

Marketing mix essay sample

[Business](#), [Branding](#)



The marketing mix is often considered as the center of a marketing strategy. It is defined by Kotler and Armstrong (2010: 84) as ‘ the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market.’ These tools are; Product, Price, Place and Promotion, which are commonly known as the ‘ 4 Ps.’ A combination of these four components offers the ability to create a successful marketing mix that will produce the desired results. This essay will first introduce each of the ‘ 4 Ps.’ Next, it will explain how the 4Ps integrate with each other to provide an effective marketing mix with specific examples. Then, it will analyse how other factors might influence on the marketing mix. Lastly, it will explore the importance of the marketing mix in ensuring success and increased profitability for companies. For the context of this essay, Tesco’s Fresh and Easy and Gucci will be used as references. The first ‘ P’ in the marketing mix is Product. For every business, the first stage is the type of product it offers and it can be in the form of goods or services. With advancement in computer technology, new products are consistently being designed and produced.

This creates a very competitive environment where firms operate in. It is therefore necessary that the product satisfy the ever-changing customer needs or wants by creating values. There are broadly two sorts of values. First being the functional value, which is what the product does for its customers. The second being emotional value. This refers to creating a emotional bond with its customers which is crucial for a business when it comes to customer loyalty. Barnes (2006: 5) supported this point by saying that ‘ chiming with customer feelings makes value soar as brands are built

and competitive advantage being fortified.’ All these lead to the theory of product differentiation, where companies are focused to differentiate their products from competitors to create a unique selling point. Product form the core of a company business and differentiating them from its competitors is the first part to a company’s success. The next P, price refers to the pricing strategy that a company takes to achieve its objectives. This is one of the most difficult decision a company must take as Stimpon (2004: 8) put it, ‘ no other business decision requires such careful balancing of potentially conflicting factors-the need to be competitive but profitable too.’

For launching of new products, setting a price too high may result in low demand, while in contrast a too low price undermines profitability. It is also worth noting that pricing strategy of a product varies with regards to the different stages of a product’s life cycle. Prices have also got to be consistently monitored and compared with competitors as all these affects the profitability of a company, since prices affect demand for the product. In addition to profitability, prices also have psychological effects on consumers and it also might encourage competitors to enter the market. Although generally low prices will lead to a higher consumer demand of a product, it may work the other hand as prices also have an effect on influencing consumers’ perception of the product’s quality and image. A reduction in prices for high-end fashion retailer like Gucci will result in the long-term damage of the brand name, which will in turn reduces its appeal to consumers. Lastly setting high prices may encourage competitors to enter the market to have a share in the lucrative market. Setting the correct prices are directly linked to the product the company offers, as different pricing

strategy can be used for different products. As seen from the example of Gucci, they use the price leader strategy where prices of their products are higher than the market average.

They are able to do this as their business has a dominant brand name.

Conversely a company such as Coca Cola, whose products are meant for mass consumption can use the price taker strategy, which is to set a price in line with that of competitors. After establishing the product and price, it is necessary to establish the place. As described by Stimpson (2005: 16), this decision involves 'making the product or service available to consumers in the most appropriate way.' Three major issues are being considered under this and it includes the place where the company's product will be sold, how these outlets are going to stock the products and lastly the distribution channels where the products reach the consumers. Decisions have to be made depending on the company's objectives. For example, beverage products have the objectives of maximising market share, thus they have many ways in which their products can be found such as in restaurants, supermarkets and vending machines.

This is in direct contrast with luxury, exclusive brands like Gucci. Similarly for distribution channels, Stimpson (2005: 18) added that an insurance company, Esure cut off the traditional 'middleman' of the insurance industry by having contact with consumers directly through the internet which lowered costs. The lowering of such unnecessary costs appeal to consumers and gave the company a competitive advantage. Decisions on place therefore, are also an important factor in determining success of a company.

Now that the company has established the product, prices being set and the means of distribution being established, the last and final 'P' is the promotion of the product. Stimpson (2005: 4) stated that 'promotion is not just advertising, although this can be an important part of a promotional strategy. It is about communicating with consumers or potential consumers in order to sell them a product.' This includes 'sales promotions, personal selling, public relations and direct marketing.' (Brassington, F & Petitt, S 2006: 31) To boost short-term sales, companies can give sales promotion or do effective merchandising by having their products being displayed in prominent and eye-catching places in their retailer's shops. Other methods of promotions include creating awareness of a product and enhancing the image of a brand.

This is the most effective way towards a company success as it is a long-term strategy bringing customer loyalty to the firm and at the same time attracting new customers for its products. It is worth noting that although promotions are of massive importance, the selection of the right promotional strategy involves risks as they often incur huge costs and the benefits are often difficult to weigh, thus it is necessary to keep in mind of the budget and the marketing objectives when it comes to deciding the correct promotional strategy. The four components of the marketing mix are all of various importance and each of them is just one part of an overall strategy. Any decisions made will have to take into account of the entire marketing mix and decisions about any one of them should not be made without an overall strategic vision. Stimpson (2005: 18) supported this point by saying

that ‘ this strategic focus will lead to the four Ps being wield together into an integrated and coordinated mix.’

Products sold through exclusive retailers supported by extensive advertising are always likely to be at a premium price. Likewise, low prices are always likely to be for mass-market products. If elements of the marketing mix are being integrated wrongly, consumers are likely to be confused by the lack of integration of the four elements, resulting in the failure of the marketing mix. For example, Gucci will not have their products being retailed on every high street in the country, as this will damage their style and brand. The relatively few retail stores are always carefully picked, with appropriate pricing and promotion strategy being used are typical for such exclusive products. Gucci, an Italian fashion and leather goods label, is one of the most recognisable brand in the world. It operates several stores worldwide and wholesales its products through franchisees and upscale departmental stores. The unique selling point of Gucci is its brand name and image. Gitman and McDaniel (2008: 295) supported this by saying that the name, Gucci ‘ creates extra value for everything from cosmetics to bath towels. ‘ This can only be done with a carefully thought pricing strategy aimed at high-end affluent consumers.

One problem Gucci was facing in the 1990s was the many product-licensing agreements that Gucci had then. The brand name was indiscriminately licensed to over 13, 000 product lines and the products are available within 18, 000 outlets worldwide. (Bruce, M Et. al 2004: 22) For a brand that relies on exclusivity, the profitability of the business was badly affected and the

company had no control over its identity and brand image. When Tom Ford assumed the position of Creative Director for Gucci in the 1990s, his main task was to end these agreements and embarked on a ruthless brand control campaign by controlling the ‘placing’ aspect of the marketing mix. By retaining control of the brand and reducing the availability of its products, Gucci was successfully re-engineered and is now one of the world's most profitable and respected fashion brands. It is also worth noting that though each of the components are important, they are not all equally important. Marcouse (2008: 164) states that ‘in most cases the product is the vital ingredient. No amount of marketing effort will make a poor product succeed.’

However, a good product without the appropriate supporting components will also fail, thus although the balance of the marketing mix will vary. This makes it important for managers to strike the right balance of the marketing mix to ensure success. We can see this from the failure of Tesco's ambitious expansion strategy in the US with Fresh and Easy. Tesco on their part have done massive preparations for this expansion and this can be seen from its investment in a huge distribution center at the Meridian Business Park near Riverside where it will serve 550 Fresh and Easy grocery stores in Southern California, Nevada and Arizona. (Pierceall, K 2009) They have identified sites, analysed population densities when it comes to opening their stores. They also have a massive promotion campaign where they market their stores as ‘neighbourhood stores selling fresh, cheap food that is comparable to the largest retailer, Walmart.’ (Rigby, E 2010) With such an extensive preparation, they are earmarked for success, however the product they are offering does not appeal to the market. The gap in the market for such stores

through an extensive market research were eventually found to be incorrect as described by Tesco's head of US business, Tim Mason (2009). He says that while conducting their market research, they did not 'poke around the American's garages, where they found huge freezer chests bulging with stockpiled meat bought on special offer.' (Kay, W 2009)

The incorrect product and services offered, lead to a problem of not achieving their pricing strategy of offering the lowest prices. Fresh and Easy are simply not able to compete on prices with consumers who purchase groceries on bulk discounts. Eventually it led to Fresh and Easy making huge losses. This clearly shows how inappropriate use of the market mix led to failure of a company. The failure behind Fresh and Easy shows that other factors does have an influence on the marketing mix in determining success for a company. Market research is one of these factors as incorrect market research by Tesco was blamed for the failure of not recognising the tastes and preferences of American consumers, which eventually lead to the failure of Fresh and Easy.

As shown from the example of Tom Ford and Gucci, the management plays an important part in influencing the marketing mix as well, which brings to the notion of 'People' being the fifth 'P.' According to Baker and Hart (2008), it is 'people who plan and devise marketing mixes, it is people who implement such plans. In determining success of a firm, it is the quality of implementation of the marketing mix that distinguishes success and failure. In conclusion, the marketing mix plays an important role in ensuring success and increased profitability for a company. Though it have to be properly

managed as seen from the success of Gucci and the failure of Fresh and Easy. Each of the 4 Ps mentioned plays a part in deciding a company's success, though it is the careful integration and management of all of them with external influence such as market research that determines success.

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