

FROM 4PS TO SAVE

A THEORITICAL ANALYSIS OF VARIOUS MARKETING MIX MODELS

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Abstract: This paper intends to analyse and compare the SAVE (Solutions, Access, Value and Education) model of marketing mix with its predecessors. The main objective is to draw lines of distinction between the various models and try to figure out which model is more relevant in current scenario of business studies. It is not only intended to analyse the SAVE model for academic purposes, but also to analyse its impact on various business institutions, if brought into practice. The 4Ps (Product, Price, Place and Promotion) model has been around for many decades now and no other model has posed a serious threat to it so far, because of its ease of use and familiarity. Thus it will be interesting to see that whether the SAVE model can actually dethrone the 4Ps model in the years to come by and if it does, will it actually survive the test of time? Although SAVE model has been actually studied or suggested for B2B business only, we will try to provide insights about whether it can carve out a niche for itself in consumer markets as well.

Keywords: 4Cs, 4Ps, Marketing mix, SAVE model

INTRODUCTION

Marketing as we all know is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Since the inception of marketing as a separate function of management, it has grown from being an operational function to a strategic one. Many of the authors today view marketing as a dominating function which holds sway over the rest of the functions of a business activity. Since the day concept of marketing has evolved, much has been written, proposed and discussed about its nature, scope, activities it encompasses and so on. A constant effort has been underway to make marketing relevant in each period. Theories and principles have changed over a period of time to accommodate fresh ones that are in line with the demands of the current times. But fortunately or unfortunately, one model has remained there in the marketing texts for a very long period, the 4Ps model of marketing mix.

Marketing mix is the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market. It consists of everything a firm can do to influence the demand for its product (Kotler 2008: 109). The concept of marketing mix actually came from Borden (1964), the then President of the AMA in 1953. It was he who actually coined the term for the first time and it was suggested to him by his associate, Professor James Culliton in 1948. Borden called it marketing mix because to him every marketing executive was a "mixer of ingredients", one who is constantly engaged in creatively fashioning a mix of marketing procedures and policies in his efforts to

produce a profitable enterprise (Kotler 2008). The concept of marketing mix was then popularized by E. Jerome McCarthy with the help of 4Ps Model in 1960. The ingredients in Borden's marketing mix included product, planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are known as the 4Ps of marketing. Each of these Ps are actually an amalgam of some elements of Borden's ingredients described by Borden in 1964, thus including other sub-mixes within each P. As noted by Kalyanam & McIntyre (2002), marketing mix is a collection of thousands of micro-elements clustered together in order to simplify managerial activity. The 4Ps in McCarthy's Model represent Product, Price, Place and Promotion. This model came into prominence in Philip Kotler's book *Principles of Marketing*, published in 1967. Since then the concept of 4Ps has remained prominent in the field of marketing. As times changed many of the practitioners and authors attempted to displace this model with other models like 4Cs (Consumer, Cost, Convenience and Communication) or 4Es (Experience, Everyplace, Exchange and Evangelism) etc. However they never gained any measureable success. The latest addition to the marketing mix models' family has been the SAVE model as given by Ettenson *et al* (2013). Although the model is in its infancy, it seems to be a genuine contender to lock horns with the 4Ps Model.

Theoretical framework

Almost every one reading paper was born in the age of 4Ps. Whether you had the knowledge of business or not

did not matter, but everyone knew the 4Ps. When the model came to light in the 1960s, it quickly came to be treated as the unchallenged basic model of marketing, overpowering previous models and approaches (Grönroos 1994: 5). Grönroos further says that for the most marketing researchers in large parts of the academic world, it seems to remain as marketing truth even today. Even McCarthy himself would have initially doubted whether his model would last long or not, but here it is still going strong despite the advent of technological era. However not much information is available on why and how 4Ps model gained so much popularity and whether it is really a sound model of marketing mix. Kent (1986) argues by saying that 4Ps of the marketing mix are “the holy quadruple...of the marketing faith...written in tablets of stone.” But the truth is that 4Ps even from its beginning never had it all for being a practical model. Then why is it still in the textbooks till this date? Grönroos (1994) suggests that 4Ps represent a significant oversimplification of Borden’s original concept, which was a list of 12 elements not intended to be a definition at all. This actually indicates that 4Ps model was popular because of its simplicity and ease of use. He further goes on to say “...eventually it was overwhelmed by the 4Ps that were much easier to comprehend and teach.” He contends that the original ingredients as suggested by Borden, were shortened by McCarthy for pedagogical reasons and because a more limited number of marketing variables seemed to fit typical situations observed in the late 1950s and 1960s by the 4 standardized Ps. Perhaps this was the main reason that academicians used 4Ps to suit their own convenience as it was simple and easy to remember for students as well. According to Avlonitis (1991:22), one of the aims of the 4Ps was to produce a marketing definition for ‘dummies’. Marketing pioneers wanted to make marketing friendly for their students and to the business environment. Avlonitis (1991:34) further claims, “the early marketing authors wanted to produce a definition that would be easily understood, and therefore will make the newcomers to feel comfort. Till the early and mid-60s many believed that marketing was another complicated science, such as the macroeconomics, and the marketing authors used the 4Ps to show to their students how simple is marketing theory.” So, the 4Ps model was used primarily for pedagogical reasons and to attract a bunch of new ‘followers’. Even Kotler views the model as more of academic nature rather than a practical one. He says, “McCarthy’s classification is especially useful from a pedagogical point of view. Nevertheless, the feeling remains that some other classification, still to be born, will develop better conceptual distinctions among the large variety of marketing decision variables.” For an academic researcher looking for tenure and promotion, to question it amounted to sticking out his or her neck too far. Prospective authors of textbooks, who suggested

another theoretical construct than the 4Ps solution for their books, were quickly corrected by the most publishers. As a result, empirical studies of what the key marketing variables are, and how they are perceived and used by marketing managers, remained neglected (Grönroos 1994). Now coming to the practical drawbacks of the model, which has been under attack more so over the last two decades. With the focus shifting from product to customers, and transactional to relationship marketing, 4Ps model has been heavily criticized as being a production-oriented definition of marketing, and not a customer-oriented (Popovic 2006). It has been referred to as a marketing management perspective. Lauterborn (1990) claims that each of these variables, should also be seen from a consumer’s perspective. Fetherstonhaugh (2009) says that the 4Ps thrived in a different world altogether- a wonderful fantasy world where marketers were King; product differences lasted and big, obedient audiences could be reached with big, efficient media. However, that scenario no longer exists. Today, the consumer has seized control. Audiences have shattered into fragments and slices. Product differences last minutes and not years. The new ecosystem is millions and billions of unstructured one-to-one and peer-to-peer conversations. Waterschoot & Bulte (1992) claim that McCarthy’s 4P classification of marketing mix instruments, was widely received in the past decades. In recent years, however, increasing criticism has been voiced, among other reasons because of its inherent negative definition of sales promotion and lack of mutual exclusiveness and collective exhaustiveness. Rafiq & Ahmed (1995) while arguing the weaknesses of 4Ps model enlisted that, it is too simple and not broad enough lacking people, participants and process, physical evidence. Further, it lacks the concept of relationship marketing, non-applicability in services, lack of connection/integration between variables and has a static nature.

Thus, after considering various views of different authors the conclusion here is that the 4Ps marketing mix is a simplistic definition of how to use marketing as a tool. Its purpose was to give an efficient and easy to learn definition of how to use marketing. The remedy on this would be an alternate marketing mix based on a solid foundation with the appropriate empirical evidence. An alternative so powerful and so lucid, that it can seriously threaten the validity of 4Ps model. While many of the models made it to a level of some consideration for marketing gurus, they have not gained so much popularity.

Alternate models

As time lapsed, many management practitioners and thinkers suggested new models as a fit for their respective times. As a result many new models came to light. Worth mentioning among them are the 7Ps (Product, Price, Place,

Promotion, People, Process and Physical evidence) model, 4Cs & the 4Es models. Those associated with the services marketing will know that 7Ps is nothing, but an extension of 4Ps. Booms and Bitner (1980) proposed that three additional Ps are required to make the 4Ps a better model in the services sector. Recognising the special character of the services as products, they demonstrated the importance of environmental factors (physical evidence), influencing the quality perception. They included the participants (personnel and customers) and the process of service delivery as the additional marketing mix factors. Thus to an already present list of 4Ps i.e. Product, Price, Place & Promotion 3Ps were added i.e. People, Process and Physical evidence. However, Cowell (1984) questioned whether the new elements of the expanded social media marketing are relevant to be the distinct elements. The additional three Ps can be incorporated within the existing framework of the 4Ps, especially if the importance of the augmented product rather than the generic or core product is recognised. The physical evidence can be incorporated within the product and promotion; meanwhile, the process can be incorporated within the place (distribution) element. Similarly Judd (1987) argues that employees should be recognised as a distinctive element of the marketing mix and as an integral part of the marketing strategy. So it seems that even if 7Ps was an addition to 4Ps model and was meant for services only, it carried with itself the drawbacks of the first 4Ps and arguments about inclusion of latter within them also was held. Still it should be said that 7Ps model has received a warm welcome as was depicted by the study of Rafiq & Ahmed (1995).

Another model that received serious attention is the 4Cs Model. The 4Cs Model has been associated with niche marketing but many believe that because of its customer centric approach it can be utilised for mass-marketing as well. Lauterborn (1990) proposed a four Cs classification which is a more consumer-oriented version of the four Ps. In the 4Cs model, product is replaced by “Consumer”, shifting the focus to satisfying the consumer needs. Price is replaced by “Cost”, reflecting the total cost of ownership. Promotion is replaced by “Communication”, which represents a broader focus as it represents any form of communication between the organization and the consumer. Place is replaced by “Convenience” which takes into account the ease of buying a product, finding a product, finding information about the product and several other factors. P.R. Smit (2003) says that even Kotler prefers the 4Cs. He suggests that the 4Ps are a seller’s mix or sales-orientated approach and it therefore should be replaced by the 4Cs which are more customer-orientated, or marketing-orientated.

In 2009, Fetherstonhaugh came out with a new model, the 4Es. According to Fetherstonhaugh, the world has altogether changed and rendered the 4Ps model obsolete. The changing technological advancements have led the marketers to change their attitude towards the 4Ps model. He says, “Now with the information age upon us, companies are discovering that they can’t program people to think and act in a certain way. Thanks to the web, customers are much smarter now with a variety of purchasing options and channels at the click of a mouse which brought about this new concept”. He changed the product with Experience, place with Everyplace, price with Exchange and finally promotion with Evangelism. Simply stating the 4Es of Fetherstonhaugh are:

- Experience-It’s not what the product does, but how it makes us feel;
- Everyplace- Experiment with new distribution channels;
- Exchange-Price based on value, not cost;
- Evangelism-Finding the emotion in the product, and spread the feeling.

This model has been associated with e-marketing and so far has not made any impact to be given a serious thought in practice. The difficulty with this model is that it can be applied in markets or products that are not technologically



developed. For instance, the implications of the model will be disastrous if businesses operating in some poor African countries opt for it. Still for digital marketing, this model is definitely advancement over its predecessors.

Fig. 1: 4ps vis-à-vis SAVE

SAVE model of marketing mix

The recent addition to the family of marketing mix models is the SAVE Model. It recently came to the forefront when an article titled “Rethinking the 4Ps” was published in the January-February 2013 edition of *Harvard Business Review*. The authors- Richard Ettenson, Eduardo Conrado and Jonathan Knowles suggested this model for B2B Marketing as a successor of 4Ps. Yet it seems that this

model has all the ingredients to replace 4Ps in every form of marketing. The SAVE model shifts the emphasis from Products to **Solutions**, Place to **Access**, Price to **Value**, and Promotion to **Education**, thereby coining the acronym-SAVE. According to the authors, Motorola Solutions, a pioneer of the new framework, used SAVE to guide the restructuring of its marketing organization and its go-to-market strategies in the government and enterprise sectors. The authors in a five-year study involving more than 500 managers and customers in multiple countries and, across a wide range of B2B industries, found that the 4 Ps model undercuts B2B marketers in three important ways:

- It leads their marketing and sales teams to stress product technology and quality;
- It underemphasises the need to build a robust case for the superior value of their solutions;
- It distracts them from leveraging their advantage as a trusted source of diagnostics, advice and problem-solving;

“Don’t sell the cans, sell a thirst quenching, satisfying experience.” Customers do not care about product features or usability, if a product fails to solve their problem. It is not about the features you want your product to have, it is about the problems that customers need to solve. Solve their problem better than anyone else, and you will end up with a product your customers can not live without (Gamez 2013). SAVE changes focus from Place to Access with focus on considering customer’s purchase journey. It means making the product/service available to a customer near a point of his convenience. E.g. shopping on a phone, laptop or in case of ‘*Chotu Kool*’ by Godrej making it available to customers through post offices. From price as a marketer’s tool, the shift is towards providing higher value. The more the benefits or the higher the value of a product, the better are the earnings of a company as there are more brand loyal available to it than others providing products/solutions at same price. Leszinski & Marn (1997) have argued that if firms want to survive and thrive in the long run, then they will have to shift their focus from price to

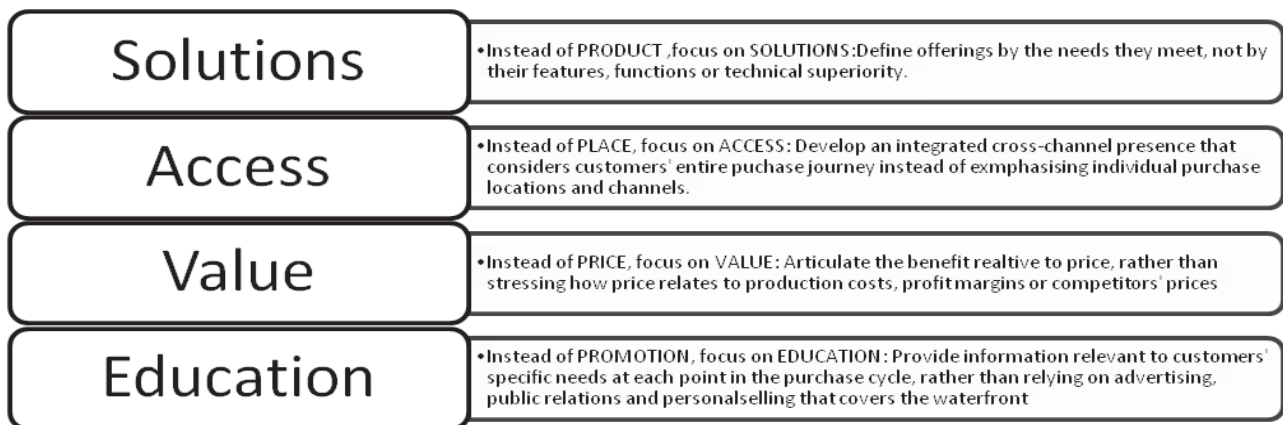


Fig. 2: SAVE Model of Marketing Mix

(Adapted from Richard Ettenson, Eduardo Conrado and Jonathan Knowles)

The SAVE model is actually an enhanced version of SIVA (Solutions, Information, Value and Access) model. This model was proposed by Dev and Schultz (2005). There is just one difference between SIVA and SAVE in that SAVE, *Education* has replaced *Information*. However, information aspect in this model is again a one-way traffic. Education in SAVE means give and take and it finishes with the feedback and suggestions from the customers. This makes SAVE a customer-centric model as in it the focus shifts from products towards providing solutions to the problems of the customers. Elliott (2012) says that, people do not buy products or services; they buy solutions to solve problems. For instance, chances are when you buy a can of Coke; you are not just attracted to the shiny red can. You are buying a Coke as a means to an end- refreshment, happiness, and enjoyment. So essentially the concept is-

better value. Wear (2012) reflects the same ideas in her article titled ‘How to Compete on Value, Not Price.’ She says, “The fundamentals are always the same: Sell value. Don’t compete on price.”The last but not the least what SAVE has incorporated is the focus on education rather than on promotion of the products. It involves a two-way communication process like a teacher-student communication. The firm provides specific information to its customers and tries to get a timely feedback from them and no longer overrelies on advertising and other forms of promotion. According to the *Accenture Learning Survey of Learning Executives*, learning organisations are increasingly pursuing customer education and channel partner education to increase revenue, improve customer satisfaction and drive competitive differentiation. Antonios (2011) has also found positive effects of customer education on customer loyalty, higher Return of Investment and customer satisfaction. Thus, a closer look on this model will quickly reveal that is not only customer centric but it is “all customer concentric

one". In today's world, marketers try to get involved with their customers to seek maximum information out of them. Globalization has taught this lesson to marketers that until you do not listen to customers they will not listen to you. Thus with advancement in technology, ease of access to products, complications or more technicality of new model products/gadgets this models seems to have knocked the door at right moment. Another fact to keep in mind is that this model is in alignment to the concept of 'Relationship Marketing'. The better the Solutions, Access, Value & Education the more the relationship will be built between the two parties i.e. marketers and customers. Modern day customers are not after the products but the solutions they provide, price is no longer a serious issue as long as the product yields a value that it promises for. Thus this Model seems to be a right fit for relationship marketing as well. Regarding the modern concept of building relations and bringing in changes in the existing marketing mix, Michi & Gallardo (2012) argue that "the sales function has to change from selling to sales management, from "hunter" sales man to "Farmers" who cultivate client relationship." Thus, when in SAVE we talk of Solutions, Access, Value and Education, we are actually talking of growing better relations with the customers. As companies are trying to become "farmers" who nurture their clients by providing better solutions and higher value with ease of access and better education to yield crops of better relations and partnerships, SAVE seems to be a saviour to these companies who will be the leaders of tomorrow, those with a happy lot satisfied customers.

CONCLUSION

It seems that SAVE Model comprises all the right ingredients that current business scenario demands. From solutions to education, everything seems to be customer-centric which was missing in the 4Ps model of McCarthy. In a world where customers' focus is more towards the core products (benefits and solutions), rather than the actual product and its augmentations, where means of communication and promotion have crept in personal spaces not to talk of social or public spaces, where value drives the growth and innovations lead to success, SAVE seems to be a saviour of modern day marketers. SAVE also is in line with relationship marketing which is the mantra of today's business houses. As rightly pointed out by Palmatier (2008), that customers are no longer viewed as a third party rather they are considered assets; the more loyal customers a business has, the more assets it possesses. So in SAVE, when we talk of Solutions, Access, Value and Education, it alternately means building relations. Customers are bound to return if they are provided with better solutions and higher value. Overall analysis shows that SAVE is a much better model than the 4Ps, but having said so, its practicality yet needs to be proved in the world

of marketing. It is hoped that in the next few years, this model is accepted as a genuine model of marketing mix and yields results to the firms deploying it.

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