

Marketing and the 7Ps

A brief summary of marketing and how it works



ONE

What is marketing?

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

— CIM definition

The Chartered Institute of Marketing offers the following definition for marketing: “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

It’s a bit of a mouthful, but it highlights that the customer is at the heart of marketing, and businesses ignore this at their peril.

In essence, the marketing function is the study of market forces and factors and the development of a company’s position to optimise its benefit from them. It is all about getting the right product or service to the customer at the right price, in the right place, at the right time. Both business history and current practice remind us that without proper marketing, companies cannot get close to customers and satisfy their needs. And if they don’t, a competitor surely will.

Marketing is sometimes wrongly defined within the narrow context of advertising or selling, but this is not the whole story. Marketing is a key management discipline that enables the producers of goods and services to interpret customer wants, needs and desires — and match, or exceed them, in delivery to their target consumers.

Every product we buy, every store we visit, every media message we receive, every choice we make in our consumer society has been shaped by the forces of marketing. The marketing process is central to the business performance of companies, large and small, because it addresses the most important aspects of the competitive marketplace.

Today, as competitive pressures increase, marketing skills have never been more highly valued by organisations in both the public and private sectors. What was once seen as a departmental activity within companies is now regarded as a frontline business attitude of mind for all employees. Marketing has played a key role in many recent business success stories — from pharmaceuticals to airlines, sports brands to food and drink, business-to-business companies to small, niche players.

The marketing professionals who shape and implement marketing strategy contribute directly to the economic wealth of a nation. Their skills attract and retain customers, build sales and generate profits which can then be reinvested as part of a cycle of prosperity.

TWO

Why marketing?

Applying a simple marketing framework enables you to identify which activities are effective and under what circumstances.

So if you are already ‘doing’ marketing, what’s the problem? The issue is that not realising that you’re ‘doing’ marketing makes it less likely that you can repeat the activity consistently over time. It’s not such an obvious problem when your organisation is very small, but marketing ‘on the hoof’ becomes less feasible as you grow. Applying a simple marketing framework enables

you to identify which activities are effective and under what circumstances. You can then plan to use them again when appropriate.

The advice elsewhere in this article gives reasonable, practical suggestions for marketing that will enable you to build on what you are already doing.

Marketing for small businesses

“I run a small business — how can I spare resources for marketing?”

If you are in a small to medium size enterprise (SME), the chances are that you are already carrying out more marketing than you think. This is because marketing is often seen by small businesses as equivalent to selling, promotion and advertising. In reality, it covers a much broader range of activities, many of which small businesses do without calling them marketing.

Think about what you do. You probably make a particular effort to know your customers well. Your instincts tell you that getting to know what customers want on an individual basis, and providing it, is what will keep you in business. You know that you can’t stand still, and that you need to improve and extend existing products, and sometimes develop new ones. If this description rings true, your marketing activity closely fits the classical definition used by The Chartered Institute of Marketing.

THREE

The 7Ps of marketing

Successful marketing depends upon addressing a number of key issues. These include: what a company is going to produce; how much it is going to charge; how it is going to deliver its products or services to the customer; and how it is going to tell its customers about its products and services.

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Traditionally, these considerations were known as the 4Ps — Product, Price, Place and Promotion. As marketing became a more sophisticated discipline, a fifth ‘P’ was added — People. And recently, two further ‘P’s were added, mainly for service industries — Process and Physical evidence.

These considerations are now known as the 7Ps of marketing, sometimes referred to as the marketing mix.

1 Product There is no point in developing a product or service that no one wants to buy, yet many businesses decide what to offer first, and then hope to find a market for it afterwards. In contrast, the successful company will find out what customers need or want and then develop the right product — with the right level of quality to meet those needs now and in the future.

- The perfect product must provide value for the customer. This value is in the eye of the beholder — we must give our customers what they want, not what we think they want
- A product does not have to be tangible — an insurance policy can be a product
- Ask yourself whether you have a system in place to regularly check what your customers think of your product, your supporting services, etc, what their needs are now and whether they see them changing
- Beware going too far with product quality. Don’t try to sell a Rolls-Royce when the customer really wants a Nissan Micra

2 Price A product is only worth what customers are prepared to pay for it. The price also needs to be competitive, but this does not necessarily mean the cheapest; the small business may be able to compete with larger rivals by adding extra services or details that will offer customers better value for money. Your pricing must also provide a profit. It is the only element of the marketing mix that generates revenue — everything else represents a cost.

Promotion is the way a company communicates what it does and what it can offer to its customers.

- Thinking of price as ‘cost’ to the customer helps to underscore why it is so important
- Price positions you in the marketplace — the more you charge, the more value or quality your customers will expect for their money
- Existing customers are generally less sensitive about price than new customers — a good reason for looking after them well
- If you decide in favour of a higher priced added-value approach, remember that price ‘positions’ you in the marketplace. This means it gives an indication to potential and existing customers of where to place you in relation to your competitors. Expectations will generally be higher; customers will assume a higher quality product or service. Everything about your dealings with customers must live up to the expectations of this positioning. Anything that can be seen by the customer must be consistent with these higher quality expectations — packaging, environment, promotional materials, letterheads, invoices, etc

3 Place

The place where customers buy a product, and the means of distributing your product to that place, must be appropriate and convenient for the customer. The product must be available in the right place, at the right time and in the right quantity, while keeping storage, inventory and distribution costs to an acceptable level.

- Customer surveys have shown that delivery performance is one of the most important criteria when choosing a supplier
- Place also means ways of displaying your product to customer groups. This could be in a shop window, but it could also be via the internet

4 Promotion

Promotion is the way a company communicates what it does and what it can offer customers. It includes activities such as branding, advertising, PR, corporate identity, sales management, special offers and exhibitions. Promotion must gain attention, be appealing, tell a consistent message and above all else give the customer a reason to choose your product rather than someone else’s.

- Good promotion is not one-way communication — it paves the way for a dialogue with customers
- Promotion should communicate the benefits that a customer obtains from a product, and not just the features of that product
- Whether your promotional material is a single sheet or a complex brochure, folder or catalogue, it must grab the attention of your customers. It should be easy to read and enable the customer to identify why they should buy your product
- A brochure isn’t necessarily the best way of promoting your

Anyone who comes into contact with your customers will make an impression, and can have a profound effect – positive or negative – on customer satisfaction.

business, the problem being that once a brochure has been printed, the information is fixed. You can't change or remove anything should the need arise. A more cost effective and flexible option might be a folder with a professionally designed sheet inside, over a series of your own information sheets produced in-house. These sheets can be customised by varying them to suit the target customers and/or changing them as required

Promotion does not just mean communicating to your customers. It is just as important to ensure your internal stakeholders are aware of the value and attributes of your products. This means communicating effectively to your staff/fellow employees so that they can be knowledgeable and share expertise with their customers.

5 People

Anyone who comes into contact with your customers will make an impression, and that can have a profound effect – positive or negative – on customer satisfaction. The reputation of your brand rests in your people's hands. They must, therefore, be appropriately trained, well motivated and have the right attitude.

- It is essential to ensure that all employees who have contact with customers are not only properly trained, but also the right kind of people for the job
- Many customers cannot separate the product or service from the

staff member who provides it. This shows the importance of your people

- The level of after sales support and advice provided by a business is one way of adding value to what you offer, and can give you an important edge over your competitors. This will probably become more important than price for many customers once they start to use you
- Look regularly at the products that account for the highest percentage of your sales. Do these products have adequate after sales support, or are you being complacent with them? Could you enhance your support without too much additional cost?

Traditionally, adding the sixth and seventh Ps would be for service industries. However, they are worth considering for products too, especially in B2B.

6 Process

The process of giving a service, and the behaviour of those who deliver are crucial to customer satisfaction. Issues such as waiting times, the information given to customers and the helpfulness of staff are all vital to keep customers happy.

- Customers are not interested in the detail of how your business runs. What matters to them is that the system works
- Do customers have to wait? Are they kept informed? Are your

Each of the 'ingredients' of the marketing mix is a key to success. This process is called marketing planning.

people helpful? Is your service efficiently carried out? Do your people interact in a manner appropriate to your service?

Process is one of the 'P's that is frequently overlooked. A customer trying to reach your company by phone is a vital source of income and returning value; but so often customers have to stay on hold for several minutes listening to a recorded message before they are able to get through. Many of these customers will give up, go elsewhere and tell their friends not to use your company - just because of the poor process that is in place. Even if they do get through, they will go away with a negative impression of the company.

The reason for this is that the systems are not usually designed by marketers - they are designed for the company's benefit, not the customer's.

This part of the process is the first experience of a company that many customers have. There's no value in making the rest of the company run perfectly if this part is faulty. As a consequence, this 'P' could be a great source of competitive advantage if used wisely.

7 Physical evidence

A service can't be experienced before it is delivered. This means that choosing to use a service can be perceived as a risky business because you are buying something intangible. This uncertainty can be reduced by helping potential customers to 'see'

what they are buying. Case studies and testimonials can provide evidence that an organisation keeps its promises. Facilities such as a clean, tidy and well-decorated reception area can also help to reassure. If your premises aren't up to scratch, why would the customer think your service is?

- The physical evidence demonstrated by an organisation must confirm the assumptions of the customer — a financial services product will need to be delivered in a formal setting, while a children's birthday entertainment company should adopt a more relaxed approach

Although the customer cannot experience the service before purchase, he or she can talk to other people with experiences of the service. Their testimony is credible, because their views do not come from the company. Some companies engage these customers and ask for their feedback, so that they can develop reference materials. New customers can then see these testimonials and are more likely to purchase with confidence.

Each of the 'ingredients' of the marketing mix is a key to success. No one element can be considered in isolation — you cannot, for example, develop a product without considering a price, or how it will reach the customer.

This process is called marketing planning.

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Marketing focuses on the most fundamental requirements of companies to identify customers, research their needs and preferences, analyse their attitudes to promotion and other factors that influence their purchasing decisions and persuade them to buy products and services from you rather than a competitor.

All this requires a marketing strategy that is co-ordinated and considered — not a piecemeal approach to each part of the task — and realistic in terms of making the most effective use of the resources and budgets available.

Planning a marketing strategy starts with a detailed and ongoing investigation of the market and its sub-markets or segments. Companies look at the social, political, economic, cultural and technological trends which are shaping the market, their own position within it and the resources they can marshal to change or influence it. This is sometimes known as the marketing audit.

A marketing plan defining objectives, targets and performance measures is then developed with a financial budget. When specific goals have been defined, strategic alternatives to the current position can be discussed, and ways to achieve those alternatives

can be chosen. The marketing strategy is then formalised within a specific plan of action, which is constantly revised and updated, and the marketing campaign progresses.

Planning an effective marketing strategy within the organisation is intimately bound up with the total business planning process because it is linked to overall corporate strategy and requires endorsement from the top. It also needs to be continually reviewed. Therefore collaboration between marketing and other corporate activities, such as finance, research, development and production, is important to ensure that the marketing strategy is implemented effectively.

Marketing is a team effort requiring the orchestration of a range of different skills, outlooks and personalities. Some aspects of marketing deal solely in facts and finance; others explore the ambiguities and uncertainties of changing consumer styles. A coherent marketing strategy is essential to managing change, as companies everywhere operate in technological, legislative, corporate and market environments of rapid transition and change.

FOUR

Planning a marketing strategy

FIVE

Future trends in marketing

One of the strengths of marketing is the way it constantly adapts and responds to changing conditions.

We now live and work in a world of unprecedented social and technological upheaval, which has introduced new levels of competition for all kinds of organisations.

Business is becoming global, customers are more demanding, many mature markets now offer little room for growth, brand valuation is recognised on financial balance sheets, environmental pressures are growing and the pace of change is quickening all the time. Speed of market introduction and acceptance are important factors.

Taken together, all these issues constitute a new challenge to the marketer. Just as the economic context is changing, so too are the disciplines of marketing. New social trends and corporate structures have opened up fresh avenues of opportunity for marketers to become even more central to business success. Relatively recent technologies, such as database marketing, direct-to-plate printing, video-conferencing, and internet and intranet communications, have made many more things possible than was the case a generation ago.

One of the strengths of marketing is the way it constantly adapts and

responds to changing conditions. Today, as organisations introduce streamlined management hierarchies and more flexible working practices, so the marketing approach is proving itself a valuable interdisciplinary asset to the company which wants to break down functional boundaries and focus intensely on its core capabilities.

Current research suggests that a number of distinct trends are emerging. Firstly, renewed emphasis is being placed on the collection, analysis and use of more (and better) marketing information. Advances in information technology are playing a key role in this development, for example, in more sophisticated customer databases for direct marketing campaigns.

Secondly, more importance is being attached to measuring and monitoring performance, and more sophisticated tools are being developed to do so, as part of the general drive to be more accountable.

Thirdly, there is growing investment in staff training and development, with particular emphasis on continuing professional development so that companies can more effectively defend the competitive advantage that successful marketing gives them.



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