2.5 marketing mix strategies

GLOSSARY

Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

https://www.ama.org/the-definition-of-marketing-what-is-marketing/

Marketing mix concept

The marketing mix is a concept that is said to have been developed by professor and academic, Neil H. Borden, who elaborated on James Culliton's concept of business executives being mixers of ingredients. Ingredients being different marketing features and practices. The marketing mix was later refined by professor and author, Jerome McCarthy, to specifically include four key components: Product, Place, Price and Promotion. McCarthy wrote about **the '4 Ps' in the 1960s** in his book *Basic Marketing: A Managerial Approach.*

Now that you know what the **7Ps of the marketing mix** are and their origins, let's dive a little deeper into the definition of each aspect.

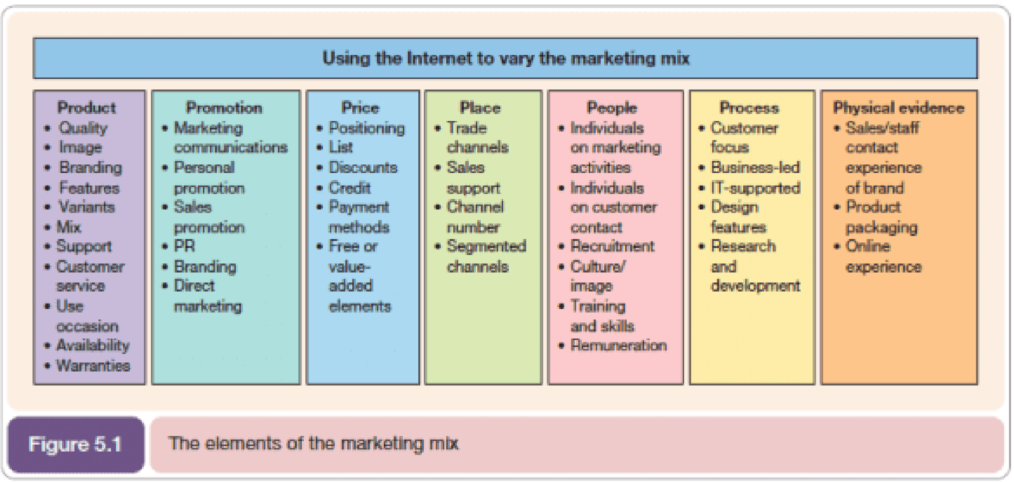

Figure 5.1 The elements of the marketing mix

https://blog.hurree.co/blog/marketing-mix-7ps

The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.
PROJECT NUMBER: 2020-EL01-KA204-078802
Co-funded by the Erasmus+ Programme of the European Union

Marketing competition

A market can be defined as a place where two or more parties come together to exchange goods or services or any other information.

Generally, a market is a place where sellers sell their goods and services in exchange for money. The market can differ on the basis of products or services sold or on the basis of other factors like government regulation, taxes, legality of exchange, price ceiling, buyers target, etc. and the simplest meaning of word competition is when two or more parties try to gain competitive gain or win over one another. In competition when one party wins then automatically another party loses. By understanding the terms market and competition, we can deduce that market competition is where two or more companies or organisations strive to gain profit by competing with one another using various tactics.

https://www.marketing91.com/market-competition/

Marketing strategy

A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services. A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements. A thorough marketing strategy covers "the four Ps" of marketing—product, price, place, and promotion.

https://www.investopedia.com/terms/m/marketing-strategy.asp

Company competitive advantage

Competitive advantage refers to factors that allow a company to produce goods or services better or more cheaply than its rivals. These factors allow the productive entity to generate more sales or superior margins compared to its market rivals. Competitive advantages are attributed to a variety of factors including cost structure, branding, the quality of product offerings, the distribution network, intellectual property, and customer service.

https://www.investopedia.com/terms/c/competitive_advantage.asp

----

MARKETING MIX STRATEGIES

MARKETING MIX CONCEPT: 7 Ps

A planned approach to marketing helps us to set clear objectives based on the current situation a company is facing. The strategy defines how those objectives will be achieved, including the target market to focus on and how the company will be positioned. So now we need to define the tactics to make this plan happen and that's where the extended marketing mix (4Ps) comes in.

What is the marketing mix?

The marketing mix refers to the tactics (or marketing activities) that we have to satisfy customer needs and position our offering clearly in the mind of the customer. It involves the 4Ps; Product, Price, Place and Promotion (McCarthy, 1960) and an additional three elements that help us meet the challenges of marketing services, People, Process and Physical Evidence (Booms & Bitner, 1982).

First of all, know your 7Ps

Product

This refers to what the company produces (whether it is product or service, or a combination of both) and is developed to meet the core need of the customer – for example, the need for transport is met with a car. The challenge is to create the right 'bundle of benefits' that meet this need. So what happens as customer needs change, competitors race ahead or new opportunities arise? We have to add to the 'bundle of benefits' to improve the offering, create new versions of existing products, or launch brand new products. When improving the product offering, think beyond the actual product itself – value can be added and differentiation achieved with guarantees, warranties, after-sales or online support, a user-friendly app or digital content like a video that helps the user to make the most out of the product.

Price

This is the only revenue-generating element of the mix – all other marketing activities represent a cost. So it's important to get the price right to not only cover costs but generate profit! Before setting prices, we need to research information on what customers are willing to pay and gain an understanding of the demand for that product/service in the market. As price is also a strong indication of the positioning in the market against competitors (low prices=value brand), prices need to be set with competitors in mind too.

Place

This is the ‘place’ where customers make a purchase. This might be in a physical store, through an app or via a website. Some organisations have the physical space, or online presence to take their product/service straight to the customer, whereas others have to work with intermediaries or ‘middlemen’ with the locations, storage and/or sales expertise to help with this distribution. The decisions to be made in this element of the marketing mix concern which intermediaries (if any) will be involved in the distribution chain and also the logistics behind getting the product/service to the end customer, including storage and transportation.

Promotion

So we have a fantastic product, at an appealing price, available in all the right places, but how do customers know this? Promotion in our marketing mix is about communicating messages to customers, whichever stage they are in the buyer journey, to generate awareness, interest, desire or action.

We have different tools for communication with varying benefits. Advertising is good for raising awareness and reaching new audiences, whereas personal selling using a sales team is great for building relationships with customers and closing a sale. The challenge? To choose the best tool for the job, and select the most effective media to reach our audiences based on what we know about them. If your customer is a regular on Instagram then that’s where you need to be talking to them!

This doesn’t just apply to customers. Communicate to other stakeholders too like shareholders and the wider public to build company reputation. The same principles apply; choose the right tools and media that fit with what you are trying to achieve.

Packaging

The fifth element in the marketing mix is the packaging.

Remember, people form their first impression about you within the first 30 seconds of seeing you or some element of your company. Small improvements in the packaging or external appearance of your product or service can often lead to completely different reactions from your customers

Packaging refers to the way your product or service appears from the outside. Packaging also refers to your people and how they dress and groom. It refers to your offices, your waiting rooms, your brochures, your correspondence and every single visual element about your company. Everything counts. Everything helps or hurts. Everything affects your customer’s confidence about dealing with you.

Positioning

The next P is positioning. You should develop the habit of thinking continually about how you are positioned in the hearts and minds of your customers. How do people think and talk about you when you’re not present? What do people think and talk about your company? What positioning do you have in your market, in terms of the specific words people use when they describe you and your offerings to others?

Develop the habit of thinking about how you could improve your positioning. Begin by determining the position you'd like to have. If you could create the ideal impression in the hearts and minds of your customers, what would it be? What would you have to do in every customer interaction to get your customers to think and talk about in that specific way? What changes do you need to make in the way you interact with customers today in order to be seen as the very best choice for your customers of tomorrow?

People

The final P of the marketing mix is people. Develop the habit of thinking in terms of the people inside and outside of your business who are responsible for every element of your sales and marketing strategy and activities.

To be successful in business, you must develop the habit of thinking in terms of exactly who is going to carry out each task and responsibility. In many cases, it's not possible to move forward until you can attract and put the right person into the right position. Many of the best business plans ever developed sit on shelves today because the people who created them could not find the key people who could execute those plans.

Reference: https://healthcaresuccess.com/blog/medical-advertising-agency/the-7-ps-ofmarketing.html#:~:text=These%20seven%20are%3A%20product%2C%20price,for%20you%20in%20today's%20marketplace

Marketing competition

"Competition is good for everybody.... Competition helps bring out everybody's potential....and it doesn't matter what level of society; even the poor people have that energy, deserve that freedom where they can be able to compete with the rest and do the best they can."

- President Paul Kagame

Competition in marketing can be used to increase the value of companies. Learn what competition in marketing is and how it is used, and examine the three primary types of competitors and their relationships with each other.

So, what does competition mean in the field of marketing? Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit, and market share growth. Market competition motivates companies to increase sales volume by utilising the four components of the marketing mix, also referred to as ***the seven P's***. These P's stand for **product, price, place, promotion, people, process** and **physical evidence**.

Marketing strategy.

If you are not aware of who the competition is and knowledgeable about their strengths and weaknesses, it's likely that another firm could enter the picture and provide a competitive advantage, such as product offerings at lower prices or value added benefits. Identifying your competition and staying informed about their products and services is the key to remaining competitive in the market and is crucial to the survival of any business.

There are three primary types of market competition:

Direct competitors - A direct competitor offers the same products and services aimed at the same target market and customer base, with the same goal of profit and market share growth. This means that your direct competitors are targeting the same audience as you, selling the same products as you, in a similar distribution model as you.

Indirect competitors - An indirect competitor is another company that offers the same products and services, much like direct competitors; however, the end goals are different. These competitors are seeking to grow revenue with a different strategy.

Replacement competitors – a replacement competitor is another company that is offering a product or service that the consumer could use instead of choosing your products or services. The important concept with replacement competitors is that they are using the same resources to purchase replacement products or services that could have been used to buy your offering .

Picture 1: the perfect competition

Perfect competition is nearly a real-life market competition. In this type of market competition, there are a large number of buyers as well as a large number of sellers. A perfect competition market is the opposite of a monopoly market competition.

In perfect competition, because there is a large number of buyers and sellers. The prices of products are reflected by the supply and demand. Each company earns enough profit so that it can stay in the market.

Other companies enter to share the profit if one company is making more profit. A market is a perfect competition market if it fulfils certain criteria.

1) There is no influence on the market share of a company in the price of the product.
2) Companies of perfect competition should sell an identical product.
3) No company in the perfect competition can influence the market price of their product.
4) It costs less to enter and exit a market at any time.
5) In a perfect competition market, buyers of the product have deep knowledge about the price charged by the firms and products sold by them.

Perfect Competition Examples:

It is often stated that perfect competition does not actually exist in the real world. To a certain extent, this proposition is right. For instance, perfect competition may have existed in previous centuries when commodities were the main source of economic activity. In particular, coal, oil, metal, and corn were all major parts of the economy. At the same time, they were homogenous and met the 5 characteristics

1. **Agriculture**:

In this market, products are very similar. Carrots, potatoes, and grain are all generic, with many farmers producing them. As the product is homogenous, it is easy to buy some land and farm it. Additionally, it is also easy to leave the market too. So the market has key signs of perfect competition.

2. **Foreign Exchange Markets**:

In this market, traders exchange currencies. As there is only one US Dollar, one Great British Pound, and one Euro, the product is homogenous. Additionally, there are many sellers and buyers in the market. Furthermore, it is easy to buy some currency, and easy to sell it too. With that said, there is an exception in the fact that traders may not have 'perfect information'. Normal buyers and sellers may be at a disadvantage compared to professional traders who do it for a living. Even so, it is one of the closest examples of perfect competition we can find today.

3. **Online shopping**:

We may not see the internet as a distinct market. However, the internet is home to many buyers and many sellers. For instance, we only need to look at eBay as an example. In fact, this is exactly what a market is although not on a physical level.

The internet allows customers to compare and gather 'perfect information' on a product. Consider a specific book: there are many buyers and many distributors. In this case, it may include Amazon, Waterstones, or Barnes & Noble. At the same time, there are generally little differences in price.

Company competitive advantage

Competitive advantage refers to factors that allow a company to produce goods or services better or more cheaply than its rivals. These factors allow the productive entity to generate more sales or superior margins compared to its market rivals. Competitive advantages are attributed to a variety of factors including cost structure, branding, the quality of product offerings, the distribution network, intellectual property, and customer service.

Competitive advantages generate greater value for a firm and its shareholders because of certain strengths or conditions. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralise the advantage. The two main types of competitive advantages are **comparative advantage** and **differential advantage**.

- **Competitive Advantage vs. Comparative Advantage**

A firm's ability to produce a good or service more efficiently than its competitors, which leads to greater profit margins, creates a comparative advantage. Rational consumers will choose the cheaper of any two perfect substitutes offered. For example, a car owner will buy gasoline from a gas station that is 5 cents cheaper than other stations in the area. For imperfect substitutes, like Pepsi versus Coke, higher margins for the lowest-cost producers can eventually bring superior returns.

Economies of scale, efficient internal systems, and geographic location can also create a comparative advantage. Comparative advantage does not imply a better product or service, though. It only shows the firm can offer a product or service of the same value at a lower price.

For example, a firm that manufactures a product in China may have lower labour costs than a company that manufactures in the U.S., so it can offer an equal product at a lower price. In the context of international trade economics, opportunity cost determines comparative advantages.

Amazon (AMZN) is an example of a company focused on building and maintaining a comparative advantage. The e-commerce platform has a level of scale and efficiency that is difficult for retail competitors to replicate, allowing it to rise to prominence largely through price competition.

- **Competitive Advantage vs. Differential Advantage**

A differential advantage is when a firm's products or services differ from its competitors' offerings and are seen as superior. Advanced technology, patent-protected products or processes, superior personnel, and strong brand identity are all drivers of differential advantage. These factors support wide margins and large market shares.

Apple is famous for creating innovative products, such as the iPhone, and supporting its market leadership with savvy marketing campaigns to build an elite brand. Major drug companies can also market branded drugs at high price points because they are protected by patents.

How do I know if a company has a competitive advantage?

If a business can increase its market share through increased efficiency or productivity, it would have a competitive advantage over its competitors.

How can businesses increase their competitive advantage?

Lasting competitive advantages tend to be things competitors cannot easily replicate or imitate. Warren Buffet calls sustainable competitive advantages economic moats, which businesses can figuratively dig around themselves to entrench competitive advantages. This can include strengthening one's brand, raising barriers to new entrants (such as through regulations), and the defence of intellectual property.

Why do larger companies tend to have competitive advantages?

Competitive advantages that accrue from economies of scale typically refer to supply-side advantages, such as the purchasing power of a large restaurant or retail chain. But advantages of scale also exist on the demand side—they are commonly referred to as network effects. This happens when a service becomes more valuable to all of its users as the service adds more users. The result can often be a winner-take-all dynamic in the industry.

How is competitive advantage different from comparative advantage?

Comparative advantage mostly refers to international trade. It posits that a country should focus on what it can produce and export relatively the cheapest—thus if one country has a competitive advantage in producing both products A & B, it should only produce product A if it can do it better than B and import B from some other country.

Competitive advantage gaining strategies

The circular economy model enables businesses to incorporate regenerative manufacturing systems that use closed-loop resources to achieve economic and environmental sustainability. The work focuses on the circular economy's competitive advantage from the multinationals apparel industry's internationalisation paradigm. A qualitative data analysis technique was used to analyse secondary data obtained for this work. Also, two case studies were selected to demonstrate the circular economy model practice. As a result, the fast fashion industry is increasingly focused on sustainability and environmental value development. Firms need competitive advantages to grow and can grow by leveraging the competitive advantages of the circular economy. Sustainable practices are not only essential for development but also business practices like production and operations. The value creation and competitive advantage in this work can also benefit the practitioners of this discipline when taking internationalisation decisions from a circular economy perspective.

Considering that the circular economy may provide firms with an opportunity to gain a competitive advantage, this section discusses what a competitive advantage is and how to achieve it. The fundamental literature about the firm's competitive advantage can be traced back to the early 1980s when management authors began referring to it as the ability of a firm to achieve greater than typical performance through resources and capabilities (Gluck et al., 1980; M.E. Porter, 1980). After debating the relative importance of internal resources versus external factors, the discourse quickly switched to how competitive advantage could be attained and sustained, establishing a fertile research domain for the strategic management literature to flourish (Collis & Montgomery, 1995; Dierickx & Cool, 1989; McGrath et al., 1996). Additionally, Porter (1985) provided the pioneering definition, stating that a competitive advantage emerges when a firm can provide more value to its consumers than its competitors through cost leadership or differentiation. Porter adopts a market-oriented outside-in perspective, whereas Barney (1991) adopts an inside-out perspective that examines the fundamental competencies and describes how these competencies are used to obtain a unique position in the market. According to Barney (1991), "a firm is said to have a competitive advantage when it is implementing a value-creating strategy not simultaneously being implemented by any current or potential player".

The critical point was that a corporation achieves competitive advantage through the effective combination of resources and capabilities to build a distinctive competency.

The primary argument was that a corporation gained a competitive advantage by appropriately integrating resources and capabilities to build a distinctive competence. Resources and capabilities can include tangible assets such as machinery, patents, and even human capital and intangible and difficult-to-transfer assets like knowledge, experience, stakeholder relationships, and culture (Fiol, 1991). However, not all resources and capabilities are sufficient to develop a distinctive competence, making it critical to evaluate them before investing in them thoroughly. The most extensively used management tool for evaluating resources and capabilities is the VRIO framework, which was created in 1991 by Barney, widely regarded as the founder of the **Resource-Based View (RBV)**. Although capabilities were taken into account in the model, they thought that the concept of resources was too broad and inclusive (Kraaijenbrink et al., 2010)—as the name RBV attests—which to create **sustained competitive advantage (SCA),** had to be valuable, rare, imperfectly imitable and not substitutable (Collis & Montgomery, 1995). Firms often use the value chain to find relevant resource candidates (Barney, 1991).

Concepts in management theory fundamental to corporate competitiveness have grown and gained increased attention since the RBV model was first introduced, leading to questions about the solidity of the RBV framework (Peteraf & Barney, 2003). However, its crucial notion that achieving SCA requires valuable, rare, inimitable, and non-substitutable resources and capabilities remained relevant and was adopted by related concepts such as core competencies (Prahalad & Hamel, 1990) and dynamic capabilities (Teece et al., 1997). The former are characterised as “the collective learning in the organisation, especially how to coordinate diverse production skills and integrate multiple streams of technologies” (Prahalad & Hamel, 1990, p. 84). This concept illustrates the benefit of the original RBV theory, which is the ability to combine individual resources and capabilities into a synergistic one (Laurie et al., 2006). In the short term, strategy is bound by the resources and capabilities available. Therefore, it is formed by what the firm has. However, over the longer term, this strategy involves renewing and adding resources and capacity to generate distinctive competencies that adapt rapidly to changing contexts (Alexander & Martin, 2013; Zook, 2007). Due to the tremendous pressures of short-term cost and quality competition, most businesses do not devote enough time to create a corporate vision for the future, leaving them without the core competencies necessary to capitalise on prospects.

The strategic importance of an organisation’s ability to adapt its resource base responsively and purposefully to changing environments led to the designation of such capabilities as dynamic capabilities, distinguishing them from its current operational capabilities. They are “the firm’s processes that use resources—specifically the processes to integrate, reconfigure, gain and release resources—to match and even create market change”. Dynamic capabilities were developed to move away from all-inclusive RBV resources and recognize the distinction between inputs and those capabilities that allow the firm to choose, deploy and manage these inputs. Resources continue to be critical to the survival of the business, not per se, but because of the configuration provided by dynamic capabilities. Along with internal resources, another form of input, particularly for critical technological capabilities, is external linkages. Through collaborative partnerships centred on technological access, businesses can multiply internal resources and demonstrate a broader array of core competencies more quickly and cost-effectively.

Corporate enterprise has gone through a fundamental change over the past few decades. Big multinationals have been trying to combine philanthropic and economic performance in a single point for several years, and today it seems possible. Leading businesses now believe that an innovative sustainability plan will give them a competitive advantage, allowing them to increase profits and take advantage of market opportunities. Multinational corporations are confronted with a severe problem in these fields. They either make an optimistic market building or cost money in the form of philanthropic programs for sustainability. Unless the companies can convert these practices into financial methods, or unless the managers can quantify the company’s financial result, the management is uncertain about embracing sustainability, which contributes to the risk of losing income and being portrayed as a responsible player in the business. In this regard, the circular economy will provide solutions for businesses to integrate growth and sustainability. It is possible because the circular economy has the potential to provide businesses with a competitive advantage. Companies from different industries with enhanced environmental performance can provide a competitive advantage. Also, Stuart L. Hart and Mark Milstein (2003) contend that circularity can provide companies with a competitive advantage and achieve significant strategic objectives. MIT Sloan Management Review and the Boston Consulting Group conducted a similar study ten years later, confirming that sustainability provides the company with a competitive advantage.

According to the literature, businesses that follow a circular economy have a competitive advantage, contributing to increased profits. Multinationals around the world adopting a circular economy are found among the best sellers. After embracing the circular economy model, Patagonia, the leading manufacturer, increased sales by 30%. Patagonia's "buy less" campaign[1] was a massive success because it used sustainability and circularity as a marketing strategy. Although Patagonia's case indicates that their purpose was always to address sustainability, circularity and sustainability branding can subsidise the cost of circularity and benefit. Companies that care about the environment remain ahead of specific future regulations, giving them a competitive advantage over conventional rivals. Since consumers are more aware of the company's social policies, circular campaigns are an effective brand marketing technique.

From the resource-based perspective, if firms can demonstrate distinctive competencies, it can contribute to long-term competitive advantage. It applies to enterprises that follow a circular economic model as leading players in apparel production in a state with a distinctive competence that could lead to a competitive advantage. The same study found that Zara and Walmart have a high-value chain and a competitive advantage over various value chain stages (Bhatnagar & Teo, 2009)[2]. When it comes to strategy, choices must be made, and it is not easy to be everything to everyone. A firm must make a decision. Though, when environmental sustainability is included, the potential market becomes much broader, surpassing typical segmentation. A linear economy generally does not combine different abilities because it requires time and investment to get them, but circular thinking could enable the practice.

---

1 Website: https.://eu.patagonia.com

2 Website: "Role of logistics in enhancing competitive advantage: a value chain framework for global supply chains" in International Journal Of Physical Distribution & Logistics Management 39(3): 202-226