MARKETING MANAGEMENT

Q1) How does marketing affect customer value ?

Ans) customer value : any value which benefits the customer and increases his aspiration to purchase the product again which he has purchased marketing helps the customer in selecting the product which he aspires to purchase. A customer doesn't have idea what is important for himself. he checks out through products which are marketed in the product and purchases them by tallying with what is suitable to him and how the product is useful in his daily activities.

Q2) How is strategic planning carried out at different levels of the organization ?

Ans) strategic planning has to be carried out by both middle management and top level management. it is so because middle management is in touch with entry level marketing executives which makes the middle management understand the pulse of the customers .middle management and top level management understand both strategic and management principle. hence strategic management has to be carried out by both middle management and top level management .how many people has to be there from middle management depends upon how big the organization. ll the middle management who make strategic decisions has to be included in the decision making process . it is so because they are1 touch with the marketing executives2 touch with the customers, who interact with front line executives. problems of frontline executives with customers are also sorted by the middle management

Q3) what does a marketing plan include ?

Ans) marketing plan should include

a) vision of the company

b) mission of the company

c) aim of the company in next 5 to 10 years deadline

d) tactics of the company to solve the mission

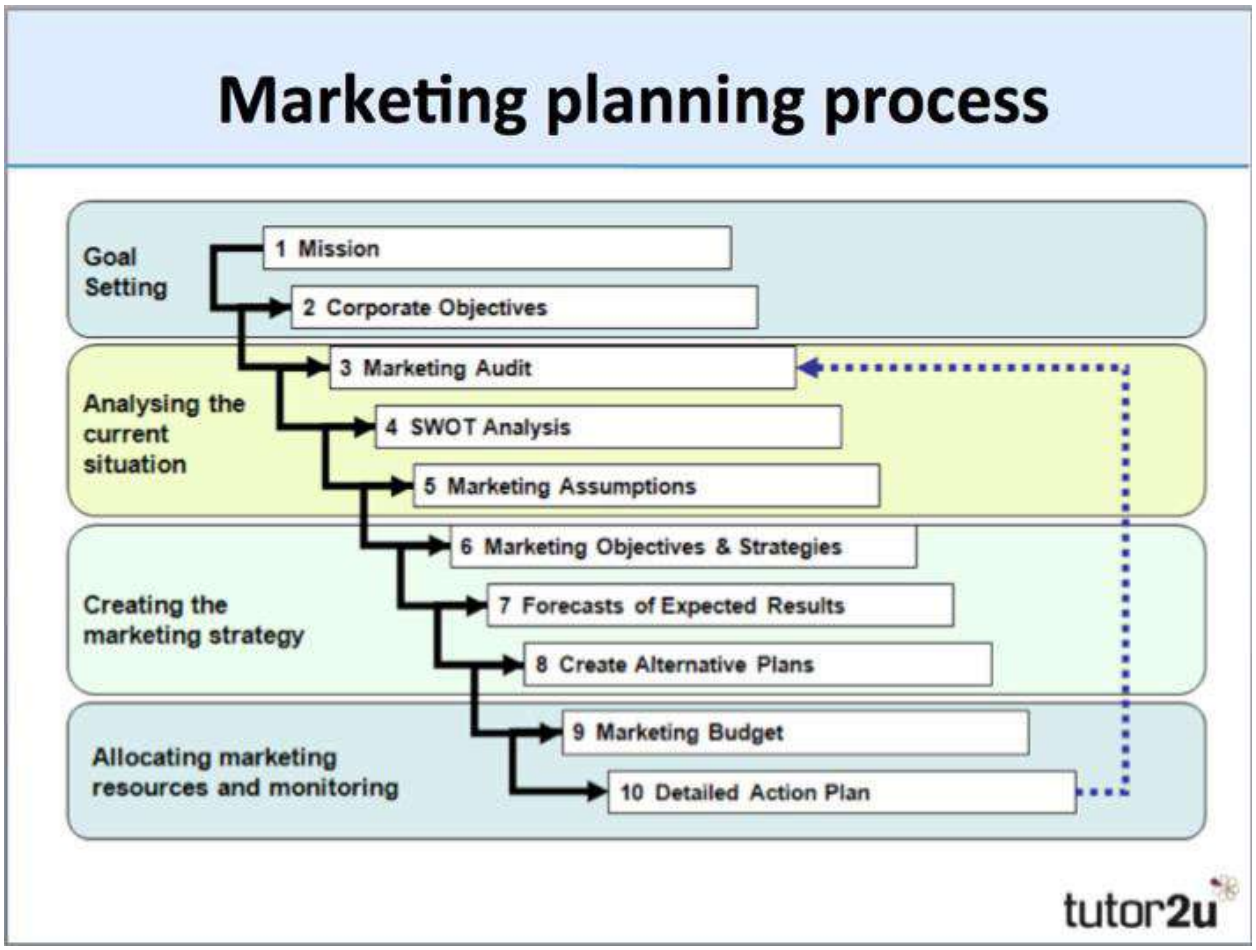
e) problems that company would face in near future and how it can solve the problem

f) how stockholders would be handled by the company

g) what would happen to products supply chain management in near future.

h) financial projections of the company and also what to expect from the company in near future

i) future projects being taken up by the company in near future Gathering information and scanning the environment



Q4) what is involved in a marketing intelligence system ?

Ans) marketing intelligence system should include

a) supply chain management system

b) vision and mission of company

c) secondary data of the company products

d) future projections and aim of the company

e) competitors and complement or decision making information and their production formation and how it would affect the company.

Q5) what are the key methods for tracking and identifying opportunities in the macro environment ?

Ans) a) secondary data of the company

b) market place and market space

c) complement or and competitor websites

d) government regulations to respective industries

Q6) what are some important macro environment developments ?

Ans) a) government regulations

b) market space control

c) supply chain management rules

d) multilevel marketing

e) service industry development in near future

f) spirituality being introduced in management

Q7) what constitutes good marketing research ?

Ans) good marketing research should include

a) good secondary data

b) perfect segmentation, targeting and positioning

c) knowledge management about the product that is being researched

d) correct primary data questions to get the correct information

Q8) what are good metrics for measuring marketing productivity ?

Ans) good metrics for measuring marketing productivity are

a) correct primary data and secondary data

b) sales being generated through the product in the locality (Demographic and geographic)

c) repeat purchase by customer with the help of MIS (management information system)ERP(Enterprise Resource planning)

Q9) How can marketers assess their return on investment of marketing expenditures ?

Ans) marketers assess their ROI of marketing expenditure through various ways like1 repeat purchase by customer 2 development of market space by company3 number of complement or developed because of ROI4 reduction of competitors in the market5 increase in profit in the place market expenditure was incurred.

Q10) How can companies more accurately measure and forecast demand ?

Ans) The companies can accurately measure and forecast demand through different ways1 Management Information System2 secondary data research about the product -6months3 market space questionnaire4 constant repeat purchase by customers in specified localities.

Q11) what are customer value , satisfaction and loyalty, and how can companies deliver them ?

Ans) customer value : any value which creates satisfaction in a product by its consumption either company or customers i.e B2B, B2C customer satisfaction : any satisfaction enjoyed by customers through usage of products produced by the company is called customer satisfaction customer loyalty : it is defined as something by which customers through products, through repetition, purchase, products because of its overall satisfaction enjoyed by its consumption by customers through repetition. Companies can deliver customer value , satisfaction and create loyalty for their products in different ways . they are through

1 Customer stock option plan for repeat purchasers

2 supply chain management removed through company outlets by getting information by interacting directly with customers eg Hindustan Lever Limited outlets

3 by focusing their attention on opinion leaders by recruiting them in the company payrolls 4) through

4 by tying up relationship between companies to do marketing research on their respective companies brands in similar industry

Q12) what is the lifetime value of customers for a company ?

Ans) how to calculate it lifetime value of customers can be analyzed by sales generated by company products in the year * 50 (life time age of customers number of products sold in a year B2B or B2C

Q13) how can companies both attract and retain customers ?

Ans) companies can both attract and retain customers through different ways. they are

1) CSOP (customer stock option plan)

2) websites by giving offers to customers who log in into the website (bonazas)

3) 4c concept through combos

4) education training booklets to use products purchased to optimum level, how to use products through alternative uses by customers which can benefit them

Q14) how can companies cultivate strong customer relationships ?

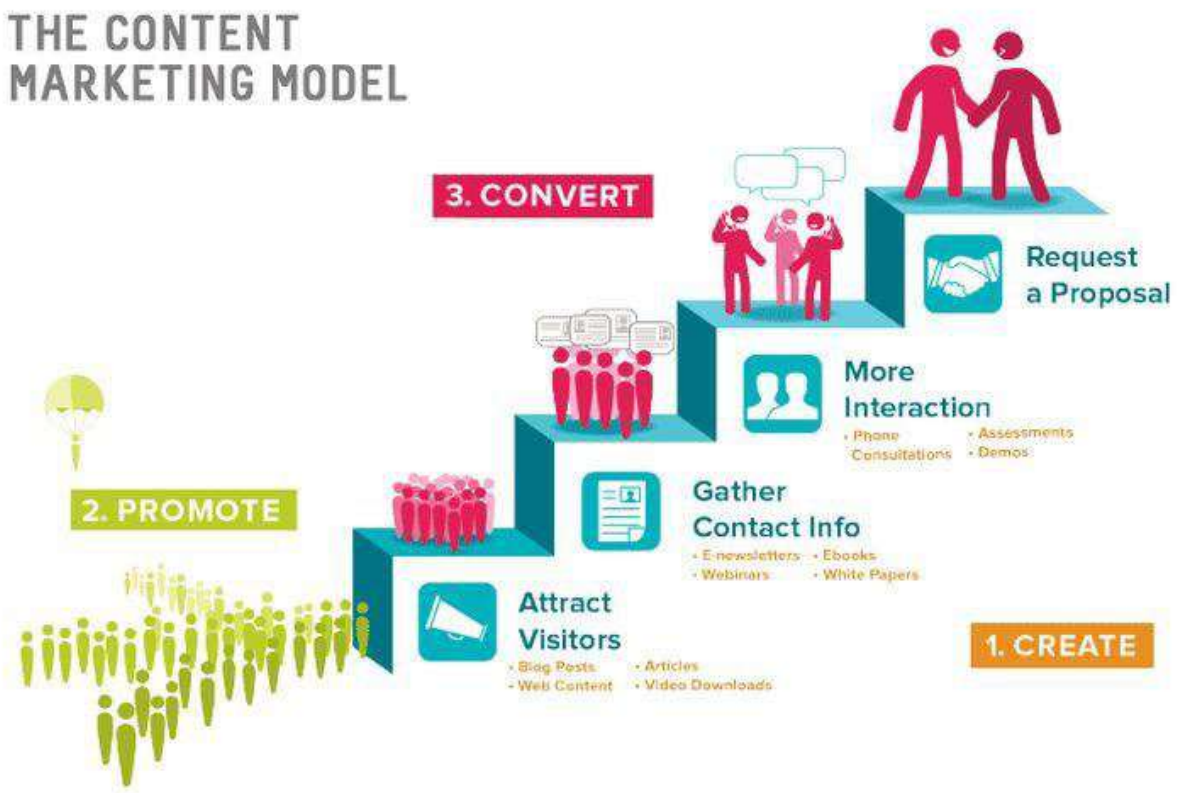
Ans) companies can cultivate strong customer relationships through ways like

1) CSOP (customer stock option plan)

2) free gifts/ tour packages/ books to those shareholders who have stayed for 3 or more years with the company

3) company factory tour package to those stakeholders who have stayed with the company

4) articles by customers on company broachers with photo



Q15) how can companies deliver total quality ?

Ans) companies can deliver total quality by various ways

1) 4c concept by tying up relationship with company known for quality service and product and through other areas

2) CSOP (customer stock option plan)

3) through good supply chain management

4) through quality products to be manufactured with good raw materials

Q16)what is database marketing ?

Ans) database marketing is defined as anything which produces database for the products for which marketing is designed

Q17) How do consumer characteristics influence buying behavior?

Ans) In the 21st century people buy products out of want instead of need needs : anything which satisfies the normal desires of a person is called as needs want : anything which satisfies the

entire portion of desires either fully or partially which can also be future desires of a person is called as want it is also seen that consumers purchase through impulse buying in 21st century,. this type of purchase has become more common than other style of purchase. (market place and market space)it is seen evident because their is too much of excess money with consumers because of revolution that has taken place in Information technology and business process out sourcing which is seen even in both developed and underdeveloped countries .money circulation has become excess than required so people are going for want instead of need. but this type of spending by consumers is still not evident than in streams other than the two above.(Information technology and bpo)retail segment and hospitality are only the other streams which is fast picking up on par with information technology and BPO. Consumer characteristics do influence decision making of an individual. if a person likes to play sports his purchasing capacity to a larger extent be restricted to sports. Now problem here is that if a company wants to sell its products either the company is new or old it doesn't matter. the only thing left out how would the company know the characteristics of an individual to which it wants to target the solution is1 survey in organized retail stores2 survey in cinema halls at the time of purchase of tickets by family unit.3 survey in newspapers and gift wraps attached on the following day for giving important information to the company which did the survey in the newspaper survey cannot be done in magazines,billboards1 they are costly affair 2 only few consumers purchase compare to newspapers3 mostly in 21st century people buy on impulse.

Q 18) How can companies use integrated direct marketing for competitive advantage?

Ans) Integrated direct marketing is defined as direct marketing association of multiple benefits packed together to solve company problems competitive advantage can be defined as any benefit enjoyed by the company either through cost advantage, focus or differentiation between company products or branding how to use integrated direct marketing for competitive advantage by companies it is by

a) checking out the marketing channels which can be used by the company
b) checking out whether direct marketing can be added up to these channels selected by company
c) checking out the marketing strategy adopted by the company through secondary data
d) checking out the products used by the company while selecting the secondary data
e) checking out whether the direct marketing benefits were used by the company or not
f) benefits can be like after sale service, pamphlet distribution, customer database collection etc
g) checking out whether those benefits can be reused for present brands or not
h) checking out the complement or who would be benefited because of this direct marketing tactics used by the company and tie up with them for future sales and benefits to be enjoyed by the companies that are being associated with each other
i) once you know complement or try to see, what other benefits that a complement or can bring to the company that it feels associated with
j) lastly by checking out the demographic, geographic boundaries used by the companies to promote to customers for their respective products

What influences Consumer Behavior?

Ans) **Cultural Factors:**

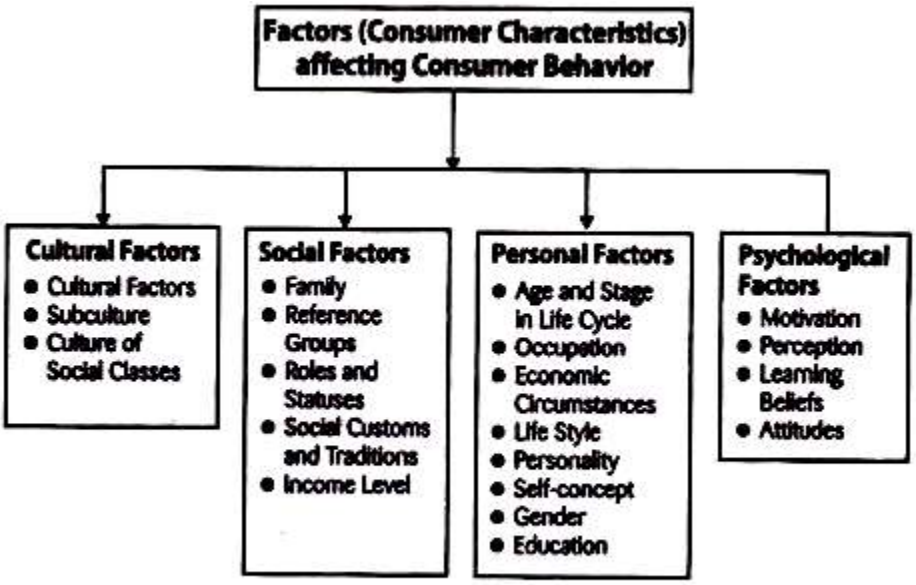


Figure 2: Factors (Consumer Characteristics) Affecting Consumer Behaviour

Culture
: the fundamental
determinant of a person's wants and behavior.
Through family and other key institutions, a child growing up in the US is exposed to values such as achievement and success, activity, efficiency and practicality, progress, material comfort, individualism, freedom, external comfort, humanitarianism, and youthfulness.

Subcultures:
each culture consists of subcultures that provide more specific identification and socialization for their members.
Includes : nationalities, religions, racial groups, and geographic regions.

Social Factors:

Reference groups:
all the groups that have a direct (face-to-face) or indirect influence on their attitudes or behavior

Membership groups:
groups that have a direct influence

Primary groups:
where the person interacts fairly continuously and informally
Family, friends, neighbors and coworkers
Secondary Groups:
tend to be more formal and require less continuous interaction

Religious, professional and trade-union groups

Aspirational Groups:
those groups a person hopes to join

Dissociative Groups:
those whose values or behavior an individual rejects

Opinion Leader:
the person who offers informal advice or information about a specific product or product category
Such as which of several brands is best, or how a particular product may be used

Family:
the most important consumer buying organization in society, and family members constitute the most influential primary reference group

Family of orientation:
consists of parents and siblings

From parents a person acquires an orientation toward religion, politics, and economics and a sense of personal ambition, self-worth and love.
o

Personal Factors
: age, life cycle stage, occupation, wealth, personality, values, lifestyle ,self-concept

Age and stage in the life cycle:
our taste in food, clothes, furniture, and recreation is often related to age

Occupation and economic circumstances:
occupation also influences consumption patterns.

Marketers try to identify the occupational groups that have above-average interest in their products and services and can tailor products for certain occupational groups

Personality and self-concept:
each person has personality characteristics that influence his or her buying behavior:

Personality:
a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli(including buying behavior)

Brand Personality:
the specific mix of human traits that we can
attribute to a particular brand. Stanford's list of traits:

1. Sincerity: down-to-earth, honest, wholesome and cheerful
2.Excitement: daring, spirited, imaginative, and up-to-date
3.Competence: reliable, intelligent and successful
4.Sophistication: upper-class and charming
5.Ruggedness: outdoorsy and tough

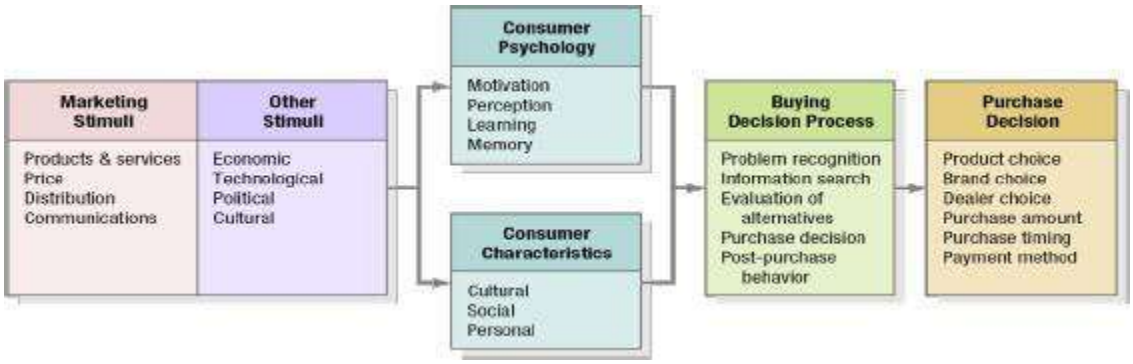
Lifestyle and values:
people from the same subculture, social class and occupation may lead quite different lifestyles:

Lifestyle:
a person's pattern of living in the world as expressed in
activities interests and opinions

Multi-tasking:
doing two or more things (consumers who experience time famine are prone to this)

Core Values:
the believe systems that underlie attitudes and behaviors(consumer decisions are influenced by this.

Figure 6.1: Model of Consumer Behavior:



Q: Role of STP in Marketing

Ans) In marketing, **segmenting, targeting and positioning** (STP in short) is a broad framework this summarizes and simplifies the process of market segmentation. Market segmentation is a process, in which groups of buyers within a market are divided and profiled according to a range of variables, which determine the market characteristics and tendencies. The processes of segmentation, targeting and positioning are parts of a chronological order for market segmentation.

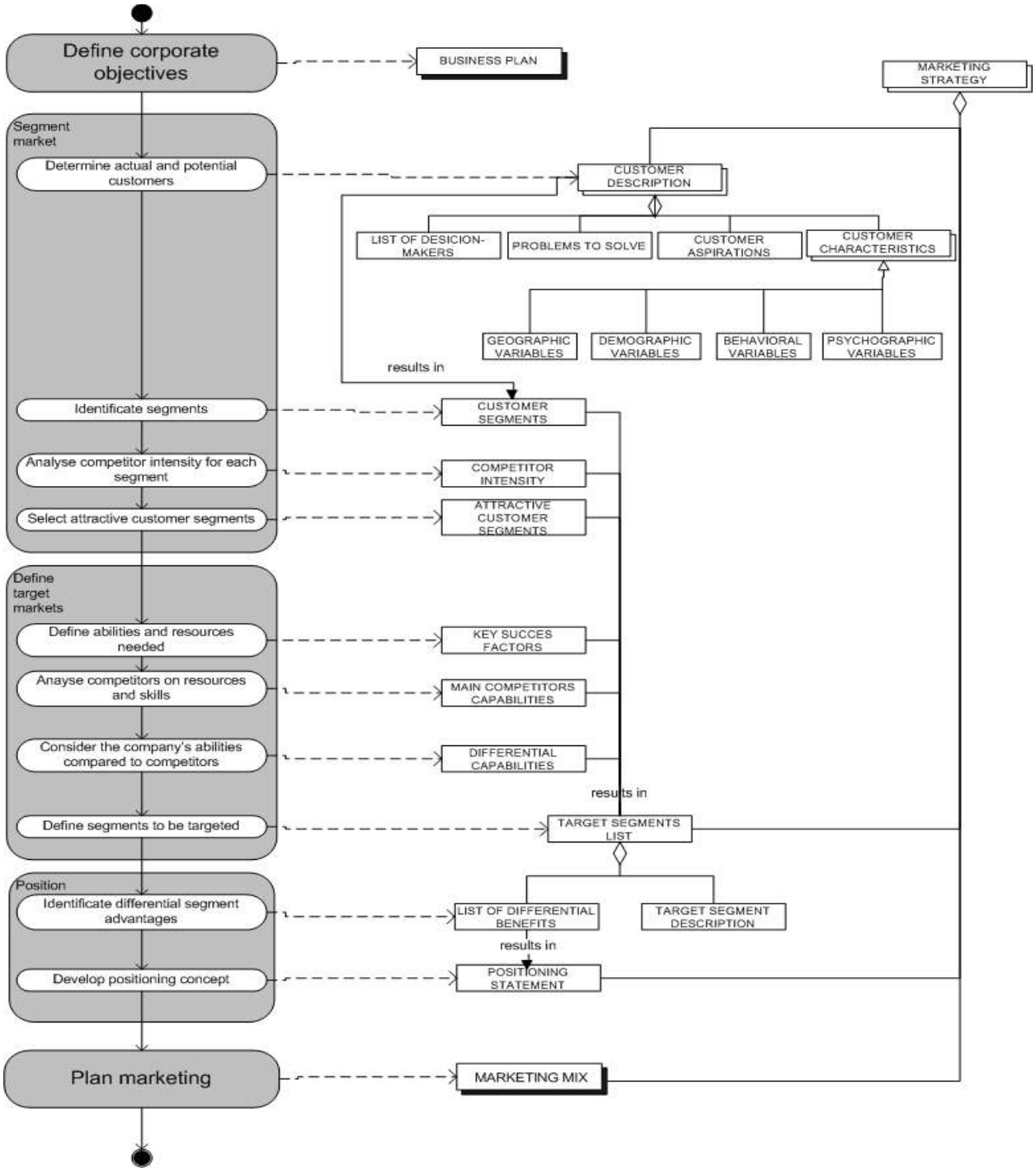
- Segmentation comprises identifying the market to be segmented; identification, selection, and application of bases to be used in that segmentation; and development of profiles.

- Targeting is the process of identifying the most attractive segments from the segmentation stage, usually the ones most profitable for the business.
- Positioning is the final process, and is the more business-orientated stage, where the business must assess its competitive advantage and position itself in the consumer's minds to be the more attractive option in these categories.

Below a generic process-data model is given for the whole process of segmenting and positioning as a **basis of** deciding on the most effective marketing strategy and marketing mix.

This model consists of the three main activities: segmenting, targeting and positioning. It shows the chronological dependency of the different activities. On the right side of the model the concepts resulting from the activities are shown. The arrows show that one concept results from one or more previous concepts; the concept cannot be made when the previous activities have not taken place. Below the three main activities are shortly described as well as their role as a basis for the next step or their dependency on the previous step.

The process Data Model



Segmentation

Segmenting a market has widely been debated over the years as researchers have argued over what variables to consider when dividing the market. Approaches through social, economic and individual factors, such as brand loyalty, have been considered along with the more widely recognized geographic, physiographic, demographic and behavioral variables proposed by Philip

Kotler. Segmenting a market therefore, is a process of organising the market into groups that a business can gain a competitive advantage in. They must, however, avoid over-fragmenting the market as the diversity can make it difficult to profitably serve the smaller markets. The characteristics marketers are looking for are measurability, accessibility, sustainability and actionability.

Measurability – The understanding of size, purchasing characteristics and value needs of a particular segment

Accessibility – The ability to communicate with the segment in an effective manner

Sustainability – The segment is profitable enough to differentiate itself from other segments in the market and maintains the value the business offers.

Actionability – The capability of an organization to create a competitive advantage with its offering in the specific segment of the market.

There are two approaches to segmenting a market - a discovery approach or an analytic approach. Each approach is appropriate to the type of business and market they are approaching.

An analytic approach is a much more research and data based approach, where two sets of information are derived and used to segment the market. The two approaches give the business an idea for the future profitability of a segment, and the tendencies and behaviours it portrays. The first approach gives them an idea on the future growth of the segment, and whether its investment outcome is worthwhile. This, therefore, will usually be done in advance. The second approach is more based around the observation of the buying behaviours of the segment and is more based around primary research.

The discovery approach is more suited to a market with a limited customer base, and the process of discovering segments is based on interest in the offer or a similar offer the business may be able to provide. Because of this, a discovery-based approach is a much timelier process by which to determine the profitable segments. Both approaches can benefit from elements of the other and, in most situations, work well in unison with each other when determining a profitable and defined segment.

Creating segments[edit]

"Market-segmentation research and practice has a long history, and the breadth and success of segmentation applications continues to flourish, with novel and unorthodox profiling applications now reaching beyond the boundaries of a traditional marketing focus".

Market-segmentation research has the power to identify the target consumers an organisation should prioritise and target. Market Segmentation can be achieved with 5 steps focusing on the core elements of the segmentation.

Step 1:

Define your target market, trends and scope of segmentation.

It is important to target the target market for the product being sold as consumers that are not within the target market are variables that do not provide any useful information for your organisation. It is important to try and comprehend why the customer is within this specific segment. What are their goals or purpose for being within this market? What are they likely to be chasing within this segment?

By uncovering what the consumers need is the organisation can look to satisfy this need and by doing so better position themselves to approach this market segment. Identifying other products that match the needs of your consumer is important as well as they will need to be evaluated and analysed because of the threat they pose to your specific target market.

It is crucial to ensure that as you are understanding the target segment that you are also adjusting your company scope in order to match it with your company objectives and capabilities. If the organisation is not satisfying the consumer need it has identified it will likely fail as consumer needs will not be met.

By specifying geographical limitations, organisations can create a scope that is applicable in their specific domestic position. Organisations should work to segment areas that are within its areas of operating capability as segmenting areas that aren't realistically available represents opportunities that will be able to be utilised either way.

Step 2:

Perceptual Mapping and Market Mapping

"A market map defines the distribution and value added chain between final users and suppliers which takes into account the various buying mechanisms found in a market, including the part played by 'influencers'". Market Mapping is essential to correctly determine the specific market that should be analysed and the people who should be segmented. This model aids the identification of target consumers from Suppliers, Distributors, Retailers and Final Users. This includes the high potential market segments and what the size of it is.

Perceptual mapping is especially important as it creates a visual diagram of the range of products being offered within a segment. Traditionally the perceptual map will consist of 4 headings; the basic elements of this map includes Low or High Quality and Low or High Price but these can be changed and altered based on specific product attributes e.g. A soft drink producer may want to evaluate a perceptual map including traits such as High or Low in Caffeine and High or low in Sugar in their specific market segment. Different segments will have different traits and attributes that will need to be evaluated to determine where an organisation will position themselves. 'Conceptualising market segmentation as performative enhances knowledge of how marketing frameworks shape marketing'

By divulging where competitors are positioned within the market map it is possible to see attractive segments of the market that may be worthwhile occupying. This is where you can begin to form an idea of where you will be able to hit the market as you can see which areas of the market are left untouched or not utilised to its maximum potential.

Step 3:

Construct a Model of the market.

A market is composed of customers who have spending trends that are different from those of other people. It is important to identify these trends and how they come into play within your market model. Transactions made can offer a lot of information about the consumer and it is important that this information is utilized in order to gain the greatest knowledgeable advantage available to your organisation. "It requires you to record the key features sought by the market when deciding between competing offers. These are selected from the actual product and

services on offer (what is bought) and from the options presented by where it can be bought when it is bought and how".

It also includes definitions of the product or service: what it comprises or consists of. By identifying characteristics and properties of a purchase as well as decisions which are made at the time of purchase, organisations can more accurately gauge the personalities and needs of their consumers.

By identifying these aspects of consumers, consumers will be able to be placed into separate categories or groups which are easily identifiable (relative to the organisation). Consumers which are in categories become easier to satisfy as it is easier to establish their needs. Wealth, Age, Life Stage, Budget, Socioeconomic factors, background & job are all relative factors that need to be considered when categorising populations into groups. It is important to micro segment these consumers into categories which fit with the organisational scope as these details are significant to the organisation. It is imperative to note that when looking through relative factors, organisations should look to find Key Discriminating Features within these factors to identify which factors will be important for making meaningful differences. "A meaningful difference occurs when some of the customers within a group would not respond positively to an offer consisting of the key discriminating features listed for them." Appropriate segments can then be targeted to place differing levels of interest amongst features the product has to offer. Segments can be rated to signify how well a specific feature will perform within that segment.

Developing a good range of micro segments is essential as it must be representative of the current market. Once completed this transactional information can assist decision making on selected a micro segment that is fitting for the organisational scope and purpose.

Step 4:

Identifying Segments

Consumers at this stage can be examined and observed to reveal key information that drives their consumerism. After selecting attractive micro segments it is important to think about the Key discriminating features for these segments. What needs need to be fulfilled? This question is imperative to selecting the right segment as the need of the customer is reflected in their Decisive Buying Criteria. "Decisive buying criteria are the attributes of a purchase that customers evaluate when choosing between alternative offers".

Features of the product must relate to some sort of benefit for the consumer e.g. a feature of a remote controller is the 'off' switch. By switching off the device using a controller instead of manually doing it, time is saved thus resulting in a benefit.

Once consumer needs and benefits have been thoroughly analysed and understood, the value the consumer perceives can be generated and from this prices can be established and value can be assigned to the features of the product. By having a value assigned with key features for particular segments, needs, prices and benefits can be more readily and easily calculated thus allowing for a more accurate market segment analysis. Once the appropriate markets have been analysed and compared, appropriate segments will be identifiable for the organisation to pursue.

Step 5:

Segmenting

Similar micro segments can be grouped as bigger segments if they satisfy the same need, segments must comprise only features that are the almost the same or extremely similar.

Consumers can now be grouped via their characteristics to form a 'segment'. These characteristics include all information that was obtained during steps 1-4 to create specific segments of consumers that all have the same kind of needs, wants, and benefits received from the specific product within their segment.

Analysing competitor intensity within segments and finding attractive segments for your particular product is crucial to business success because of how competitors may be positioned themselves inside the market. By ensuring that the organisation is within the correct segment, success levels become higher as companies are more likely to effectively meet consumer demands within the specified segment and in turn make a higher amount of profit. It is critical that segments are the correct size for the companies' capabilities as segments that are too big or too little will most likely yield negative results.

Once all segments are sorted into their respective groups organisations can have a clear look at the amount of individuals within each formed group and their specific decisive buying criteria and can begin to make an informed decision on which segment to pursue.

Selecting segments based on Attractiveness

Identifying key segments relevant to your organisation.

It is important to define the specific criteria that your organisation is searching for within consumers in order to determine how attractive specific segments are for your organisation. Each Segment contains different types of consumers with different needs so it is crucial that your organisation chooses the correct segment that aligns itself with organisational criteria. By choosing the right segment for organisation criteria, company goals and segments align allowing for a higher chance of success within that segment. "An overall attractiveness score is then calculated for each concluding segment based on how well each of them satisfies your company requirements". (Mcdonald, M. 2008). At this point attractive segments are now clearly visible and by choosing a segment that is fitting for an organisation we can guarantee a higher success rate for the specified product.

Different approaches must be taken for different segments in the market. It is important to take into account other factors that may influence your position when approaching the selected segment. Organisational competition can be fierce when targeting a segment that is already occupied with several organisations. By this section of segment selection, company objectives and criteria will align with the specified segment and this can be used to create a strategic plan for your organisation to tackle this specific segment and fulfil corporate goals.

Targeting

Targeting is a follow on process from segmentation, and is the process of actually determining the select markets and planning the advertising media used to make the segment appealingTargeting is a changing environment. Traditional targeting practices of advertising through print and other media sources, has made way for a social media presence, leading a much more 'web-connected' focus. Behavioural targeting is a product of this change, and focuses on the optimization of online advertising and data collection to send a message to potential segments. This process is based around the collection of 'cookies', small pieces of

information collected by a consumer's browser and sold to businesses to identify potential segments to appeal to. For example, someone consistently accessing photography based searches is likely to have advertisements for camera sales appear, due to the cookie information they deliver showing an interest in this area. Whilst targeting a market, there are three different market coverage choices to consider - undifferentiated, differentiated and niche marketing. Choosing which targeting choice to pursue depends on the product or service being offered. Undifferentiated marketing is the best option to focus on the market as a whole and to promote products that have a wide target segment, whilst differentiated and niche marketing are more specialized and focus on smaller, more selective segments

Positioning

Positioning is the final stage in the 'STP' process and focuses on how the customer ultimately views your product or service in comparison to your competitors and is important in gaining a competitive advantage in the market. Therefore, customer perceptions have a huge impact on the brands positioning in the market. There are three types of positioning that are key in positioning the brand to a competitive advantage; these are Functional Positioning, Symbolic Positioning, and Experiential positioning. Functional Positioning is focused on the aspects of the products or services that can fulfill consumers' needs or desires. Symbolic Positioning is based on the characteristics of the brand that fulfill customers' self-esteem. Experiential positioning is based around the characteristics of the brands that stimulate the sensory or emotional connection with the customers. A combination of the three is key to positioning the brand at a competitive advantage to its immediate competition. Overall, positioning should provide better value than competitors and communicate this differentiation in an effective way to the consumer.

B2C and B2B

The process described above can be used for both business-to-customer as well as business-to-business marketing. Although most variables used in segmenting the market are based on customer characteristics, business characteristics can be described using the variables which are not depending on the type of buyer. There are however methods for creating a positioning statement for both B2C and B2B segments. One of these methods is MIPS: a method for managing industrial positioning strategies by Muhlbacher, Dreher and Gabriel-Ritter (1994).

Q : Define Marketing Mix with example

Ans) The '**marketing mix** (also known as the **4 Ps**) is a foundation model in marketing. The marketing mix has been defined as the "set of marketing tools that the firm uses to pursue its marketing objectives in the target". Thus the marketing mix refers to four broad levels of marketing decision, namely: product, price, promotion, and place. Marketing practice has been occurring for millennia, but marketing theory emerged in the early twentieth century. The contemporary marketing mix, or the 4 Ps, which has become the dominant framework for marketing management decisions, was first published in 1960. In services marketing, an extended marketing mix is used, typically comprising **7 Ps**, made up of the original 4 Ps

extended by process, people, and physical evidence. Occasionally service marketers will refer to **8 Ps**, comprising these 7 Ps plus performance.

In the 1990s, the model of **4 Cs** was introduced as a more customer-driven replacement of the 4 Ps. There are two theories based on 4 Cs: Lauterborn's 4 Cs (consumer, cost, communication, convenience), and Shimizu's 4 Cs (commodity, cost, communication, and channel).

Given the valuation of customers towards potential product attributes (in any category, e.g. product, promotion, etc.) and the attributes of the products sold by other companies, the problem of selecting the attributes of a product to maximize the number of customers preferring it is a computationally intractable problem.

Emergence and growth of the marketing mix

The origins of the 4 Ps can be traced to the late 1940s. The first known mention of a mix has been attributed to a Professor of Marketing at Harvard University, Prof. James Culliton. In 1948, Culliton published an article entitled, The Management of Marketing Costs in which Culliton describes marketers as 'mixers of ingredients'. Some years later, Culliton's colleague, Professor Neil Borden, published a retrospective article detailing the early history of the marketing mix in which he claims that he was inspired by Culliton's idea of 'mixers', and credits himself with popularising the concept of the 'marketing mix'. According to Borden's account, he used the term, 'marketing mix' consistently from the late 1940s. For instance, he is known to have used the term 'marketing mix' in his presidential address given to the American Marketing Association in 1953.

Although the idea of marketers as 'mixers of ingredients' caught on, marketers could not reach any real consensus about what elements should be included in the mix until the 1960s. The 4 Ps, in its modern form, was first proposed in 1960 by E. Jerome McCarthy; who presented them within a managerial approach that covered analysis, consumer behavior, market research, market segmentation, and planning. Phillip Kotler, popularised this approach and helped spread the 4 Ps model. McCarthy's 4 Ps have been widely adopted by both marketing academics and practitioners.

The prospect of extending the marketing mix first took hold at the inaugural AMA Conference dedicated to Services Marketing in the early 1980s, and built on earlier theoretical works pointing to many important limitations of the 4 Ps model. Taken collectively, the papers presented at that conference indicate that service marketers were thinking about a revision to the general marketing mix based on an understanding that services were fundamentally different to products, and therefore required different tools and strategies. In 1981, Booms and Bitner proposed a model of 7 Ps, comprising the original 4 Ps extended by process, people and physical evidence, as being more applicable for services marketing.

Since then there have been a number of different proposals for a service marketing mix (with various numbers of Ps), most notably the 8 Ps, comprising the 7 Ps above extended by 'performance'.

The original marketing mix, or 4 Ps, as originally proposed by marketer and academic E. Jerome McCarthy, provides a framework for marketing decision-making. McCarthy's marketing mix has since become one of the most enduring and widely accepted frameworks in marketing

Table 1: Brief Outline of 4 Ps

Category	**Definition/ Explanation**	**Typical Marketing Decisions**
Product	A product refers to an item that satisfies the consumer's needs or wants. Products may be tangible (goods) or intangible (services, ideas or experiences).	• Product design – features, quality • Product assortment – product range, product mix, product lines • Branding • Packaging and labeling • Services (complementary service, after-sales service, service level) • Guarantees and warranties • Returns • Managing products through the life-cycle
Price	Price refers to the amount a customer pays for a product. Price may also refer to the sacrifice consumers are prepared to make to acquire a product. (e.g. time or effort) Price is the only variable that has implications for revenue. Price also includes considerations of customer perceived value.	• Price strategy • Price tactics • Price-setting • Allowances – e.g. rebates for distributors • Discounts – for customers • Payment terms – credit, payment methods
Place	Refers to providing customer access Considers providing convenience for consumer.	• Strategies such as intensive distribution, selective distribution, exclusive distribution • Franchising • Market coverage • Channel member selection and channel member relationships • Assortment • Location decisions • Inventory

		• Transport, warehousing and logistics
Promotion	Promotion refers to marketing communications May comprise elements such as: advertising, PR, direct marketing and sales promotion.	• Promotional mix - appropriate balance of advertising, PR, direct marketing and sales promotion • Message strategy - what is to be communicated • Channel/ media strategy - how to reach the target audience • Message Frequency - how often to communicate

Product refers to what the business offers for sale and may include products or services. Product decisions include the "quality, features, benefits, style, design, branding, packaging, services, warranties, guarantees, life cycles, investments and returns".

Price refers to decisions surrounding "list pricing, discount pricing, special offer pricing, credit payment or credit terms". Price refers to the total cost to customer to acquire the product, and may involve both monetary and psychological costs such as the time and effort expended in acquisition.

Place is defined as the "direct or indirect channels to market, geographical distribution, territorial coverage, retail outlet, market location, catalogues, inventory, logistics and order fulfilment". Place refers either to the physical location where a business carries out business or the distribution channels used to reach markets. Place may refer to a retail outlet, but increasingly refers to virtual stores such as "a mail order catalogue, a telephone call centre or a website".

Promotion refers to "the marketing communication used to make the offer known to potential customers and persuade them to investigate it further". Promotion elements include "advertising, public relations, direct selling and sales promotions.

Modified and expanded marketing mix: 7 Ps

By the 1980s, a number of theorists were calling for an expanded and modified framework that would be more useful to service marketers. The prospect of expanding or modifying the marketing mix for services was a core discussion topic at the inaugural AMA Conference dedicated to Services Marketing in the early 1980s, and built on earlier theoretical works pointing to many important problems and limitations of the 4 Ps model. Taken collectively, the papers presented at that conference indicate that service marketers were thinking about a revision to the general marketing mix based on an understanding that services were fundamentally different to products, and therefore required different tools and strategies. In 1981, Booms and Bitner proposed a model of 7 Ps, comprising the original 4 Ps plus process, people and physical evidence, as being more applicable for services marketing.

Table 2: Outline of the Modified and Expanded Marketing Mix

Category	Definition/ Explanation	Typical Marketing Decisions

Physical evidence	The environment in which service occurs. The space where customers and service personnel interact. Tangible commodities (e.g. equipment, furniture) that facilitate service performance. Artifacts that remind customers of a service performance.[25]	• Facilities (e.g. furniture, equipment, access) • Spatial layout (e.g. functionality, efficiency) • Signage (e.g. directional signage, symbols, other signage) • Interior design (e.g. furniture, color schemes) • Ambient conditions (e.g. noise, air, temperature) • Design of livery (e.g. stationery, brochures, menus, etc.) • Artifacts: (e.g. souvenirs, mementos, etc.)
People	Human actors who participate in service delivery.[26] Service personnel who represent the company's values to customers. Interactions between customers. Interactions between employees and customers.[27]	• Staff recruitment and training • Uniforms • Scripting • Queuing systems, managing waits • Handling complaints, service failures • Managing social interactions
Process	The procedures, mechanisms and flow of activities by which service is delivered.	• Process design • Blueprinting (i.e. flowcharting) service processes[28] • Standardization vs customization decisions • Diagnosing fail-points, critical incidents and system failures • Monitoring and tracking service performance • Analysis of resource requirements and allocation • Creation and measurement of key performance indicators (KPIs) • Alignment with Best Practices • Preparation of operations manuals

People are essential in the marketing of any product or service. Personnel stand for the service. In the professional, financial or hospitality service industry, people are not producers, but rather the products themselves.[29] When people are the product, they impact public perception of an organization as much as any tangible consumer goods. From a marketing management

perspective, it is important to ensure that employees represent the company in alignment with broader messaging strategies.[30] This is easier to ensure when people feel as though they have been treated fairly and earn wages sufficient to support their daily lives.

Process refers a "the set of activities that results in delivery of the product benefits". A process could be a sequential order of tasks that an employee undertakes as a part of their job. It can represent sequential steps taken by a number of various employees while attempting to complete a task. Some people are responsible for managing multiple processes at once. For example, a restaurant manager should monitor the performance of employees, ensuring that processes are followed. (S)he is also expected to supervise while customers are promptly greeted, seated, fed, and led out so that the next customer can begin this process.[30]

Physical evidence refers to the non-human elements of the service encounter, including equipment, furniture and facilities. It may also refer to the more abstract components of the environment in which the service encounter occurs including interior design, colour schemes and layout. Some aspects of physical evidence provide lasting proof that the service has occurred, such as souvenirs, mementos, invoices and other livery of artifacts.[29] According to Booms and Bitner's framework, the physical evidence is "the service delivered and any tangible goods that facilitate the performance and communication of the service".[30] Physical evidence is important to customers because the tangible goods are evidence that the seller has (or has not) provided what the customer was expecting.

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