

**THE 4 P'S  
OF  
MARKETING**

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## **The 4 P's of Marketing Introduction**

The 4 “P”s of marketing – product, promotion, place and price – are the four ways used by the alcoholic beverage marketers to reach different parts of the population. The industry uses the 4 “P”s to:

- Keep those who already drink drinking, and get them to drink more;
- Encourage people who don't drink to start drinking;
- Encourage drinkers to switch alcohol brands; and
- Create a good public image for alcohol producers and discourage government actions to change how alcohol is marketed.

The alcohol industry divides the population into demographic groups, including age, race/ethnicity, marital status, income, gender, sexual preference, geographic regions of the country, city/suburban/rural, etc. The industry mixes differing kinds of products, promotions, places and prices to reach each different demographic group. For example, a specific mix of product, promotional message, place, and price will be used to reach young, white males attending large, urban university campuses. A different combination will be used for young, professional white women, African-American men who live in the inner city, and so on.

How well the 4 “P”s work together usually determines how well a product will sell. A product designed to teenagers, for example, will not sell much if it does not suit youth tastes, costs too much, is promoted with the wrong message, or is sold only in venues that discourage youth purchases or loitering.

Understanding and being able to respond to the industry's marketing tactics are important aspects of prevention. Specific policies can respond to each of the “P”s. These policies do not have to be laws or regulations – they are also whatever agreements we have about how we treat alcohol. Communities, workplaces, schools, government agencies, even individuals in our own homes have ways of treating alcohol.

The alcoholic beverage industry has been the primary shaper of policies about alcohol since Prohibition ended in the 1930's. To create safer alcohol policies, we have to understand how the industry uses the four “P”s of marketing. This “4 P's” chart is designed to assist in using this concept to develop effective alcohol policies.

## **Alcohol Policies Using the Four P's of Marketing**

### **Product**

**Definition:** The product “P” describes the beverage being marketed and the container in which it is sold. Different types of beverages with distinct characteristics are developed for each targeted group. Container size and style are used to complement the product’s image and availability.

#### **Examples of Alcohol Policies Addressing Product**

- Limit new types of beverages on the market (e.g., ban premixed alcoholic energy drinks)
- Prohibit packaging that makes it difficult to distinguish alcohol products from non-alcohol products (e.g., require a highly visible label that states: “contains alcohol”)
- Regulate alcohol content (e.g., high potency malt liquor)
- Insure purity
- Prohibit “moonshining”
- Regulate container size and shape (e.g., restrict super sized bottles of malt liquor)
- Require health warning and ingredient labels

## **Alcohol Policies Using the Four P's of Marketing**

### **Promotion**

**Definition:** Promotion is the industry's educational strategy. Promotion strategies inform the consumer of the benefits of drinking the product and improve the producer's public image. Promotions take many forms and are found in multiple contexts. They are carefully crafted to attract targeted groups. The same product may have radically different promotional messages and marketing venues depending on the identity of the targeted groups. Promotion often uses fantasies to attract customers. These messages glamorize the product and the producer and make light of the risks associated with the product.

There are two categories of promotions: measured and unmeasured media. Measured media refers to traditional advertising venues – television, radio, newspapers, radio, point of purchase, and outdoor advertising. Unmeasured media includes the internet, sponsorships of sporting and entertainment events, text messaging, and other nontraditional forms of marketing. The alcohol industry is rapidly shifting marketing budgets to unmeasured media, which is considered the prime vehicle for reaching young people.

### **Examples of Alcohol Policies Addressing Promotion**

- Ban or restrict alcohol industry sponsorships of sporting, music, and other entertainment events, particularly those with large youth audiences.
- Restrict the placement of alcohol advertising in media that has large youth audiences
- Limit or ban billboard advertising near youth venues such as schools
- Eliminate the income tax deductions to alcohol producers for the costs of advertising
- Require that movie-goers be informed when alcohol companies have paid to have their products shown in films
- Fund counter-advertising campaigns (e.g., with alcohol excise tax revenues)
- Provide alcohol education programs in schools that include media literacy – analyzing and understanding alcohol marketing tactics
- Restrict giveaways of alcohol-branded merchandise

## **Alcohol Policies Using the Four P's of Marketing**

### **Place**

**Definition:** Place refers to the location of alcohol sales, service and drinking. Place in public health terms is referred to as “alcohol availability.” Locations of sale are divided into two categories: (1) on-sale, i.e., where drinking occurs on the premises (e.g., bars, restaurants, stadiums, street fairs); and (2) off-sale, i.e. the alcohol is bought for consumption away from the premises (e.g., liquor stores, gas stations, convenience stores, grocery stores). Place also includes drinking locations other than on-sale establishments – e.g., social clubs, fraternities, house parties, public parks and lands, private business locations, etc. The industry, at least at the producer level, seeks to expand the number of retail outlets and drinking locations. The industry also seeks to increase the number and types of places where drinking alcohol is considered normal, e.g. at Halloween parties, laundromats, civic events, etc. “Service practices” refers to strategies for increasing sales – e.g., happy hours, last call, drinking contests, etc.

### **Examples of Alcohol Policies Addressing Place**

- Restrict the locations of alcohol outlets, to reduce outlet density
- Restrict alcohol outlets near youth-oriented venues
- Regulate the number of outlets in specific geographic regions
- Regulate serving and selling practices of alcohol retailers
- Encourage or mandate Responsible Beverage Service Programs
- Create incentives for problem outlets to upgrade their business practices
- Establish nuisance related performance standards applicable to alcohol outlets
- Encourage a greater diversity of retail stores through planning and zoning
- Enact social host ordinances
- Alter the physical environment using crime prevention through environmental design
- Promote alcohol-free community events
- Restrict alcohol consumption in public locations such as beaches, public parks, etc.
- Make enforcement of current laws a priority, developing new enforcement techniques tailored to particular sales and drinking locations
- Strictly enforce the 21 year old minimum drinking age law and other alcohol service laws, including laws that prohibit sales to obviously intoxicated persons.

## **Alcohol Policies Using the Four P's of Marketing**

### **Price**

**Definition:** Price is critical in marketing strategy. In general, customer demand varies depending on the relative cost of the product, and alcoholic beverages are no different: The higher the cost, the lower the demand. The price of an alcoholic beverage depends on several things, including: cost of production, distribution, and marketing; profit margins; and local, state and federal taxes. While trying to keep price relatively low, to increase sales, the industry tries to keep a high profit margin. The industry therefore has a strong interest in lowering production costs and opposing higher taxes.

As with the other “P”s of marketing, prices are used to target specific population groups. The lowest priced products, and those with the highest concentration of alcohol in relation to cost, are for low-income consumers. For upper-class consumers there are high-priced products that are given an image of sophistication. Income groups between these two extremes are offered mid-range prices. The differences in product image and price often do not translate into differences in quality or production costs.

### **Examples of Alcohol Policies Addressing Price**

- Increase local, state, and federal beer, wine and distilled spirits taxes:
  - Charge the same tax rate for every alcoholic beverage, based on alcohol content
  - Index alcohol taxes to the rate of inflation
- Use a portion of the tax revenues to fund alcohol treatment and prevention programs
- Tax “unwanted profits”, e.g., the profits from underage drinking
- Raise license fees for outlets
- Ban happy hours and other price promotions and discounts in bars and restaurants
- Discourage hosted bars and alcohol giveaways
- Prohibit quantity price discounts by alcohol distributors
- Eliminate the income tax deduction that allows businesses to treat alcohol expenses as part of the cost of doing business