

# A STUDY ON MARKETING MIX ELEMENTS (PRODUCT, PRICE, PLACE, PROMOTION) AND THEIR INTERPLAY IN DRIVING CUSTOMER ACQUISITION, RETENTION

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## ABSTRACT:

The paper aims to investigate the influencing of marketing mix (MM) elements (product, price, place or distribution, and promotion) on increasing the effectiveness of product promotion and their role to reduce the problems within the organization. The main importance aspects of this paper are to discuss the theoretical part of MM, to provide some perspectives for the researchers, and to give some instructions for the marketing department in Al-Saaeda Company for medical equipment technologies. The researchers used the main related academic resources from university library, and internet, and they designed and distributed questionnaires on a random sample of Al-Saaeda Company for Medical Equipment Technologies customers and the company employees to measure the impact of promotion on the marketing of its product (Glucocard 01-mini plus). The main findings of this paper can be concluded as following: 1. The promotion has a very high level of impact to increase the sales of products. 2. The good distribution of product can effect positively on customer satisfaction. 3. The company's policy for promoting has a very good reflection on increasing the sales of products. The researchers recommended that the company must strengthen the level of promotions in its activities and departments, and the increasing of sales points is very important, so the company must enhance its policies of distribution.

**Keywords:** Marketing Mix, 4P, Price, Place, Product, Promotion

## 1. Introduction

The main factor to success in each organization is the marketing, because it is the main channel between any organization and customers. The marketing has many strategies, but all these strategies have one goal, this goal is to promote for the organization products or services by increasing the satisfaction of customers. The most important strategy of marketing in our modern era is marketing mix (MM) which developed through time from one element to multi elements.

MM is a conceptual framework not just a scientific theory that clarifies the main decision making managers' efforts to configure the offerings to the needs of suit consumers. So, for developing the strategies of long-term and the tactical programs of short-term MM can be used as a tool to do that. MM can be defined as the most important marketing terms. It is the operational part of marketing, it

is also named the 4Ps (Price, Place, Product, and Promotion)

## 2. Research Methodology

The paper methodology can be summarized by explaining the research problem, importance, objectives, hypothesis, method and scope along with clarifying the main definitions of this paper.

### 2.1 Research Problem

This paper focuses on the impact of MM elements in increasing the effectiveness of product promotion and their role to decrease the problems within the organization. Thus, the research problem can be summarized according to the following questions:

- Do MM elements help the organization to achieve its goals for promoting its products?
- Do the managers and decision makers in the organization understand the benefits of MM?

**2.2 Research Objectives** The following points can demonstrate the main objectives of this paper:

- Presenting a theoretical view for the studied subject (The MM Elements) by focusing on the concepts in organization as general, and marketing.
- Testing the selected hypothesis of this paper.
- Obtaining reliable results for the paper in an appropriate manner which consist the studied problem and hypotheses of this paper.
- Finding the impact of MM elements in Al-Saaeda medical company

Thus, in order to achieve the above objectives, we will depend on methodological steps, which will discuss specifically within the research method session in the coming paragraph.

### 2.3 Research Importance

The following points can define the importance of this paper:

- Include the core of ideas within the theoretical part of this paper.
- Provide some perspectives for the researchers, who should realize the importance of the factors that used in this paper.
- Obtain the outcomes and results from the subject studied.

### 2.4 Research Methods

In order to accomplish the test of paper hypotheses and achieve its objectives, we specify under following points the model used within this paper:

- Collecting data according to the organization information.
- Analyzing collected data using Excel statistical functions.

### 2.5 Research Hypothesis

According to the research problem and objectives we can specify the basic hypothesis

of this paper as following: Hypothesis1: The evaluation of MM elements can help company to promote effectively for its products.

Hypothesis2: There are many differences among MM elements in enhancing the promotion of the product.

### 2.6 Case Presentation

This paper sample is a medical product (Glucocard 01-mini plus) for Al-Saaeda company for medical equipment technologies that has many branches in Iraq and Kurdistan (Baghdad, Erbil, and Sulaimaniya).

### 2.7 Research Scope

The paper has the following limitations:

- Period: years 2015 and 2016
- Marketing level: the marketing department in Al-Saaeda company for medical equipment technologies
- Scientific scope: promotion

### 3. Literature Review

The origin of MM concept came from the single P (price) of the theory of microeconomic (Chong, 2003) after a while, McCarthy (1964) introduced the MM as the (4Ps) which are price, place, product and promotion, as a type of clarifying marketing planning into practice (Bennett, 1997). Palmer (2004) defines MM as a conceptual framework that clarifies the main decisions managers' efforts in configuring their offerings to suit consumers' needs for developing long-term strategies or short-term tactical programs (Palmer, 2004). Kent (1986) refers to the 4Ps of the MM as the holy quadruple of the marketing faith written in tablets of stone. MM has been extremely influential in informing the development of both marketing theory and practice (Möller, 2006). Grönroos (1994) clarified the main reasons of the MM as a powerful concept to make marketing seem easy to handle, to allow the separation of marketing from other activities of the organization, to delegate the marketing tasks to specialists, and to change an organization's

competitive position by activating the components of the MM. According to the marketing literature, we think that 4Ps developed over time according to the needs of the practices of organizations, and MM become strategically in a good position in the marketing plan.

### 3.1 The Concept of Marketing Mix

MM can be defined as controllable group of variables that the organization can use to effect on the buyer's response to product or service (Kotler, 2000), and CIM (2009) can be defined MM as a term used to describe the combination tactics used by a business to realize its goals by marketing its products or services effectively to a particular target customers group. According to the previous MM definitions, we can define MM as the combination of different marketing decision variables, strategies, and tactics used by the organization management to market its goods and services.

### 3.2 Pros and Cons of Marketing Mix

The MM has two important benefits, first, it is an important tool used to enable one to see that the marketing manager's job is a matter of trading off the benefits of one's competitive strengths in the MM against the benefits of others. The second benefit of the MM is that it helps to reveal another dimension of the marketing manager's job (Goi, 2009). All the managers must specify available resources among different needs, and the manager of marketing will specify these resources among the different competitive devices of the MM. So, this will help install the philosophy of marketing in the organization (Low & Tan, 1995). However, Möller (2006) highlighted that the shortcomings of the 4Ps MM framework, as the pillars of the traditional marketing management have frequently become the target of strong criticism. A number of critics even go as far as rejecting the 4Ps altogether, proposing alternative frameworks. This criticism can be summarized as (Fakeideas, 2008):

- The MM does not consider customer behavior but is internally oriented.
- The MM regards customers as passive; it does not allow interaction and cannot capture relationships.
- The MM is void of theoretical content; it works primarily as a simplistic device focusing the attention of management.
- The MM does not offer help for personification of marketing activities.
- The unique elements of services marketing are not taken into consideration by MM
- The product is declared in the singular but most organizations do not sell the product only. Marketers sell the lines of product or trademarks, all interconnected in the consumer's vision.
- The building of relationship which has been the major goal of marketing or the experiences that are bought by consumers are not mentioned by MM.
- The concept of the MM has implied marketers as the major element.

### 3.3 The Main Elements of Marketing Mix

The MM has many elements, these elements can be specified according to the main goal of the organization, the main elements of MM refer to the 4 'P's (product, price, place or distribution, and promotion), these MM may strengthen the customer satisfaction's level (Raewf & Thabit, 2015).

#### Product

Product refers to the goods and services presented by the organization. So, in few words, the product can be known as a pack of advantages which a marketer presents to the customer for a price. The product can also take the shape of a service like a train travel, communication, etc. Thus, the product is the main element of any MM (Singh, 2012).

#### Price

The second most significant element in the MM is the price. It can be known as the value charged for any product or service (Borden & Marshall, 1959). Fixing the product's price is a difficult job. The marketers have to know that while fixing the price, so many factors like the need of a product, cost involved, consumer's ability to pay, government restrictions, prices charged by competitors for comparable products, etc. can control this process. In fact, pricing is a very critical decision zone as it has its impact on the need for the product and also on the profitability of the organization (Singh, 2012).

### Place

Goods are produced to be sold to customers; they have to be made ready to the customers at a suitable place where they can handily make deal. So, it is important that the product is ready at markets in the city. This includes a chain of persons and organizations like distributors, wholesalers and retailers who shape the distributing network of the organization (the channel of distribution). The organization must choose whether to sell directly to the persons or through the distributors. It can even plan to sell it directly to customers (Burnett, 2008). The four variables of MM are interconnected. By increasing the product's price, the product demand will be decreased and lesser distribution points will be desired (Singh, 2012). Finally, the overall MM can result in dynamic modelling based on customer feedback for improving a product and the same can be launched as the upgraded product, in addition to enhance the quality of marketing accountability (QMA) (Thabit & Younus, 2015).

### Promotion

Promotion is one of the strongest elements in the MM. Sales promotion actions are publicity, public relations, fair and demonstrations etc. (Culliton, 1948). It is marketing manager who decides the level of marketing expenses on promotion. Promotional actions are mainly meant to complement personal selling, advertising and publicity (Burnett, 2008).

Promotion helps the trader and sales force to show the product to the customers in an effective manner and encourage them to purchase. Promotion depends on many mixtures of its components which are used to realize the organization's marketing objectives. Advertising is a strong element of promotion mix (Singh, 2012). The main purpose of the advertising is to make and evolve the image of a product in the market zone. It is one of the significant tools of competition which saves the dynamism of industry. Promotion mix determines the positioning of the product in the target market. It should be considered as an expense and hence added to the cost of a product (Borden & Marshall, 1959). Figure 1 illustrates the main elements of MM and their relationship with the customer.



Figure 1: The relation between customer and the main elements of MM

## 4. Practical Part

The analyzed results of distributed questionnaire to test the hypothesis of the paper will be discussed in this part and the customer satisfaction about the product and the level of its promotion will be measured.

### 4.1 The Questionnaire

The researchers designed and distributed questionnaires on a random sample of Al-Saaeda Company for Medical Equipment Technologies customers, and questionnaires on the company employees to measure the impact of promotion on the marketing of its product (Glucocard 01-mini plus). The designed questionnaire has 2 perspectives (the customer perspective and the employee perspective).

The researchers distributed 25 questionnaires to a random sample of the company's customer to analyze their opinions on the level of promotion of the product, and 25 customers answered the questionnaire (100%), and they distributed 25 questionnaires to the employees for analyzing the impact of promotion on the MM elements of the product, 25 employees answered the questionnaire (100%). The researchers used the statistical package for social scientists (SPSS) to analyze the quantitative data, and they used Likert scale with rank of 5 possible likelihoods to measure opinions hence the total score for each question is 500. Tables (1) and (2) show the results of the distributed questionnaires for the customer perspective, and the employee perspective respectively.

Table 1: The customer Perspective Questionnaire

Question	Total score	Actual score	% score	Std. deviation
1. The product has a good level of promotion	500	410	82.0 %	4.1
2. The company Advertises in electronic and print media	500	463	92.6 %	4.63
3. the company Makes use of flurry of media, including internet e-mail, fax, telemarketers, In-store advertising etc.	500	452	90.4 %	4.52
4. the company works with the media department of Ad. Agency to define reach, frequency and impact of the Ad.	500	320	64.0 %	3.2
5. the company has good campaign making use of tools like, sponsorships, events, soual causes, and getting media to talk about the brand	500	390	78.0 %	3.9
6. the company increases percolating traits of its brand through all of the company's marketing activities	500	412	82.4 %	4.12
7. the company Stresses on long term relationships with the customers and creating brand loyalty	500	468	93.6 %	4.68
8. The company clarifies and lives the company's basic values and building the corporate brand.	500	455	91.0 %	4.55
9. the company develops a brand building plan to create positive customer experience at every customer contact point, person-to-person contact, events, seminars, telephone, e- mail	500	479	95.8 %	4.79
10. the company uses the brand value proposition as the key deriver of its strategy, product development operations and services	500	405	81.0 %	4.05

Table (1) contains 10 questions on the customer satisfaction's level about the company's product, developing brand, customer services, and promotion. The researchers prepared and designed this part of the questionnaire based on the studies by Smith (2010); Captec (2012), and Thabit et al. (2016a).

Table 2: The Employees Perspective Questionnaire

Question	Total score	Actual score	% score	Std. deviation
1. The price of product is the most important elements to increase the customer satisfaction's level	500	395	79.0 %	3.95
2. Promoting on product can increase its price	500	420	84.0 %	4.2
3. The branches of company have good positions in the area	500	399	79.8 %	3.99
4. The promotion can effect on the product's level of sales.	500	480	96.0 %	4.8
5. The most of company customers reach to product through the good reputation of company.	500	465	93.0 %	4.65
6. The company has a good plan to distribute product.	500	425	85.0 %	4.25
7. The quality of product is the most important elements to increase the level of customer satisfaction	500	477	95.4 %	4.77
8. The customer service of product is the most important elements to increase the level of customer satisfaction	500	415	83.0 %	4.15
9. The level of e-marketing for the product is satisfied.	500	403	80.6 %	4.03
10. The customers keep in touch with employees of the company to Inquire about the product.	500	418	83.6 %	4.18

Table (2) contains 10 questions on the level of employees' satisfaction about the company's role in increasing customer satisfaction, developing brand, company's strategy, promotion and e-marketing. The researchers prepared and designed this part of the questionnaire based on the studies by Zarca (2014);

BCG (2014); Thabit et al. (2016b) and Thabit et al. (2016c). Figures (2) and (3) illustrate the analyzed opinions of customers and employees respectively by bar charts. In other words, X axis represents the type of question, and Y axis represents the degree of the respond's answers after analyzed them by Excel functions.

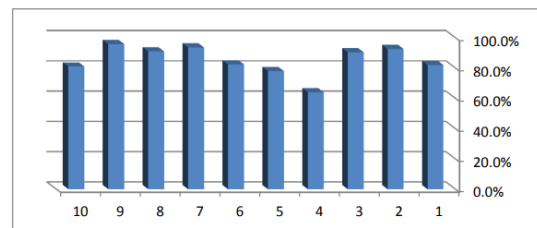


Figure 2: The percentage score of customer perspective

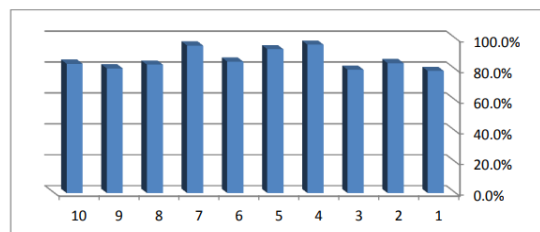


Figure 3: The percentage score of employees perspective

## 4.2 Findings

According to previous results, the researchers have found the following findings:

### Customer Perspective

- The average of customer satisfaction about the product promotion is good (85.1%).
- The customers have an excellent idea about the plan of company to developing the brand of product (95.8%).
- The customers have a humble idea about the company promotion types (64%).
- The overall policy of company promotion has a very good reflection according to customers' opinions (between 90.4% - 93.6%).
- The brand of the product has a good reputation according customers' opinions (between 78% - 82.4%).

### Employee Perspective

- The employees have high level of confidence that the promotion can effect on the level of product sells (96%).
- The price of product doesn't have high level of impact on customer satisfaction (79%).
- The employees believe that the quality of product and the good reputation of the company are the most important elements to increase the customer satisfaction (95.4%) and (93%) respectively.
- The promotion of product has a very good level to increase sells in the company (80.6% - 85%).
- The company branches have a good influence on marketing the product according to the employees' opinions (79.8%).

## 5. Conclusion

Marketing includes a set of actions. In the beginning, an organization may determine on its target and once the target set is determined, the product is to be put in the market by providing the suitable product, price, distribution and promotional actions. These are

to be gathered at a suitable rate so as to realize the marketing goal. Such mix of product, price, distribution and promotional actions is recognized as 'Marketing Mix'. According to literature review, marketing Mix (MM) is the controllable group of variables that the organization may use to effect on the customer's response. The controllable variables, in this case, point to the 4 'P's (product, price, place (distribution) and promotion). Each organization aims to build up such a structure of 4'P's, which can make the customer satisfaction's highest level and meet its organizational objectives in the same time. Thus, this mix is gathered to hold over in mind the needs of target customers, and it differs from one organization to second relying on its resources and marketing purposes.

## 6. Recommendations

The researchers recommend, according to the pervious conclusions, the following:

- The company must increase the level of promotions in its activities and departments.
- The increasing of sales points is very important, so the company must enhance its policies of distribution.
- The company must focus on the quality of its production, even if it impacts negatively on the selling price.
- Many tutorials, workshops, and conferences must be done for the customer services to keep and increase its activities in a good level.

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