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with Erica

Business English for students & teachers

STUDY GUIDE

how you discuss the MARKETING MIX

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1

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TRANSCRIPT

INTRODUCTION

So, I've got two pens.

Now, on the surface, these pens are the same thing. The function of a pen is to write. And with both of these pens, I can write. I can write, I can draw, I can doodle, I can write in my notebook whenever I want to with either pen. But, at the same time, they're different.

Now, let's look at this pen first of all. Now, I bought this pen in the local supermarket. I went in to do some food shopping, and I saw a shelf promotion, and I saw a packet of these pens, and the price was very good. It was less than 10 Euros, and they were in different colours. And I bought the pens. Now, my perception of the pen is it's not of a high quality. It does the job, it writes, but it's of a very light plastic, it's very light in my hand. I'm not very worried about the status of the brand. My perception is, the way that I see the brand, is it's a lower quality, it's cheap, and as I say, I'm not worried about the status of the brand, and I wouldn't be upset if this pen broke tomorrow.

Now, this pen is very different. Now, this was my father's pen, and he had it for years and years and years, and I've had it for a number of years myself. And it's from a very well-known brand. It's a luxury brand. It was very expensive, and it was a present to my father from an employer of his. Now, the pen feels very different. I know it's a luxury brand. I know it's expensive. It's made of a very good material. It feels very heavy. It feels really chunky in my hands. And I would be very upset if I did lose this pen or if it stopped working. I'd probably go out and get the pen repaired. There is some advertising for this pen, and I've seen some celebrity endorsements for the pen as well.

So, what's the difference between these two pens?

Well, the difference really comes down to marketing, and it comes down to what we call the **marketing mix**, or the **4 Ps of marketing**. And the marketing mix or the 4 Ps, is the same thing, and it's a fundamental framework that's used for marketing in business.

And we should look at these 4 Ps of marketing.

So, the 4 Ps of marketing are pretty easy to remember.

They're:

product

price

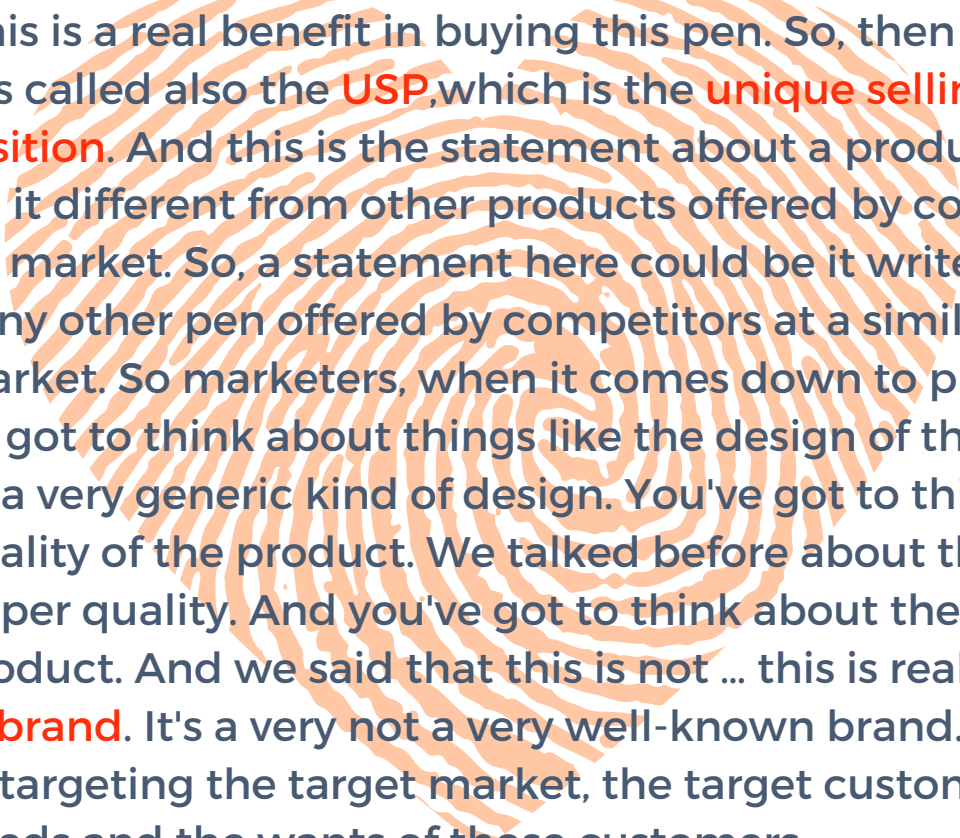
place

promotion.

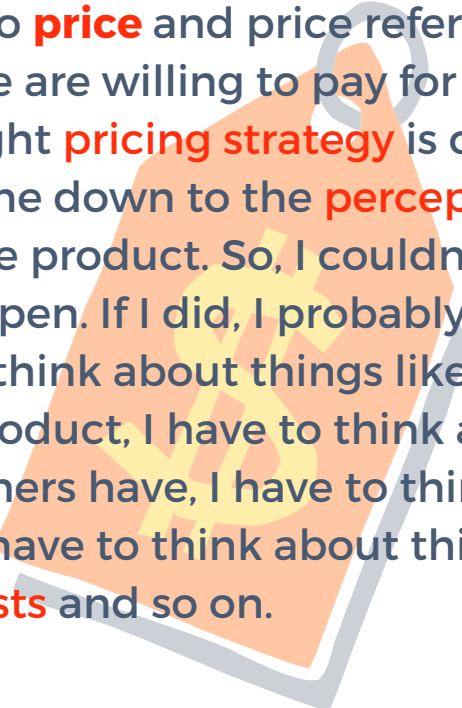
Now, the **product** refers, of course, to the actual product that's offered to the **target market** of the customers. And product includes things like **features** and **benefits**.

So, what are features and benefits?

Well, if I look at my black pen again, and I look at the features of this pen, well, the features are the physical things that the pen has. It's around about four inches long. It's made of a black plastic. It has a black cap. If I take off the cap, it has a nib for the pen, and it has a filler inside of the pen. Now, these are the things, the physical properties of the pen. But if I look at the benefits, the benefits are the things that the pen gives me. And I can say, well, one of the benefits of this pen was it was very cheap, and it's more than fulfilled its function for the price that I paid. And you could argue that this pen, for its price, writes longer than any other pen on the market. And this is a real benefit in buying this pen.



And this is a real benefit in buying this pen. So, then we come to what is called also the **USP**, which is the **unique selling proposition**. And this is the statement about a product that makes it different from other products offered by competitors on the market. So, a statement here could be it writes longer than any other pen offered by competitors at a similar price on the market. So marketers, when it comes down to product, you've got to think about things like the design of the product. This is a very generic kind of design. You've got to think about the quality of the product. We talked before about this feels like a cheaper quality. And you've got to think about the branding of the product. And we said that this is not ... this is really a **no-name brand**. It's a very not a very well-known brand. And it's all about targeting the target market, the target customers, with the needs and the wants of those customers.



OK, so let's come to **price** and price refers to the amount of money that people are willing to pay for a product or a service and getting the right **pricing strategy** is crucial for a company because it will come down to the **perception of value** that people have for the product. So, I couldn't offer this pen at the same price as this pen. If I did, I probably wouldn't sell the product. I have to think about things like my **target market**, the demand for the product, I have to think about the **purchasing power** that customers have, I have to think about my potential **profitability** and I have to think about things like the quality and the **production costs** and so on.

So, then I come to the third P which is **place** and place is all about getting this product to the right customers at the right time and place and using the right distribution, the right channels in order to get the product to the customers. So again, if I look at this pen the product was produced it was probably sent out to the **wholesale** business then on to **retail** supermarkets where I picked up the pen in the local supermarket. If I'm thinking about distribution, I've got to think about where the product is sold, I've got to think about **retail outlets**, **online presence** and the **distribution network** and so on.

OK and then I come to the fourth P and the fourth P is **promotion** and promotion is about generating the interest in the product and creating **awareness** of the product. It's about using communication to tell the customers about the product. As I said when I walked in the supermarket, I saw some kind of shelf promotion which promoted me to buy this product. Now as I mentioned in the former video about marketing we also have to be careful. Yes marketing is all about or promotion is all about **marketing communications** and using different marketing communications. It's not only advertising. It includes advertising. Things like print, online and TV advertising but you should also remember all the other marketing communication channels and things like digital and guerrilla marketing and shelf promotions and so on. We can also say that promotion includes **public relations** as this includes generating awareness of the company and the products in the marketplace.

So, if a company uses the 4 Ps of marketing, what they get is a **well-rounded marketing strategy** and since the 4 Ps were introduced they've become an accepted strategy for marketing and it's essential that you not only that you know about marketing and you know about the 4 Ps of marketing but also that you can talk about these things in English.

So, what we're going to do is we're going to look at three well-known **global brands** and we're going to look at how the 4 Ps are used by these three global brands and we're going to look at **Apple, Nike and Coca-Cola**.

So, if I look at Apple's **products** the focus with Apple's products is on design, it's on high quality and it's on innovation and probably user friendly interfaces. So, if we look at Coca-Cola well Coca-Cola has got its **flagship** product which is of course Coca-Cola but it also offers a range of other drinks and beverages things like Fanta and Sprite and they offer these products to a wide range of customers. Again, their emphasis is probably on offering unique and refreshing flavours. So, let's come to Nike well Nike is a leading producer of athletic and sports footwear and clothing and clothing in general and their focus is on innovation, it's on performance and it's on **cutting-edge design**.

So, let's come to **pricing** with these three brands. So, Apple **positions** itself as a luxury brand and because of this they have **premium pricing** and the pricing is usually above that of their competitors and they base this pricing on their innovation and their high quality and their design. So, Coca-Cola uses different pricing strategies. They have different products in different sizes and in different ranges. And sometimes they use **competitive pricing** to maintain and to keep their **market share**. And sometimes when they've got a specialised product or a special edition of a product, they can use premium pricing. So, let's come on to Nike. Well, Nike, as we said before, its focus is on innovation and performance, and it tends to have premium pricing, although it can vary its pricing strategy for different ranges at different times.

OK, so let's come to **place**. Well, if you buy Apple products, you can get Apple products through **authorised resellers** of the product. You can buy the products online, and you're probably very aware of the Apple stores. And the Apple stores are there to offer the customers a **unique shopping experience**. And Apple, by having the Apple stores, they can provide a kind of a different shopping experience, a unique shopping experience and they try to offer a consistent shopping experience in different locations around the world.

Now, if we look at Coca-Cola, it's a different kind of product. And Coca-Cola is a global brand. So, Coca-Cola has **extensive distribution networks** around the world to get their products from the factory to the customer. And you can find Coca-Cola in restaurants, in shops, in grocery stores, and in **vending machines**. And Nike, as well, uses a mix of distribution channels. There are Nike stores, there are authorised retail outlets for the products and you can buy the products online. And sometimes, there is a special partner used for special editions and special items that Nike offers.

OK, so let's come to the fourth P, which is **promotion**. Now, you're probably aware that Apple uses and has used extensive **marketing campaigns**. You've seen adverts for Apple on TV, you've seen them in print, you've seen them on **billboards**. Apple also uses public relations really extensively and really well, and they **create buzz** around products and around their branding. Another powerful thing that is used by Apple, as well, is **word of mouth**, and this is to do with the status of the brand and the innovation of the brand. So word of mouth means, basically, that one person tells three people about their product. These three people then tell another nine, and so on, and so on. Now, if we come to Coca-Cola, Coca-Cola has used a whole range of promotional activities over the years. Their marketing, their advertising campaigns, in some ways, are very **iconic**. The truck, the Christmas advertising is well-known and is expected every Christmas. Coca-Cola uses a wide range of promotional activities, so you've got in-store activities, and they also use a lot of **endorsements**, and they use also **sponsorships**. So if you go to the Olympics, you'll probably find that Coca-Cola is a sponsor of this sporting event. And Nike is the same. Nike has used some very iconic, very well-known marketing campaigns and advertising campaigns in the past, and another thing that Nike uses extensively are **celebrity endorsements**. So when you're watching sport on be that tennis, or football, or basketball, then you'll see people wearing and endorsing Nike sportswear.

OK, so that's the 4 Ps of marketing, and whenever you get a question about marketing or you're discussing marketing in class, then you can talk about these 4 Ps. Now, there is an expanded framework to the 4 Ps, and these are called the **7 Ps**.

So we've got the basic 4 Ps, product, place, price, and promotion and then we've got 3 extra Ps and these are:

people

processes

physical evidence.

So, we can break these down.

People are all about the people working in your company. These are your employees and your staff. They're people working in sales and customer service, and they're making sure that people have a really good customer experience and you want to make sure that these people are trained and they're knowledgeable and they're skilled.

Processes are also about customer experiences and it's all about all those processes and all those workflows and all those procedures that are needed to get the product to the customer and making sure that they work in the best way possible.

Physical Evidence is all about these tangible things, these things that you can touch that increase your perception of the product and they increase the customer experience for the product. This can include packaging, signage, facilities, equipment and things like this.

So, just to look at these three extra elements I'm just going to concentrate on the Apple brand and talk about Apple brand in terms of the three extra Ps:

people

processes

and

physical evidence.

Apple places quite a lot of emphasis on developing and training **people** to offer products to their customers. We talked about these Apple stores and they've got technical products and they need to make sure that their employees are knowledgeable and they're skilled in being able to talk about these products to the customer.

So, if we talk about **processes** we can say in the Apple stores then Apple has processes in place that make it really easy for the customers to buy the product. It's very easy for them to touch and try out the products to get help from the people that they need and the buying process is quite a simple one. Processes, as well, we could also talk about the Apple online store that the online processing, the **ordering processing system** is as **seamless** as it possibly can be.

Then we come on to **physical evidence**. Well physical evidence with Apple is quite a strong example. So, first of all, we've got the appearance of the Apple stores. We've got the design of the Apple stores which is a unique design. It's all about minimalism, it's about **sleek design**, it's about being able to get **hands-on experience** with the product.

So, where does the marketing mix come from?

Well, the marketing mix was put forward first of all by an American professor McCarthy in this book and this was this was in 1960 and this was the original 4 Ps of the marketing mix. Now the 7 Ps can't be attributed to one individual who came up with the 7 Ps. They kind of emerged during the 80s and 90s and were added on to the 4 Ps.

Now, some people will argue that the marketing mix is not so relevant today.

Well, you can also argue as well that the marketing mix is actually really relevant. Even though the landscape has changed and we do a lot more online shopping, when we look at promotion there's much more use of digital technologies and online marketing and so on, but the actual 4 Ps, the landscape has to be adapted to the 4 Ps and we can still use these 4 Ps or even these 7 Ps today.

OK, so to **finish** off this video let's come back to these two pens and I can repeat these pens are the same.

I can write with both of these pens and I can write for a longer time but the pens are very different and the pens are very different in terms of the marketing mix.

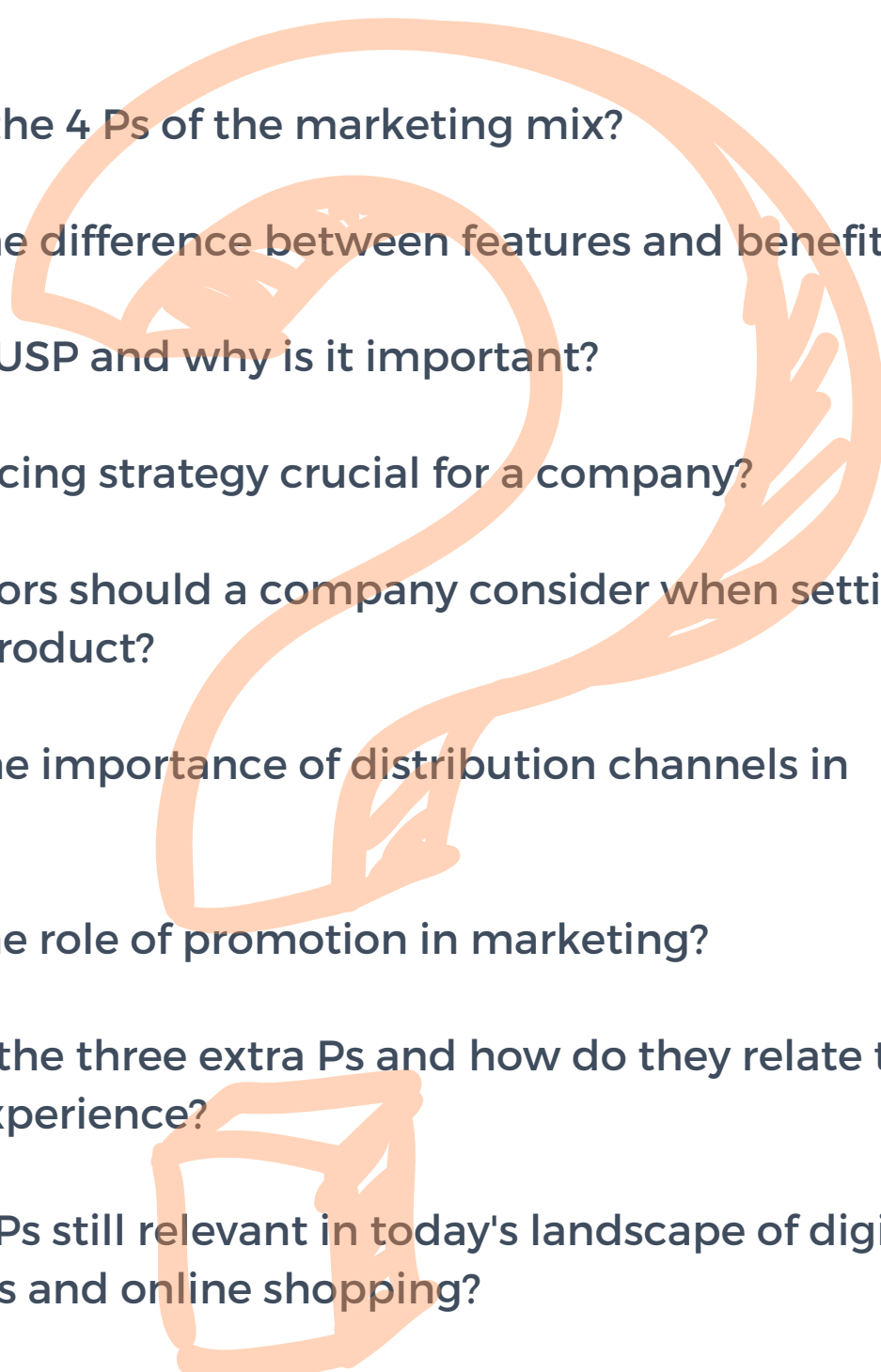
The product is different: low quality, high quality.

The pricing is different: low pricing, premium pricing.

The place of distribution is very different: supermarket, specialist shop .

and the promotion is very different: shelf promotion, celebrity endorsement.

QUESTIONS

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1. What are the 4 Ps of the marketing mix?
 2. What is the difference between features and benefits?
 3. What is a USP and why is it important?
 4. Why is pricing strategy crucial for a company?
 5. What factors should a company consider when setting a price for a product?
 6. What is the importance of distribution channels in marketing?
 7. What is the role of promotion in marketing?
 8. What are the three extra Ps and how do they relate to customer experience?
 9. Are the 4 Ps still relevant in today's landscape of digital technologies and online shopping?

ANSWERS

1. The 4 Ps of the marketing mix are product, place, price and promotion.
2. Features are the physical properties of a product, while benefits are what the product gives the customer.
3. A USP is a statement about a product that makes it different from other products offered by competitors on the market. It's important because it helps the product stand out and attract customers.
4. Pricing strategy is crucial because it affects the perception of value that customers have for the product.
5. A company should consider factors like target market, demand for the product, the purchasing power of customers, potential profitability and production costs when setting a price for a product.
6. Distribution channels are important because they help get the product to the right customers at the right time and place. They include retail outlets, online presence and distribution networks.
7. Promotion generates interest in the product and creates awareness of it. It includes advertising, digital marketing, public relations and other marketing communication channels.
8. The three extra Ps are people, processes and physical evidence. They relate to customer experience by ensuring that employees are knowledgeable and skilled, processes are efficient and physical evidence enhances the perception of the product.
9. The 4 Ps are still relevant in today's landscape of digital technologies and online shopping because they can be adapted to the current context and still provide a framework for effective marketing.