Performance as the 5th P of marketing mix
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ABSTRACT
Marketing mix, the 4 P’s of marketing have been a subject of debate for a long time now. It is never a scientific theory but a conceptual framework which serves as a base for executing market plan. A study by Rafiq and Ahmed (1995) suggested that there is a high degree of dissatisfaction with the 4Ps framework. The concept of 4 P’s has been criticized as being the production oriented definition. But despite the deficiencies, the basic model remains the staple of marketing. The paper proposes a new amendment in marketing mix model with 5th P, performance, at its central stage. The performance component will make it compatible with the present market environment and hence it’s universal acceptability. The 5th P will add a financial variable, measure its outcome and simultaneously transform it in customer centric framework.

Keywords: Marketing mix, 5th P, Performance.

1. Introduction

As per Chong (2003), marketing mix originated from the single P (price) of microeconomic theory. McCarthy (1964) offered marketing mix. It is commonly referred to as 4 P’s of marketing. It serves as a basic model for market understanding and implementation. Kent (1986) refers to the 4P’s of the marketing mix as “the holy quadruple of the marketing faith written in tablets of stone”. Although it is not a scientific model, it is a conceptual framework which serves as a base for executing market plan. The 4 P’s are commonly referred to as Product, Price, Place, promotion. The main reason for it being a powerful concept is its ability to simplify the market tasks.

However the simplification of marketing tasks is the basic shortcoming of the model. Its simplification makes a producer myopic, as everything is taken from the production point of view. The 4Ps, Marketing Mix is too much internally oriented (Robins, 1991). It looks as a directionless model where the scope of measurement of market effort is overlooked. May be it (measurement) was irrelevant at the time it was proposed but the current market environment demands a clear direction and measurement of market effort to make the future strides.

The paper presents an amended marketing mix model. It has 5 P’s.

1. Product
2. Price
3. Place
4. Promotion and
5. Performance
The 5th P, Performance, is introduced to overcome the measurement and directional shortcomings of parent model. The 5th P adds a financial variable, measures the outcome of market efforts and transforms the production centric model to a customer centric model.

2. Literature review

The concept of 4Ps has been criticized as being a production-oriented definition of marketing, and not a customer-oriented (Popovic, 2006). Lauterborn (1990) claims that each of these variables should be seen from a consumer’s perspective. This transformation is accomplished by converting Product into customer solution, Price into cost to the customer, Place into convenience, and promotion into Communication, or the 4C’s. Moller (2006) criticized the marketing mix as

1. Not considering customer behavior but internally oriented.
2. Regarding customer as passive and no focus on relationships.

A review of another article, “Revision: Reviewing the Marketing Mix” (Fakeideas, 2008) found that:

1. The mix does not mention relationship building which has become a major marketing focus.
2. The mix does not take into consideration the unique elements of services marketing.

A study by Rafiq and Ahmed (1995) found that there is a high degree of dissatisfaction with the 4Ps. The 4Ps are not the proper basis of the 21st century marketing. The Marketing developments of the last 40 years require a new flexible Platform while the simplicity of the old model remains an attractive factor (Yudelson, 1999). Marketplaces today are customer oriented. The 4Pshave less relevance today, they made sense the timethey were invented (Schultz, 2001). The trend towards personalization has resulted in anincreasing contribution of services to the marketingof products. Personalization must become the basis of the marketing management trajectory (Goldsmith, 1999). Well-managed organizations must shift the emphasis in managing valued customer relationships in order to retain and increase their customer base as 4 P’s tend to be function and output oriented (Patterson and Ward, 2000).

The weight of Marketing Management is clearly switching towards relationship marketing as the future marketing paradigm (Healy et al, 2001). Philip Kotler still considers the Mix as one of the elements of the Marketing strategy, yet this approach has developed gradually over the years from the "academic" perspective (Kotler 1976) to a more "practical" one (Kotler, 1984). In his more recent books the author becomes more critical by underlining one of the main limitations of the Mix namely the internal orientation arguing that" the four P’s represent the sellers' view of the marketing tools available for influencing buyers" (Kotler, 2003). So in the current market environment of sustained customer relationships, the basic model of marketing mix needs to be reoriented to fit the present requirements.

3. Discussion

3.1 5 P model of Marketing Mix (Performance as core element)

The conventional model of marketing mix covers the 4 P’s viz, Product, Price, Place and Promotion. The proposed model has an additional P in the form of Performance. The Performance P takes the center stage. This will be a useful tool in the hands of the marketer
as it will give the valuable feedback of all four basic elements. It will answer the questions like:

1. How satisfactory is the product?
2. What is the customer perception vis-a-vis product offered?
3. What is the scope of product customization to make it more appealing?
4. Is the product optimally priced?
5. If not optimally priced, what should be the price?

![Figure 1: The proposed 5 P marketing mix model](image)

6. Is the place feasible to carry forward the business?
7. If not, what should be the feasible one?
8. Is the value communicated?
9. What are the channels through which it should be communicated?
10. Is the market effort getting the desired response?
11. What are the ways to look to for the sustained market effort and hence long term relationship?

Many more questions can be answered. The performance P will connect and bind the conventional elements of the mix and generate the desired output. It will basically serve as feedback cum measurement element which has the ability to suggest the corrective measures as well. Now the output of market effort will be near accurate every time which will help in long term profitable customer relationship and hence the better financial health for the organization.

4. Conclusion

The proposed 5th P, Performance is the central stage of the 4 P framework and adds to the measurability of market effort thereby helping overcome marketing myopia. This works to market effort as feedback component works to communication messaging framework. This way it proposes the corrective measures and hence the sustained customer relationships and better financial health for the organization.
5. References


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