

Redefining Marketing Mix for Digital Marketing

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Abstract

This research paper talks about the relevance of the 4Ps of marketing in the present context especially since they were first coined in 1960 by E. Jerome McCarthy when the market was in the phase of gradual development against the fast growing market now in 2017 which has seen its share of crests & troughs and also depressions.

In such a scenario, still sticking to the Product-Price-Place-Promotion rant before devising a marketing plan is a question that this research paper answers. Whether there can be another set of 4Ps or an extension of the initial is a discussion which comes in the later section of the paper.

Keywords: Digital Selling, Digital Marketing, Marketing Mix, 4P, Targeting Millennials

Introduction

The research paper first discusses the origin and relevance of the traditional 4Ps of marketing. The relevance is measured against the current marketing campaigns undertaken by various brands in FMCG which forms the face of the B2C market for which the 4Ps were initially coined. Developing from the same, the research paper further proposes the new 4Ps of marketing which suit the current digital and offline marketing scenario more.

Also, considering the fact that Product-Price-Place-Promotion is a criteria broad enough to be refuted, the research paper tries to be more specific in the new proposition which hence become- Palette (Product Portfolio), Proposition (Positioning/ creativity), Proximity (In Sight in Mind/Shift to digital media) and Personality (Public Relations).

Conceptual Framework

It has been a common observation that numerous campaigns are rolled out into the market at a pace which is highly frequent. And when we talk of campaigns we do not mean the major above the line campaigns or to be more specific the campaigns which are usually on TV on the prime time to get the best of the audience; even the random creative which roll out daily on the Facebook pages or the messages that we get in our inbox, the mails that usually land up in our spam folders, the pamphlets that get distributes- all these are marketing campaigns in one form or the other.

A lot of money gets into executing these campaigns. An estimate report by First post marked the number to be around 15% of the annual budget being dedicated to marketing campaigns. (FP Staff, 2015). This figure was later increased to an estimate of about 30% of the annual budget by 2017 i.e. the current year. (Leone, 2016)

With budgets this huge and ascertaining the campaign effectiveness an equally difficult and ambiguous task, the research paper aims to provide a model by the means of the new 4Ps which would grant a closer look at what works in the market and hence should be used as a wireframe.

Materials and Methods

To start with, we would first introduce the traditional 4Ps (Kotler, Koshi, Keller, & Jha, 2017) of marketing and then we will discuss the relevance of the same.

a. Product: Product is any offering at sale. It need not be a tangible object, it can be intangible object which is then called service. A product can be a tangible object, a

service, an aspiration, an idea or any motivation which has been put up to be given in exchange of some tangible or intangible benefits to the proposer.

- b. Price:** Price is the cost at which the product can be acquired. It again need not be tangible cash. It can be a good also as is usually the mode of exchange in the barter system. Usually decided by the proposer, a price can also be open to negotiation.
- c. Place:** A place defines the location at which the product is sold. It is basically the touch point for the sale. It can be a shop, a stall or even an online platform.
- d. Promotion:** The last of the 4Ps but by no means any less important. Once the product has been made, the price and place of sale decided, the question is about getting the product to the customer's vision. Promotion is the key to enter into the customer's mind. The right type of promotion is then subjective to the type of customer.

Now, we shall take a few illustrations to understand the impact of the 4Ps on a product's marketing. For better understanding, we shall take the example of one fast moving consumer good, 'Nirma' washing powder and another of niche segment of 'Nirav Modi' brand of jewellery which is exclusively a high end product.

Nirma detergent, the washing powder with humble beginnings which first came into the market in 1969 with a simple motive of its founder- to earn extra income. Karsanbhai Patel did not really have any idea of the marketing knowledge. All he knew was that there was a low income segment which was still struggling with washing soaps and aspired to use detergent powders for its utility. The product

here is the detergent, the price is something we will discuss later because it was the differentiating factor, the place was the typical market, without the presence of the product at the shops, the product was actually sold door to door and promotion- word to mouth and door to door selling.

We are talking about price in specific because it was what made the product sell. In a time when Hindustan Liver Limited's (now Hindustan Uniliver) 'Surf' was priced at Rs. 15 per kg, Nirma came as a surprise packet of Rs. 3.5 per kg. There was definitely a psychological barrier towards using a new detergent powder in the market which was priced so low and this is where promotion worker.

Karsanbhai sold the products door to door, giving demonstrations and thus proving the point. Rs 3.5 per kg was a proposition attractive enough what bolstered it further was the door to door marketing.

The result was that Nirma which was initially ignored by HLL as a product which will at max get famous is the local market became a major competitor taking almost all of the lower income group market and soon about 15% of the higher income group too. (ICAR, 2014)

Now imagine doing this in a market like today. First, there are so many pricing segments already that finding a suitable one would be difficult. Second, the door to door promotion strategy which worked then will not work now because hardly anyone would open the door to a salesman. Also, with internet, television adverts, mobile ads at quick perusal, the insight in mind experience would already be enough for other brands as against ensuring the recall of a product sold at door.

Second example that we take is of a jewellery

brand called Nirav Modi. Nirav Modi started with specially curate diamond jewellery designs for the elites. There were no outlets, no online purchases, just word of mouth that worked for him and the brand.

Nirav Modi was initially just one brand of fine cut diamond jewellery which was getting auctioned on Christie's and Sotheby's. No doubt diamond attracted the high profile but there was no brand image till then, just the product with high price. But like they say, the connoisseurs know the good from the bad and choosing the right auction platform worked for Nirav Modi.

Soon the word spread. Also, to maintain exclusivity, the sales were made only by appointment. The product thus got promoted as a privilege and made its standing in the up market houses.

However, realizing that the privilege tag cannot be maintained for long considering the aspirations of the people, Nirav Modi took the right step by opening store in Delhi, Mumbai, Hong Kong, Bangalore and New York and lowering the base price to Rs. 3 lacs which was initially Rs. 12 lacs (Chaturvedi, 2016)

Thus we had the product- Fine cut diamond jewellery; at a price- Rs. 12 lacs basic then, Rs. 3 lacs now; with the right promotion- auctions and appointments then, store also now and being sold at the right places (auction platforms) for the high profile audience it catered to.

Now again, Nirav Modi had the benefit of online auction platforms to spread the word. What if he did not have them? How would he have reached his target audience?

The 4Ps stood true but only at the basic level here. In the plethora of options at offer, how much is just knowing your 4P essential. The

advent of internet has also disrupted the market and as could be seen in the case of Nirav Modi above, had it not been for the “internet” the product would have lost out in all the likeliness. Add to that the fact that despite being an exclusivity, the brand had to open its stores just so that it remains in the minds of the people. Campaigns were shot for the same too.

The base price was lowered to cater to an “other than its usual” audience too. The positioning was more of a carefully curated position. In such a case how relevant did the traditional 4Ps remained. The further sections where we propose the new 4Ps will give an insight into the same.

Analysis- The Proposed 4Ps

1. Palette

Palette as a term defines the assortment of product that is maintained by a firm in order to cater to diverse segments of the market.

It can be defined as an alternative term for product portfolio that is maintained by an organisation. But what is the need for a product portfolio? Well the answer is simple- the market place is more about Jacks of all trades than the masters of one!

But before we get into the nitty gritty of why a firm should have a Product palette, let us have an understanding of what a product is:

A product is any offering that can satisfy a need or want, such as one of the 10 basic offerings of goods, services, experiences, events, persons, places, properties, organizations, information, and ideas. (Kotler, Advanced Marketing Management, 2012)

In other words a product is something that satisfies the needs of a customer. Now the needs

of a person are not constant. Over time everyone graduates in steps as per the Maslow’s hierarchical structure. With an improvement of decrement, the needs, wants and desires vary accordingly.

For example, in the Nirma case that we had discussed above in the introduction, had Karsanbhai restricted himself to just Nirma washing powder, the product would have been long lost and forgotten; mainly because the audience that he was catering to initially had graduated to a medium income group and with the increase in the wallet size, increased the average expectations too. Thus to keep up with the audience Nirma began with, a diverse portfolio or product palette was required.

Now sometimes it so happens that the needs are not known, they are very much in existence but since none has capitalized on them or given a serious thought, they remain latent and keep lying in the oblivion. Some of these needs can have huge market potential too. For example the mobile app called Cam-scanner which scans just like a usual scanner capitalized on the latent need of easy access scanners as against the bulky ones which one needed to connect to computers to function. Though a freeware initially and to a great extent now also, the amount of adverts that are there on this platform have become a huge revenue source for the firm. Thus, a latent need was identified and it resulted in benefits and revenue for both the consumer and the manufacturer.

Another example that we will take will be of Apple, the widely celebrated telephone brand. Apple has its own ecosystem, it has its i-tunes, i-message, safari (web browser); basically everything that you can think of on a phone, Apple has it manufactured in house. The same

goes with Android, you have playstore on it, Chrome (the best of the web browsers), and all the apps that you can think of will be there. So basically, if Apple has its own ecosystem, Google maintains a platform such that every single innovation (like Cam-scanner) comes to it on its own. Now let us contrast it with what Nokia did. The fact that both Google and Apple capitalized on even the branching needs while Nokia resulted in what we all know, the Giant of the mobile market got sold to Microsoft.

Now imagine, had Nokia tied up with Google or developed its own services timely, would it have seen the same day?

To be honest, nothing can be said with certainty but the probability of such a sad sell out would have been far less.

Basically, the thing is that when a customer attaches himself to a brand, he expects that it should satisfy almost all the needs. The ideal expectations are that he does not have to search here and there and invest in separate brands for separate needs, if it is household needs like washing clothes, then all variety of clothes be provided a washing solution under one brand, if it is personal care then it be one brand and nothing is better if all these solutions are provided by an umbrella brand; a brand which has all the customer trust so that buying these daily needs becomes an easy task for him.

Another finicky thing about customers is that they do not give their loyalty to a firm soon, the moment they graduate from one strata to another or find a better value proposition somewhere else, they switch immediately. Now with such dwindling loyalty, how to retain clients especially when the cost of acquisition is too high?

Well, many of the learned people will say that pricing strategy should be re-examined or maybe some innovation should be done. The sad and often neglected part however is that any kind of innovation comes at a price and any alteration in the price either graduates you to a level above or demotes you to one below.

Many managers are of the view that a cost benefit analysis of the same would give us the best possible solution; however this marketing myopia is precisely the reason why wrong decisions are taken.

Let us have a look on some examples of strategies implied by some of the biggest name in the FMCG sector:

- Ever wondered why P&G launched Tide as a detergent specifically for white clothes while it already had Ariel as a top brand in the segment?
- Why did L'Oreal launch Garnier brand of products targeting the comparatively lower salary segments when it was doing well enough?
- HUL is in literal sense a house of brands where it has multiple brands for a single line e.g. Lux, Liril, Hamam etc.

Now the question that arises is, why do these brands which have enough money to put into marketing or give away as discount diversifying into multiple products within the same domain? Will such an act not lead to cannibalization of their own sales? Also, since all of these sub brands under the main brand work as separate entities or strategic business units, are they not creating competition for themselves only?

The answer to all of the above without any exception is to capture additional market and to

churn additional revenues. But what is the need to capture additional markets when a suitable pricing strategy can get the additional revenue for us.

Well, like it was mentioned before, the ideal does not exist and there will always be some need or want that will be left unsatisfied. It is to enter into these new markets does a brand expands.

An expansion in the Palette will be easier compared to the initial brand launch because it will have an established name attached to it and hence people will be able to relate to it better. Also, new market will also be exploited for opportunities and if the brand lives up to the standards, it can own a considerable market share in whichever target audience it chooses.

Palette extension definitely needs a huge capital investment but sticking to a single product ultimately leads to stagnation of market for the company.

It is thus advisable that the firms should after setting up their brand invest in the image/ Palette expansion.

2. Proximity

Proximity defines the closeness of the product availability as against the prospective customer's location. As against the traditional idea of place, which defined where the prospective customer could be found, proximity defines how easily accessible is the product to the customer.

Now, we are living in a digital age where the closest product availability is on our mobile screens. Initially, e-commerce was about logging into your system and ordering but m-commerce is the buzz word now and with the advent of smart phones and almost all services

available on them, laptops and personal computers have been restricted to nothing more than a larger screen needed for office work.

This readiness of the product availability is the reason why the place in the 4Ps is getting replaced by proximity. The question from whether it is available or not has shifted to where is it available and how fast can it be delivered.

How can a brand at the precise moment cater to the needs or wants of the customers is something that the companies have to ensure to stay at par with the competitors. Needless to say that Flipkart, Amazon and many such e-commerce websites are thriving on this need that was once latent-the need to get everything on a click. Think of the supreme ecstasy many of us feel when we find an online store which promises home delivery as well. "Ekstop" filled this gap of going to the market and buying basic home requirements and the growth in its consumer base has been no prizes for guessing, exemplary. This was then followed by many other startups like Zopnow, Big Basket etc not to mention the retail stores such as Reliance and Big Bazaar also chipping in for a home delivery system.

Let us discuss the case of food outlets like McDonald's (McDonald's Restaurants, 2012), Dominos and Pizza Hut. All the three food outlets have a very good presence in almost every city which seemed to be a potential target segment. Their food joints are always brimming with customers enjoying inside and waiting outside in queues but still they had to venture online. The reason is simple, who would not want to add more to its customer base. And plus, when you do not want to get ready to go out and do not want to cook either, ordering online is the best option. And not only these big food giants, various sites such as "food panda" and

“Swiggy” have also emerged which provide a multitude of options to choose from on the same page. What more could a person ask for? Upping the game came “Freshmenu” and “Faasos” which provided the not-so-regular cuisine freshly delivered to our homes.

An average Internet user spends around 5 hours a day on internet (A C Nielsen, 2015), a well strategically placed content can thus increase the visibility to the potential clients. This is precisely the reason why Facebook started the “Facebook ads” business. Many small and medium enterprises have benefitted from it by reaching out to the customers far and wide.

The thing is that the youth or you should say the crowd which is actually the target for most because of the money that they have is not looking for economy as much as it is looking for comfort. What is better than sitting in the comfort of home and purchasing grocery online and that too on discounted rates? The delivery happens after about 3 hours and meanwhile you can shop online for some clothes or daily needs which would anyway be delivered within a day or two.

The generation that is now lives in the present, they want to splurge and saving is not the first thing on their mind; for them standards matter more than the bank accounts. For someone like us who wants everything at fingertips and reduce the movement to minimum, going to the next door kirana shop isn't as viable as ordering online and hence while the place still remains the same, proximity wins the game.

3. Proposition

Proposition defines the value perception that is defined for the customer, if we try and relate it with the traditional 4Ps of marketing then proposition will be defined as the inter-sectional

domain of promotion and price.

How that is an intersection will be explain in detail further with the help of examples:

Price wars have been the meanest and yet commonest of the occurring in the market scenario. Be it the FMCG sector, the airlines or even the service sector, people have fought over prices and there are no surprises in it because once a firm seems to have exhausted all its innovative options, cutting down on the price or giving discounts seems the best possible way out.

However, altering your pricing strategy to start a price war is a non-sustainable short term strategy. The biggest examples to discuss for such a situation would be of Spicejet and Kingfisher, both of which ruined their standing- thanks to the price wars. It is a different fact though that Spicejet had a turnaround but eventually it had to stop playing on the price

Reducing prices has been the traditional way of market capturing and it seems so obvious to all that even the initial marketing lectures have the prospective managers vouching for a price reduction. Southwest Airlines when faced such a threat from Brainiff International and Trans Texas Airways who reduced their flight ticket to \$13 did not really go for a price cut. It instead offered a regular \$26 flight laden with goodies and a cheaper \$13 one. Contrary to what we might expect, 80% of the people went for \$26 flight. This clearly states the fact that the people who are ready to pay would prefer better services rather than saving money. (Southwest Airlines, 1995)

Thus it is clear that if a brand positions itself well and earns the trust of its customers, prices would never be an issue for it and its

profitability will never be affected in the long run. If we consider the luxury clothing brands like Louis Vuitton and Armani; they don't have to worry about the pricing of their products. Customers are willing to pay premium prices for their products without doing any cost benefit analysis.

Levi's launched brands like Dockers, Sykes and Levi's Signature in the Indian market to cater to the different income groups but all of them failed because Levi's had already been positioned as a premium brand and the price cut brought the image of reduced quality for the Indian masses who generally relate price and quality proportionally. If we consider an automobile brand like Audi then the image that comes to our mind is that even the cheapest car would not cost less than Rs. 30 lakhs. So, even if they come up with a new model which can be sold for around Rs. 20 lakhs they would not do it to keep up with their image.

Moreover, since the generation is becoming more brand centric and is willing to pay for the brands, the main strategy for a firm should be to decide on the segment which it needs to target and then position itself in that segment followed by zeroing on the right pricing instead of doing it the other way around.

4. Personality

Personality for a brand defines the image that it portrays in front of its prospective customers. It can be said to be an extension of the public relations. As against the promotions which used to be a single sided affair, personality defines the overall interaction of the brand with its customers.

We will start with the example of the Harrah's Casinos. Harrah's is a classic case of how by knowing your customers' one can overturn a

lost business into a profit making venture. The casino chain came up with the idea of "luck fairies" that would go to the customers who were losing repeatedly and gift them holiday or dinner packages. Thus, even though losing, a person never felt that Harrah's was doing what every casino does- make money from you. On the other hand, the image that came up was that if you go to Harrah's, you never really lose for there will be something or the other for you always. In a nutshell Harrah's made a point to know their customer just like a family and then follow this strategy religiously. (Harrah's Entertainment Inc, 2001)

Another example we take is of the laptop manufacturing giant Dell which happens to be one of the most recommended service provider in its domain. It goes without saying that Dell is usually the first choice for most and it is not because Dell's laptops never work awry, the fact is that even if the laptop functioning goes haywire, their executives who are usually the touch points with the customer would be ready at help. There are hardly any prime time adverts for Dell but it is their well trained workforce which advertises the work and service standards that the brand stands for. There are other players like SONY, HP, HCL etc. who have technologies at par but what gives DELL an edge is the after sales service that it provides. No matter what technical issue you have, you can always and at any point of time get your warranty extended (terms and conditions applied) or ask for direct technical help. A DELL serviceman never takes more than 3-4 business days to get your issue corrected and that too if the issue has not been already corrected online.

Except for the manufacturing sector, CRM installation growth has been meteoric in all the other sectors. This is because in a B2C environment, the end customer is the primary

customer as well. How will the market react to a product depends on the level of trust the customers show in the brand image. Any negativity in the market may reflect poorly in the sales. If we have a look at the Piggly Wiggly stores' (Multiple, 2000) history then we would be able to understand even better that how public relation management can work wonders as well as spell disaster. The stores founded in 1916 by Clarence Saunders were the reason behind the last great corner. Saunders showed exemplary firm Personality handling and mobilized the people of his native Memphis to work for him. However, the disaster occurred when even though the people were working for him, he started spending on building a palace for him.

The difference might not be very stark in the FMCG sector when we look at the end consumer but a very critical application of Personality management lies in the supply chain itself. The firms provide the retailers and/or distributors with periodic discounts, free gifts or provide packages to them so as to maintain good relations with them. Not only this, the retailers are also involved in demand analysis either directly or indirectly which gives the latter a sense of importance and provides a feel good factor.

The thing is that even if the product falters, which it would one day or the other, if the interaction point maintains a level of comfort for the customer, the mistakes can be ignored. Of course this does not mean that product quality has no value at all but the fact that a courteous and positive relation can act as a cushion cannot be undermined.

Thus, it will be safe to say that more than the product it is the service and the level of interaction that works for the brands.

Conclusion

We saw above that how the traditional 4Ps though still very much relevant are in need for refinement. Such a postulation is justified too since the market has evolved a lot since the first time these 4Ps were postulated.

Here is a look at how the newly proposed 4Ps will help in taking the marketing decisions.

Palette: Will help a firm to define what all the primary, secondary and tertiary target segments that it needs to work on. Defining the characteristics of the same, the firm can then gradually develop a production process such that the future innovations for preparing the product palette can be incorporated at a lower cost. Also, the promotion plan would be devised such that it can gradually transition into promotions for separate segments.

Proximity: Will help in determining the supply chain requirements and the platforms on which the product needs to be available. Also, basis the customer profile created, a mobility map of the same can be determined which will help in choosing the closest relevant touch points.

Proposition: This will help in determining the perceived value that the customer would find in the product. Depending on the economics of the firm, the pricing or promotion could thus be modeled. Also, since it couples with product palette, hence the revenue model could also be generated for the entire portfolio in total. Thus the investment made would be comparatively more risk averse and hence overtime would provide reasonable data for portfolio refinement.

Personality: This is entirely about the perception of the brand image to be created. Combined with the fact that the firm will have a palette of products, the brand personality would

be made flexible as against a rigid mould which required lots of investment to break. Thus, it will prove to be really cost efficient in the future saving both on money as well as effort. Having said that, we understand that a lot of literature will not be found to support our proposition but then practicality is what is running the business and the authors have tried their best to include as many relevant example as possible.

To develop suitable literature for the proposed 4Ps will be the area of further research for us.

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