
THE NEW 5 Ps OF MARKETING

A DIGITAL TRANSFORMATION

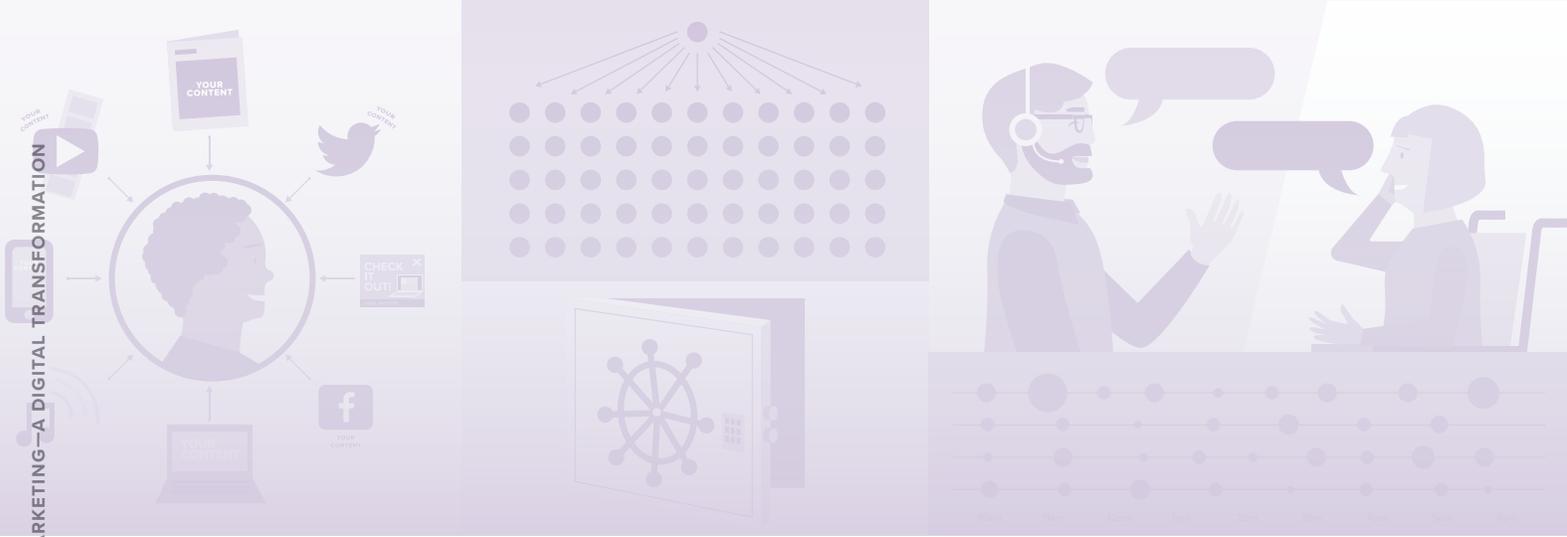
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42% of CEOs are in the midst of a digital transformation. 56% say it's already improved their profits.¹ Here's why and how to join them.

¹ [42% of CEOs have started the digital transformation process.](#)
[56% say it's already improved profits.](#)



What Are the 5 Ps?

IF YOU PURSUED A TRADITIONAL MARKETING DEGREE in the past 50 years, you were probably taught about the 5 Ps: product, price, place, promotion and people.

The original thought behind these was that they were essential pieces of the positioning puzzle. They helped you figure out what you were selling, where you were selling it, how you'd price it, how you'd sell it, and who you'd sell it to. They also provided convenient categories where you could house business decisions.

Would you offer a warranty? That question belonged under a product heading. Would you have more than one payment option for customers (annual vs. monthly payments, for example)? That was a pricing question. Where would you spend your marketing budget? The answer was under the heading of promotions.

But here's the thing: while those Ps offer a useful framework for setting up a business, the role of marketing has shifted and grown over the years. And marketers—like Lytics' VP of Strategic Services, Craig Schinn, the driving force behind the concept of the new 5 Ps—are starting to point out that **the old Ps aren't that relevant to their day-to-day jobs.**

So, if the old 5 Ps aren't hyper-relevant to marketing jobs these days, where should we actually focus our energies?

The answer, Schinn says, lies in another set of 5 Ps—one that has grown and will grow with the evolving roles and technologies of marketing teams, one that gives us a new framework for how to focus our marketing efforts in the future, one that learns from industry leaders and embraces marketing technologies that are changing everything about how customers interact with brands. The new 5 Ps are a hallmark of the digital-first transformation that 85% of Enterprise decision-makers say they'll have to make within the next two years (or risk falling behind).²

So, what are these new 5 Ps and why do they matter? Read on to find out.

² [85% of Enterprise decision-makers believe they have two years to adopt a digital-first strategy before they fall behind the competition.](#)

1. Personalized

IN 2018, THE CUSTOMER DEMAND FOR PERSONALIZATION reached an all-time high.³ 73% of customers said they wanted order tracking across all touchpoints.⁴ And 44% of customers said that a personalized shopping experience made them want to do business with that brand again.⁵

In other words, personalization is a clear driver of business success—and more customers than ever are demanding it.

Disruptive leaders like Amazon, Netflix and Spotify are already leading the personalization charge. All three serve up recommendations based on past shopping, watching and listening habits. Spotify personalizes discovery playlists that surprise and delight (so much so that [they used delighted users' tweets as an ad campaign](#)).⁶ Netflix personalizes [even the cover art](#)⁷ on its movies and TV shows. And for Amazon, [35% of sales come from their personalization engine](#)⁸ and its spot-on product recommendations.

These companies have set customer expectations for personalization high. People want every company to know them as well as and treat them as well as their favorite music, movie and shopping sites—across all channels.

LEARN MORE

If 1:1 personalization is your goal (and it should be), check out our guide:

[Personalization at Scale: 1:1 Marketing to the Millions.](#)

The good news is that you don't have to be a giant like Amazon or Netflix to reach your customers with 1:1 personalization. [A Customer Data Platform \(CDP\)](#) like Lytics with AI and machine learning capabilities makes it possible for companies of any size to personalize for audiences of any size, at scale. This is done by collecting and stitching together customer data to better understand your customers and then using [behavioral scoring](#) and predictive insights to predict the best content and interaction for each customer in real time. Just like Netflix, Spotify and Amazon.

The bad news is that even though we have the power to personalize 1:1, most companies aren't there yet.

³ [In 2018, customer demand for personalization has reached an all-time high.](#)

⁴ [73% of customers want order tracking across all touchpoints \(though only 7% of retailers offer it\).](#)

⁵ [44% of customers say personalized shopping experiences will make them repeat customers.](#)

⁶ [Spotify's personalized discovery playlists were so popular they spawned an ad campaign based on clever tweets from happy customers.](#)

⁷ [Netflix cover art is personalized 1:1.](#)

⁸ [35% of Amazon sales come from their personalization engine.](#)

**CASE
STUDY**

Personalized Marketing Triples Conversions for Nestlé Purina

There's a reason personalization is marketing's holy grail. When you reach the right customers with the right offers at the right time, the results exceed expectations.

When Nestlé Purina implemented Lytics as their CDP, one of their first steps was to use their unified first-party data to identify people who had recently done searches online for puppy adoption and who were, according to Lytics' behavioral scores, highly engaged with the brand.

They used this information to target those users with Facebook ads personalized to their needs. And the results? **The Facebook ads served to this audience were three times as likely to convert as the same ads pre-Lytics.**

Even better, the cost per conversion dropped by 90%. All because their new CDP allowed them to target people not just based on demographics and interests but on behavior.

[Read the full case study.](#)

84% of senior decision-makers agree that the potential of personalization hasn't been fully realized.⁹ And in one 2018 survey, only 6% of marketers gave their personalization efforts an A grade, while 46% gave themselves Cs.¹⁰

This is bad news for companies that fall behind—but in a competitive marketplace, it's also good news. It means your company can follow leaders like Spotify and Amazon to the head of the pack. It means there's a lot of room to grow your competitive advantage in your industry. It means being an industry leader in personalization is very much within reach.

And being an industry leader in personalization means revenue growth. In 2017, one survey found that 83% of marketers who exceeded their revenue goals were using personalization.¹¹

⁹ [84% of senior decision-makers say the potential of personalization hasn't yet been realized.](#)

¹⁰ [46% of marketers grade their personalization efforts at a C. Only 6% grade themselves an A.](#)

¹¹ [83% of marketers who exceeded their revenue goals in 2017 were using personalization.](#)

2. Pervasive

FOR TRUE 1:1 PERSONALIZATION to be possible, your marketing also needs to be *pervasive*—tracking customers across all touchpoints and personalizing for them no matter whether they’re connecting with your brand by phone, via computer or even in person at a store.

Because the truth is that customers channel hop all the time. Nearly 50% of customers use at least four channels before making a purchase.¹² And customers who engage with your brand across many channels are very likely to be high-value.¹³

FAST FACT **Brands with omni-channel strategies average 91% greater year-over-year customer retention rates than brands without.**¹⁴

Pervasive, cross-channel marketing continues to be a huge challenge for brands because it relies heavily on a connected customer experience powered by the right data at the right time. Marketers have no shortage of data at their fingertips, but the *right* data is often unavailable in real-time and likely the responsibility of someone outside the marketing team—which makes it trickier to get quickly.

The good news is this was largely a technology problem in the past, but with today’s CDP technology, the accuracy and effectiveness of pervasive, cross-channel marketing is only limited by data strategy, [data hygiene](#) and the processes and people behind our personalization efforts. This is [marketing 3.0](#), and it’s making pervasive marketing more possible than ever.

¹² [50% of customers use 4+ channels before making a purchase.](#)

¹³ [62% of customers who interact with 10+ marketing channels make weekly purchases.](#)

¹⁴ [Businesses with omni-channel strategies achieve 91% greater customer retention.](#)

3. Present

IMAGINE YOU'RE SITTING FACE-TO-FACE with a sales rep. You're explaining your problem and asking how their product can solve it. And they're spacing out. They keep telling you how to solve problems you had weeks ago and skipping over the current issue.

Chances are, you're walking out of that sales meeting with no intention of buying their product.

Now, imagine that same meeting, but instead they're hanging on your every word. They're nodding along and thinking. They're asking questions. And then they're using all that information they just learned about you and your problem to help you understand how their product can actually solve it—and quickly.

That approach is going to result in a very different outcome.

Sometimes we think about online and offline marketing as two different beasts. But really so much of what customers need is the same across both. We want to be listened to. We want something that solves our problem. And we want it all to feel *relevant and real time*.

This is what it means to be present. Ten years ago, marketing couldn't always react in real time to customer needs, but today we can—and there's no excuse not to.

In fact, **67% of customers want brands to automatically adjust content based on their current, real-time context.**¹⁵ **42% will be annoyed if you don't. And 66% of those said that annoyance would stop them from making a purchase.**

¹⁵ [67% of survey respondents want brands to adjust content to fit their current context.](#)



4. Proprietary

ONE OF THE REASONS companies like Netflix, Spotify and Amazon are knocking marketing out of the park is because they have what we like to call data moats. This means they're constantly collecting relevant data on their users—what they click on, listen to, watch, abandon, purchase, add to wish lists, etc.—*and they're collecting that data themselves.*

The data, in other words, is proprietary. It's first-party. They collected it. They own it. And they're constantly updating it in real time. They don't have to guess if their data is correct, up-to-date or has been properly managed. Because they own the whole data collection process, they know the answers to those questions.

SPEAKING OF DATA

Data-driven brands average 30% more growth than the competition.

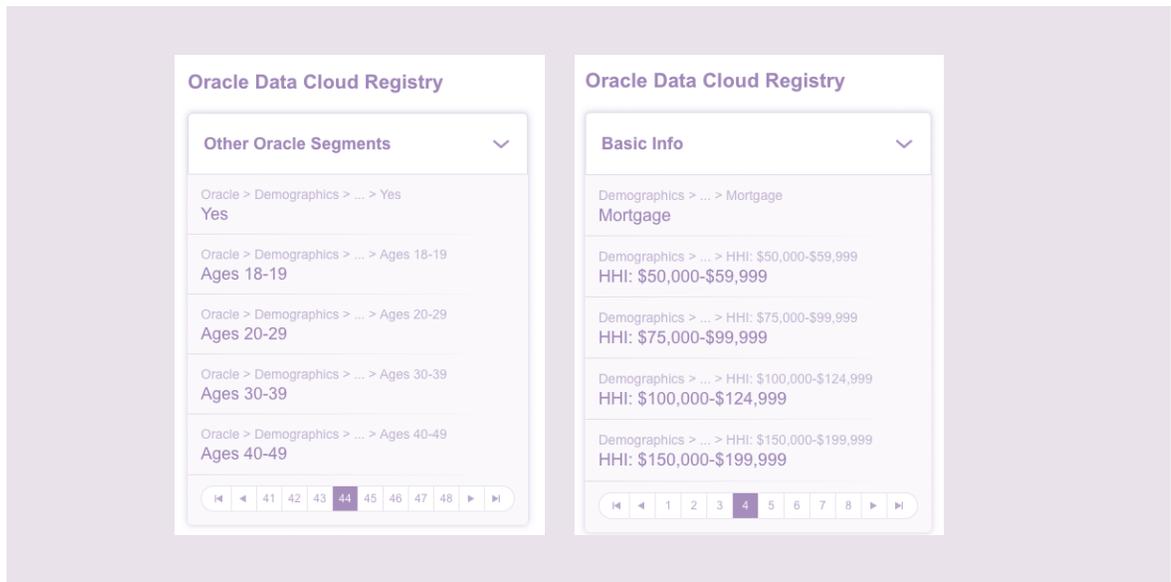
Predictions say they'll take \$1.8 trillion away from competitors annually.¹⁵

The difference between those data-driven leaders and many companies is where their data comes from. For a long time, marketers have been focused on third-party data. We used demographics to simulate buying intentions. Moms were buying cereal, so cereal companies spoke to moms. Men were buying certain cars, so those car companies focused on men. Marketers built a massive industry around customer insights—reaching people who were the right ages, in the right zip codes, with the right household incomes based on demographic trends.

¹⁶ [Data-driven businesses predicted to take \\$1.8 trillion from their competitors annually.](#)
[Their average growth is 30% higher than the competition year-over-year.](#)

That demographic data had—and still has—value, but now we know that behavior is more predictive than demographics. And third-party data—while it can also be valuable as part of a larger data strategy alongside first-party data—is, on its own, very often incomplete or just plain wrong.

Head over to [the BlueKai registry](#) and you'll see what we mean. The site will show you what data it has gathered on you. How correct does that data look? Do they have your age right? Your gender? Your interests?



When Craig Schinn went to the registry to check his data, he found a pretty big range. He was in more than four different age brackets. The income range predicted was so large as to be useless. They had dozens of pages of segments on him and only a small number were accurate.

“Is that data competitive advantage for your business?” He asked in [a recent webinar](#). The answer: “Probably not.”

FAST FACT Brands and retailers have become skeptical of third-party data. **82% believe it's unreliable.**¹⁷

This is why the market is moving toward proprietary data—data customers give you directly. Data you know is accurate. Data you don't have to trust third parties to get right. It's also part of the reason CDPs are growing at such a fast pace—predicted to be worth \$1 billion this year.¹⁸

¹⁷ [Retailers are skeptical of third-party data. 82% say it's unreliable.](#)

¹⁸ [CDPs will be worth \\$1 billion in 2019.](#)

CASE
STUDY

How The Economist Grew Digital Subscriptions by 300%

So, CDPs are the key to personalization. But what exactly does that look like? The Economist offers us one good example. After centralizing and unifying their data within Lytics, the brand took advantage of our predictive scores to personalize their marketing and drive subscriptions.

They identified web visitors who were not already subscribers

and who were likely to subscribe based on those predictive scores and targeted those specific users with subscription ads.

The results? **The brand decreased acquisition costs by 80%, grew digital subscriptions by 300% and increased overall time on their site.**

[Read the full case study.](#)

5. Predictive

DATA SOLUTIONS LIKE CDPs are the top technology being implemented by companies today and AI and machine learning are among the top three being researched.¹⁹

Why? Because it's no longer enough to guess what customers want. And it's not even enough to know what they say they want. To truly push the envelope with your marketing, you need smart machines that can predict future needs and behaviors.

Good predictive insights can tell you not only who your best customers are today, but who they might be *tomorrow*. They can tell you not just what Sadie wants, but what content or offers are most likely to get her to purchase. And a good CDP with predictive insights can do all that in real time, interacting with customers on a 1:1, personalized level—making data-informed decisions and continuously learning as it interacts with your customers.

It used to be that marketers focused on the top of the funnel. *How do we get new customers? How do we reach more people?* But today, marketers are finding that predictive insights open up new opportunities in the mid- and bottom-funnel stages. We can improve transactions, increase amount per transaction, improve retention rates, etc. from the middle of the funnel on down. And this makes a massive incremental difference.

¹⁹ [Data solutions are the number one tech being implemented by companies and AI and machine learning are among the top three being researched.](#)

Bonus Ps: Permission and Privacy

IN A TIME OF [data privacy scandals](#) and tech CEOs testifying before Congress, privacy and user permission are top of mind for many customers.

In fact, 90% of Americans worry about online privacy and data security²⁰ and 67% have taken steps—like limiting tracking or providing false data—to defend their online privacy.²¹

As a result, we see the EU flexing its muscles with its [GDPR](#), California following suit with its [new privacy act](#) and many states—including Lytics’ native Oregon—pushing for national regulation.

This means permission-based marketing is more relevant than ever. Because it isn’t that customers don’t want to share their data; 80% said they are comfortable sharing with brands they trust in order to get more personalized marketing.²²

The key here is transparency. Customers want to share data on their own terms and directly with brands they trust. They want companies to be honest and up-front about how they’re using that data. They want the ability to delete themselves and opt out if they’re no longer interested.

“Customers want to share data on their own terms and directly with brands they trust. They want companies to be honest and up-front about how they’re using that data.”

²⁰ [Nine out of 10 Americans worry about online privacy.](#)

²¹ [67% of consumers limit tracking or provide companies with false information to protect their online privacy.](#)

²² [80% of customers say they’re comfortable sharing personal data with brands for personalized marketing. But only 17% are okay sharing through third parties.](#)



The New 5 Ps and Marketing Technology

SO, THERE ARE 5 (OKAY, 6) new Ps in marketing town...now what? How do marketers move forward? What do we need to do to take action on what consumers want and need today?

The answer is in the technology.

Because without it, personalization at scale, pervasive cross-channel marketing, real-time customer interaction, proprietary data collection, predictive insights and compliance with new privacy laws simply aren't doable.

We believe a CDP is the answer. But you don't have to take our word for it. Here's how three of the most popular technologies out there—CDPs, CRMs and DMPs—handle the new 6 Ps:

	CDP	DMP	CRM
NEW 6 PS			
Personalized	Yes	Yes	Yes
Pervasive	Yes	No	No
Present	Yes	Yes	No
Proprietary	Yes	No	Yes
Predictive	Yes	Yes	Maybe
Permission-Based	Yes	No	Yes

All three common solutions are meant to **personalize** marketing for your customers—though they all go about it differently.

Only CDPs are built to work **across all marketing channels**, while CRMs are meant to support the sales team and DMPs are only really used in the advertising landscape. This means they collect data from multiple places but rely on third-party cookies that are deleted daily by many browsers, which limits their cross-channel pervasiveness.

Both CDPs and DMPs work with data in **real-time**, while CRMs do not.

CDPs and CRMs both work with **proprietary, first-party data**. DMPs focus on third-party data.

CDPs and DMPs both offer **predictive insights** and some CRM solutions may also offer this feature, but it isn't a given.

Since both CDPs and CRMs work with first-party data, they're set up for **permission-based marketing** in a way that DMPs are not.

**LEARN
MORE**

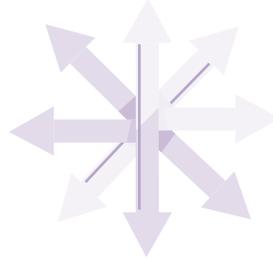
Evaluating CDPs? Check out [our free CDP Buyers' Guide](#) to learn how to assess your options and make the smartest choice for your brand.

The New 6 Ps at a Glance

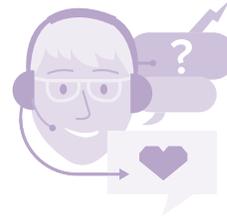
Today's marketing should be...



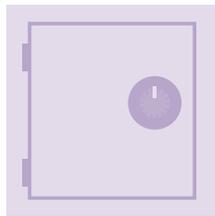
PERSONALIZED at scale to connect with users on a 1:1 level.



PERVASIVE across all channels and marketing touchpoints, giving customers a consistent experience no matter where and how they choose to connect with your brand.



PRESENT, listening and reacting to customer needs in real time.



PROPRIETARY, driven by first-party data that you know is correct and up-to-date.



PREDICTIVE of future customer needs, behaviors and the tactics that will influence them to buy.



PERMISSION-BASED, complying with data privacy laws and providing customers with the transparency and care they crave.

How's Your Company Doing With the New 6 Ps?

PERSONALIZED

- My brand is already personalizing at a 1:1 level.
- My brand is doing some personalization, but we need to do more.
- My brand isn't doing any personalization yet.

PERVASIVE

- My brand is great at cross-channel marketing.
- My brand is doing some cross-channel marketing, but we need to do more.
- My brand isn't doing any cross-channel marketing yet.

PRESENT

- My brand's marketing messages and customer interactions all happen in real time.
- My brand is doing some real-time marketing, but we need to do more.
- My brand is marketing based on data that relies upon batch processes.

PROPRIETARY

- My brand is fully harnessing the power of first-party data in all channels.
- My brand is starting to work with first-party data, but we haven't mastered it yet.
- My brand isn't doing anything with first-party data on our sites and in our ads.

PREDICTIVE

- My brand is using tools like Lytics to predict customer behavior.
- My brand is doing some prediction, but we need to do more.
- My brand isn't harnessing the power of any predictive tools.

PERMISSION

- My brand is ahead of the game with permission-based marketing.
- My brand is moving toward permission-based marketing, but we aren't there yet.
- My brand is falling behind on permission-based marketing.

SO, HOW'D YOU DO? Which Ps is your company working on? Which ones are you knocking out of the park? And which ones have fallen by the wayside?

Once you know how your company is doing on each count, you'll also know where to focus your energy. And, of course, we'd love to help. Lytics is built to support all of the new Ps and we'd love to show you how.

Harness the New 6 Ps with Lytics

IF YOU HAVEN'T ALREADY NOTICED, we're passionate about the future of marketing and the technology that supports it.

That's why we not only built one of the world's first CDPs—now ranked as the [best overall CDP on the market](#) by the Relevancy Ring Buyer's Guide²³—but we also provide [strategic services](#) and [guides](#) like this one to help marketers fully harness the power of today's marketing technology.

If you'd like to know more about CDPs and how they support today's marketing priorities, we'd love to chat. [Schedule a demo today](#) or call us at 503.489.5880.

23 Lytics takes top spot in the Relevancy Ring Buyer's Guide.



Check out your 360 Customer Profile:
[Lytics.com/Profile](https://lytics.com/Profile)

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