

MARKETING

The Four Ps of Marketing

By Jason McNamara



How Jerry McCarthy's monumental marketing approach can help you examine your business and elevate your strategy

If you ask someone to name their favorite Michigan State University celebrities, you might hear the names Earvin "Magic" Johnson, Kirk Gibson, Steve Garvey, James Caan, or possibly Draymond Green, if you ask my favorite Golden State Warrior fan Al Benedetti.

But one name you probably won't hear is Jerry McCarthy. For decades, E. Jerome McCarthy was a distinguished MSU marketing professor who, in my opinion, left a legacy more significant than anyone else.

In 1960, Jerry McCarthy authored the book *Basic Marketing: A Marketing Strategy Planning Approach*, which introduced the "Four Ps of marketing": product, price, place and promotion, commonly referred to as the "marketing mix." That book, now in its 19th edition, has since been distributed in classrooms worldwide.

Jerry McCarthy passed away peacefully at age 87 in his East Lansing home on December 3, 2015. McCarthy is survived by his eight children and Joanne, his loving wife of 66 years, who served as lead copywriter and editor of his legacy masterpiece. McCarthy lived his life with passion and purpose; he created a career path doing work he loved and made bold innovations to strengthen his field. McCarthy worked hard and played hard, especially with his family. He was a teacher to all of us in every way.

McCarthy saw marketing from a different perspective than most. He believed the Four Ps could be applied to much larger economic and social issues. Almost 50 years ago, he wrote some essays that were recently published by Notre Dame in a book called *Marketing*

THE FOUR PS OF MARKETING



"In 1960, Jerry McCarthy authored the book *Basic Marketing: A Marketing Strategy Planning Approach*, which introduced the "Four Ps of marketing": product, price, place and promotion, commonly referred to as the "marketing mix." That book, now in its 19th edition, has since been distributed in classrooms worldwide."



and the Common Good. In the book, McCarthy writes, "There is little question that a basic dissatisfaction with business is showing itself in the United States today. This attitude is especially strong among the young, who consider the "American Dream" of earlier decades a sort of nightmarish joke. They speak disdainfully of the corporate 'establishment,' many identify with the anti-business and 'consumerism' movement." The book continues, talking about "Washington Gridlock" and how that creates opportunity for private business to lead. It describes the macro-micro economic dilemma our market-driven economy creates where an individual's seemingly "good" action may or may not benefit the macro-level system and consumer, and how important it is that business and policy leaders understand both the macro- and micro-level consequences if we are to be "socially responsible." McCarthy provides a list of 16 common anti-business gripes, among them: Advertising creates false needs and manipulates the consumer.

This was written 50 years ago, but reads like one of today's headlines! Who knew that being socially responsible was retro? In short, McCarthy utilizes the Four Ps as a framework for how socially responsible, market-driven economies operate, or should operate.

I look at our industry and think how McCarthy would use the Four Ps to help us solve our problems. What would he tell us? What questions would he ask? I examined his book to glean some insight.

ONE

PRODUCT: A tangible good or an intangible service that seems to meet a specific customer need or demand

According to McCarthy, it is key to understand the problems that a product is attempting to solve. The benefits offered by the product and all its features need to be understood and the unique selling proposition of the product needs to be studied. In addition, the potential buyers of the product need to be identified and understood.

EXAMINE:

- *What does the customer want from a reverse mortgage?*
- *Are there any key features the loan is missing?*
- *How and where will the borrower use it?*
- *How will the borrower and their heirs experience it?*
- *How is it being branded?*
- *How is it different from other retirement solutions?*

TWO

PRICE: The actual amount the end user is expected to pay for a product

How a product is priced will directly affect how it sells. This is linked to what the perceived value of the product is to the customer rather than an objective fee for the product. If a product is priced higher or lower than its perceived value, then it will not sell. Price may also be affected by distribution plans, value chain costs, markups and rival products.

EXAMINE:

- *What is the value of a reverse mortgage to the borrower?*
- *Are there established price points for products or services in this area?*
- *Is the customer price sensitive? Will a small decrease in price gain you extra market share?*
- *What discounts should be offered to trade customers, or to other specific segments of your market?*
- *How will your price compare with your competitors?*

THREE

PROMOTION: Marketing communication strategies and techniques, which may include advertising, sales promotions, special offers and public relations

Whatever channel is used, it is necessary for it to be suitable for the product, the price and the end user to whom it is being marketed. It is important to differentiate between marketing and promotion. Promotion is just the communication aspect of the entire marketing function.

EXAMINE:

- *Where and when can you get across your marketing messages to your target market?*
- *Will you reach your audience by advertising online, in the press, on TV, on the radio or on billboards? Would it be effective to use a direct marketing mailshot? Would a public relations campaign be useful?*
- *When is the best time to promote? Is there seasonality in the market? Are there any wider environmental issues that suggest or dictate the timing of your market launch, or the timing of subsequent promotions?*
- *How do your competitors do their promotions? And how does that influence your choice of promotional activity?*

FOUR

PLACE: How the product will be provided to the customer (placement)

Distribution is a key element of placement. A placement strategy helps assess what channel is the most suited to a product. How a product is accessed by the end user also needs to complement the rest of the product strategy.

EXAMINE:

- *Where do borrowers look for your product or service?*
- *How can you access the right distribution channels?*
- *Do you need to use a sales force? Or attend trade fairs? Or make online submissions?*
- *What do your competitors do, and how can you learn from that and/or differentiate?*

Throughout my career, I've used McCarthy's Four Ps as a business framework. Our adaptation of McCarthy's Ps has helped us create Celink's Five Ps of Reverse Mortgage Servicing: People, Platform, Process, Partners and Passion. Thank you, Jerry McCarthy. Your legacy lives on in Lansing and all over the world. ■