

BACK TO SITE

THE 4Ps ARE OUT, THE 4Es ARE IN

By Brian Fetherstonhaugh

If there has ever been a time for change in marketing, this is it.

MANY OF US GREW UP with the Four Ps of Marketing: Product, Place, Price and Promotion. Do you know when the Four Ps of Marketing were invented? In 1960, by Jerome McCarthy. They were made leading-edge by Philip Kotler in his book Principles of Marketing in 1967.

The Four Ps thrived in a different world. It was a wonderful fantasy world. Marketers were king. Product differences lasted. Big, obedient audiences could be reached with big, efficient media.

What is the world of marketing today? The consumer has seized control. Audiences have shattered into fragments and slices. Product differences can last minutes, not years. The new ecosystem is millions and billions of unstructured one-to-one and peer-to-peer conversations.

Marketing is in the hot seat. So many of the tools and assumptions we grew up with are no longer valid. Many marketing leaders around the world got promoted into their jobs because they did two great product launches and three great TV campaigns, and figured out how to work with a few major retailers.

According to a recent study by Spencer Stuart, the average tenure of a CMO is less than 24 months. And only 14 percent of CMOs have been in their positions with the same company for more than three years. A CMO Council 2007 report concludes that only one-third of board members are satisfied that their marketing leaders can explain the ROI of marketing.

We need a new framework. And a new tool kit. For starters, we need to throw away the Four Ps and embrace the Four Es:

from Product to Experience
from Place to Everyplace
from Price to Exchange
from Promotion to Evangelism



Left: The Orange Babies campaign offered a simple exchange – in return for a donation, you receive a smile. Center: The Hershey's store in Times Square has one of the highest sales figures per square foot of any retail space in America. Right: Johnnie Walker's Personal Digital Assistant engages loyal drinkers when they are on the go.

FROM PRODUCT TO EXPERIENCE

Classic marketing instructed us to look at “product” features, find a single consumer benefit, and promote this over and over again to our target audience.

But in a world where most product advantages last less than six months, this strategy is losing relevance. A six-month, product-based advantage is a huge luxury. In financial services, an advantage may last a few weeks. On eBay, you may be special for a few seconds.

My advice is to stop thinking just about your product and start thinking about the full experience. And the first step is to discover the Customer Journey. Do you know how customers shop for your category? Do you know who influences their purchases, and where and when their purchases happen? Do you know what happens after they buy?

If you don't, you cannot understand the end-to-end customer experience. And you cannot know where to focus your precious marketing effort. When you think about the experience, not just the product or the advertising, you can do amazing things.

A few years ago, Hershey's, an iconic U.S. chocolate company, asked us to put up a billboard ad in New York City's Times Square. But instead of thinking about products and advertising, we imagined a brand experience and created an entire Hershey's store for customers who visit Times Square.

The retail space is playful and full of childhood memories, inviting people in for a real-life experience with Hershey's and its full range of products.

The store is a huge hit. It's a focal point in Times Square, as well as a retail store with one of the highest sales figures per square foot in America.

FROM PLACE TO EVERYPLACE

It used to be that retail was a "place," but now consumers create their own paths. Marketers need to understand the full range of possibilities in reaching people.

Instead of interrupting people, today we want to "intercept" them and make contact when they are most receptive to engaging with us as they go about their day. Here's what we are doing about it at Ogilvy. We have created a global network of digital innovation labs, in Singapore, New York, London, Beijing and São Paulo.

We are hiring different kinds of people. Mark Seeger, the leader of our Ogilvy Digital Innovation Lab in Singapore, is an engineer, a product designer who worked on the Apple iPod, and a former rocket scientist at NASA. Not your average agency hire.

Mark and his colleagues invent interesting ways for our clients to connect their brands with their consumers. Recently, Mark and his team invented a virtual personal assistant who lives on a mobile phone – and helps the customers of a liquor brand in Asia enjoy life to the fullest. She tells them about upcoming entertainment promotions, and helps them get reservations and VIP access. She even has a webcam feature to show them which bar is hot and which bar is not.

It's no longer only about interrupting to grab attention when people are watching television, reading a magazine or visiting a retail location. Today we have to intercept consumers on their turf and on their terms, and that could be anyplace or everyplace.

FROM PRICE TO EXCHANGE

"Price" used to be very simple: I give you a product, you give me money and I put it in the cash register.

For many marketers, the focus was on the cost side of the equation: keep costs down so we can keep prices competitive. Marketing leaders were highly aware of the cost of marketing inputs – commercial production, agency compensation, TV airtime and print production. But as Oscar Wilde said, "The cynic knows the price of everything and the value of nothing."

Today's marketing leader needs to be aware of the value of things. In particular, you need to know what it takes for a consumer to give you precious things like their attention, their engagement and their permission.

Ogilvy Amsterdam brought the concept of exchange to life in a campaign for an organization called Orange Babies, which supports African mothers and children who are HIV positive. To raise money at a big trade show, they offered a simple exchange. People who donated money saw the effect immediately – in exchange for their donation, they got a big smile. And Orange Babies earned thousands and thousands of dollars for a great cause.

So, do you understand exchange? Do you know the value of your customers – what they really bring to you in revenue and profit over their lifetime? What are you willing to offer your consumers in exchange for their attention, their engagement and their permission? The marketer needs to take the first step.

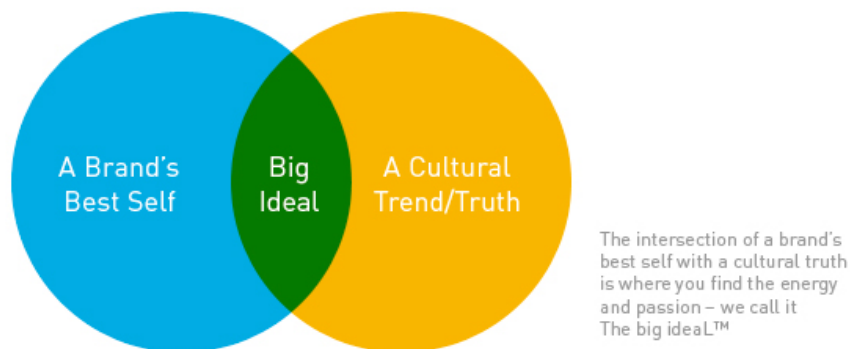
FROM PROMOTION TO EVANGELISM

Through much of marketing's history, "promotion" was sufficient. A single-minded product benefit, creatively and persistently promoted, would often be a winning approach.

But increasingly, we are seeing a new and more powerful approach – evangelism. By this I mean creating a mission and brand experience that are so inspiring to consumers that they engage with you – and share their enthusiasm with others. What makes evangelism so powerful today is how it marries the oldest form of persuasion – word of mouth – and the newest – social networking and Web 2.0.

Marketing in a fragmented, multichannel world needs a powerful heart. The key ingredients are emotion and passion. As a marketing leader of the future, you must know how to find the energy and passion in what you are selling.

Which brings me to what we at Ogilvy call the The big ideaL™. Simply stated, a Big Ideal is a universal, enduring theme that a brand stands for. It's the emotional center. And we have found that the best way to locate this emotional center is to start with a deep understanding of what your brand is really great at – your brand's best self – and then to connect this to an important cultural truth or trend that is going on in society. This is a place where you will find energy and passion.



The Dove brand is over 50 years old. Its heritage was in selling simple and honest beauty products to women. It was successful, but we all believed there was more potential. It was when we linked together the brand's best self with a cultural truth about women and beauty that the business really took off.

It started with a research insight: after decades of stereotyping by the fashion and beauty industries, global research revealed that only two percent of women believe they are beautiful. The leaders of Dove took a different view – women's beauty today is much more diverse in age and size and color. Real beauty is what matters.

And so Dove's Big Ideal was articulated as: "Dove believes the world would be a better place if women were allowed to feel good about themselves."

Rather than just tell women its theory, Dove decided to engage women around the world in a debate. And so the Campaign for Real Beauty was born. It started with a website and a public relations campaign. Women were invited to join the debate, and millions did. One Dove viral video, Evolution, achieved such astonishing consumer sharing and free media support that it has been seen by an estimated 500 million viewers. And the Campaign for Real Beauty has helped drive Dove sales to record levels.

So it's time for marketing to move on. Retool. Evolve.

EXPERIENCE Discover and map out the full Customer Journey on your own brand – in your own country.

EVERYPLACE

Develop your knowledge of new media and channels the way a chef masters new ingredients. Try new things – do something that doesn't start with TV or print.

EXCHANGE Appreciate the value of things, not just the cost. Start by calculating the value of your customers – and what their attention, engagement and permission are worth to you.

EVANGELISM Find the passion and emotion in your brand. Inspire your customers and employees with your passion.

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