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 Contraints
  production (to order? to schedule?)
  space
- Financial Constraints
- Competitive Considerations
**Product Positioning**

Product Space Map:

- **Snowmobiles**
- **FAST**
- **SLOW**
- **LARGE**
- **SMALL**

**Price/Performance Position**

Price/Performance

- **PRICE**
- **PERFORMANCE**

Technology Shifts this to right

3 Companies: X, Y, Z

**Price/Quality Strategies**

9 price/quality strategies

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<tr>
<th>Price/Quality</th>
<th>High</th>
<th>Med</th>
<th>Low</th>
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<tr>
<td>Low</td>
<td>Hit &amp; Run</td>
<td>Shoddy Goods</td>
<td>Cheap Goods</td>
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**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**

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<th>July</th>
<th>Aug...</th>
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<td>120</td>
<td>150</td>
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<tr>
<td># (retail) $69</td>
<td>150</td>
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<td>250</td>
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<tr>
<td># TOT</td>
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<td>320</td>
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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