



## *4 P's of MARKETING*

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### *Introduction*

- ◆ What is Marketing?
- ◆ Marketing vs Selling?
- ◆ Planning vs Forecasting?



### *The 4 P's*

- ◆ Product
- ◆ Price
- ◆ Place
- ◆ Promotion
- ◆ Interdependent on each other



### *Product*



- ◆ What is it?
- ◆ What “need” does it address?
- ◆ What are the functional specs?
- ◆ What are its Features & Benefits?
- ◆ What are the economics?
  - what will it cost me, what will it save me?



### *Some Product strategies*

- ◆ Features trade-offs
- ◆ Positioning – vis a vis competitors
- ◆ Market (consumer) preferences
- ◆ Kill your own products (before competitors do)
- ◆ Options and bundling



### *Price*



- ◆ What is Price? (vs cost?)
- ◆ Price elasticity
- ◆ Channel Pricing?
- ◆ Discounts
- ◆ Terms
- ◆ Currency



### *Some pricing strategies*

- ◆ Markup vs market?
- ◆ Give it away (e.g. internet services)
- ◆ Forgo normal margins (e.g. Prius)
- ◆ Raise price to luxury levels (homes, boats)
- ◆ Offer Price protection (e.g. computer)
- ◆ Payment Plans (cell phones, cars, etc)



### *Place*



- ◆ Distribution
- ◆ Channels
- ◆ Path to get to buyer?
- ◆ cost (price) tradeoffs
- ◆ control issues
- ◆ rationing



### *Some distribution strategies*

- ◆ Offer exclusivity (eg by region)
- ◆ Co-operative advertising
- ◆ Offer Price protection (e.g. computer)
- ◆ Re-stocking privileges
- ◆ Returns policies



### *Promotion*



- ◆ advertising
- ◆ events
- ◆ press releases
- ◆ trade shows
- ◆ direct vs indirect
- ◆ brand awareness
- ◆ brochures, datasheets
- ◆ freebies



### *Some promotion strategies*

- ◆ Co-operative advertising
- ◆ Branding - define & build the brand (brand portfolio)
- ◆ Internet presence
- ◆ Follow Up readiness



### *It's easy, right?*

- ◆ Product = the best there is!
- ◆ Price = the cheapest one!
- ◆ Place = ubiquitous!
- ◆ Promotion = \$megamillions!
- ◆ RESULT:  
Market Dominance  
Get rich quickly!





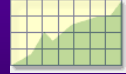
### *The reality*

- ◆ Product = OK, but lots of “me-too’s”
- ◆ Price = a little pricey
- ◆ Place = hard to find & get
- ◆ Promotion = no one has heard of it
- ◆ RESULT:  
Sell fewer than expected  
Go broke fast



### *The Solution*

- ◆ a Constrained Optimization Problem  
....and
- ◆ a Realistic Plan



### *The Internet*

- ◆ a profound impact on marketing
- ◆ just seeing the beginning
- ◆ you cannot afford not to be internet ready
- ◆ the internet is not just for tech types
- ◆ e-commerce is the wave of the future
- ◆ Information is power (eg competition)



### *The Marketing “Mix”*

- ◆ 4 P's are your marketing “mix”
- ◆ You control the 4P's (independent variables)
- ◆ How to choose the mix?
- ◆ The Product Space Map  
(Price vs Performance vis a vis others)
- ◆ Corporate Objectives



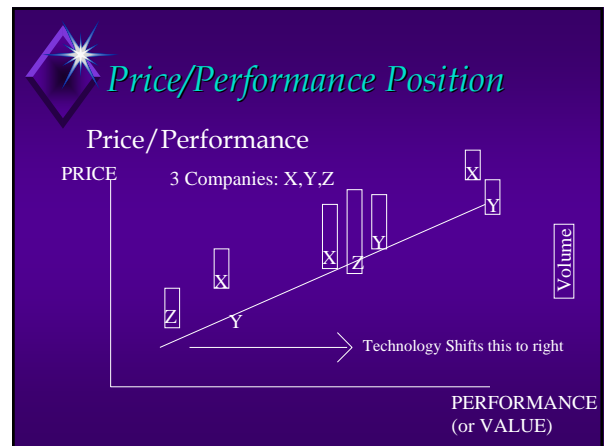
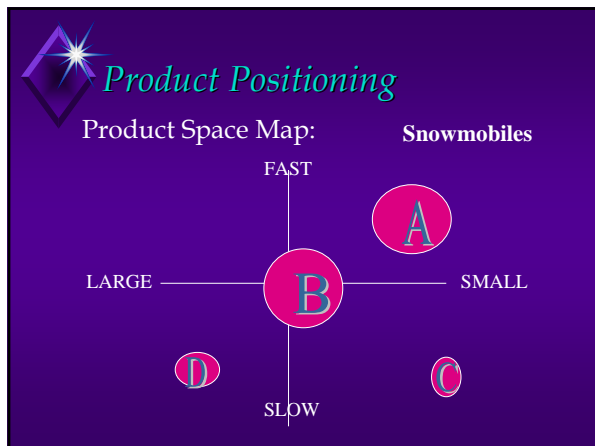
### *Forecasting Sales*

- ◆ Need to estimate future revenues  
(e.g. monthly product sales)
- ◆ Planning or Forecasting  
(how not to forecast)
- ◆ What is the Sales Plan?
- ◆ Start with the 4Ps
- ◆ Planning is iterative  
(need to start somewhere)



### *Sales Contexts*

- ◆ Type of business  
product (hard, soft)  
service
- ◆ Physical Constraints  
production (to order? to schedule?)  
space
- ◆ Financial Constraints
- ◆ Competitive Considerations



## Price/Quality Strategies

9 price/quality strategies

Price/ Quality:	High	Med	Low
High	Premium	Penetrate	Super-Bargain
Med	Over-priced	Average Quality	Bargain
Low	Hit & Run	Shoddy Goods	Cheap Goods

## Getting Started

- ◆ Start building the spreadsheet
- ◆ Make assumptions; refine
- ◆ Rationalize the numbers
- ◆ Sanity Checks

GOOD LUCK!

## The Sales Plan (for "memo-pen")

- ◆ Target Market: business people (\$99 MSRP)
- ◆ P.O.S. targets: Staples, Office Depot, Cellular stores, Web
- ◆ Promote via website, in-store display, co-op advertising
- ◆ Resources: # Salespersons & quotas, budget
- ◆ First year objectives: 50K units (\$4M)
- ◆ \$1M/salesperson?

## The Spreadsheet

# UNITS	June	July	Aug...
# (web) \$99	100	120	150
# (retail) \$69	150	200	250
# TOT	250	320	400
\$ TOT	\$20,250	\$25,680	\$32,100



## *Summary*

- ◆ 4 P's are interdependent
- ◆ 4 P's constitute your "Marketing Strategy"
- ◆ You control these (independent variables)
- ◆ Product is only one "P"
- ◆ Sales is the dependent variable
- ◆ OWN YOUR MARKET