

Good Business Run Wisely

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A newsletter to help you Maximize Value Creation in your business

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Quote of the Month

Authentic marketing is not the selling of what you make but knowing what to make. It is the art of identifying and understanding customer needs and creating solutions that deliver satisfaction to the customers, profits to the producers and benefits to the stakeholders.

—**Philip Kotler**, S.C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University

Authentic Marketing is not “marketing”

Marketing is made up of four “Ps”—Product, Price, Place and Promotion. But it is Promotion that almost everyone means when they say “marketing” or even when they say “sales & marketing.” A lot of effort is concentrated here because Promotion, especially advertising, is sexy and everyone is familiar with it. But beware of thinking Marketing is just Promotion, else you risk spending undo resources Promoting products or services when you might be better served doing your [situational analysis \(4Cs\)](#) and then creating a balanced marketing mix that provides the right Product at the right Price and at the right Place. If you do this, your Promotion efforts will be easier—and more cost effective!

In contrast, if you don’t do your situational analysis and instead start with a Product, you may have to spend large amounts trying to convince the market to buy a Product that’s not really what they want. Similarly, if you distribute your Product in the wrong Place, you will have to spend additional dollars just telling the market where to find your Product. And while too low of a Price is obviously bad for profits, too high a Price will require you to spend more convincing the market your high Price is justified.

When you do your situational analysis properly and construct a balanced marketing mix based on



Often seen as a great brand builder and promoter, [Procter & Gamble](#) is far more than a mere Promotion company—they are a full Marketing company.

For example, P&G spends much money going to consumers’ homes to see how they use products. And they have an army of people who go to stores to observe how consumers make buying decisions. Also, P&G strategically ties up large amounts of store shelf space with multiple brands of similar products (i.e. P&G has six brands of laundry detergent), segmenting the market and making it difficult for competitors to enter stores.

These are but a few examples of how P&G analyzes the situation to develop a complete marketing mix, but it shows their success is not built just on branding.

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your findings, Promotion can become communication—communication of the great value that you are providing. This is especially important the more rational your target market. After all, it is one thing to use advertising to sell toys to children during Saturday cartoons, but if you are trying to sell accounting software to consumers, machine tools to a manufacturer, or even attracting businesses to your town, you will need a balance of the right Product, Price, Place, and Promotion. Δ

Developing the Marketing Mix: *Promotion*

Promotion consists of any method of communicating about your product, service, or company, and can be broken down into four parts: Advertising, Public Relations, Sales, and Sales Promotions. These four parts taken together are what we call the “Promotional Mix.”

Advertising is familiar to all of us for we experience it every day on the radio, in magazines, on the Internet, etc. Tactics such as branding are also part of advertising. Advertising is the sexy part of marketing.

Public Relations is similar to advertising, but not as direct. This is because PR usually refers to Promotion of the firm, not its Products directly.

This might be in the form of sponsoring other organizations such as the local baseball team, The Nature Conservancy, or the United Way. Allying the firm with such groups makes the firm seem a good local citizen, promotes the firm as “green,” or shows that the firm is socially responsible. Another form of PR can be damage control in case of a problem which might hurt the reputation of the organization. Regardless of the method, PR is an important part of Promotion.

Sales is often seen as a standalone function, often more powerful than the marketing function in companies that depend on a large amount of personal selling. In fact, in companies where marketing is seen as just advertising, the sales and the marketing functions are often fiercely opposed to one another. This is because the impact of the sales force is very apparent, because they bring in the orders on a day-to-day basis. The effect of the advertising behind the sale is more difficult to determine, even though they may have created the lead. Regardless, advertising and sales fill the same function: communication about a Product or service. How to balance your use of advertising vs. sales will depend on your findings from the “4Cs,” especially the first “C”: Customers, and their need, or lack of need, for personal service.

Sales Promotions are short-term Promotional devices. Trade show booths and gimmicks such as sweepstakes are two common sales Promotion devices. Short-term price cuts in the form of rebates, coupons, or temporarily lower prices are also forms of sales Promotion. Sales Promotions must be considered carefully because they often have a low return on investment, and sales Promotions that manipulate Price can undermine an otherwise robust Pricing strategy. Δ

The Marketing Mix & The Promotional Mix

