

Improving skills for Smartfarming as an innovative tool for rural development and economic growth



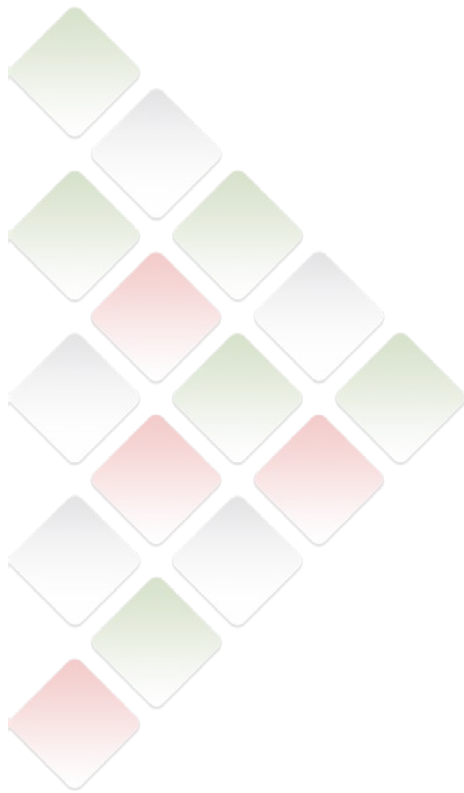
SmartFarmer

Module 2	The Marketing Mix
Unit 8	Lauterborn's 4Cs
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Training Material online	www.smartfarmerproject.eu



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Learning objectives/outcomes

This unit is intended to help the reader to be aware of the Lauterborn's 4Cs model and to compare it with the traditional 4Ps approach.

Upon successful completion of this unit, you will be able to:

- ◆ Understand the concept of the 4Cs model;
- ◆ Describe the 4 elements of the 4Cs model;
- ◆ Identify the basic differences between 4Ps and 4Cs models;
- ◆ Include the 4Cs model elements in your business and marketing plan;
- ◆ Reset your perceptions around what you are creating and offering to the market;
- ◆ Apply the 4Cs approach in the business framework.



Estimated duration

The estimated learning duration for this unit is 60 minutes including the exercises.



Summary

McCarthy's 4Ps is the traditional Marketing Mix and is used for decades by all the marketers throughout the world. This concept has been criticised by a number of studies as being production-oriented and not consumer-oriented. However, in spite of its deficiencies the 4Ps concept remains a staple of the Marketing Mix.

Among the different critics developed, the Lauterborn's 4Cs model is considered to be simpler and more consumer-centric, while it attempts to better fit the movement from mass marketing to niche marketing. In fact this model is equivalent to the traditional 4Ps, but viewed from customer perspective. The 4Cs model consists of consumer's wants and needs, consumer's cost to satisfy those needs, consumer's convenience to buy and two-way communication with consumers.

Learning (reading) resources

The 4Ps model and the criticism

McCarthy (1960) offered Marketing Mix, often referred to as the 4Ps (product, price, promotion, place), as a means of translating marketing planning into practice (Bennett, 1997). Since then, the 4Ps are used by all the marketers throughout the world and are considered to be the pillars of the traditional marketing.



Nevertheless, the concept of 4Ps has been criticised as being a production-oriented definition and not a consumer-oriented (Popovic, 2006). Throughout the years, a number of studies and authors (e.g. Lauterborn, 1990; Möller, 2006; Popovic, 2006) have disputed the validity of the traditional Marketing Mix in the changing society, while some critics even go as far as rejecting the 4Ps altogether, proposing alternative frameworks (Goi, 2009). Möller (2006) indicated some key criticisms against the Marketing Mix framework:

- ◆ The Mix is internally oriented and does not consider consumer's behaviour.
- ◆ The Mix regards consumers as passive; it does not allow interaction and cannot capture relationships.
- ◆ The Mix does not offer help for personification of marketing activities.

Additionally, the Mix does not mention relationship building which has become a major marketing focus, or the experiences that consumers buy (Fakeideas, 2008). However, regardless of its deficiencies and limitations, and perhaps because of its simplicity, the 4Ps concept remains a staple of the Marketing Mix and therefore many marketing textbooks have been organised around it (Goi, 2009).

Among the different critics and models developed, the Lauterborn's formula, well known as 4Cs, is considered to be simpler and can be used when deciding on marketing issues. At the same time, the 4Cs model is **consumer-oriented** and ensures you look at the Marketing Mix from the customer's point of view. Hence, in the following lines, the 4Cs model is described.

Do not forget that:

"Today's customers take functional features and benefits, product quality, and a positive brand image as a given. They want products, communications, and marketing campaigns that dazzle their senses, touch their hearts, and stimulate their minds."

Bernd Schmitt

Source: business survival toolkit (<http://business-survival-toolkit.co.uk/>)

A shift to 4Cs model

McCarthy's 4Ps model was originated in the 1960's when homogenous mass marketing could be effective. This model was particularly useful in the early days of the marketing concept when physical products represented a large portion of the economy (Goi, 2009). In the new changing society, the focus is on the consumer, who is very savvy and with many demands on his time. In this framework, Lauterborn (1990) proposed the 4Cs model, which places the focus determinedly on the customer's perspective rather than your agribusiness and attempts to better fit the movement **from mass marketing to niche marketing**.





This does not mean that the 4Ps are not important, but integrating both the 4Ps and 4Cs into the marketing strategy will help effectively build a strong brand (Smith, 2003).



The 4Cs are:

1. **Consumer wants and needs (rather than Product):** You cannot sell whatever you can make anymore. You cannot develop products and then try to sell them to a mass market. You can sell what someone specifically wants to buy. You have to study and understand consumer wants and needs through ongoing survey and feedback so that you can provide massive value back to them; substantial inputs should be taken from primary market research. Then attract them one by one with something he/she wants to buy. "Build" the product for them. As the legendary management Guru Peter Drucker once said: *"The purpose of a business is to create and keep a customer."*

2. **Cost (rather than Price):** Understand the consumers' cost to satisfy their wants and needs. Price is only a part of the total cost to satisfy a want or a need. If you rely strictly on price to compete, you are vulnerable to competition in the long term. Cost involves finding out what sacrifices a consumer must make in order to buy a product. The total cost will consider for example the cost of time in obtaining a product (driving to your place), the cost of conscience by consuming that or even the cost of searching the product. Many factors affect cost, such as the consumer's cost to change or implement the new product and the cost for not selecting a competitor's product.

"Value is no longer the biggest burger for the cheapest price. It's a complex equation with as many different correct solutions as there are subsets of customers." Lauterborn (1990).



3. **Convenience to buy (rather than Place):** The goal of the third C is to make the purchase of a product as convenient as possible for the consumer. In the era of Internet, e-commerce, catalogs, credit cards and phones, consumers neither need to go anyplace to satisfy a want or a need nor are limited to a few places to satisfy them. Convenience takes into consideration the ease of buying a product, finding the product, finding information about the product, etc. The focus should be on how easy it is for consumers to buy/acquire a product instead of how easy it is for the agribusiness to distribute the product.

"Think beyond those nice, neat distribution channels you have set up over the years. Know how each sub-segment of the market prefers to buy, and be ubiquitous." Lauterborn (1990).



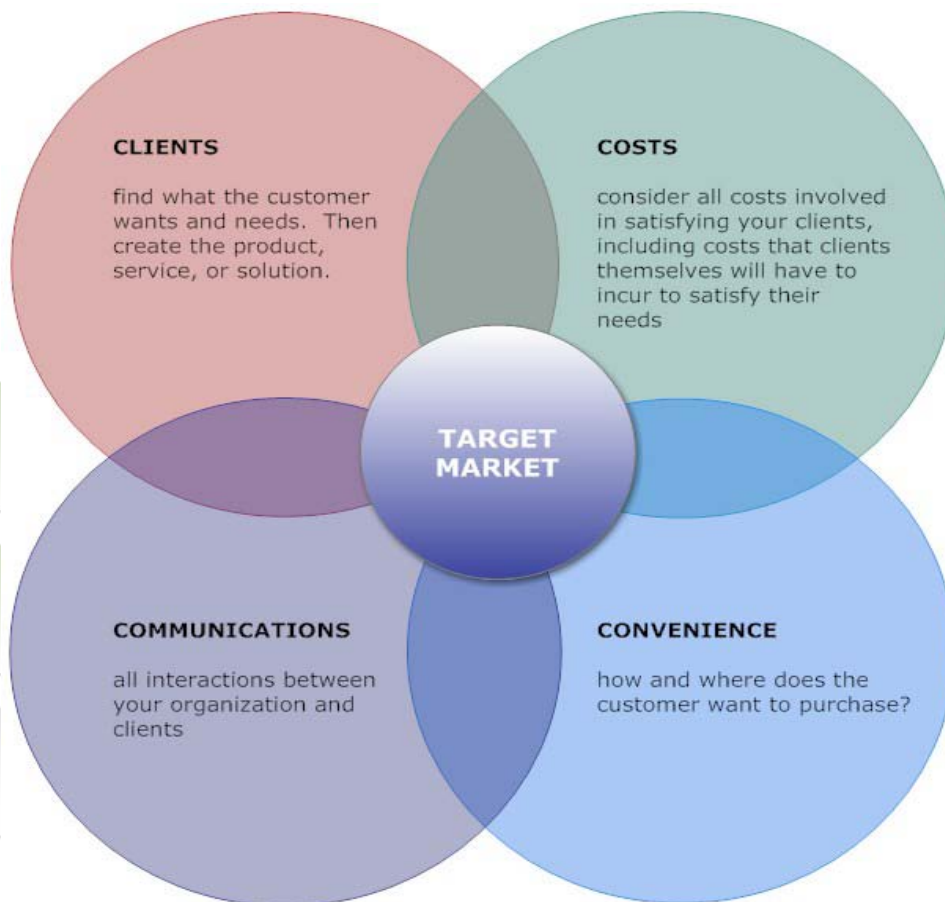
4. **Communication (rather than Promotion):** While promotion is "manipulative" as it is from the seller, communication suggests an exchange of ideas between the buyer and the seller; therefore it is "cooperative." Communication is a two-way, interactive and relationship-based process which aims to create a dialogue with the potential





consumers based on their needs and lifestyles. It is about “listening and learning”, “giving and taking” instead of one-way communication of “telling and selling” (i.e. promotion). There are different forms of communication, like advertising, public relations, personal selling, social media and any other form of communication between the business and the consumer.

The four variables/elements of the 4Cs model are illustrated in the following figure:



Source: Kar (2011)

Summing up with some tips:

- ◆ Instead of Product: Study consumer’s wants and needs
- ◆ Instead of Price: Understand the consumer’s cost to satisfy those wants and needs.
- ◆ Instead of Place: Think consumer’s convenience to buy.
- ◆ Instead of Promotion: Focus on two-way communication with consumers.

However:

- ◆ It is important to understand that the underlying core remains the same; the 4Cs model is in fact a reiteration of the 4Ps model, refined to be more consumer-oriented.





Last but not least:

- ◆ In today's economy, it is very easy for consumers to take their money elsewhere. The competition is tough. If you can understand your clients' needs and wants through ongoing survey and feedback, you will be able to provide lots of value back to them (Dore, 2014).

Case study

Preserving Tradition.....

The agribusiness **Niki Agathocleous Ltd** was founded by Niki Agathocleous in 1989 and is established in the small mountain village of Agros in Cyprus.

It is a tradition in Cyprus for housewives to offer homemade spoon sweets to their guests. Wanting to carry on this tradition, with her passion for cooking, Niki began to make spoon sweets and jams for friends and relatives.

In 1986 Niki opened her first workshop. In 1989, and because of the increased demand for her products, Niki Agathocleous Ltd was officially born. In 1992, the company opened its second workshop, always staying loyal to the traditional recipes and to the high-quality produce by applying all the strict food and health standards.

In 1996, the company introduced new products into the market such as fruit compote, tomato puree, vine leaves, and **spoon sweets and jams for diabetics**. The company also brought back a very old recipe for **pink rose sweet**. This recipe was only known by the people of Agros village, the only place in Cyprus where this pink rose can be found.

In 2003, after continuous demand for its products, the company built its first big factory including a **retail shop** and was certified with the HACCAP health system and later with ISO 22000, which is an international standard that specifies the requirements for a food safety management system.

Since 2004 the company **exports its products** to more than six (6) countries including England, Australia, USA, France, Japan and Egypt.

In 2005, the company started producing one of the most well-known Cypriot products, **Soutzioukos**, which rapidly became one of the most loved products of the company. **New products** were also introduced into the market such as carob syrup, grape syrup, kiofteria (sun-dried grape mixture) and sun-dried figs.

Today the company offers **more than sixty (60) traditional products** and has become one of the leading companies of this specific sector in Cyprus.

The current and potential customers, but tourists also, have the opportunity to visit company's retail shop and factory in Agros in order to experience the traditional Cypriot way of producing spoon sweets, jams, Soutzioukos and other products. There, the customers can also taste and buy the products which are also available in **many retail shops** in Cyprus.



Moreover, the company has its own **website** where detailed information is provided for each product. There, the consumers can also **provide feedback** and make suggestions to the owners regarding the products. Last but not least, the company has a **Facebook account** aiming to make the communication with customers more efficient and interactive.

This agribusiness represents a good example of the 4Cs model implementation as it is focused on:

- ◆ consumers' needs for traditional and healthy quality products
- ◆ consumers' cost to satisfy their wants and needs
- ◆ consumers' convenience to buy
- ◆ two-way and relationship-based communication with customers

Source: <http://nikisweets.com.cy/index.php?op=page&id=69>

Exercise/activities

From your knowledge of this unit, please provide brief responses to each of the following questions:



1. What is the basic difference between 4Ps model and 4Cs model?
2. When was the last time you really searched / studied your customers' needs? What means did you use for this purpose?
3. Think like a consumer: Number 3 reasons for which a consumer will prefer to buy your product instead of a competitor's.
4. How convenient do you make it for consumers to obtain your product?
5. Number 3 reasons for which a company website may be necessary.
6. Why a two-way communication is considered to be more appropriate than one-way communication?
7. Number 3 communication channels which provide interaction with the consumers.

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