

# Marketing's new and re-designed 7P's

Posted by [Toni Keskinen](#)

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Marketing used to be about making companies APPEAR to be better, increasing brand appeal etc. Today marketing is about MAKING BETTER. COMPANIES

The omni-channel, real-time, everything's available and traceable environment we are currently living in has changed the marketing fundamentals quite radically. The world is no longer the same place for which The marketer [E. Jerome McCarthy](#) proposed the four Ps classification in 1960.

This age requires us to re-design them.

Actually, in my opinion we should question the old truths and re-define the entire concept, role and meaning of marketing.. go back to the fundamentals and adjust them to this time and age. I hope this article sparks interest and willingness to join in and continue the discussion at [Future CMO LinkedIn Group](#)

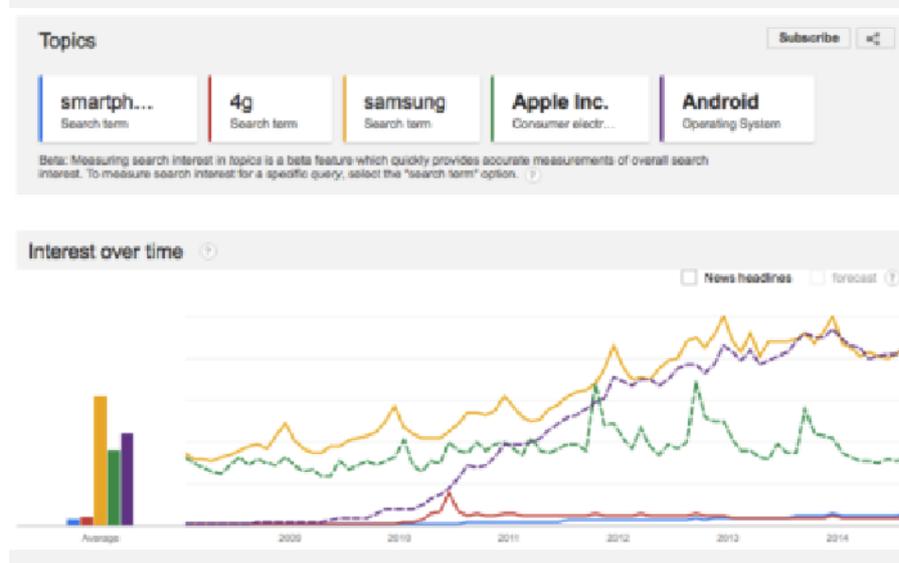
## The new 7P's

- Position – in customer's mind
- Performance – the user experience, capability to meet expectations
- Proximity – How close the brand is to its customers, Customer intimacy
- Price – Price is no longer a fixed figure
- Presence – instead of Place
- Perceived product
- Promotion

## POSITION

There is a lot of everything. Customers instinctively make their lives easier by using their mental shortcuts, heuristics, in order to make sense of the surrounding wealth of messages and impulses. The position a brand holds in the customer's mind connects it to certain attributes, contexts, values, benefits and purposes. Actually, our brain gives an emotional tag to every single piece of information before entering our conscious mind. Branding is about training customers' brains and winning certain position in their minds. This is why it takes a long time to really gain a meaningful position as a brand. That's also why brand extensions are not a certain success, as the position the brand has in customer's mind only consist of certain learned connections.

Because of these reasons I would define Brand as a position in the customers' minds. During the past decade people have also learned to use brands as their road signs when searching for products, services, solutions, ideas and inspiration. For example in travel and telecommunications markets the number of category searches has dropped, while brand searches have increased. Instead of searching for smartphone or holiday, customers search operators, smartphone manufacturers and travel agencies by brand. To people, brands stand for direct access to information they are looking for. Such behavior makes the top-of-mind position even more important than it has been before. Smartphones or 4G are minimal interests, while Samsung and Apple have strong demand. The data also shows how Android has become a brand on its own and has an even stronger demand than Samsung has.



## **PERFORMANCE**

When customers do buy a product or service they have certain expectations for what they bought. Depending on how well the brand meets those expectations, it influences the customer's personal experience and view on the brand's performance. Value for money experience is a very important measure for a brand and shared experiences influence the brand's Net Promoter Score directly. Performance should be measured through the customer's entire relationship with the brand, across every single experience they share. In my opinion we should include PERSEVERENCE as part of the performance. The customers expect you to stay interested in them and continue to deliver high value. One-shot experience is not enough, no matter how good it is. The real performance must be proved over time also in case of product failure or other unexpected events.

In September 2013 HBR published an article: "The truth about Customer Experience" by Alex Rawson, Ewan Duncan, and Conor Jones. In their experience, most companies measure customer experience by touch points or single engagements. Such an approach will tell you how did that single engagement meet customer's expectations. It does not say anything about customer's satisfaction over time. In case this is the only mean to measure performance in a corporate KPIs, it will create an illusion of performing well. In their article, they proved the declining customer satisfaction over the length of customer relationship. When you think in terms of performance, you need to continuously improve your service, in order to keep your customers happy. In my Customer Journey studies I have also learned that, the reasons why customers choose to buy a certain product, or a service, are not necessarily the same ones that will keep the customer happy post purchase on a longer term.

Performance measures are also changing the marketing as a practice, changing management and the ways of managing change. Today, everything can be easily tested in small scale, scaled to global level and measured in real time. The marketing practice has been measured with rather elusive figures like top-of-mind, preference, awareness and attributes until recently. Now marketing has become an actual business unit that should have a business plan, revenue forecasts and profit expectations. This is finally something that other members of the board understand. This is why the marketing as a practice is moving up on the corporate power ladder. Corporate management is already expecting CMO's to take responsibility for corporate digital transformation. In my opinion the creativity factor associated with marketing function has more potential in this new order than ever before when its performance is measured right. When customer understanding, creativity and performance metrics are connected across corporate strategy and operations, possibilities of developing business, competitive advantage and brand become infinite. We just need to follow the path companies like Tesco, Apple, Google and Amazon have opened for us over the past two decades. In that time the technology and ecosystem developed to its current level of sophistication and accessibility allowing us to join in and follow the paths these giants have already proved effective.

## **PROXIMITY**

Proximity is a synonym for distance. In order to create trust and relationship with customers, brands need to get close and personal with their customers. At best, you can talk about customer intimacy and connecting the brand to people's self image. We have a chance of having a dialogue and become a part of peoples everyday life via different channels like Facebook, apps, online services, even external bought mediums at personal level. Although

the Internet and all its applications have a lot to offer, PEOPLE belong in this category too. Person-to-person communications are the primary way of connecting and even getting imprinted to the brand. People and corporate culture represent the brand in human form. The old truth about brand being as good as its salesman is still true. Customers meet people while making their choices, have support needs or they want a reclamation taken care of. People are the very core of trust experience and in many businesses customers imprint on people serving them. In such cases the brand experience and loyalty has its foundation on personal relationship: it's not about B2B or B2C, it's about Human-to-Human. The current view is, that those companies that best connect their physical experience in an omni-channel world will win the hearts and minds of their customers.

In my opinion the Apple Store concept is one of the best examples of creating a strong human interface and online customer relationship together. The experience at Apple store is that all employees are there for you, concentrating on your concerns and help you with your needs. There are often more employees than there are customers, which just stands for Apple's priorities. The store is a place for brand experience and it is not measured by sheer efficiency like most other stores are.



Picture source: <http://zcrogeckspeak.net/2014/06/16/av-forward-training-customerprofessional-relationship-dynamics/>

## PRICE

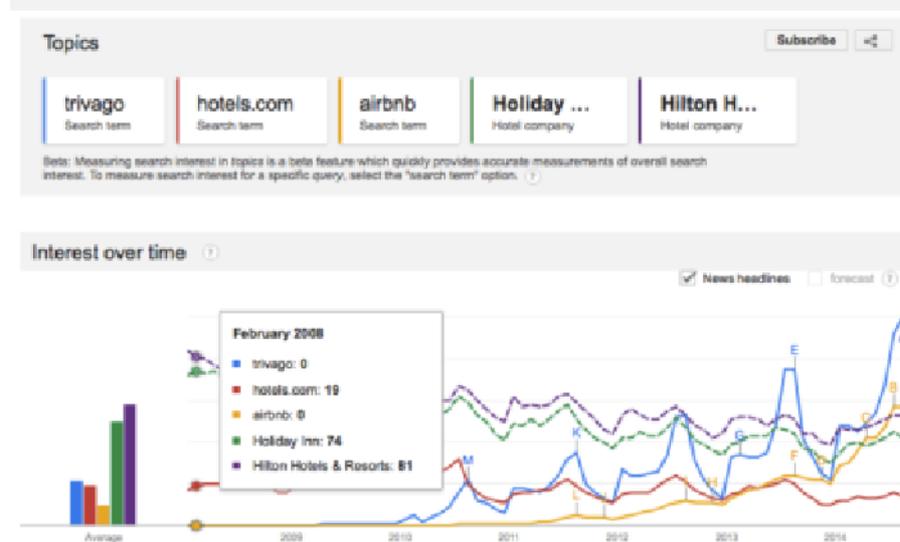
Price used to be a rather fixed figure. In this age price has become a rather elusive measure. The new approaches to pricing are about yielding models and price variety between customer segments or distribution channels. There is one price for me, and another for you, although the product and the seller are the same. There is a price for me right now and another tomorrow.

Online environment has made it possible to democratize offering and make pricing transparent by using aggregators and comparison services that find prices from different sellers and present them in one single view. This kind of approach has democratized the marketplace, because the aggregators only show certain comparable basic functionalities and push the brand further away from the customer. This approach has increased the meaning of

pricing volatility and transparency. People on the other hand love such services, because the offering with large selection, customer reviews and low prices can be found and bought from a single location fast and conveniently. Actually these players like Expedia that is offering [Hotels.com](http://Hotels.com), [expedia.com](http://expedia.com), Trivago and those alike them, are creating direct relationships with customers and effectively drive prices lower (and their profit margin higher because they effectively own demand). Smaller players, who have less known brands but can offer services and products at lower cost, can access demand and challenge better known brands due to this logic.

The demand for lower prices is growing and now it's also connected with certain brands known for their low prices. In January 2014 Amazon reported that its' more than 2 million marketplace sellers sold more than a billion units globally. In their annual report Amazon also reported higher profit margins, because everything they sell in their marketplace generate pure profit. Amazon, like big brands, have the demand, selling other businesses' products don't cost virtually anything for them.

Here's how demand is developing in case of accommodation business:



## PRESENCE

I think that presence has replaced place on this list. In the digital era, presence equals availability and direct access to buying. Presence is a more flexible concept than place that is physical. Social media is a method of expanding presence across customers' peer groups and generating recommendations, participation and coverage in general. Aggregators also scale presence further. Customers will choose a brand among those present. It is to say that expanding presence is likely to directly impact sales. Out of sight – out of mind, is the name of the game.

When I have been studying Customer Journeys and customer's decision making, I've learned that there exists a market segment of people who are at the state of "pending decision" or "pending action" in many categories, especially in case of consumer packaged goods. Let's say that you, for example, need to buy a new toothbrush and you decide to do so. The decision is already there, but it could take months before you actually make the purchase. In such cases the sheer presence where customer makes the purchase increases sales even without any kind of promotion. The same logic applies in many other cases too. I have personally become

completely loyal for a contact lens seller LensOn. They send me an email once my previous order is likely to be nearly consumed and I only need to click once to renew my order. They know me and their presence takes place at the right time inside my personal space. I consider that great service. Their presence is perfect – out of sight and not bothering me at other times, only serving me proactively when they know I need it. LensOn has effectively increased my contact lens spending, because I have not run out of them since my first purchase, almost four years ago.

## PERCEIVED PRODUCT

A PRODUCT is too often defined by companies as how they see and envision it. This is naturally flawed/biased and is where many companies make a mistake in the first steps of selling and marketing their product/service. Especially engineer lead organizations that are very product detail focused. In reality this should be PERCEIVED PRODUCT, making an enormous paradigm shift from companies defining a product, to understanding that the PRODUCT is actually only and exactly what we can get the consumer to perceive it to be. This adds the element of communication responsibility and understandability to the 7P's equation. Most companies think they have the best product, but still fail, because of an enormous perception gap in the definition of the product in their minds and the potential customers minds. Perceived Products is naturally tightly linked to the second P = PERFORMANCE, which is all about (repeatedly) living up to, and exceeding the product perception and quality expectations of the customer (*The definition of Perceived Product came from Jarno Aho, OMD Finland.*)

What makes the concept of Perceived product especially important, is the fact that customer experience about a product or service is firmly embedded on expectations. When expectations are really high, it is difficult to meet them. On the other hand low expectations are easy to exceed and translate them to endorsements. Perception has a major influence on brand demand and preference. Branding has everything to do with it.

## PROMOTION

Here's the Wikipedia's definition: "*All of the methods of communication that a marketer may use to provide information to different parties about the product. Promotion comprises elements such as: advertising, public relations, sales organisation and sales promotion.*"<sup>[1]</sup>

Another way to approach promotion can be divided in four major categories:

- Owned media (own customer interfaces and direct channels for customer communications)
- Earned media (social media and PR)
- Partner media (retailers, resellers, bundling and packaging partners, etc.)
- Paid media (advertising, SEM, etc.)

Important measures for promotion are reach and impact to brand awareness, preference, willingness to pay premium and convert sales. In the Internet age of overwhelming availability of data, own media has increased it's capacity to impact sales tremendously. Search engine's page rank can be improved, own customer data can be leveraged very cost efficiently and the relationship with customers can drive further reach with earned social media and dialogue with customers. In the current online centric customer relationships in which marketing and servicing merge as one single messaging, it's increasingly difficult to define where the product or service ends and marketing/promotion starts. You could say that the core customer service and customer relationship processes have become promotional activities in the age of open online dialogue. Partnering influence reach and presence very

effectively too. These new possibilities have diminished the role of paid mediums and increased promotional capacity and scalability at a low cost. Data driven marketing enable paid media's role as an extension of customer relationship marketing even if the customer has never left his/her contacts.

These were my 7P's.

In case you can agree with them, I'm sure you can also agree with this.

**Marketing used to be about making companies APPEAR to be better, increasing brand appeal etc. Today marketing is about MAKING COMPANIES BETTER.**

**The difference between these two roles is so great, that it demands us to open our eyes and re-define marketing as a practice for the needs and opportunities of today.**