30. EVOLUTION OF MARKETING MIX

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The paper aims to examine the role of personalization within the core Ps framework and its impact on modern marketing strategies. It explores whether personalization should be recognized as an essential component of marketing strategy by analyzing real-world examples. The study provides key observations to help marketing professionals adapt their approaches to meet the evolving expectations of today's consumers.

The marketing mix is not a scientific theory but rather a conceptual model that points out key decisions managers make while structuring their offerings to meet consumer needs. According to Philipp Kotler the marketing mix is the set of controllable variables that a firm can use to influence the buyer's response [1].

There is no doubt that the changes in the social and economic environment and the consequent transformation of the competitive arena have a strong impact on the marketing mix. The digital context, which means the use of AI and other technologies, totally proves the previous statement. Indeed, the original version of marketing mix shows major limitation.

Kristian Möller, a fellow of the European Marketing Academy (EMAC), highlighted 3-4 key criticisms against the marketing mix framework for few reasons: the mix does not consider customer behavior but is internally oriented; the mix regards customers as passive, it does not allow interaction and cannot capture relationships; the mix is void of theoretical content, it works primarily as a simplistic device focusing the attention of management; the mix does not offer help for personification of marketing activities [2].

Indeed, nowadays there is an upgraded (7P) model of marketing mix that takes into account "people", "process" and "physical evidence". Obviously, the interaction with the customer and communication capabilities of the Internet were unimaginable in the 1960s. The 4Ps were created for manufacturer context. In our fast-paced world there are other values, and most of them are directed on customer/user experience. It happened due to the market evolution that led to new ways of thinking about marketing, especially in service industry. Unfortunately, the reciprocal influence of services marketing concepts on traditional goods marketing was less apparent. The service marketing is naturally oriented on customer satisfaction and long-term relationships with customers and, as a result, have exerted a strong impact on traditional goods marketing to think differently about businesses and their clients. The shift towards personalization in marketing represents a fundamental change in how businesses approach customer engagement. Personalization lends itself to the unique

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positioning strategy and the practice of target segmentation, allowing companies to tailor their offerings to meet the specific needs and preferences of individual customers.

As its core, personalization is about recognizing the unique customer's needs and interests. It is a kind of strategy that transforms generic interactions into meaningful conversations fostering a sense of individual attention. Traditional personalization come from remembering past customers, using their names, building strong relationships, remain them and persist in attracting potential customers. Therefore, this concept introduces an additional but essential component to the modern marketing mix. Unfortunately, not every business has developed their **personalization strategies** effectively that lead to short-term relationships with customers, and their lower satisfaction.

Most successful and powerful companies have enhanced their **P strategy** and made significant efforts to incorporate personalization. One of the first and most important tasks of this **approach** is to segment the target audience, examining and determining which of these potential buyers **would prefer** an even more personalized version of a product. Additionally, it identifies new markets, as **personalization of revenues** may give the opportunity to acquire new market segments **that are dissatisfied with mass-produced competitive products and are seeking more personalized versions for themselves.**

This can be seen most clearly in the example of music streaming services such as Spotify and SoundCloud. Nowadays, Spotify is the world's most popular audio streaming subscription service. It has become a powerful chord with music fans. The secret behind Spotify's success is that the company identified a huge opportunity among music consumers and then put more effort than any other company into achieving the best alignment between its product and market demand. Spotify Wrapped is an annual feature, offering a detailed overview at an individual's music listening habits during the year. It includes top songs and artists, total listening time, favorite genres, personalized playlists, audio aura [3].

As a result, Spotify creates organic conversations and one of the major things it makes its listeners feel special and important. Spotify is a leading player in the music streaming industry, with 675 mln monthly active users, including 263 mln paying subscribers. In 2024, the company generated €15.67 billion in revenue, offering users access to over 100 mln music tracks and 6.5 mln podcasts. With these figures, Spotify holds a 31.7 % market share, maintaining its position as the largest platform in the sector [4]. The results are illustrated in Figure 1.
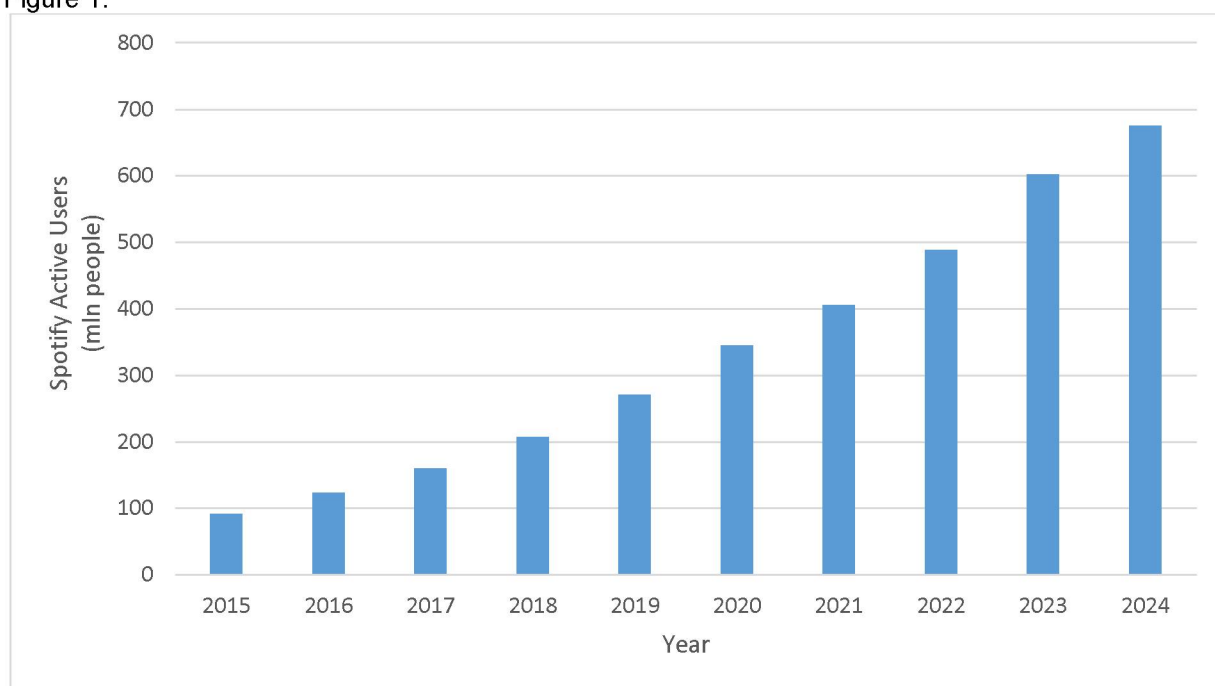

Figure 1 - Spotify Active Users

Nevertheless, another situation is happening with SoundCloud music platform, one of the main Spotify competitor. It is famous for hosting and listening to music, especially among independent artists. Despite its unique content, the service falls behind Spotify in terms of personalization and user experience. It mostly seems like a vast collection of music on a platform designed for personal use. Many difficulties are also connected with the app usability, its design and complicated price structure. SoundCloud offers less accurate recommendations. The algorithms of the platform do not analyze users' preferences as deeply and track suggestions may appear by random. Even ordinary navigating through the library and playlists can be cumbersome. In essence, for these reasons SoundCloud has lost its popularity and gone bankrupt for today. In 2021 SoundCloud had only 130 mln users in comparison with 2015. Between 2015 to 2018, the platform

deleted over 70 mln users due to inactivity [5]. At present, there are still few site visitors (106.3 mln), less than in 2021 [6]. The results are presented in Figure 2.
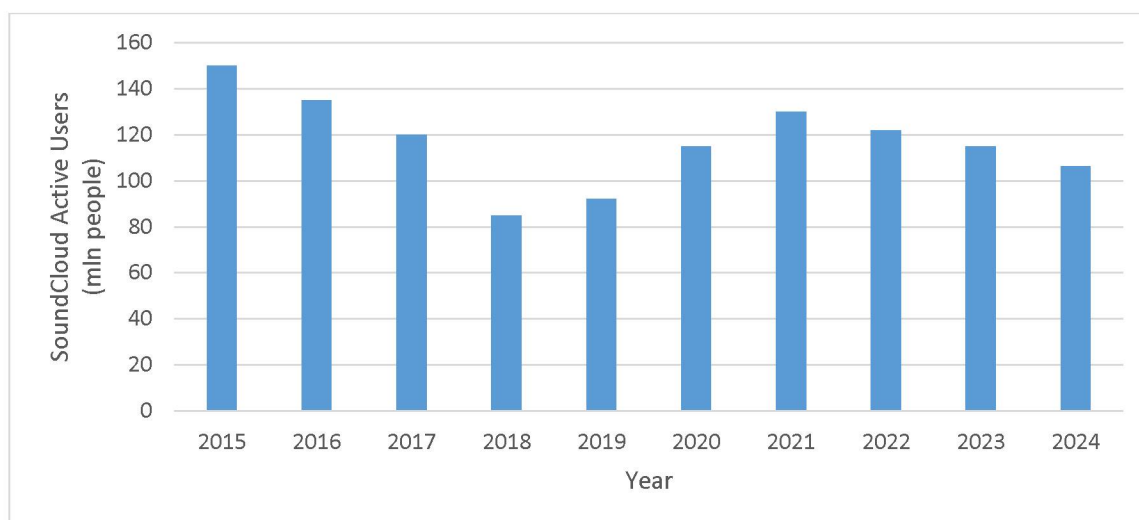

Figure 2 – SoundCloud Active Users

To summarize, traditional and expanded marketing mix is not enough at present for modern business requirements. The examples of Spotify and SoundCloud demonstrate that personalization is a key factor in gaining a competitive advantage. Integrating personalization into the marketing mix as a separate element will enable companies to adapt to digital transformation and enhance the effectiveness of their marketing strategies. Expanding the 7P marketing model to 8P by incorporating personalization is a crucial step in adapting marketing strategies to the digital era. Further research in this area will help identify best practices and methods for implementing personalization across various industries.

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