Elements of Marketing Mix in one-to-one Marketing

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Abstract
The elements of marketing mix are critical components that serve as a road map for delivering the product to the customer in the most accurate way. McCarty's elements of marketing mix, which are generalized to 4P (product, price, place, promotion) with a product-oriented approach, have risen to 7P (product, price, place, promotion, people, physical environment and process) due to the development of the service sector and the human factor as an important element in marketing services. The marketing mix elements of product-focused are replaced by marketing mix elements of customer-focused after businesses move toward a relational marketing approach. These marketing mix elements of customer-focused, called 4C (customer value, customer costs, customer convenience and customer communication), are inadequate when considering the steps of one to one marketing, although they are adaptable to one to one marketing. Peppers and Rogers have suggested '5I' (identification, individualization, interaction, integration and integrity) as marketing mix for one to one marketing because 4P does not respond to the needs of one to one marketing. This study suggests nine elements of marketing mix which are based on the marketing mix that exist in the literature, are prepared within the context of one to one marketing and provide a road map for the implementation of the steps of one to one marketing. These elements, called 3CIP of one to one marketing in the study, are customer communication, customer value, customization, individual customer, individual price, individual place, product, purple cow and pleasure.

1. Introduction

The concept of marketing mix which is known as “4P” in traditional marketing has been firstly used by Neil Borden in 1964. Borden has collected the elements of marketing mix under twelve headings (product planning, pricing, branding, distribution channels, personal selling, advertisement, promotion, packing, exhibition, service, physical distribution, data acquisition and analysis) and he has stated that these elements can be listed in different formats (Rafiq ve Ahmed, 1995, pp.4-5 cited Sümer and Eser, 2006, p.167).

Since Borden’s marketing mix is so complicated, McCarthy has suggested a simpler mixing which is known as ‘4P’ (Kotler, 2003, p.134). McCarthy’s marketing mix

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which is consisting of product, price, place and promotion are actually the keys which are used by marketer to open the market for the business (Karahan, 2000, p.79). These marketing mixes are the components which are used to provide customer satisfaction and communicate with the customer (Öztürk, 2005, p.21). Thus, businesses analyze how they will address the market.

Nowadays, since marketing becomes more customer-centric instead of business-centered, the criticism of the fact that the elements of marketing mix which is called ‘4P’ is being implemented in the perspective of business has begun to increase and a new customer-centric marketing mix has been propounded.

This new mix which is called ‘4C’ in the literature is customer value (not the product), customer costs (not only the price), convenience (not the place) and communication (not the promotion) (Kotler, 2011, p.120). It is a more accurate decision for marketers to think about customers’ 4Cs before they start building 4P platforms (Kotler, 2003, p.137), because, after evaluating the 4C, it becomes much easier to build the 4P for the target customer (Kotler, 2011, p.120).

Along with the new developing marketing paradigms, many new marketing mixes have been emerged in the literature. The nature of the target market determines which one of these must be used by the business.

The most true way while determining the market mix is choosing the strategies according to the target market (Karahan, 2000, p.79). If a business penetrates several markets and each market has different features, the business has to build different marketing mixes for each market (Cemalcilar, 1994, p.13).

2. Background

In one-to-one marketing, the marketing material targets a particular customer and is being customized for the customer and therefore it considers specific individual needs of the customer (Klabjan ve Pei, 2011, p.64). The adaptation of marketing mix to individual customer by a business is the essence of one-to-one marketing (Arora et al., 2008, p.305). Moreover, traditional concepts such as price discrimination in the economy and data processing in psychology are supporting customization the marketing mix for each consumer for a long time (Arora et al., 2008, p.317-318). Technological developments nowadays also facilitate the elements of marketing mix to be aligned with the personal needs (Odabaşı and Barış, 2002, p.65).

When analyzing the features of one-to-one marketing in the table which reveals the differences between mass marketing and one-to-one marketing, it is concluded that, in one-to-one marketing, elements of marketing mix should be arranged according to individual customers.
Table 1: The Differences between Mass Marketing and One-to-One Marketing

<table>
<thead>
<tr>
<th>MASS MARKETING</th>
<th>ONE-TO-ONE MARKETING</th>
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<tbody>
<tr>
<td>Average Customer</td>
<td>Individual Customer</td>
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<tr>
<td>Customers are not Recognized</td>
<td>Customer Profile</td>
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<td>Standard Production</td>
<td>Production According to the Customer's Wishes</td>
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<td>Standard Distribution</td>
<td>Individual Distribution</td>
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<td>Standard Advertisement</td>
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<td>One-Way Message</td>
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<td>Market Share</td>
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<td>Customer Interest</td>
<td>Customer Relationship</td>
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The purpose and method differences between traditional marketing and one-to-one marketing indicate that the use of the elements of classic marketing mix are not going to be enough in one-to-one marketing. In one-to-one marketing, marketing strategies are determined according to the individual customer. Since the individual markets in one-to-one marketing took the place of mass markets in traditional marketing, the most accurate selection is determining the elements of marketing mix for the each customer. Thus unlike the standard elements of marketing mix which is built in mass marketing, the elements of marketing mix in one-to-one marketing should differ for each customer’s individual features. For the business to succeed in marketing program, the right product has to be presented in the right place and in the right time to the right customer and to be chosen the most right communication channel which is convenient for the customer. It is going to increase the efficiency to determine the elements of marketing mix coordinately while running this process. While this process is carried out, it is going to increase the effectiveness to determine and implement the elements of marketing mix coordinately.

Following figure shows the market segmentation alternatives and the strategies to choose when determining the marketing mix according to these alternatives.

Figure 1. Market Segmentation Alternatives


In the micro market which is also called as order market, each customer constitutes a marketing segment thus, product and service is being developed in the direction of each customer’s wishes and marketing mix is being built as
customized to each customer (Odabaşı and Barış, 2002, pp.62-63). In one-to-one marketing, the market segment is the segment which is named the micro market and the elements of marketing mix are built as customized to the each customer.

In a one-to-one marketing, since the marketing mix differs according to the characteristics of each customer and this changes the phases which product follows in mass marketing and one-to-one marketing. In mass marketing, the product is produced at the first place, then priced, advertised to the customer with the promotion components and delivered to the customer by the distribution channels. On the other hand, in one-to-one marketing, firstly the communication is established with the customer, the product is shaped in the direction of her/his wishes, the product is priced according to the price requirements of this customizing phase and then it is delivered to the customer by the optimal distribution channels in the direction of her/his wishes.

Goldsmith has added personalization element to the marketing mix with emphasizing on the necessity of reformulating the marketing mix to meet the demands of new marketing idea and implementations (Goldsmith, 1999, p.179).

Peppers and Rogers who had propounded the one-to-one marketing asserted the ‘5I’ of one-to-one marketing by mentioning that the elements of one-to-one marketing mix must be different. This mix has been formed the initials of the following words: Identification, Individualization, Interaction, Integration and Integrity. The identification element consists detailed learning of following things by the business in each contact point with customers; customers’ names, addresses, preferences, habits and the things which are valuable for them. The element of individualization aims to sort the customers according to the value they put into business and their needs, and determining the approaches to these customers so as to increase the value of ‘lifelong customer’ of the customer. The element of interaction is an essential element, since it provides a better comprehension of the needs which are mentioned or are not mentioned by the customer, and the customer's strategic value for the business. The element of integration contains all the dimensions of the behavior which is exhibited to each customer by the business, in this element, customer’s value determines the demeanor of the business to the customer. Lastly, the element of integrity lays stress on that the business must earn customer’s trust so that the customer may share his/her own information with the business and it lays emphasis on that it is important to keep the customer's information as secret (Peppers and Rogers, 2014, pp.2-3).

2.1. Elements of Marketing Mix in One-to-One Marketing

In our study, the elements of one-to-one marketing mix; the elements of the traditional marketing mix in the literature and the elements of marketing mix which are emerged as part of modern marketing conception have been explicated with analyzing and adopting them to one-to-one marketing. The elements of one-to-one marketing mix which are emerged in this context (3CIP-CIP is the initials of the English meanings of the words) are these: Customer communication, customer value, customization, individual customer, individual price, individual place, product, pruple cow, pleasure.
**Customer Communication:** Element of promotion comes into being as a constantly interrelated relationship established by the customer in one-to-one marketing.

Sending the right message to the right person has never been as important as it is in today's sophisticated marketing environment (Gribbin and Glassman, 2013, p.1). The flow of information between customers and businesses is becoming more important as businesses become more aware of their customers' real needs, aspirations and demands (Logman, 1997, p.39).

One-to-one marketing aims to communicate individually with each high-end market or individual customer through individualized messages and media (Allen, p.4). In contrast to mass-market advertising on traditional marketing, one to one marketing uses individual messages that are tailored to each customer.

In order to maximize the share of each customer, the marketing manager will need to know what each customer thinks and what can only be done with individual communication mechanisms (Mueller, 1998, p.9). The first step in establishing a one-to-one relationship is in fact an extension of the known market segmentation process. In this case, the business must understand the specific needs of the
individual customer and market segment. Understanding needs also includes storing information for future use of the learned (Pitta, 1998, p.469). The Internet and other new communication environments allow companies to interact more directly with customers (Logman, 1997, p.39). The application of technology and intelligent data to marketing, which enables the development of a targeted message, the identification of target markets and even individuals, and the transmission of a specific message to the right person at the right time, allows the application of one-to-one marketing at reduced costs (Mueller, 1998, p.16).

Logman (1996) indicates that customers may have different information needs, especially in today’s rapidly changing business environment. While some customers may want to be informed about new products, some customers may want to know about updates on old products. Customers who are sensitive to quality may be interested in product knowledge, while customers who are sensitive to price may be interested in promotional information to some degree. To supply these individual information needs, a business can communicate directly with customers and organize their information (for example, via direct mail) or present a customizable information network that allows customers to easily find the information they want. The World Wide Web is the most striking example of this framework, enabling customers to select information that is particularly relevant to their needs (Logman, 1997, pp.41-42).

Communication or interaction process with the customer is obtaining the customer’s information and informing the customer about the product through the communication channels that the customer desires and to carry out the product design process on the internet in interaction with the customer. This process must be two-way communication with the customer. After every communication established, the information acquired from the customer should be stored in a database, the communication established with the customer should be continuously improved with feedback and the database should be continuously updated on the data obtained from the feedbacks. This method will enable the business to learn the changing needs, desires and expectations of the customer and shorten the response time to these changes.

Of course, this communication is only possible if the customer trusts the business. The customer will avoid sharing information with the business she/he does not trust. However, a relationship built on trust with the customer is still in the long term.

**Customer Value:** It covers basic economic features of benefit such as ‘shape, ownership, time, space, suitability and knowledge’ (Kültér and Demirgûnes, 2006, p.332). Today’s consumers, who are at a high level of sophistication, want to know not only what they need in a product or service preference, but also what the product/service is different from others and what the product/service value from others (Uzunoğlu, 2007, p.11).

Value is primarily to bring together the right combination of quality, service and price for the target market (Kotler, 2011, p.25). The right combination is the product that meets all the demands of the customer, that is, the product that is personalized in the direction of the customer’s request. One-to-one marketing aims
to offer surplus value beyond the expectation of the customer, and uses the information received from the customer through two-way communication with the customer to provide these surplus values.

**Customization:** Designing the product according to customer requirements means customizing the product. If it is desired to make a difference to the customer, the product should be separated in accordance with the individual expectations, i.e customized (Torlak, 2010, p.19). Customization involves creating value for the customer, personalization in production and delivery (Gordon, 1998, pp.61-63 cited Selvi, 2007, p.101). The fourth step in one-to-one marketing is the step of customizing goods and services.

It should also be emphasized here that customization and personalization are not concepts that have the same meaning. Personalization occurs when a business decides which marketing mix is appropriate for an individual customer. This decision is usually based on pre-collected customer data. Customization takes place when a customer specifies one or more items of her/his marketing mix (Arora et al., 2008, p.305). It is important that individualized offers be based on information about each consumer stored in consumer profiles. The personalization device should be able to find the bids most appealing to the consumer and present them to the consumer (Adomavicius and Tuzhilin, 2005, p.5). Customizable solutions may be appropriate for customers whose needs and expectations changes occasionally (Logman, 1997, p.42).

Customization provides the brand with a unique positioning strategy that can give a unique image to distinguish brands from their competitors (Goldsmith, 1999, p.181). The customization ability also offers a distinct advantage over time and money saving when marketing programs are carried out (Gribbin and Glassman, 2013, p.14).

Product customization can be done in different ways. Consumers can communicate with the business for the customization of the product, share their needs with the business and ensure that the product is produced according to her/his desires. Alternatively, the consumer may again be involved in the production process by communicating with the business and may perform production with the business. Again, the consumer can enter the business’ website and design the product completely independently from the business and purchase a product unique to herself/himself from the internet. Customization does not apply only to physical products. The entertainment factor can also be customized.

For example, entertainment can be customized when computer users enter an internet network devoted to a customized music experience and other forms of entertainment (Sandberg, 1998 cited Goldsmith, 1999, p.181). In addition, customer communication; can be customized in a variety of ways depending on the frequency of the communication, the timing or the website, the newsletters or the e-mail designs (Sunikka and Bragge, 2012, p.10052).

By integrating the customized product into the consumer’s individual needs, the brand can be presented as a symbol of individual personalities and lifestyles (Goldsmith, 1999, p.181). Today’s postmodern consumer expects using a product
that reflects her or his preferences and her/his personal image. One to one marketing serves to customer's this expectation by offering customized goods and services, which in turn can be a superior competitive tool for businesses.

**Individual Customer:** Since the one-to-one marketing aims to produce and present the product according to each customer, the customer is the center of one-to-one marketing.

Since one-to-one marketing contains changing the structure of the business' production and presentation by including the customer to the process in consequences of the communication made with the customer (Kırım, 2012, pp.48-49) and this change means to consider the customer as a business partner (Odabaşı, 2004, p.14); the customer is an element of marketing mix in one-to-one marketing. The customer is being implicated in the producing process of the production and considered as a partner of the business.

Nowadays, customers take an active role at marketing. Customers provide operand and operant inputs for the business especially mentally, physical and/or emotional. Thus, “the customer’s contribution to operand and operant inputs to create value and so the participation the creation of the basis offer” is described as customer co-production (Jacob and Rettinger, 2010, p.2)

Instead of being considered as the target of the products, the consumers are becoming common and stakeholder who create images and meaning for their product experiences (Odabaşı, 2004, p. 93). Especially in inter-enterprise markets, many businesses have begun to incorporate their customers into the process of product development (Logman, 1997, p. 39). Taking part in the production process of the product, giving the customer personal experience, pleasure and adding something to the product provide the customer personal satisfaction. Unlike the passive modern consumer, the postmodern consumer wants to be active in production and consumption. It becomes an advantage of a business and this is a strategy that gives the business a competitive edge. It is for today’s postmodern consumer that it gives the customer a chance to become part of the experience.

In order for a business to start implementing one-to-one marketing in its activities, it is first necessary to identify the customers, that is, who the customers are. Once the customer has identified the business, the business should differentiate according to the values they value for the business and then differentiate them according to their needs. The information of the identified and differentiated customers should be entered into a database that all business units can access. Then, starting with the most valuable customers, they should establish a two-way communication with the customers. The new information obtained at each communication point and in the process should also be processed in this database.

**Individual Price:** The price in one-to-one marketing is the price that is generated on the basis of the customer’s adaptation of the product. The different level of customization requires differentiation in price at each customer level. The product customized according to customer requests with one-to-one marketing program also increases the customer satisfaction level, allowing the product to be sold at a higher price.
In the face of the business that best meets their needs, the customer's sensitive to price is low (Kırım, 2012, p.157). The creation of customer value and the closing of the sacrifice gap between the customer's needs and the products available in the market enable the product to be sold more expensive to customers. (Bayraktaroğlu and Atrek, 2006, p.19). In order to close the sacrifice awareness, it is necessary to produce the product that will meet the customer requirements. The business has to do as much as possible at the highest level. More precisely, the product is customized for the customer.

It is also possible to evaluate the individual price application in one-to-one marketing as special price policies applied to private customers who have been working for a long time. Once the business differentiates its customers according to their customer value, they can then offer special prices to private customers who fall into the ‘most valuable customers’ category. This special price presentation could be a strategy that would prevent the customer from going to the competitor.

One of the most popular ways to personalize prices at this point is to offer price reductions. Discount criteria usually include a customer's sales volume, sales history (such as loyal or not), and purchase period. High volume customers can get special discounts; users of old products can get discounts on new products, and so on. Another way to personalize prices is to personalize the product at higher prices by uploading additional options to the product. The product packaging also makes it possible to personalize the prices of the business. However, a distinction must be made between ‘pure bundling’ where products can be purchased in one package and ‘mixed bundling’ in which products can be purchased separately or together. In the case of mixed bundling, various price policies can be followed. Another product may be discounted when a product is purchased. This is called ‘mixed leader bundling’. An appropriate price for a product package known as mixed joint bundling can be set. The purchase price can also be thought of as a customizable marketing mix tool that can be customized by the customer, usually resulting in product customization. Customers can design the final product by selecting components from a menu and thus do not exceed the total price budgets (Logman, 1997, p.41).

The developments of today’s information technology and the internet offer the opportunity to identify individual customers and set prices on an individual customer basis with greater accuracy and cost effectiveness than ever before. Most businesses have used new advantages of information technology innovations and the Internet to customize their prices (Turco, 1993 cited Shaffer and Zhang, 2002, p.1143).

Some companies, such as Priceline.com and DealTime.com, have personalized the pricing process. These companies are trying to find suppliers who want to sell at these prices once they allow customers to set their own prices. Companies such as Dell create personal websites (named pioneering pages) for business customers to order computer configurations that are then approved by their companies. These are examples of a technique called customization and re-design of marketing which is from the point of view of the customer. These companies are doing more
than catering to new markets or offering custom-made products at lower prices and are turning marketing from being seller-oriented to being buyer-focused (Wind and Rangaswamy, 2001, p.14).

**Individual Place:** It is more suitable to evaluate the distribution mix in terms of having easy access to products today (Torlak, 2010, p.22). In terms of one-to-one marketing, the distribution mix can be regarded as the delivery of the product in accordance with the personal preferences of the customer.

Customers have more freedom in choosing logistics and distribution methods while meeting their specific needs. They can determine where, when and how they want the goods delivered. In fact, customers can choose the way that they want their goods to be processed before and after delivery (Logman, 1997, p.42).

Businesses may use several channels to provide the distribution flexibility. A channel may be more suitable than the others depending upon the customer’s production information, service needs and the price sensibility. The customers who are looking for lower price and have a lot of information about the production may prefer to purchase from a direct mail catalog. High-income customers who have less information may prefer specific stores which may provide the essential information and support. The businesses which use a multi-channel system may offer the best customized solution according to needs of customers. Customers may choose another distribution channel when they have a lot of information in time. In the case of logistic phases such as transportation and stock, a business has two options which have the same description with distribution: customization or being customized. Customers which use modern technology such as EDI (electronic data interchange) can follow up and adjust the orders, delivery timetables, delivery places and so on. To ensure this flexibility, businesses work frequently with numerous partners who are specialized in logistic of the sector in which the businesses are in service. For instance: Faxion offers complete logistic services to fashion industry such as opening the package and storehouse label. Besides, consumers can become more powerful in determining where and how goods are wanted to be delivered with some options such as electronic shopping (Logman, 1997, p.42).

**Product:** For every business that tries to plan ways to adapt its products and services to individual customers, the secret is: ‘product’ in the widest possible meaning - not just as a product; service provider, problem solver, or an object that meets needs (Peppers and Rogers, 2013, p.386).

Nowadays, customers expect a product that makes a difference (Power, 1999:59 cited Tekin and Çiçek, 2005, p.64). The product that is in the one-to-one marketing is designed and manufactured according to customer demands. Since the product is produced specifically for the customer’s personal preferences, it has a meaning that reflects the individual identity of the customer, reveals her/his image; in short it underlines the differences between the other persons. This is a point that should not be overlooked by an business that adopts and implements one-to-one marketing.

**Purple cow:** The characteristic of purple cow; it is worth considering (Godin, 2003, p.6). By ‘**purple cow**’ it is meant to attract consumers’ attention with a
different and striking product, to try to buy more at this number and to pay higher price (Kırım, 2013, p.7). In traditional marketing, the product is a standard, known, non-distinct product (brown cow), a product that emerges as a result of a one-to-one marketing process, is an extraordinary, different, striking product defined by Godin ‘purple cow’.

Today's postmodern consumer wants to use unparalleled and unique products. Therefore, it is important for her/him that the product he bought does not have a similarity, it is extraordinary, different and striking that it is specially produced for her/him. Within the context of one-to-one marketing, a product specially designed for the customer to reflect the customer's lifestyle responds to the expectations of the customer and is unique and remarkable. In addition, offering a unique product is a powerful competitive tool that distinguishes business from its competitors.

**Pleasure:** The pleasure mix, which has been seen as a component of the marketing mix in recent years (Torlak, 2010, p.24), is also an important element on the one-to-one marketing side. The process in which the design phase of the product is carried out together with the customer should be made very enjoyable for the customer.

The entertainment addresses intensely irrational purchasing instincts. The consumer who gets bored with their routine life (Torlak, 2010, p.24), will have fun while customizing the product that she/he will buy and will be less sensitive to price. After all it will naturally be reflected in the business profit.

### 3. Result and suggestions

Increasing global competition in the markets, tremendous developments in technology, and the new consumer who has high level of knowledge that emerging from changing world conditions have led to the loss of the legitimacy of traditional marketing. One to one marketing approach, which aims to provide goods and services specifically for the individual needs of each consumer, has become one of the most dynamic marketing approaches to meet the consumer’s wishes in new market conditions. Unlike traditional marketing, which offers a standard product to wide masses, one-to one marketing treats each customer as a market, and offers to customer a customized product in line with the needs and desires of the customer. The fact that one-to-one marketing differs from traditional marketing in terms of purpose, method and application makes it difficult to apply traditional marketing mix elements to one-to-one marketing.

For this purpose, the study suggests nine one-to-one marketing mix elements within the scope of one to one marketing. These elements, called 3CIP of one to one marketing in the study, are customer communication, customer value, customization, individual customer, individual price, individual place, product, purple cow and pleasure.

When the businesses that implement one to one marketing uses these marketing mix elements, that ensure the business to serve their customers in the best way while performing four steps of one to-one marketing (four steps: Identifying customers, differentiating customers, interaction with customers and customization of the product), it will play an increasing role in productivity.
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