MARKETING MIX

A firm's "marketing mix" is the combination of the elements of marketing and what roles each element plays in promoting its products and services and delivering those products and services to its customers.

ELEMENTS OF THE MARKETING MIX
The elements of the marketing mix are referred to as the 4 P's of marketing and was originally identified by Philip Kotler.

THE 4 P'S OF THE MARKETING MIX

Product – The products or services offered to your customer: Their physical attributes, what they do, how they differ from your competitors and what benefits they provide.

Price – How you price your product or service so that your price remains competitive but allows you to make a good profit. There are many pricing methods – Going Rate Pricing; Fixed Distance Pricing; Pricing to achieve a Gross Margin; Price arrived at under Cost-Volume-Profit Analysis (using the Breakeven Formula).

Place (Also referred to as Distribution) – Where your business sells its products or services and how it gets those products or services to your customers. Identifying the likely place of consumption is particularly important in the age of the internet where many products and services are now exclusively acquired "over the net", for example Airline Tickets. "Place" may also be used in your marketing strategy to differentiate you from your competition (for example, a cosmetic that is exclusively available through high street pharmacies rather then through supermarkets).

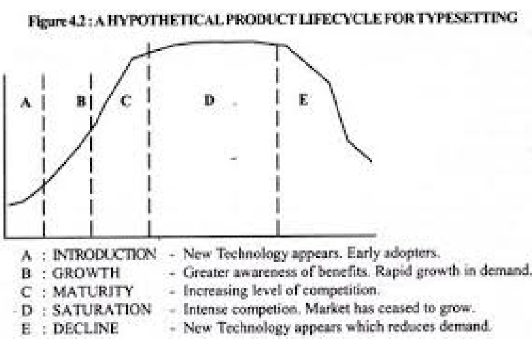
Promotion – The methods used to communicate the features and benefits of your products or services to your target customers.

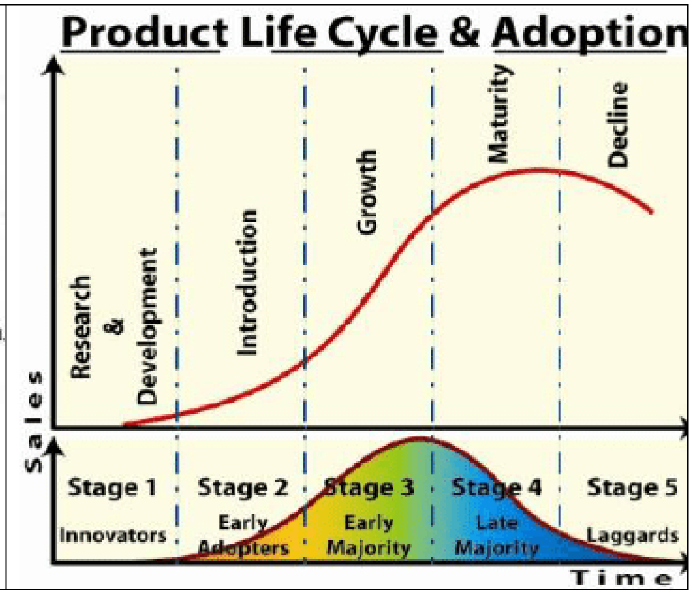
PRODUCT LIFE CYCLE

Another import factor in marketing is recognizing that products and services may have a limited life cycle. Currently, there is a move from car ownership to car usage (GoCar.ie). The sale of DVD players is now significantly in decline on account of “on demand” services available from Cable and Satelite TV companies.

So, for long term Sales Budgeting, it is important to recognize changes in customer behaviour, in the development of new competing technologies and in Government legislation and determine the impact they can have on the life of the product or service that an enterprise provides.

The stages of a Products Life are set out in the 2 complementing diagrams below:





Recent examples of sectors having to adapt to changes in customer behaviour where the product or service has significantly declined include:

- Video / DVD Rental stores – are no longer viable and have completely left the high street on account of digital technologies.
- Cigarette Vendors – due to decline in the number of smokers and the illegality of displaying brands on the front of vending machines.
- Travel Agents – sales of point-to-point flight tickets have moved almost exclusively to the internet. The only significant product line left is the sale of package holidays.
- Traditional and digital cameras – sales have collapsed on account of the facility to take digital photos using smart phones. Dixons, which was originally established in the 1920’s as a camera shop, has now totally ceased selling cameras and has adapted and moved into other technologies.
- Coal Merchants – the move away from fossil fuels to provide heat and energy has severely affected the sale of coal, turf and briquettes.

These are all examples of sectors that have seen their product or service move to the decline stage of the product life cycle.