Marketing Mix Essay, Research Paper

Assignments 1 Marketing mix Scott Straughan

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Analyse the contribution a correct marketing mix can make to the successful marketing of a product or service.

For the purpose of this essay the words analyse shall mean to break down the marketing mix into its individual components. Successful marketing shall mean good sales of a product .The word product can mean a product or a service.

The correct marketing mix of a product can be the difference between success and failure, it is therefore important to get the right mix. The marketing mix was first used by Neil Borden in 1964. Marketing mix refers to a set of marketing variables, a firm has to get the right mix of these variables to produce the response it wants from a target market. A marketing mix includes everything a firm can do to influence the sales of its product, these can be sort into four groups which we call the 4p s.

The product (means product or service) in order to sell must have a good image or brand name, a new product will sell better if it already has brand recognition. Branding gives a product an identity the customer can become familiar with, this may be a name, logo or a colour scheme, or it may be special packaging. A product must meet a customers needs, provide a function and have extra benefits. Take for example Kellogg s nutragrain, its meets a need for a on the move breakfast and it has the extra benefit of being healthy for you. Kellogg s also marketed this product on the strength of its brand name. Companies always have to carry out market research to find out the acceptability of a product. Product concept says that consumers will buy the products that offer the best quality, performance and features and that a company devote most resources to making continuous improvement Some companies may offer several lines of product this is known as the product mix, take Ford for example they have small cars to meet the needs of the driver on a budget, up to larger company car drivers. Each targets a different market, Ford have designed a range to meet everybody s needs. The product mix defines the companies marketing strategy, a company can increase its business in four ways :-

1. Add new product lines widening its product mix

2. Lengthen existing product lines

3. Add more product versions of each product

4. Pursue more product line consistency, or less, depending on whether it wants to have strong reputation in a single field or in several fields

The price of a product should reflect its cost to make, companies will often give special offers on new products to boost sales and get brand recognition. These offers may include credit terms, discounts or larger amounts (buy one get one free), this is known as penetration pricing and although it gives a lower profit margin can lead to a bigger market share, penetration is used when direct competition is high. Setting international prices can cause problems, most companies nearly always sell their products for more abroad, and it must add the cost of transportation, tariffs and wholesaler mark up. If demand for a product is high prices are usually raised, if demand is low prices are dropped to encourage sales. Another pricing strategy is market skimming, prices are set high at first and then lower them over time as you start to keep up with demand, or when competitors start to move in. Mark-up pricing is the pricing of a product based on cost, it costs x amount to produce the mark-up may be 50% higher, the mark-up price represents the profit margin. Commodity products use a going rate pricing strategy, for example a petrol station would not get away with charging much higher prices than the garage next door. Some companies carry out market research first to find out what customers will pay then design a product on that budget.

The place, this is the path to the buyer. The length of distribution channels can affect price and specifications may need to be changed to comply with different countries, car manufacturers have to make right hand drive cars for England. It is sometimes more cost effective to manufacture the product where it is sold, the Japanese had this problem, they had the longest distribution channels and decided to open factories in England. A company can draw up a channel map taking into account all the middlemen agents, shops, wholesalers etc. There is also the question of control, when AES launched the worlds first word processor, it signed up the Lanier company to handle U.S. sales, and Lanier started selling the AES product under its own name. When Lanier switched suppliers because of competition. AES had no control over the U.S. market, to increase its market share it had to start from the beginning in a market it created. If it is too expensive or risky to launch a new product in an existing market, it makes sense to take the Lanier route, your partner absorbs the up front sales expenses leaving you to concentrate on product development. Freeport s help third world countries encourage investment and now represent 9% of world trade, it is difficult to compete with Freeport s and they provide exemption from taxes, duties, minimum wage controls and even health and safety legislation.

The promotion of a product involves advertising, some companies adopt the same advertising strategies as the home country and some have to change it, a product name in English may mean something offensive in Italian, Kellogg s had to change the name of their bran buds in Sweden where the name translates to burned farmer . Coke-cola use a standardised advertising strategy worldwide. When marketing a product marketing manager refers to its lifecycle, this helps a company predict when sales will drop, they can then launch different models or a more aggressive marketing campaign (see graph 1). In year three a mail shot may be introduced increasing sales for a further two years educate the market and aggressive selling , in year five a television campaign is introduced increasing the life of the product for a further four years actively establish image or brand with competitive selling , and in year eight a new design may be introduced increasing the sales for a further two years protect brand and market position . This is called market saturation at the point the company must maintain brand name while keeping costs to a minimum. There comes a point when a product reaches the end of its lifecycle, money spent on promotion will not increase sales at this point costs are reduced to the lowest possible. The main goal of advertising is to educate the customer about a product and what benefits it can give them. A company can advertise in many ways exhibitions, sponsoring, press releases, freebies, brochures and the Internet. Even bad publicity can promote a product, the film reservoir dogs what criticised for being to violent but received a lot of publicity for it and had high sales. Stella Artois turned a bad point into a good using the slogan reassuringly expensive . A lot of supermarkets are now using loyalty card this help them with market research and promotes customers loyalty. Walkers use schools to promote their crisps with the free books for schools campaign. The Internet is rapidly changing the way a company promotes its product, e-commerce is the wave of the future, more and more companies are using the internet to reach there target customers.

Sometimes the following are added to the four p s

+ People

+ Process

+ Physical Evidence

The customers reaction to the four p s are the four a s

+ Awareness – Developed through promotion

+ Availability – Dictated by distribution or place

+ Affordability Function of price

+ Acceptability Determined by product or service, found out through market research

All these are linked together each affects the other and a good marketer should have the correct mix of all of these. The output you get will depend on all these inputs. The focus of all these is the customer a company should have market orientation and should adopt a marketing philosophy. Marketing is a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others .

References

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