

MARKETING MIX

SUBJECT : (ENTREPRENEURSHIP)
CHAPTER NUMBER: 5
CHAPTER NAME : CONCEPT OF MARKET

CHANGING YOUR TOMORROW

MARKETING

- Marketing is a process of discovering and translating consumer needs and wants into products and services, creating demand for these products and service and then increasing this demand.
- There are a number of aspects involved in marketing a product or a service. Some of them are controllable and others are uncontrollable .
- controllable aspects are:
 - The features of the product,
 - Its" price
 - Its selling system i.e. through own salesmen/retailers
 - It's selection regarding the advertisement mode etc.

➤ **Uncontrollable aspects:**

- Availability of required raw material
- Cost and quality of the required materials
- Economic condition prevailing in the country
- Technological condition
- Political condition

MARKETING MIX

- The combination of variables chosen by a firm to prepare its market offering is called marketing mix.
- Step by step process of preparing market offering:
 - (a) Firstly, choosing the PRODUCT that would actually meet the identified needs of the chosen consumer group.
 - (b) Secondly, by performing various DISTRIBUTION functions like transportation, ware housing, channel management etc.
 - (c) Thirdly, by carrying out a number of PROMOTIONAL measures like advertising, sales promotion etc.
 - (d) Lastly, by using the PRICING mechanism to achieve the consummation of the marketing process, striking the balance that is acceptable to the firm as well as the consumers.

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BENEFITS OF MARKETING MIX

- Benefits from Marketing Mix:

Marketing mix is future marketing strategy to boost sales. It is a planned activity aimed at progressive growth of the enterprise. The enterprise is benefited by the marketing mix. Benefits are summarized as under:

1. Product Oriented:

- (i) According to needs of the customers
- (ii) Saleable quality
- (iii) Improving the quality
- (iv) Attractive designing and packaging
- (v) After sales services

2. Price Oriented Benefits:

- (i) Determination of price according to the paying capacity of customers
- (ii) Fair pricing of the product
- (iii) Credit facility
- (iv) Discount and allowance.

3. Promotion Oriented:

- (i) Advertising
- (ii) Sales promotion
- (iii) Personal selling.

4. Distribution Oriented:

- (i) Availability at the right place
- (ii) Availability through convenient outlets.

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FACTORS AFFECTING MARKETING MIX

A. Consumers' buying Behavior

- (i) Buying habits
- (ii) Living habits
- (iii) Purchasing power
- (iv) Attitude and preferences
- (v) Local environment, situations
- (vi) Number of consumers of the product

B. Dealers' Behavior: The behavior of wholesalers and retailers is studied:

- (i) Motivation
- (ii) Structure, practice and attitude of dealers
- (iii) Financial strength of dealers
- (iv) Expected change in the behavior

C. Competitors Behavior

- (i) Size and strength of competing units
- (ii) Number of competitors
- (iii) Practices and attitudes of the competitors
- (iv) Motives
- (v) Trends in demand and supply

D. Government Behavior: It implies government controls regarding:

- (i) Products
- (ii) Prices
- (iii) Competitive practices
- (iv) Restrictive Trade Practices
- (v) Advertising and Promotion

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MARKETING MIX VARIABLES

- Marketing mix is a plan which designs marketing strategy regarding controllable variables of market mechanism, i.e., obtaining the perfect blend of marketing elements – 4 P's, in a way that there are optimum sales and optimum profits, the entrepreneur needs to have the four P's.
- It presents the best possible combination of basic marketing variables:

(1) Product

(2) Price

(3) Place

(4) Promotion

PRODUCT MIX

- It refers to all decisions related to product such as decisions related to feature, packaging, labelling and branding of the product.
- Product can be classified on the basis of:
 - (a) Durability - perishable, non-durable, durable services
 - (b) Utility– capital/producer goods, consumer goods, intermediary goods
 - (c) Weight wise - heavy and bulky goods, voluminous goods Standard quality products satisfy the society.

- Marketing of the product requires on part of the entrepreneur to carefully plan out following dimensions in reference to their proposed product.
 1. Volume of output, sales growth potential
 2. Shape, size, weight, colour, features
 3. Quality and standard of the product
 4. Design and range
 5. Brand name
 6. Packaging and labeling
 7. Product testing
 8. After sale service

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PLACE MIX

- Physical distribution is the task of moving the goods and services from the place of production to the place of their consumption. The entrepreneur generally decides upon:
 - (a) Channels of distribution
 - (b) Modes of distribution

CHANNELS OF DISTRIBUTION

1. **Direct Channels/Zero-level:** Through this channel, the producers supply the products direct to the consumers. The producer, here either supplies directly to the consumer or through its retail outlets. An ordinary single bakery, Frontier Biscuits, Bata Shoe Company, etc. are the examples of this type of channel.
2. **Indirect Channels:** In this type, the producers supply their products through one or more intermediaries.

According to the number of intermediaries, the following are the types of channels:

Producer- retailer – consumer

Producer- wholesaler- retailer- consumer

Producer- agent- wholesaler- retailer- consumer

FACTORS AFFECTING CHANNELS OF DISTRIBUTION

- Product related factors
- Market related factors
- Efficiency of middlemen
- Tendency of producer

MODES OF DISTRIBUTION

- It includes all the activities relating to the physical movement of product from the seller to the buyer and includes decision relating to:
 - Transportation
 - Warehousing
 - Inventory control of products.

FACTORS CONSIDERED WHILE SELECTING MODES OF DISTRIBUTION

- Cost
- Flexibility
- Availability
- Nature of Commodity
- Requirement of customer
- Duration involved
- Speed and safety parameters.

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PROMOTION MIX

- It refers to the combination of promotional tools used by an organization with the twin objective of informing the potential customers about the product/ service and persuading them to buy it.
- **ROLE OF PROMOTION MIX:**
 - (1) Do image building of product.
 - (2) Create product identity
 - (3) Educate consumers
 - (4) Boost sales and profits
 - (5) Ensure consumer's satisfaction
 - (6) Keep memory alive for a product in economy.
 - (7) Encourage innovation

TOOLS- ELEMENTS OF PROMOTION MIX

1. Personal Selling: An art to induce people to buy the product. It is an effort to win the everlasting confidence of the consumers.
2. Advertising: An activity which establishes non-personal contact with the customers regarding the product, idea and service.
3. Publicity: Unpaid mention of the enterprise, its product, and brand by the news media in newspaper, journals, radio or television
4. Exhibitions and Demonstration: Promoting the product, where the enterprise may display product in fairs and exhibitions
5. Public Relations: The enterprise may start public contact programmes to introduce the product in the market.
4. Sales Promotion: It is an effort to stimulate customers to buy more and more of particular commodities buy one get one free, discount coupons etc.

FACTORS AFFECTING CHOICE OF ELEMENT OF PROMOTION MIX

- Cost
- Effectiveness
- Objective
- Coverage
- Market trend
- Competitors tool
- Nature of the product
- Consumer targeted

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PRICE MIX

- Price of a product is the amount of money paid by the buyer to own the product or service. To put it simply, „price“ is the exchange value of a product. Basically, price revolves around two major components:-
 - (a) Utility: The generic property of the product to satisfy the need or want of the consumer.
 - (b) Value: The quantitative worth the consumer attaches to the product, for which he is willing to part with a certain quantum of money.
- The factors that influence the pricing decisions of any enterprise can be categorized into two:-
 - (i) Internal Factors
 - (ii) External Factors

- Before finalizing the price, the entrepreneur must work out in detail the following factors:
 - a) Cost of the product
 - b) Demand for the product
 - c) Competition in the market
 - d) Government regulations related to pricing
 - e) Consumer behavior
 - f) Objectives of the enterprise
 - g) Terms of credit

IMPORTANCE OF PRICING

- Key to revenue
- Attract customers
- Edge over competition
- Crucial to profits
- Platform for achieving other objectives

METHODS USED FOR PRICING

a) Cost Plus Pricing Method

b) Variable Price Method

c) Base Price and Discounts Method

d) Market Rate Method

e) Skimming Price Method

f) Penetrating Pricing Method

- Thus, as marketing mix is a future marketing strategy, to boost sales and capture the major market area, it should be
 - Properly Planned Aiming at Progressive Growth of Enterprise
 - Realistic and Attainable
 - Flexible but Deterministic
 - Effective and Efficient.

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