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The 4P's of Marketing

The 4P's of Marketing consists of a set of decision areas that a company needs to manage in order to at least satisfy consumer needs. They represent the four major categories a company has at least rudimentary control; The Product itself, The Price it will sell for, The Place it will be sold or purchased, The type of Promotions that will be used to assist sales. Therefore the categories of this decision-making process are expressed as; *The 4P's of Marketing (Product, Price, Place and Promotion.)*

Various differing terms, also beginning with "P", are sometimes added or used in place of; Product, Price, Place and Promotion. However, these are the classic four "P's" expressed most often. There are other terms beginning to gain wide-spread acceptance; namely the Fifth P of Marketing, "Positioning."

Some claim that the 4P's (or 5) are too strongly oriented towards consumer markets and do not offer an appropriate model for industrial product marketing. Still others believe it has too strong of a product market perspective and is not appropriate for the marketing of services.

The Marketing Mix

The marketing mix is generally the accepted use and specification of the 4 P's, describing the strategic position of a product in the marketplace. Although some marketers have added other P's such as Positioning or Perception, as previously mentioned, the 4 P's, of the marketing mix refer to:

Product: Although this typically refers to a physical product, it has been expanded to include services offered by a service organization. The specification of the product is one of the main variables that a company has at their control. For example, the product can include certain base materials, colors, features, etc. Product, in the broadest sense also includes the post-sales relationship; including customer service and any warranty.

Price: The price is the amount paid for a product or service. In some cases, especially in business-to-business marketing this can also include the total cost of ownership (TCO). Total cost of ownership should include costs such as; installation and any other products or services required to deliver a complete and functional solution.

Place: Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

Promotion: Promotion represents all of the communications that a marketer may insert into the marketplace. This can include TV, radio, and print advertising, as well as coupons, direct mail, billboards, and online advertising, as well as any one-time event marketing opportunities.

The Fifth P?

Positioning:

In marketing, positioning has come to mean the process by which marketers try to create an image or identity in the target market for its product, brand, or organization. Positioning is a product or service's perception in the minds of potential buyers. It is also an expression of a product or service's position relative to the competition. Positioning is the accumulated perception the market has of a particular company, product or service in relation to their perceptions of the competitors in the same category. A company can positively influence this perception through strategic actions (positioning.)

Adjusting the mix

Some claim that the marketing mix approach leads to unprofitable decisions because it is not grounded in financial objectives such as increasing shareholder value. Many argue that developing marketing based objectives, such as providing low-cost solutions for customers, have not generated adequate profit margins. These types of vague marketing objectives, and ignoring profitability, result in poor performance (as witnessed in the dot-com crash.) However, pursuing a strictly short-term profits-based approach; watching the stock ticker while ignoring long-term marketing objectives can be even more disastrous.

Making adjustments in the marketing mix is typically considered to be a tactical change. Making larger changes should be considered a strategic changes and include positioning factors. Making substantial changes, particularly in regards to Product and Place, can often require a paradigm shift within the company. Any strategic marketing or media plan should include a well-conceived mix of Return-on-Investment (ROI) and Return-on-Marketing Objectives (ROMO.)

Not all business tactics revolve around financially quantifiable goals like a 20% increase in sales, at least not directly. Specific ROMO goals like making existing customers aware of improvements to a product or service, or even more general goals like top-of-mind awareness (TOMA), may or may not lead to additional sales, but they do add to brand value. A brand's value or "Brand Equity" does ultimately add to the bottom-line; in the health and longevity of the company.

Optimizing the marketing mix is the primary responsibility of marketing. By offering a product or service using the right strategy, mix of the various P's, ROI and ROMO, a good marketer can improve their results and marketing effectiveness.

About the Author

David Hickman is a Partner at The Still and has over 25 years of marketing and advertising agency experience. He has directed several national ad agencies in New York and Atlanta as a Vice-President, Creative Director, Art Director or Marketing Director.

About The Still

An intellectual property creation, marketing, and media consulting firm, The Still handles all aspects of your company's branding and positioning efforts. The Still provides media metrics analysis, marketing audits, and market research, as well as marketing execution and idea creation. See http://www.ideaDistillery.com/About_The_Still.html