

Ep 118 - The 4 P's of Marketing: Place

MichaelAaron Flicker: [00:00:00] Welcome back to the Behavioral Science for Brands podcast, where we bridge the gap between academics and practical marketing. Every week, we sit down and go deep behind the science that powers great marketing today. I'm MichaelAaron Flicker.

Richard Shotton: And I'm Richard Shotton.

MichaelAaron Flicker: And today, we're diving into our fourth and final installment of our miniseries called "The 4 Ps of Marketing."

In today's episode, we're exploring place. Let's get into it. So Richard, this is our fourth and final episode in our miniseries on the four Ps of marketing. We've already covered promotion in episode 112, pricing in episode 114, and product in episode 116. And when you lean back, we've been making this argument that these four pillars product is what you're offering, price is how you [00:01:00] charge and cap- capture value on what's for sale, and promotion is how you communicate and persuade.

Little old place is sometimes left on the side a little underestimated in the four Ps. Is it fair to say?

Richard Shotton: I think so. I think there's often an accusation that marketing should cover the four Ps, but it tends to just focus on promotion. So place, yeah, is absolutely not given enough credit that it should be.

MichaelAaron Flicker: And in my experience, it's often been delegated to the sales organization. Place is about distribution, channels, self- shelf space. It's really lesser of the marketing equals. But our argument today will be that there is an incredible lever that place can turn in the marketing portfolio, and behavioral science has a real opportunity to teach us about that.

And when we were preparing [00:02:00] for today's episode, you and I were chatting about Coca-Cola had this famous line under Robert Woodruff, who was the president of Coca-Cola from 1932 to 1955, and he had this simple idea, "Put a Coke within arm's reach of desire." it's such a lovely line, right? It's such, such a nice thing to say.

Richard Shotton: Yeah. And the it's made up of two parts. There's the arm's reach, and then there's des- the desire. And I think what we've been discussing about marketing earlier, most marketers would fixate on that final word, desire. But I think it's really instructive that one of the world's most powerful, successful brands puts the arm's reach bit first.

That's what they've prioritized, and that seems to chime with an awful lot of behavioral science. Now, there's been, in the last 25 years, there've been two behavioral scientists who've won the Nobel Prize for Economics Daniel Kahneman and Richard Thaler. And both of them, when they've been asked to sum up their career, pick the one biggest insight that they've ever [00:03:00] discovered with all their experiments the b- they both say the same thing.

They both say, "Make it easy." And I think that idea of not just generating desire, but making it easy for people to fulfill to get to it is a underestimated point. It sounds so simple, but people just don't focus on it enough.

MichaelAaron Flicker: And in today's episode, we're gonna get into talking about what of those underestimated parts of place.

And a final opening comment that I've been thinking a lot about, in America, Byron Sharp's framework of mental and physical availability has really been a big focus of the last 15 years. But I think it creates maybe an unintended consequence that mental availability is the work of marketing and physical availability is that work of the sales organization, or as you say, it's not it's not the work of desire, it's just the work of it within arm's reach.[00:04:00]

And so I think for us, what we want to drive to is that it's a key pillar of a marketer's playbook because there's a lot that we can do to increase not just access to the product, but how it appears to people, how they view it when they see it in that place, and what we can do to change perception.

So you started going down this route of ease. Let's start there and talk a little bit about how it how we can leverage behavioral science to- Yeah.

Richard Shotton: And with that comment about ease, sometimes you get criticism and people say, "Oh gosh, this behavioral science stuff is just a statement of the obvious.

We all know that if you make something easier, it happens more." But Kahneman and Thaler went one step further. It wasn't just that if you make a behavior easier, it happens more. Their argument was if you make it easier to

get a product, it has an unexpectedly large effect. That's their key insight, that the [00:05:00] impact of making something easier, removing little blockages and barriers, it tends to have a disproportionate effect.

Now, that's not just speculation from some Nobel laureates. There's some lovely research studies that back it up. So there's one from Paul Rozin, who's at the University of Pennsylvania, and he did this study back in 2011. And he works with a cafeteria, and they are trying to encourage people to eat more vegetables.

Now, what people would normally do is change the description of the vegetables, put them on promotion they would play with price or description. But what Rozin did was change how easy it was to access the vegetables. So in the difficult condition- in this, imagine this cafeteria, there's a kind of a snaking queue.

You're walking past all these tubs of different food, all these bowls of different food. In the difficult- You're making it sound

MichaelAaron Flicker: [00:06:00] so appetizing. Yeah. This is, this

Richard Shotton: is about... This is yeah. I'm actually starting to get a bit hungry now. In the difficult condition, the bowls of vegetables had tongs, and they were pushed six to 10 inches away from the kind of path that people were walking.

On other occasions, so this is like other days of the week, the bowls had spoons. They could easily ladle food all out, and they, the bowls were brought six to 10 inches closer to people. Now, that difference between the easy weeks and the hard weeks, let's emphasize quite how trivial these changes are.

Yes. It's barely an arm's reach that you're adding in, and it's tongs rather than spoons. But what Rosen found was that the volume of vegetables people ate went down by 8% to 16% in the hard condition versus the easy one, and it's a range of percentages because it depended on whether it was tomatoes or cucumbers that he [00:07:00] measured.

Each vegetable had a slight different percentage. But that is a much, much bigger drop in behavior than most people would expect. Most people assume if someone wants to get vegetables, they'll get vegetables. Of course they'll lay tong things out a few more times or walk that six to 10 inches.

But even if we expect that, the evidence consistently shows if you make it even slightly harder to get your product, it can often reduce sales. It can reduce the uptake of that offering.

MichaelAaron Flicker: I think the other thing that we're highlighting here is that they are such slight changes, they were likely imperceivable by the con...

By those that were being studied. So they would never recall that and say, "Yes, if you used tongs, not spoons, if it was six inches further," like you would never find this in an actual quantitative or [00:08:00] qualitative study, correct?

Richard Shotton: Yeah. Imagine if let's say you got people together in a focus group and one-- and someone sitting next to you said, "Oh, I didn't have as many sweet corn because they were six inches away."

You'd think this man w- unless you'd read "The Rosen" but you'd think this man was bonkers. What are you playing at? Go and get your vegetables. Walk six inches. But absolutely, what people say influences them and what actually influences them are wildly different things and the most accurate way of understanding what genuinely changes behavior is to run these simple experiments, and what they consistently show, consistently, is that you make something slightly easier and it happens a lot more than you think.

MichaelAaron Flicker: And maybe the fair build on that point is that because these are such slight changes It's fair to assume not only were they not aware of it, but that they, that they-- that, that these are things that are happening subconsciously as you're making the decisions. Subconsciously, maybe that's not the right term, [00:09:00] but what's ha- meaning they're not active decisions that people are purposely choosing.

These are things that are happening as they're going about talking to the people elsewhere online, as they're thinking about the next class they have or the next meeting they have. So these are under the surface.

Richard Shotton: Yeah. And I think you're right. Some psychologists don't like the use of the word subconscious because it has Freudian connotations back when psychology wasn't a science, wh- it was based on speculation rather than experiments.

But basically, yeah, I think you're right that people aren't actively thinking to themselves, "I'm not gonna take as many vegetables because it's a tong rather than a spoon." They're not actively thinking that, but it still has an impact on

their behavior. A lot of these non-conscious things the stuff that isn't fully considered.

A- a-absolutely.

MichaelAaron Flicker: So we're talking about the four Ps of marketing. We're talking about place, and topic number one here we're [00:10:00] saying if you control place, if you are thinking about where your product is actually purchased, small interventions, small changes, even if they don't show up in survey results, even if no one is saying that it will make a difference, certainly we have data to show that you can continue to tweak and test and we can see bigger outcomes than we otherwise might expect because of these small changes.

Richard Shotton: Yeah. I think that's absolutely fair. I would if anything go even further I'd say before you think about how you're gonna motivate people to buy your product, focus on making it as easy as possible. Physically you can think about how do I, in the cafeteria example, make it within arm's reach?

But you could do this online as well. Think about friction a bit more laterally. If you're expecting people to pre-register or click on loads of different pages or fill in forms, you're going to lose an awful lot of your [00:11:00] custom. Ease is absolutely crucial

MichaelAaron Flicker: Yeah. Even if they say maybe they want that pop-up to give them a discount coupon, th- but perhaps worth testing because even if there's a claim of something, you might find through some simple field experiments that it may be different.

So on the one side- Yeah ... we have this increasing ease which creates some unexpectedly large gains, but we have plenty of examples, maybe in the luxury brand space, where making it difficult to find- Yeah ... something taps into scarcity. So we've got Supreme, Hermès the Birkin bag Dom Pérignon. We have these brands where scarcity increases, what?

Desirability? Increases to... Oh l- what's going on here?

Richard Shotton: Yeah. And I think this is a really good point that we had Rory Sutherland on the [00:12:00] podcast a while ago. Brilliant episode. Worth people listening to. And he has this line I think he's adapted from Niels Bohr, the physicist, where he says, "Look, in maths, the opposite of a good idea is a bad idea.

In psychology, opposite of a good idea can be a great idea." And I always think with behavioral science that each of these tactics is like a tool in your toolbox. Y- you can build a wall using, I don't know. Also, you can knock down a wall using a sledgehammer, or you can knock down a wall using a bulldozer.

Now, you don't have to just use one tactic to get to the other end. Now, people might say, "Okay, you're trying to say all things to all people. Everything works. This is a bit confusing." But think of it this way. Now, let's say you are competing against Amazon. And you wanna sell Harry Potter books.

If you say to people, " you can just buy the standard copy, but with our website, it's gonna take us nine days to deliver it. [00:13:00] Amazon will do it on one," that is using ease in the wrong way. Amazon will wipe the floor with you. But if you say to people, " look, we've got this special edition that JK Rowling signed.

We've only got 50 of them, and you're gonna have to wait six weeks to get them because they're very special," that's a business model. It's a niche, but it's a business model. There are different types of, I think, ease and difficulty, and I think you've got to make sure that you match these tactics to your specific brand

MichaelAaron Flicker: I think that's always- Yeah

really at the base of what we're advocating for. It's these are tools in a toolbox, and you should be applying them to your business needs in the best way, the most creative way to get to the best outcomes.

Richard Shotton: Yeah. And if you are gonna go down the route of scarcity, make sure you're putting in that type of difficulty very intentionally.

Hermes doesn't have a 50-page survey you have to fill out. They will restrict who gets their fancy Birkin [00:14:00] bag, but they position it in a way that it's not through their ineptitude. They're not selling a commodity that you get quicker elsewhere. The delay and the fact that you have to go through all this rigmarole to get to it and be liked by the salesperson is a factor of the the exclusivity o- of the bag.

So if we go back to some of the evidence for why restricting supply, maybe make it slightly harder to get, can boost desirability. There's a lovely study from Sung Young Lee at Hanyang University. So this is a South Korean university. And back in 2012, they show people some ads for a wristwatch, and there are two versions of this ad.

Most of the detail is the same in both cases. But on one of the ads it is highlighted as new edition, many items in stock. So there is an emphasis on abundance. There's lots of the product. The [00:15:00] other version of the ad, same picture of the ad, same kind of brand, same price and all that, but the line at the bottom doesn't mention abundance, it mentions scarcity.

It says, "Exclusive limited edition. Hurry. Limited stocks." Now, participants see one of these ads, and then they are asked to rate their purchase intent on a nine-point scale. And if people saw the high availability ad, average purchase intent is 3.37 out of nine. If they saw the ad that emphasized scarcity, then the purchase intent is 4.62 out of nine.

So that is a 37% difference. The point here is that people want what they can't have. Now, if you want to change desirability of something Then an intentional bit of effort that an intentional creation of these scarcity, that actually can work very nicely

MichaelAaron Flicker: I think it's because of what it implies.

So you have a new watch in this example, [00:16:00] new edition, many items in stock. It implies confidence in the watchmaker avail- of ease of getting. But in the second ad, exclusive limited edition, hurry, limited stocks, it implies that it's special, that it that others cannot have it. That if I act, I'm able to get it.

I think that implication is what your brain naturally jumps to. So you read the advert we were talking in an earlier episode, advertising's main goal is to turn towards, to turn towards- Yeah ... the brand. So you're engaged by the advertising, you read the advertisement, and then your brain jumps to the what does it imply?

So what? And so I think this s- scarcity boosts desirability because it implies that there is a reason for the premium price. It implies that there is status or luxury or uniqueness. And [00:17:00] I think that so often we talk about maybe w- what's motivating consumer behavior, but this idea of what the scarcity implies, I think is is really important in this study.

Richard Shotton: S- so I agree with you there. I agree with you certainly on it's that body language that matters. It's what's im- implied. Now, I completely agree with your interpretation of scarcity. I think there is a strong relationship with social proof here. Now, social proof is the idea that if lots of people want something, we assume it must be high quality and therefore we want it.

And I think scarcity often implies more people want this product than there is stock. There, there's an imbalance between desire and availability. And there's actually studies by Stephen Wurtzel that suggest if you tell people something is scarce because it's been highly demanded, it amplifies the effect.

Yeah. The only one where I think there's a matter of debate, and this is moving to subjective area- Yeah, slight bit of

MichaelAaron Flicker: debate. Yeah ...

Richard Shotton: is around abundance. [00:18:00] I worry that there is also a negative interpretation of abundance, which is people don't want your product. You're overflowing with this stuff because it's not desired.

Now, if people take that message out, it would certainly damp desirability in the, in, in the abundant state.

MichaelAaron Flicker: The Wurtzel work is interesting because he finishes the thought. He says what it is, and then he tells you what to imply from it. So I wonder if we have so much abundance if the advert then finished- because demand was so high last year, or because there was so much.

Maybe that's a way to leverage it to finish the thought or to answer what's implied

Richard Shotton: I can't remember. I don't think we covered this in the price or the promotion episode, but there is a brilliant study from George Babinski, I think I've got that where he shows [00:19:00] people a product, and I can't remember what it was, don't think it really matters, and the product was originally \$20, now \$9.99, and some people just see that detail.

Other people see the same product, was \$20, now \$9.99, and then they give a reason for the discount. "We bought loads of stock, so therefore we can pass on the better volume discount." And what he shows is exactly the same product, exactly the same price. If you give a reason, and it's a reasonably half-decent reason, then the product is seen as better value.

I think too often we allow ambiguous maybe stimulus to be interpreted in lots of different ways. Maybe just a gentle steering towards the interpretation we want could be ideal.

MichaelAaron Flicker: I think it's a lovely place to end this part or to get to that, that insight because what we owe our brands as [00:20:00] marketers is to leave less ambiguous so we can learn from it.

Put a stimulus in market that's a full thought, not just what does it imply, but why should the consumer care? And then you'll get a reaction one way or another, and that could really teach us a lot about is our insight and our execution correct or not. You know- Yeah ... It's easier, it's safer to make a provocative statement exclusive limited edition and leave it at that and see how it does.

So I, I think it, it takes a little bit of courage and it gives us better feedback.

Richard Shotton: Yeah. I think it's easy to with the Babinski example, it's easy to think surely a product will stand or fail on its quality attributes and the great price we're giving. But improving quality or improving the price are costly things for brands to do.

Giving people that backstory, that's a free thing. You should be testing that to destruction, testing that repeatedly before you move on to the other two, two expensive levers. [00:21:00]

MichaelAaron Flicker: Yeah. And maybe one Additional build here is we're talking about place and the messaging that you do at the point of purchase, whether that's the penultimate click before a purchase on an e-commerce site or at the shelf talker at a retail store right before or as they pick up the product.

Th- that's a very special moment in the sales cycle because you get that chance. Are we gonna objection kill? Are we going to give them the, a final, more rational mo- th- reason to buy? The it's an interesting moment, and generally lower cost than millions of dollars in m- mass media to test and learn from.

So the, being focused on place gives you that chance to really ask wh- what are we gonna test and what can we motivate there?

Richard Shotton: Yeah. Yeah, I think it's fair. I think it's absolutely

MichaelAaron Flicker: fair. Okay. So we have yet another- Yeah ... behavioral science insight- It's like Christmas ... we'd like to bring [00:22:00] to place.

Richard Shotton: Yeah. So this one's a bit different.

We've talked about this kind of tension between ease and scarcity, and I would generally say ease is about converting desire into action. It's about changing behavior. Scarcity is generally about boosting desire for something. So you've got slightly different angles that you're playing with there.

The final one, though, i- is more about how do you project through place a positive set of attributes about your product? And there's a lovely study from Kim at Cornell University. So it's a 2022 study, and it's into a lesser-known idea, which I don't think we've talked about before, called the mere proximity effect.

So there's the mere exposure effect. That's the very famous study from Zajonc. The more you see a stimulus, the more you like it, even if no information is ever given about the stimulus. The mere proximity effect [00:23:00] is a slightly different thing. So what Kim does in this study, gets a nice big sample.

S- She doesn't specify actually in the paper how many, but she says more than 1,000, and she shows them ads for product. And the variation is sometimes those products are surrounded by mid-market brands, sometimes those products are surrounded by just editorial, sometimes they are surrounded by luxury products.

And what she finds is when people are questioned about how high quality they think the product is what the level of appeal is, if people see it next to the editorial or the mid-market products, you get a rating of about 3.2. If it's around that product, this new product is surrounded by luxury brands, people's perception of quality goes up to 3.75.

So you get a 17% improvement. Now [00:24:00] then the point to emphasize here is it's the same product, it's the same message about that product. All that's changing is what that ad is surrounded by. And essentially the argument is, if you are surrounded by brands that exude a particular quality, some of that quality will rub off on you.

Now, the literal interpretation of this is, okay if we're running in a magazine or an online site, we need to make sure we are surrounded by other high-quality brands of a similar premium. But you can interpret this in a more place-based way, like Zara do. So I think Zara was actually the inspiration for the Kim paper from memory.

And what Zara do is when they are looking for a retail location, they purposely place themselves as close as possible to luxury clothes brands because they

recognize some of that allure rubs off on them. So they avoid other [00:25:00] mass market brands, Gap and whatever, and instead they are aiming to be next to or very close to luxury brands that will cast a warm glow on, on Zara.

So I think this is a really interesting argument about the qualitative aspect of place.

MichaelAaron Flicker: And the Zara example shows that we, if we widen the aperture at which we think about h- how we can affect consumers' perception of us, placing their brand, which may not be seen as high quality and high premiumness as some of these flagship fashion houses, you can have that image positively rub off on you, and that's never gonna come up in the brief for the next store location if you don't bring this lens to it, if you don't bring this behavioral science insight that we could [00:26:00] do well if only we think about what we're placed next to.

That we could improve the image of the entire brand if we think about what's around us. So I think it gives us it gives us a broader berth to consider- Yeah ... how we solve problems.

Richard Shotton: And even if someone has this vague gut feeling that it's probably better to be surrounded by upmarket brands that might allow us to charge a bit more than being surrounded by downmarket brands.

If it's just an intuition, if it's just a gut feeling, when it comes to signing the lease and there is an extra cost to being next to these really high-end brands an accountant or the financial director might veto the suggestion. And if they're just looking at cost per square foot or square, square meter, you can commoditize space, and therefore you end up surrounded by dreadful brands in terms of quality perception that drag your brand down.

So having the study, I think [00:27:00] allows the marketer to fight for that location because there's an evidence base that says, "This is not wasted expenditure. This is absolutely crucial to our our brand image."

MichaelAaron Flicker: Yeah. I- it's part of your and my mission in this podcast is to bring that to folks, and I think what we've heard is that it's helpful to be reminded of these f- not only the studies, but the concepts that the studies prove.

Because you may not remember Kim's study from Cornell University when the moment comes. Yeah. But if you know that we've been talking about these

things, then you, of course, come back, go to the show notes, get the study- Yeah ... and use it. But it also, I think, makes for marketers with a broader set of tools that they count on to solve problems.

It's so limiting if you're only solving problems in advertisements that fall under the four P of promotion. It's very hard to move business metrics when you're so narrowly focused.

Richard Shotton: Yeah. [00:28:00] Yeah. So extending out from just promotion, I think is the true role of a marketer, and then having a quantification of some of the values of behaving in certain ways, that makes it much easier to defend your corner to outside of the marketing department.

I think that's the other bit. Knowing there's this 17% change in quality ratings, that's something that now you could argue there's justification for spending a bit more on our rent if we can then benefit from that mere proximity effect.

MichaelAaron Flicker: I I love that point. And maybe to continue this dialogue, something to me that we really- Surround ourselves with is that the goal of a marketer is to change outcomes.

It's not just to c- meet the brief. Yeah. It's not just to to create more marketing. It if you lean back and look more broadly at the power of the CMO at the C-suite, or you think about where marketing ha- where [00:29:00] marketers have found themselves as the center used to be the center of driving brands forward, and now maybe feeling a little bit more cordoned off.

Marketing has a broader i- ability to impact business results if we take it that way, if we drive our mission, if we increase our birth to that mission. And I think a lot of what you and I sometimes talk about may seem like simple interventions, but they're really driven because we wanna drive to bigger outcomes.

And it's a chance for marketers to ask what is our mission as part of this brand, as part of this goal?" But that's a passion that you and I have shared for a long time.

Richard Shotton: Yeah. It's very easy to get caught up in kind of proxy metrics and the specific details of the brief and forget the larger picture.

I think that's an absolute fair point.

MichaelAaron Flicker: So Richard, with that, why don't we recap what we've learned today, and we'll come to a close.

Richard Shotton: Yeah. So we've discussed three big things. [00:30:00] Firstly, that lovely phrase from Woodruff Coca-Cola. The idea that Coke should always be within the arm's reach of desire.

And the key part there for this episode is within arm's reach. There is a misperception amongst many marketers that building motivation, boosting the attractiveness of brand is the key role for their their key role. But actually, an awful lot of behavioral science evidence suggests making it as easy as possible to access the product is probably the core, core determinant of success.

And we talked about a lovely study by Paul Rozin, tiny little tweaks in a cafeteria changed how many vegetables people ate. We then looked a bit of a flip of that. So if the Rozin study w- was all about changing behavior and suggesting that most businesses misallocate resources too much in motivation, not enough in ease.

The second study we talked about was [00:31:00] a different way of boosting that motivation and desire, and it's essentially the argument that people want what they can't have. So if you are in the right product category and you double down on the difficulty of accessing your product, making it hard to get, making it feel scarce, then the desire for that product will increase.

And we talked about the the Lee study about the watches in that area. And then the final area, a much less- Well-known study. This is all around the mere proximity effect. That was the study by Kim, who showed that if you created some fake ads for fake products, the appeal of those products varied significantly dependent on whether it was surrounded by mainstream brands in the magazine, or it was seen in the magazine surrounded by luxury brands.

And she showed that there was a 17% improvement [00:32:00] in quality ratings if the exposure had been to a product that was surrounded by luxury brands. So who we're surrounded by, the place that we're in the the caliber of the brands that surround us, that will affect how our brand is judged.

So that was the mere proximity effect.

MichaelAaron Flicker: And with that, we've covered the four Ps of marketing and how behavioral science can help impact and improve how marketers approach all four of those areas. If you enjoyed what you heard today, please

share it with someone who might find it interesting. And by liking, commenting, and following our pages, you help the algorithm help us find more people just like you.

Thanks for listening, and until next time, I'm Michael Aaron Flicker.

Richard Shotton: And I'm Richard Shotton.

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