

## THE MARKETING MIX AS A TOTAL PRODUCT: UNDERSTANDING THE PEDAGOGICAL RELEVANCE OF PRODUCT AND PRICE

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### ABSTRACT

Marketing curriculums need to provide a "total product" for our students. It is not sufficient for students only to be proficient in promoting and distributing products and services. Students, as well as practitioners, need to know how product quality, price and customer service decisions create and maintain value in the market place. When value management is combined with expertise in promotion and distribution, then a "total product" is being provided to marketing students.

### THE MARKETING MIX AS A TOTAL PRODUCT

Because a product can have so many aspects and benefits, marketers think in terms of the total product - the broad spectrum of tangible and intangible benefits that a buyer might gain from a product once it has been purchased (Zikmund and d'Amico 1995). Similarly, the marketing mix, as a product to the student and the practitioner is a complex, interrelated set of decisions that can provide a broad spectrum of goal achieving benefits when used properly. Unfortunately, our pedagogical practice tends to ignore product and price issues in favor of the more glamorous courses such as advertising and retailing.

For three decades now, the popular approach to teaching marketing has been through the concept of the marketing mix: the 4Ps (Kellerman, Gordon, and Hekmat 1991). The authors stress that each P in the introductory course is equally important. A weakness in any "P" may result in failure. In the upper level marketing courses, various topics covered in the introductory course are covered in more detail. If each "P" is equally important, one would expect to see equal attention given to each "P" in advanced courses.

In a survey of marketing courses offered at more than 150 AACSB schools of business, Kellerman, Gordon, and Hekmat found that about seven of every ten P courses were promotion courses, one in four was a place course, only one in twenty was a product course, and fewer than one of one hundred was a pricing course. Another study found that CEOs judge pricing and product to be somewhat more

important than place and promotion (Kellerman, Gordon, and Hekmat 1991). In view of this, it appears that the marketing curriculum at most schools lacks sufficient coverage of the product and pricing elements of the marketing mix.

With scarce faculty resources and AACSB's requirement that 50% of the business major's course work be outside of business and economics, adding more courses in the product and pricing elements of the marketing mix is difficult but not impossible. Many marketers believe that product, customer service and price decisions issues, when considered simultaneously, determine "value" for the consumer. If value is a key criterion for consumer acceptance, then a way to solve the "AACSB" problem is to combine product, customer service, and pricing issues into a value management course. When value management is combined with expertise in promotion and distribution, then a "total product" is being provided to marketing students.

This paper reviews the importance of value management, reports on academicians' attitudes toward "marketing mix" courses, and develops the basics of a value management course offering. The following section provides an overview of value as a linkage of product, customer service, and price decisions.

### THE PEDAGOGY FOR VALUE MANAGEMENT

Customers have come to expect a culture of value in the market place. Shoppers today want more of those things they value (Treacy and Wiersema 1995). If they value low prices, they want it lower. If they value convenience or speed when they buy, they want it easier and faster. If they look for state of the art design, they want to see the art pushed forward. If they need expert advice, they want companies to give them more depth, more time, and more of a feeling that they're the only customer.

Competitive advantage takes a commitment not just to meet, but to exceed consumer expectations for affordable quality (Artz 1993). Competitive advantage in the marketplace cannot be profitably exploited unless it can be

converted to consumer value satisfaction (Cohen 1991). Some strategic management scholars have concluded that U.S. firms in the 1980's became so distracted with mergers and acquisitions and so burdened with debt that they neglected the key areas of competitive advantage (Hitt, Hosiisson, and Harrison 1991). As the next century approaches, American industry has reawakened to the new global competition and has responded by refocusing on unique advantages

The right combination of product quality, customer service and fair prices is the key to selling to these value conscious consumers in today's marketplace. The ideal position of value is where the product or service is the highest quality, supported by the best customer service, and offered at the lowest price. While ideal for the customer, it allows very little, if any, profit margin for the seller. A generic position offers acceptable product quality with reasonable customer service at affordable prices. Unfortunately, there is always a competitor who is willing to offer a lower price, higher quality, or better customer service. Additionally, there are always consumer segments who are attracted to one value dimension at the expense of accepting lesser performance on the other dimensions. A key principle of a value culture is to understand that you can not be all things to all people. Companies need to focus attention on one dimension of value that they are best able to provide and to target those segments who value that dimension.

Ford Motor Company considers value in their attempt to maintain a competitive advantage over Toyota. Their gamble on the value issue is most interesting (Business Week, 1995). The Taurus competes with the Toyota Camry and the Honda Accord. In recent years, it has had a price advantage of \$2,000 per car because of the sky-high yen. In designing the new Taurus, Ford decided that American consumers liked Camrys and Hondas because of their great engineering and features. So it set out to match the Japanese. This, however, boosted costs. Meanwhile, the Japanese set out to "de-engineer their cars, simplifying them to get costs out. The result? Detroit's price advantage is shrinking fast. A new Taurus with popular options will sell for about \$1,000 less than comparable models from Honda and Toyota. Toyota has promised a new Camry that will cost 20% less to make. That might allow Toyota to price the new Camry below the Taurus, unless it decides to pocket the cash as profit. Bottom line, the new Taurus will succeed or fail on the level playing field of quality, design, and features. Fair enough. But if Ford wants the Taurus to be a best-selling family car it can't let prices drift much higher.

Being competitive is going to take a commitment not just to meet but to exceed consumer expectations for affordable quality (Artzt 1993). Everything that helps the company deliver value to customers deserves reinforcement and management support. Everything else is non-value-adding overhead (Levere, 1992).

## EMPIRICAL FINDINGS FROM ACADEMIA

This paper reports the findings of faculty attitudes towards courses that comprise the marketing mix. In particular, the focus was on product management, price management, and combined product and price management courses. A survey instrument was developed to assess faculty perspectives of specific pedagogical issues of teaching the various elements of the marketing mix. In a separate study, a survey was developed to assess students' viewpoint of a value management course at the completion of the course. Overall, four key issues were found to be relevant to this inquiry.

- What is the priority for the mix of marketing courses offered?
- What are the barriers to offering courses specifically for product and price management?
- What is the relative importance of the mix variables in a classroom? In a business environment?
- How do students perceive the importance of a course that links the issues of product quality, price, and customer service?

Using a list of Western Marketing Educators' Association members who taught at American or Canadian institutions as the population frame, 174 names were randomly selected with no more than one member per institution included in the sample. There were 68 responses, giving a 39% response rate. The findings from the survey are discussed below.

### Priorities for "Marketing Mix" Courses

As expected, Table 1 indicates the courses typically required in a marketing program: marketing principles, marketing research, marketing strategy were the three most essential courses. Consumer behavior along with several courses of a promotion or distribution nature were considered important. Product and price management, product management, and price management were considered less than essential. From Table 1, it is clear that product and price management courses do not draw

attention as essential parts of a marketing program. This reinforces the findings by Kellerman, Gordon, and Hekmat (1991) that most courses like advertising and retailing are more likely to be offered than product or price offerings.

**Table 1**  
**Academics' Priorities for Marketing Courses**

	Mean	S.D
<b>Essential</b>		
Very Essential		
.Marketing Principles	1.27	0.86
.Marketing Research	1.57	1.04
.Marketing Strategy (Mgt.)	1.75	0.98
.Consumer (Buyer) Behavior	1.81	1.02
.Advertising & Promotion	2.03	1.06
.Global Marketing	2.42	1.15
.Selling	2.64	1.40
.Retailing	2.86	1.16
Marginally essential		
<b>Non-Essential</b>		
Marginally non-essential		
.Business to Business Marketing	3.08	1.06
.Sales Management	3.17	1.04
.Product and Price Management	3.52	1.19
.Product Management	3.62	1.09
.Distribution & Logistics	3.67	1.11
.Sales Forecasting	3.72	1.18
.Direct Marketing	3.74	1.15
.Price Management	3.76	1.04
.Public Relations	3.77	1.35
Very non-essential		

Respondents were asked the following: If your department had scarce resources in terms of faculty, space, students, how would you evaluate the need for each course that you offer? The scale goes from 1 for an essential to 5 for a course that is would not be missed.

**Product and Price Management Courses**

A lack of space in the curriculum was the most important reason for not including product, price, or product/price management courses in the curriculum (Table 2). Student demand was the second most important reason. However, it must be pointed out that if the courses are not offered, how can the lack of demand be substantiated. Teaching expertise as well as relevant teaching material were

considered scarce. There were no resources that were considered abundant.

**Table 2**  
**Scarce Resources for Product and Price Courses**

	Mean	no resp.		Very abundant		Very abundant	
		1	2	3	4	5	
Space - Curriculum	1.8	7%	46%	26%	13%	4%	3%
Student Demand	2.1	6%	26%	41%	17%	7%	7%
Teaching Expertise	2.7	10%	13%	29%	22%	22%	3%
Texts	2.8	13%	15%	25%	24%	15%	9%
Cases	2.9	15%	6%	24%	32%	18%	6%
Readings	3.0	13%	6%	24%	32%	18%	7%

Respondents were asked the following: In your opinion, what scarce resources contribute to the lack of product and price courses on college campuses?

**Importance of the Mix Variables in Classroom and Business Environments**

The most substantial finding was the disparity between faculty perception of importance of product, price, promotion, and place issues in the business environment versus in the classroom. When the respondents were asked to allocate 100 points to each of the mix variables in a way that reflects their opinion as to the relative importance of the four marketing mix variables in business and classroom environments, there was considerable differences. Two key findings from Table 4 are noted:

- Product was considered the most important topics in both settings, yet in Table 3, it was clear that the teaching of product management was not considered to be essential.

Price was considered to be the least important issue in the classroom, yet it was statistically more important in the business environment ( $t=-2.905$ ,  $p=0.05$ ). There was no consistency, as the respondents were suggesting that it was more important in the business environment. At the same time, the importance of promotion in the classroom is more than in the business environment. This finding is troubling, but tends to support the thesis of this paper that academics spend too much time on the issues of promotion and to a lesser degree distribution and not enough time on issues relevant to preparing students to being effective in the business environment.

## Students Perceptions of a Product Quality, Price, and Customer Service Course

In a separate study, twenty-one students in a Value Management course taught by this author were asked in a survey at the completion of the course how they rated the course in relation to other business courses.

**Table 3**  
Relative Importance of the Marketing Mix Variables

	Academic Classroom	Business Environment	Paired t-test t	p
Product	28.4	29.8	-1.2	.25
Promotion	27.4	24.9	2.2	.03
Place	23.9	22.6	0.7	.46
Price	19.8	22.5	2.9	.01

Respondents were asked the following: In your opinion, what are the relative importance of the four marketing mix variables. Allocate 100 points to each of the mix variables in a way that reflects your opinion.

The findings in Table 4 indicates that the course was highly relevant to their career and was interesting. These two observations were clearly above the average. The degree of difficulty and workload were only slightly above average. The overall rating of this course was close to outstanding. In summary, the findings suggest that an interesting and relevant course on this topic can be delivered.

**Table 4**  
A Value Management Class Feedback

	Mean	S.D.
Relevance to career goals	4.43	0.81
Interesting	4.21	0.64
Degree of difficulty	3.45	1.07
Workload	3.50	1.07

A five point scale where 1 was much less; to 5 was much more.

Overall rating of the course 1.64 0.48

A five point scale where 1 was outstanding; 5 was inadequate.

### SUMMARY OF THE RESEARCH FINDINGS

There will be many mountains to climb and many miles to travel before there is a wider acceptance of product, customer service, and price course, either separately or combined. Similar to the diffusion cycle, it will take considerable efforts to convince the opinion leaders of the

marketing discipline to lead the way. While the business environment has adapted quickly to the idea of value management, academia lags behind. Oddly enough it will take considerable promotion in terms of papers written as well as conference presentations (place) to accomplish this task.

Given the tight space in a marketing curriculum, the most logical approach is to offer a course in value management. The proponents of value management need to develop a credible text book as well as cases to enhance the likelihood of acceptance. There needs to be further writing and discussion of the topic at national conferences as well as workshops to teach the idea of value management. If a "total" product is to be offered, academics need to continue introducing the marketing mix in the principles course, provide in-depth coverage in "stand alone" courses, and then focus on overall interaction of the mix variables in the capstone strategy course. The missing link is the featuring of product, customer service and price issues as a value management course.

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