Chapter 2 Definition of 4P, 4C & 4PS theory

2.1 4P Theory - to meet the needs of the market as the goal

4P is a marketing nouns, in the 1960s, the United States marketing scholar Professor McKinsey put forward four theories of marketing strategy, the four combinations are: product, price, place, promotion, because the first letter of these four word is P at the beginning, so it is also known as 4P marketing theory.

1) Product

Mainly include the product substantial object, after-sales service, brand effect and appearance display. It is a specific description of the goods and services provided by the business to the end customer, including the product's functions, quality, surface, style, brand, packaging and norms, also includes other factors such as service and warranty. Other factors include the system in which managers think, the company, and others.

Because although the products are constantly diversified, the combination of functions is constantly approaching. Therefore, how to make effective distinctions and unique displays from other factors, such as the cooperation between products and systems, the company's business philosophy and strategy, and even education training and the successful model are all points that must be pondered today.

2) Price

In addition to the basic price, also includes a variety of payment methods and pricing techniques, such as commission discounts, promotional prices, payment deadlines, commercial credit, as well as the psychological implications when the customer purchase. It refers to the economic returns pursued by companies for selling their products. Another important aspect of product sales is the added value of the follow-up industry chain. Marketing involves not only the product itself, but also post-sale services, professional advice on product use, and solutions to problems. From a strategic point of view, how to improve and increase the overall value to maintain customer loyalty is also the most important research direction for companies and managers.
3) Place

In fact, the word place is not very appropriate and should include two factors, one is distribution, including the production distribution of product categories, the choice of mode of transport and the control of geographical stocks, and the other is the channel, including sales methods, sales locations, as well as the choice and cooperation of operators, which represent the various activities an organization undertakes to bring its products in and reach its target markets.

4) Promotion

Promotional portfolio refers to the communication activities of enterprises using various information carriers to communicate with the target market, but in fact the word is not very accurate because it is not a single sales activity, but includes all means of communication strategies such as advertising, staffing, sales promotion and public relations. Promotion can only cover sales promotion and personal sales in communication strategies, but cannot cover advertising and PR strategies.

2.2 4C Theory - to build around the customer needs theory

Mr. Laurent in 1990 in the "advertising era" above, corresponding to the traditional 4P put forward a new point of view: "marketing 4C." It requires enterprises to design the product should first understand the customer's purchase direction, and then capture the needs of customers, and also reduce the cost of customer purchase costs, product's functions and services to be based on the purchasing power of customers targeted research and development, and then to the effective distribution and adjustment of the channel to facilitate the customer's purchase process, and finally to make effective marketing communication with consumer, including consumer recommendations at the time of purchase and sales advice after the issue. 4C is:

1) Customer's needs and wants (what is the consumers want);
2) Cost and Value to satisfy consumer's needs and wants (How much cost the consumers want pay for product);
3) Convenience to buy (make consumers easy for purchase);
4) Communication with consumer (guide shopping and after-sales service).

4P is marketing strategy and means used, and 4C is the marketing concepts and
standards customized based the market. 4C's "satisfied customer desire, cut down customer purchase costs, purchase convenience and marketing communication" is based on consumer demand-oriented, established a marketing concept and standard analysis, and 4P's "products, prices, places and promotion" is the strategy before the product is sold to the customer. 4C sales base still need 4P's strategies and measure to provide. For example, to provide the practical needs for customers, it is necessary to improve the quality of products, to enhance the convenience of customers to buy, it is necessary to complete through the channel strategy, to attract consumers to buy, need to through advertising, PR and other promotional strategies to be reached. Such as Louis Vuitton bags to meet the pursuit of noble for consumer demand, the product strategy is used very sophisticated timber and classic design, Convenience strategy with top-notch or even super five-star terminal decoration, and the promotion strategy is organized superstar-studded public relations activities to spread the brand's grade and taste. Therefore, 4C is not the theory of replacing 4P. Their relationship is not contradictory and opposite. It is a combination of mutual complementarity and mutual improvement in the marketing market.

The relationship between 4Ps and 4Cs is shown in the table below.

<table>
<thead>
<tr>
<th>category</th>
<th>4P</th>
<th>4C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Service scope, project, service product positioning and service brand</td>
<td>customer</td>
</tr>
<tr>
<td>Price</td>
<td>Basic price, payment method, commission discount and so on</td>
<td>cost</td>
</tr>
<tr>
<td>Channel</td>
<td>Direct channels and indirect channels</td>
<td>convenience</td>
</tr>
<tr>
<td>Channel</td>
<td>Advertising, staff promotion, business promotion and public relations</td>
<td>communicate</td>
</tr>
<tr>
<td>time</td>
<td>20th Century</td>
<td>Mid-60s (McCarthy)</td>
</tr>
</tbody>
</table>

2.3 4Ps Theory - to meet the needs of the market as the goal

4Ps is based on a single enterprise as an analysis unit, the factors that affect the effectiveness of corporate marketing activities are divided into two types: One is
beyond the control of enterprises, such as social / demographic, technological, economic, environmental / natural, political, legal, mores, Geographical Factors and other factors produced by the market, called uncontrollable factors, it can also be said that enterprises have to face the external uncertainties; another one is the marketing factors that the enterprise can control by management and adjustment, such as product, price, place and promotion, which are called the controllable factors of the enterprise, and also the internal environment in which enterprises can improve and enhance.

4Ps can be said to be a detailed explanation of 4P theory. The essence of an enterprise's marketing activities is a process of utilizing internal controllable factors to adapt to the external environment, that is carry out reasonable and effective planning and arrangement about products, prices, place and promotion, make the most appropriate response measures for the market uncontrollable factors, to meet customer needs and achieve the success of the transaction. The Kotler's has a very interesting concept of success, "If a company produces the appropriate product, sets the appropriate price, uses the appropriate distribution channel and complements it with the appropriate promotion, Then the company will be successful ". Therefore, the core of marketing activities lies in the development and implementation of an effective marketing mix.