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Marketing

Marketing is a business term referring to the promotion of products, advertising, pricing, distribution channels, and branding. The term developed from the original meaning which referred literally to going to market, as in shopping, or going to a market to sell goods or services.

The American Marketing Association (AMA) states, “Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationship in ways that benefit the organization and its stakeholders.”

Marketing practice tends to be seen as a creative industry, which includes advertising, distribution and selling. It is also concerned with anticipating the customer’s future needs and wants, which are often discovered through market research.

Marketing is influenced by many of the social sciences, particularly psychology, sociology, and economics. Anthropology is also a small, but growing influence. Market research underpins these activities. Through advertising, it is also related to many of the creative arts. The marketing literature is also infamous for re-inventing itself and its vocabulary according to the times and the culture.

In the early 1960s, Professor Neil Borden at Harvard Business School identified a number of company performance actions that can influence the consumer decision to purchase goods or services. Borden suggested that all those actions of the company represented a “Marketing Mix”. Professor E. “Jerome McCarthy, also at the Harvard Business School in the early 1960s, suggested that the Marketing Mix contained 4 elements: product, price, place and promotion.

- **Product:** The product aspects of marketing deal with the specification of the actual goods or services, and how it relates to the end-user’s needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees and support.
- **Pricing:** This refers to the process of setting a price for a product, including discounts. The price need not be monetary – it can simply be what is exchanged for the product or services, e.g. time, energy, or attention.
- **Promotion:** This includes advertising, sales promotion, publicity, and personal selling, branding, and refers to the various methods of promoting the product, brand, or company.
- **Placement (distribution):** refers to how the product gets to the customer; for example, point-of-sale placement or retailing. This fourth P has also sometimes been called Place, referring to the channel by which a product or services is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young, adults, families, business people), etc. also referring to how the environment in which the product is sold in can affect sales.

These four elements are often referred to as the marketing mix, which a marketer can use to craft a marketing plan.

The four Ps model is most useful when marketing low value consumer products . Industrial products, services, high value consumer products require adjustments to this model. Services marketing must account for the unique nature of services.

As a counter to this, Morgan, in *Riding the Waves of change* (Jossey-Bass, 1988), suggests that one of the greatest limitations of the 4 Ps approach “is that it unconsciously emphasizes inside-out view (looking from the company outwards), whereas the essence of marketing should be the outside-in approach”.

Seven Ps

As well as the standard four P’s (Product, Pricing, Promotion and Placement), services marketing calls upon an extra three, totaling seven and known together as the extended mix. These are:

- **People:** Any person coming into contact with customers can have an impact on overall satisfaction. Whether as part of a supporting service to a product or involved in a total service, people are particularly important because, in the customer’s eyes, they are generally inseparable from the total service. As a result of this, they must be appropriately trained, well motivated and the right type of person. Fellow customers are also sometimes referred to under ‘people’, as they too can affect the customer’s service experience, (e.g., at a sporting event).
- **Process:** This is the process(es) involved in providing a service and the behavior of people, which can be crucial to customer satisfaction.
- **Physical evidence:** Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible. This, therefore, means that potential customers could perceive greater risk when deciding whether to use a service. To reduce the feeling of risk, thus improving the chance for success, it is often vital to offer potential customers the chance to see what a service would be like. This is done by providing physical evidence, such as case studies, testimonials or demonstrations.