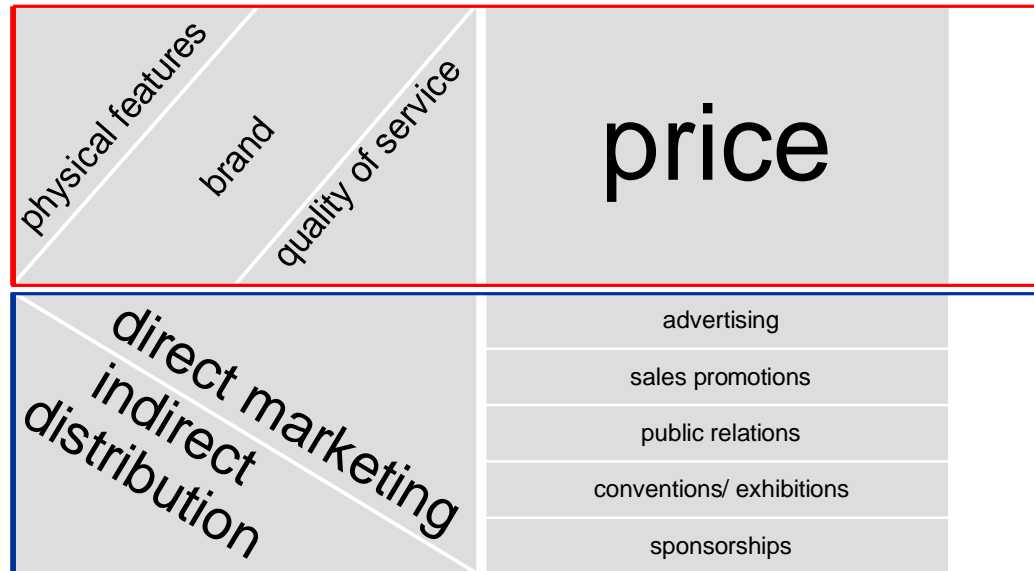


# 1.5 Marketing-mix, promotion



distribution channels + marketing communication = marketing promotion

# 1.5 Marketing-mix of a product



marketing  
offer

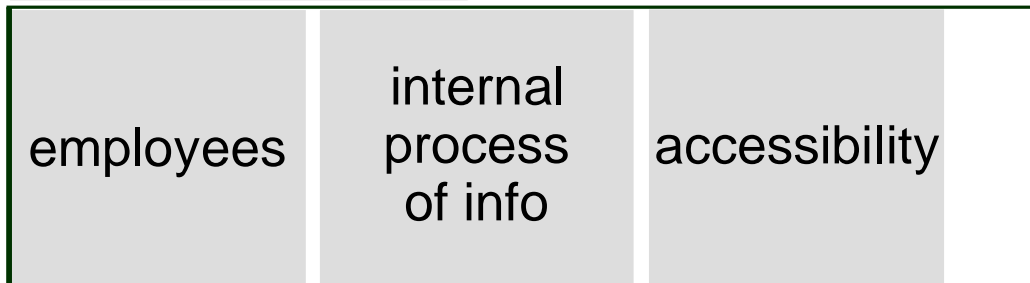
marketing  
promotion

These are the 11 sub-variables to consider when a **product** is offered and promoted.

# 1.5 Marketing-mix of a service



There are three more variables to consider when a service is to be offered and promoted

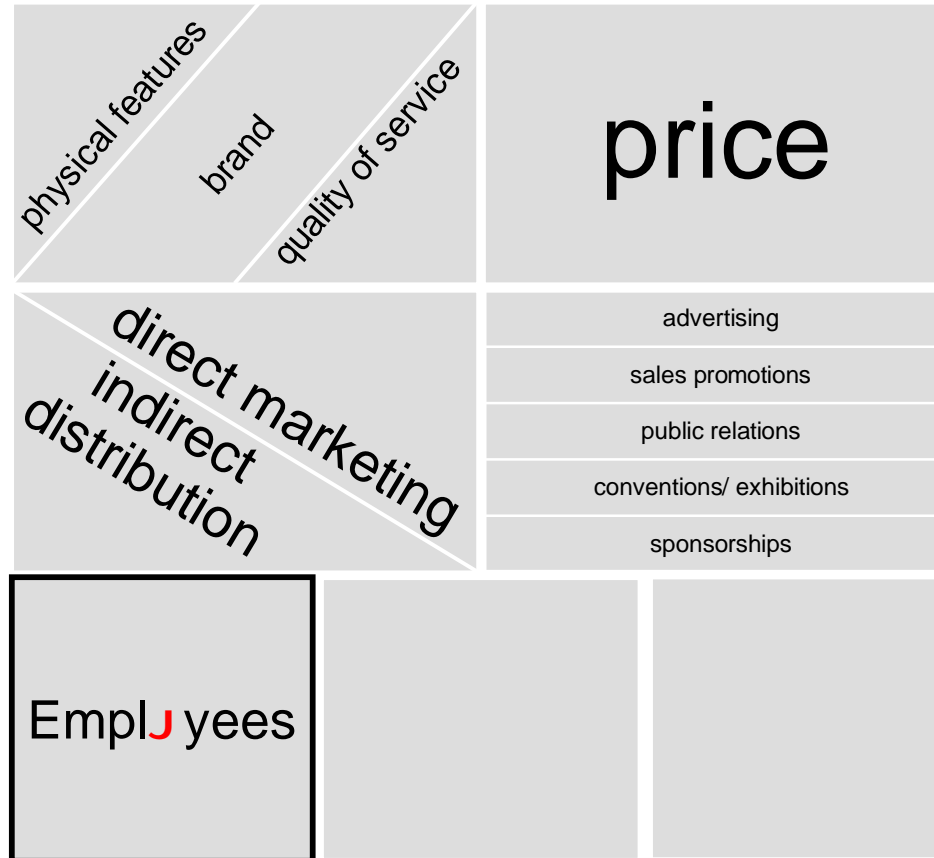


service marketing

# 1.5 Marketing-mix of a service



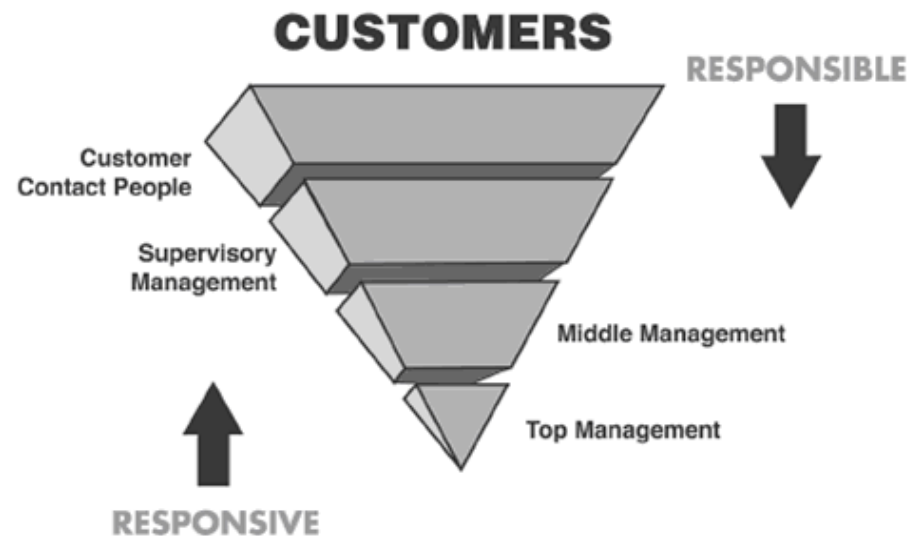
employees



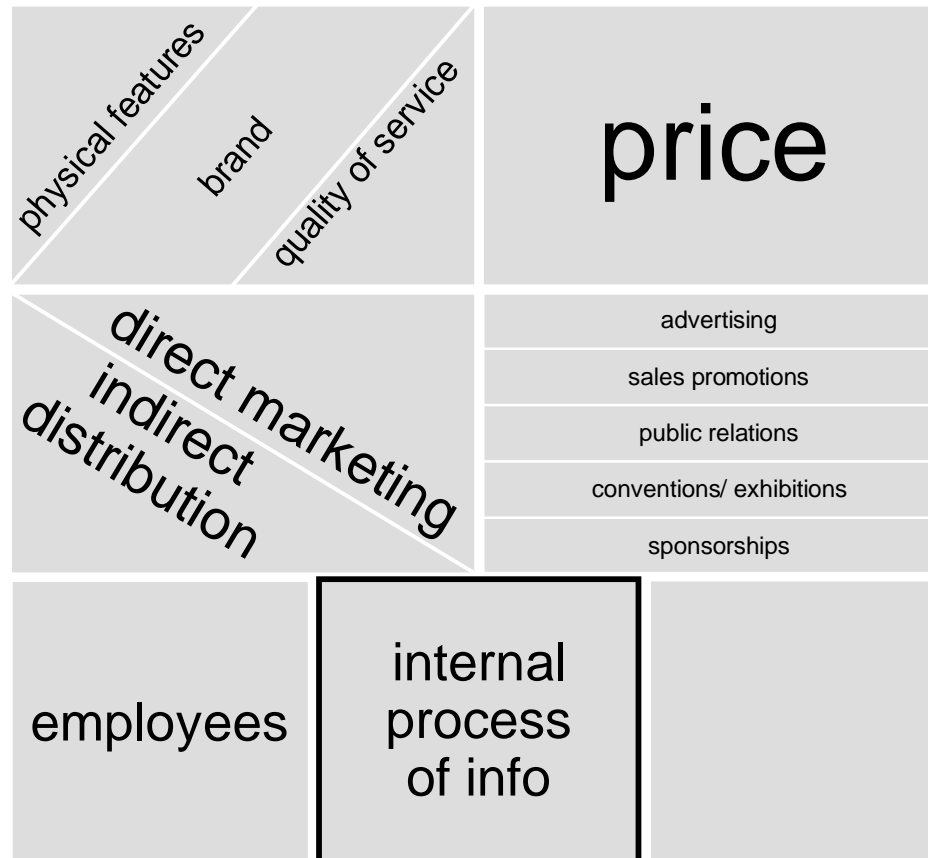
## 1.5 Marketing-mix, employees

### EmpJyees (People)

The crucial human factor of providing a **service**: standards, manners, uniform, etc. - mainly investment in training.



# 1.5 Marketing-mix of a service



internal process of info

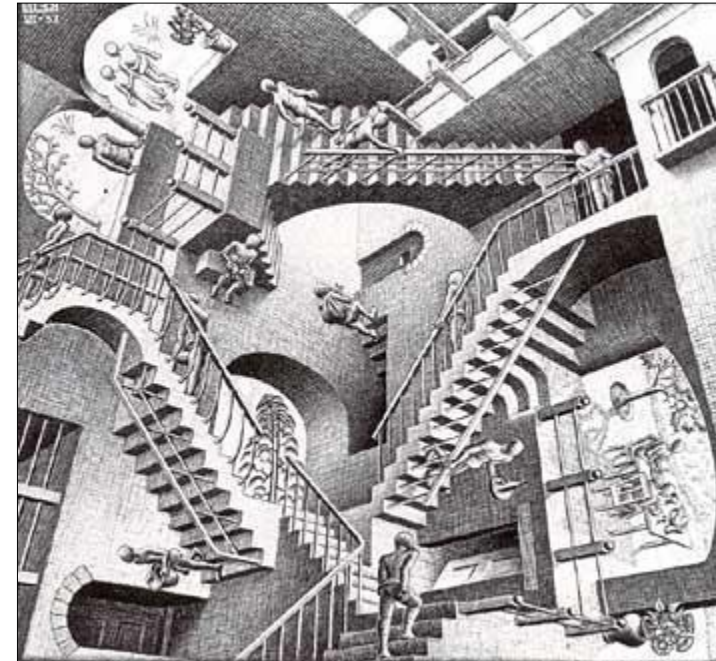
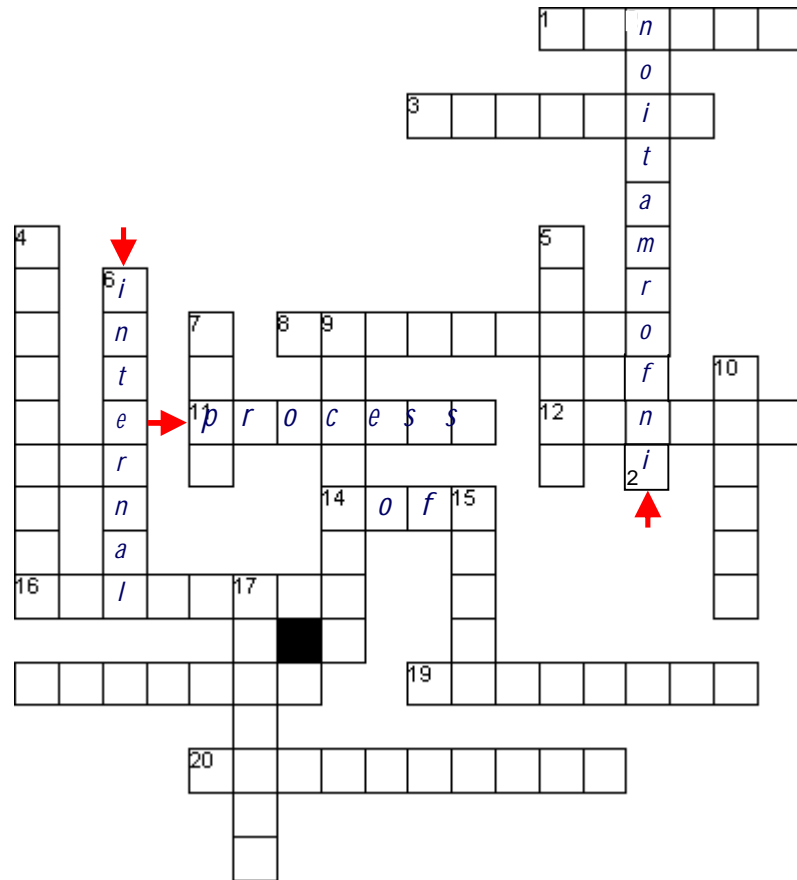
## 1.5 Marketing-mix, process of info

### **Internal process of information (Process)**

The way that information flows within a service-oriented company often indicates the level of uniform know-how and responsiveness of employees at all levels. Such internal information has to flow top-down (i.e.: implementation of decisions & standards), bottom-up (i.e.: suggestion of new ideas, feed-back from the customers) and laterally (similar updates across the same management/ employee level).



# 1.5 Marketing-mix, process of info

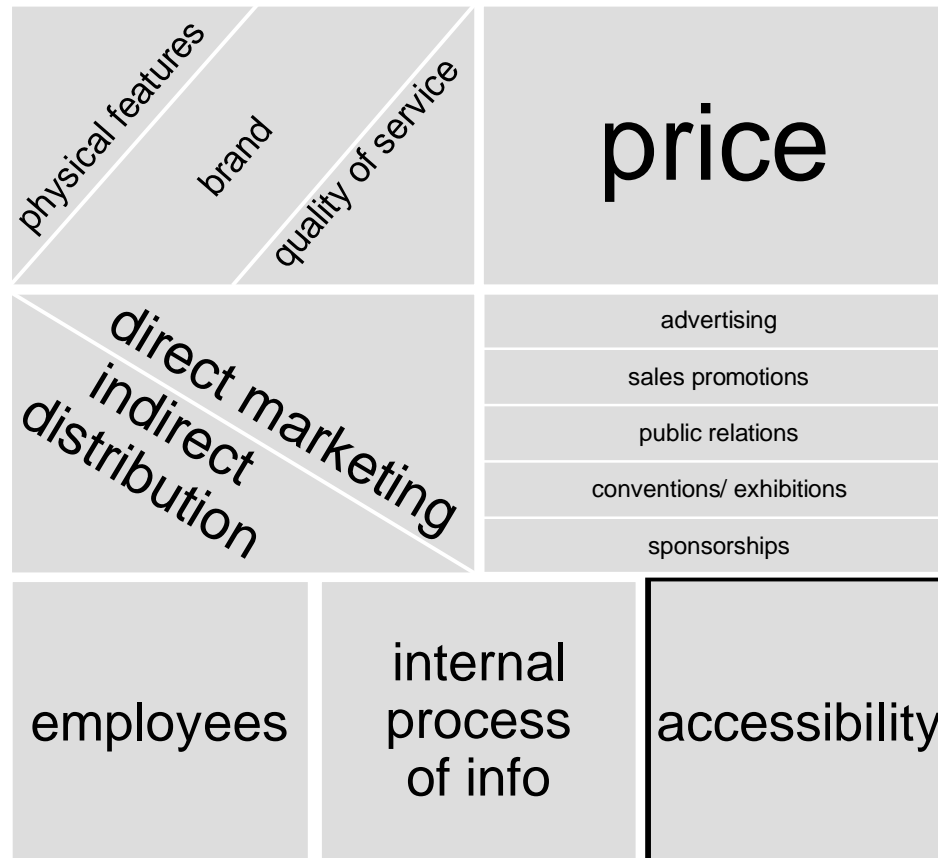


Qualitative internal process of information; top-down ▼ bottom-up ▲ and laterally → strongly supports the interrelation between the service provider and the customer

# 1.5 Marketing-mix of a service



accessibility



## 1.5 Marketing-mix, accessibility

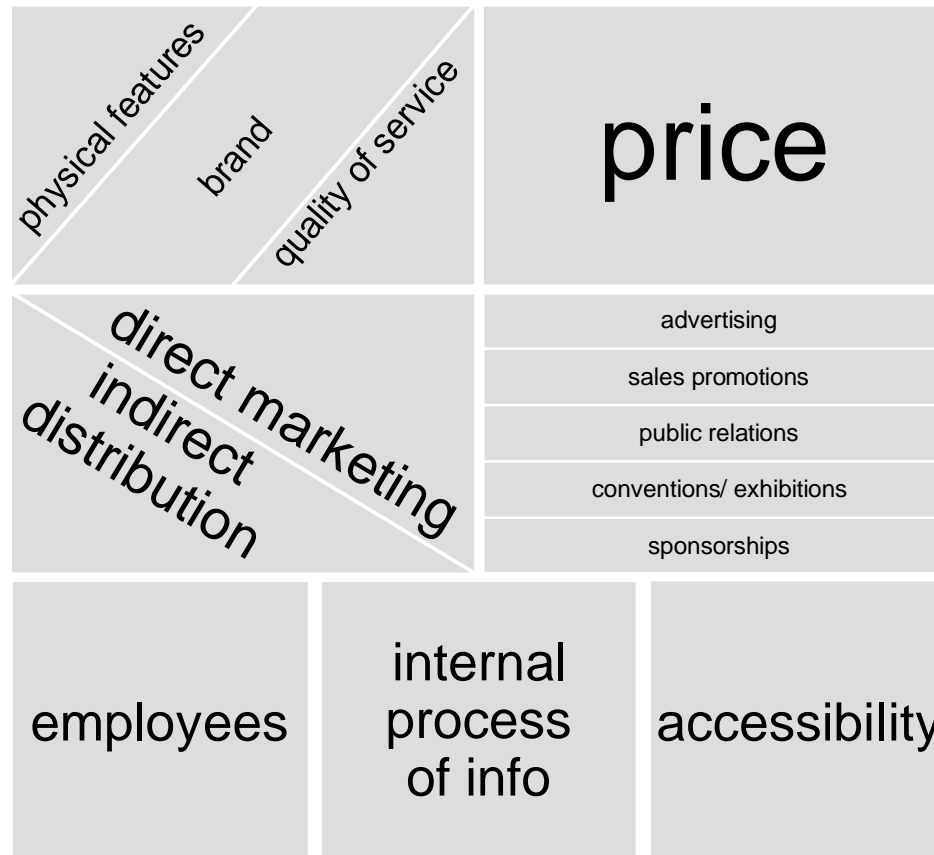
**Accessibility (Place**, but not with its definition from 1960!)

**Service over the counter** - How easy is it to locate the address of the service provider & to reach it (transportation, parking, etc.)? How is it adapted to potential customers, including those with disabilities.

**Virtual service** - Easy Internet address to remember, address strongly related to the offer, how easy is it to locate the real address of the service provider & to reach it (phone, email, fax, etc.)?



# 1.5 Marketing-mix of a service



Now that we understand its variables, how can we use the marketing-mix concept effectively when analyzing the past year's marketing activities (chapter 1 of a marketing plan, the one we are now in)?

# 1.5 Marketing-mix of a service

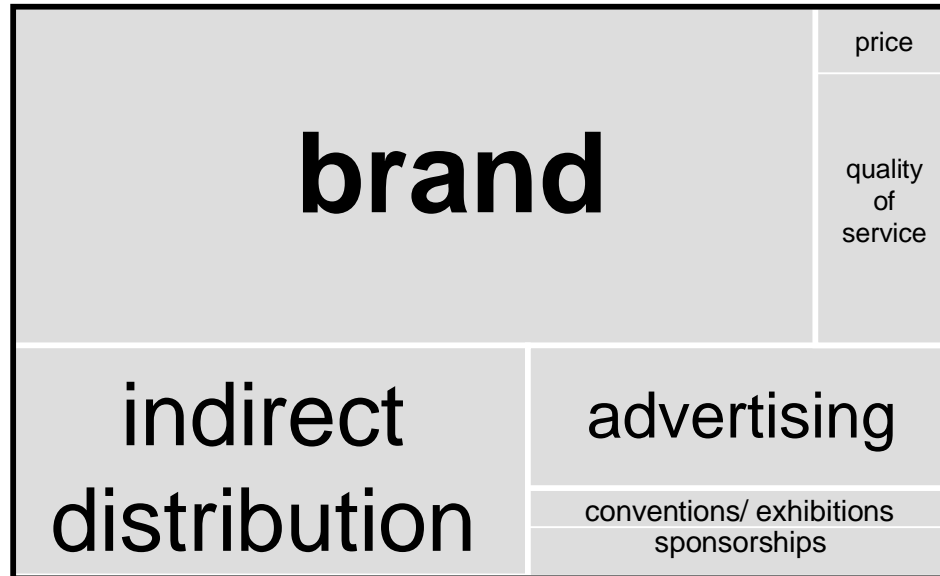


This is a Roman coin that has been discovered in London in 2007 in an area where the Olympic Aquatics Centre will be ready by 2012. The coin is dated AD 330, the time of the Roman Emperor Constantine II



Let's assume that the frame of the marketing-mix represents 100% of our past year's resources: marketing budget & time. The mix can demonstrate the past year's marketing activities as per the priority of each relevant variable.

# 1.5 Marketing-mix of a product

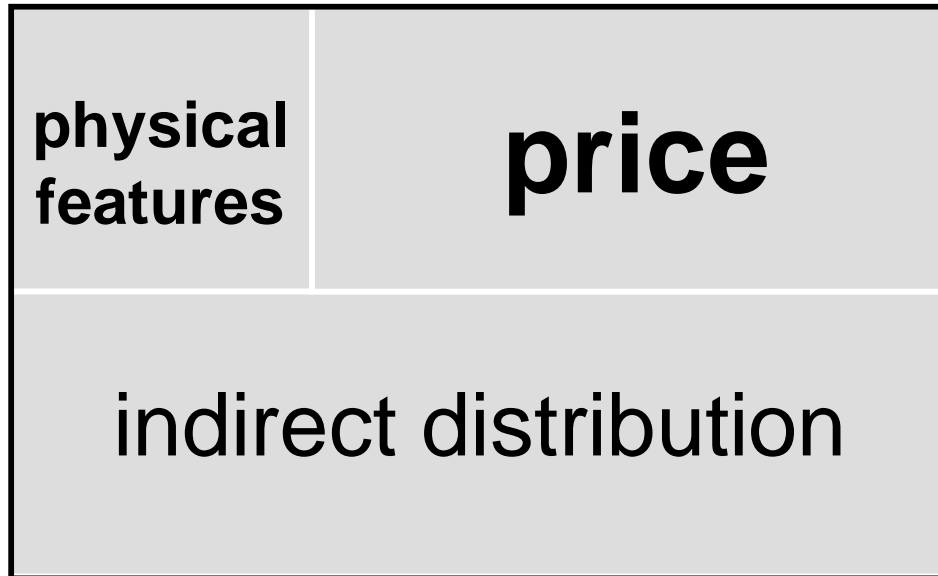


As an example, let's act as the corporate marketing decision makers of an **exclusive brand** such as

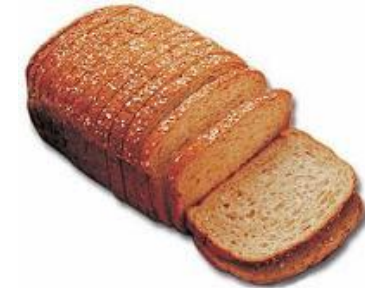


The proposed mix presents the priorities as they were executed during the past year (by using an ordinal scale).

# 1.5 Marketing-mix of a product



Acting as the corporate marketing decision makers of a **basic commodity** such as



Next chapter (2) we will meet again the marketing-mix concept when dealing with marketing objectives: we will draw the desired mix for next year versus the existing one (1.5).



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