

CIM

7 Ps

**A brief summary of marketing
and how it works**

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

01

What is marketing?

Every product we buy, every store we visit, every media message we receive and every choice we make in our consumer society has been shaped by the forces of marketing.

CIM (The Chartered Institute of Marketing) offers the following definition for marketing:

“ The management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

Sometimes people assume marketing is just about advertising or selling, but this is not the whole story. It is a key management discipline that ensures producers of goods and services can interpret consumer desires and match, or exceed them.

The marketing process is central to the business performance of companies, both large and small, because it addresses the most important aspects of the market. It is about understanding the competitive marketplace and ensuring you can tap into key trends, reaching consumers with the right product at the right price, place and time.

Clever marketing has led to many recent business success stories - from pharmaceuticals to airlines, sports brands to food and drink, business-to-business companies to small, niche players.

Conversely, history reminds us that without proper marketing, you can't get close to customers and satisfy their needs – and if you can't, a competitor surely will.

Getting close has become more important than ever as digital and mobile technology make inroads into all aspects of life. This revolution has also provided new tools to make marketing more targeted, relevant and effective.

Today, as competitive pressures increase, marketing skills have never been more highly valued. What was once seen as a departmental activity is now regarded as a frontline business attitude for all employees.

The professionals who shape and implement marketing strategy contribute directly to the economy. Their skills attract and retain customers, build sales and increase profits – generating wealth for all.

02

Why marketing?

Many organisations – especially small firms - are already marketing without realising it.

You might not be advertising your services, but you probably do make an effort to know your customers well. Your instincts tell you that figuring out what every customer wants, and meeting those expectations, will keep you in business. You know 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 classic definition used by CIM.

But is this kind of ‘unconscious’ marketing adequate?

If you don’t understand that you’re ‘doing’ marketing, it’s hard to keep things consistent over time. This isn’t an obvious problem for very small organisations, but marketing on the hoof becomes less feasible as you grow.

How do you create a proper marketing strategy for the future? How can you keep up with your competitors, exploiting all the latest technological developments at a time of rapid change?

Applying a simple marketing framework is vital. It enables you to plan your activities in advance, find out what works, then use them again when and where they are most effective.

The rest of this article will help you to do just that, giving you suggestions for practical marketing that builds on what you are already doing.

It deals with what a company is going to produce; how much it is going to charge; how it is going to deliver products or services to the customer; and how it is going to tell its customers about its products and services.

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**.

More recently, two further ‘P’s were added — **Process** and **Physical evidence**. Originally formulated for the service industry, they are just as important in other sectors.

In the 1990s, as experts realised that business had to become more customer-centric, an alternative ‘4 Cs’ of marketing was proposed. Correlating almost directly with the original 4Ps, they were: Customer, Cost, Convenience and Communication. The 7Ps model, however, has endured and more than adequately incorporates today’s customer-first marketing world.

P1 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, then hope to find a market for it afterwards.

Successful companies find out what customers need or want and then develop the right product with the right level of quality to meet their expectations, both now and in the future.

- A product does not have to be tangible – an insurance policy can be a product.
- The perfect product provides 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.
- Ask yourself whether you have a system in place to regularly check what your customers think of your product and your supporting services.
- Find out what their needs are now and whether they believe these will change in future.
- Beware the product quality trap – don’t take it too far by trying to sell a Rolls-Royce when the customer really wants a Nissan Micra.

P2 Price

A product is only worth what customers are prepared to pay for it. The price needs to be competitive, but this doesn't mean you have to be the cheapest in your market – small businesses can compete with larger rivals by offering a more personal service, value-adds or better value for money.

You also need to make a profit. Pricing is the only element of the marketing mix that generates revenue — everything else represents a cost to you.

When considering the price of your product, it's important to look at it from the customer's perspective:

- Price positions you in the marketplace — it tells customers where to place you in relation to your competitors.
- The more you charge, the more value or quality your customers will expect for their money.
- This is a relative measure. If you are the most expensive provider in your market, customers will expect you to provide a better service.
- Everything that the customer sees must be consistent with these higher quality expectations — packaging, environment, promotional materials, website, letterheads, invoices, etc.
- Existing customers are generally less sensitive about price than new customers — a good reason to look after them well.

P3 Place

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.

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. This applies to brick-and-mortar operations, but is even more important in e-commerce.

- Customer surveys show 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 online.
- E-commerce operations that sell exclusively on the internet must place even more emphasis on the company website and other online activities, as there are fewer points where the customer will interact with the company.
- For the same reason, all firms that sell online should consider how the product will be delivered to the consumer – even if this is handled by a third party.
- Mobile is an increasingly important purchasing channel for consumers, so it may be a good time to optimise your website. Does yours conform to the latest standards? For example, Google search now penalises websites that are not optimised for mobile, potentially making it more difficult for consumers to find you.

P4 Promotion

Promotion is the way a company communicates what it does and what it can offer customers. It includes branding, advertising, PR, corporate identity, social media outreach, sales management, special offers and exhibitions. Promotion must gain attention, be appealing, send a consistent message and - above all - 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, whether in person or online.
 - Promotion should communicate the benefits that a customer receives from a product, not just its features.
 - Your website is often the customer's first experience of your company – you only have one chance to make a good first impression, so make sure that information on the site is always kept up to date and the design is updated to keep it fresh.
 - Explore new channels – from traditional print ads to the latest social media trends, there is now a world of possibilities to explore. The important principle is to always advertise where your target consumer goes.
 - Printed promotional material 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 business. Unlike your website, the information is fixed once a brochure has been printed. 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 with your customers. It is just as important to communicate with staff/fellow employees about the value and attributes of your products. They can then pass on the knowledge to their customers.

P5 People

Everyone who comes into contact with your customers will make an impression. Many customers cannot separate the product or service from the staff member who provides it, so your people will have a profound effect — positive or negative — on customer satisfaction.

- The reputation of your brand rests in the hands of your staff. They must be appropriately trained, well-motivated and have the right attitude.
- All employees who have contact with customers should be well-suited to the role.
- In the age of social media, every employee can potentially reach a mass audience. Formulate a policy for online interaction and make sure everyone stays on-message.
- Likewise, happy customers are excellent advocates for your business. Curate good opinion on review sites.
- Superior after sales support and advice adds value to your offering, and can give you a competitive edge. These services will probably become more important than price for many customers over time.
- 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?

P6 Process

Many customers no longer simply buy a product or service - they invest in an entire experience that starts from the moment they discover your company and lasts through to purchase and beyond.

- That means the process of delivering the product or service, and the behaviour of those who deliver it, are crucial to customer satisfaction. A user-friendly internet experience, waiting times, the information given to customers and the helpfulness of staff are vital to keep customers happy.
- Customers are not interested in the detail of how your business runs, just that the system works. However, they may want reassurance they are buying from a reputable or 'authentic' supplier.
- Remember the value of a good first impression. Identify where most customers initially come into contact with your company - whether online or offline - and ensure the process there, from encounter to purchase, is seamless.
- Ensure that your systems are designed for the customer's benefit, not the company's convenience.
- Do customers have to wait? Are they kept informed? Is your website fast enough and available on the right devices? Are your people helpful? Is your service efficiently carried out? Do your staff interact in a manner appropriate to your pricing?
- Customers trying to reach your company by phone are a vital source of income and returning value; but so often they are left on hold. Many will give up, go elsewhere and tell their friends not to use your company - just because of the poor process.

P7 Physical evidence

Choosing an unfamiliar product or service is risky for the consumer, because they don't know how good it will be until after purchase. You can reduce this uncertainty by helping potential customers 'see' what they are buying.

- A clean, tidy and well-decorated reception area – or homepage – is reassuring. If your digital or physical 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.

- Some companies engage 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.
- Although the customer cannot experience the service before purchase, he or she can talk to other people with experience of the service. Their testimony is credible, because their views do not come from the company. Alternatively, well-shot video testimonials and reviews on independent websites will add authenticity.

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

The process of considering the seven Ps and together to form a cohesive strategy is called marketing planning.

04

Planning a marketing strategy

Marketing focuses on the fundamental practices that every company has to carry out - identifying customers, researching their needs and preferences, analysing factors that influence their purchasing decisions and persuading them to buy products and services from you rather than a competitor.

All this requires a strategy that is coordinated, considered and realistic in terms of making the most effective use of the resources and budgets available.

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 is intimately bound up with the planning process for the entire business, because it is linked to overall corporate strategy and requires endorsement from the top. The strategy also needs to be continually reviewed. Therefore, collaboration between marketing and other

“ Planning a marketing strategy starts with a detailed and ongoing investigation of the market and its sub-markets or segments. ”

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, along with a financial budget. When specific goals have been defined, alternatives to the status quo can be discussed, and ways to achieve those alternatives can be chosen.

corporate activities such as finance, research, development and production, is important to effectively implementing the marketing strategy.

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.

05

Future trends in marketing

We 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 offer little room for growth, brand valuation is recognised on financial balance sheets and environmental pressures are growing. Compounding every other difficulty, the pace of change is quickening all the time – speed of market introduction and acceptance are important factors.

The economic context is changing, so marketing is changing too. New social trends and corporate structures have opened up fresh avenues of opportunity for marketers to become even more central to business success. Only recently, technologies including database marketing, direct-to-plate printing and video-conferencing, the Internet and intranets were buzzwords for marketers. Since then, viral campaigns and social media have become everyday terms. Technology today offers exciting opportunities that would have been out of reach a generation ago. What will tomorrow look like?

As organisations introduce streamlined management hierarchies and flexible working practices, the marketing approach is proving a valuable interdisciplinary asset to companies that want to break down internal boundaries to focus exclusively on what the company is good at.

Distinct trends for the future of marketing have emerged in recent years, and continue to develop. First, renewed emphasis is being placed on the collection, analysis and use of more (and better) marketing information.

The explosion of data available to companies thanks to the internet has complicated the issue, but also offers incredible opportunities to reach consumers in a targeted way.

Second, more importance is being attached to measuring and monitoring performance, and more sophisticated tools are being developed to do the job as part of the general drive to be more accountable. ‘Big data’, analytics and measurement are playing ever greater roles in marketing strategy.

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.

One of the strengths of marketing is the way it constantly adapts and responds to changing conditions. Though our changing world creates unexpected challenges, the modern marketer will continue to overcome them – with new tools and techniques, helping companies to defend their competitive advantage.

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