

What The Leader Needs To Know: You May Be Spending On Inefficient Marketing

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The Opportunity

Are you spending a significant portion of your budget to get potential customers to be aware of your offerings? You could be investing in marketing strategies that bring customers immediately to the point of choice -- that is selecting your products and services to meet their needs.

It's now widely acknowledged that traditional marketing and advertising are becoming less and less effective. The chances that your new campaign will be noticed by customers, much less get them to do business with you, are eroding rapidly. For instance, Steve Heyer, President and COO of The Coca-Cola Co.¹ pronounced traditional marketing and advertising in danger of collapsing. He urges the integration of media, marketing, and advertising as a way to create "Enriched experiences that drive brand strength and product sales." We agree he is absolutely right about the fate of the existing marketing and advertising models. However, although media integration is a superb strategy for Coca Cola, it may be a poor fit for most companies, creating transitory value at best and over time becoming as ineffective as today's models.

Two books² highlight a viable and logical alternative: creating a dialogue with a relatively small proportion of your customers and prospects to dramatically increase your sales revenue. Correctly planned and executed such dialogues can create marketplace epidemics -- making your products and services the sought after gold standard. Whether in business-to-business or business-to-consumer situations, you can be catapulted from "nice to have if I could afford it" to "I can't afford to go without it." Such dialogues can also contribute enormously to your R&D, sales, and service processes.

Imagine investing 10 – 15% of what you spend on a typical advertising campaign and establishing a dialogue with not just any prospects or customers but your most valuable, targeted customers. Imagine further, participating from your office -- not needing to undertake six months of globe-trotting to visit with clients, but rather as suits your needs and demands-- a dialogue that you personally can review or join anytime you want, a dialogue that will create a measurable, profitable, return-on-investment for you and your shareholders.

¹ See Steven J. Heyer, COO, Coca Cola Co. Keynote Remarks Advertising Age Madison + Vine Conference, Feb 5, 2003.

² See [The Tipping Point: How Little Things Can Make A Big Difference](#) by Malcolm Gladwell, Little Brown & Co. 2002, and [The Influentials](#) by Ed Keller and Jon Berry, The Free Press, 2003.

How To Leverage It

1. Value Your Foundation

First, this is not about a wholesale shift from established marketing and advertising strategies to a single new strategy. It is about insisting that your marketing, advertising and sales leaders work together; that they break new ground and execute strategies together that drive brand communication - profitable revenue and the evolution of your products and services as efficiently as possible.

Invest in a strategy that will bring existing and new customers right past the traditional marketing targets of awareness and consideration to choice.

2. Invest

If you're considering significantly increasing or decreasing marketing and advertising spending, consider investing 10% of the adjustment in a new strategy. Invest in a strategy that will bring existing and new customers right past the traditional marketing targets of awareness and consideration to choice - choosing to purchase from you.

3. Focus On Influential, Profitable Customers & Prospects

For no more -- if not less -- than some of your current investments in market insight, you can identify highly targeted customers and prospects. In 4 – 8 weeks, you can identify individual customers or prospects that will:

- buy from you;
- give you honest, constructive feedback on your products and services;
- passionately tell others that your goods and services are the only choice -- sell for you for free; and
- provide a solid, financial return on your investment.

This isn't gene splicing. It's done with openness to new ways of doing things and a determination to fully understand who your customers really are. Consider this: Less than 50% of registered voters in the United States vote in a Presidential Election. Yet

campaign professionals can specifically target those voters who will or are likely to vote for their

candidate. They can understand, tailor, and communicate campaign positions to voters differently from one voting district to another (Think one square urban block). They can do this and get people to do something that few care about – give the candidate the currency of politics – their vote. If your products and services are high quality and provide true value, shouldn't your team be able to be

as targeted and as successful in getting customers to choose you?

For what you spend on one shot surveys . . . you can have an on-going 24/7 dialogue with 200 targeted customers for 3 – 6 months . . .

4. Establish A Dialogue

Right now, when you want to know what customers want, you probably spend on surveys or focus groups. When the results are finally presented to you months have passed and market conditions have changed. Today's reality is that conditions and customer concerns change rapidly. At best, you have the information – but it's too late to act effectively. At worst, the information you've collected leads you to form one more critical question. The money is spent, the "project" is over and you are left without answers.

For what you spend on one shot survey or focus group based efforts you can have an on-going 24/7 dialogue with 200 targeted customers for 3 – 6 months. When new information leads to new questions, you can get answers. When your competitor introduces a lower price, a "better" service or new features on an established product, you'll have a choice. You won't have to start chasing them for fear of losing the race. You'll immediately be able to find out if customers find value and are or are not attracted by your competitor's move. In fact, you'll be able to trump your competitor by significantly improving or replacing their latest offering.

This type of dialogue isn't possible through some dot.com bubble vaporware. It's possible through software produced by a company called Communispace. This software is proving its value and reliability daily with clients such as Hallmark, Unilever, Prudential, and Novartis. In fact, the investment to use Communispace is so relatively modest that your company could be using it without it being brought to your attention. But is it being used as an "experiment," or a narrowly focused tool to gain -- but not act on -- customer insights; or is it part of a genuine breakthrough strategy?

5. Insist On Measurement Of Customer and Financial Impact

You regularly look at measures of awareness and reputation. Studies tell you the personality or emotions evoked by your brand. Money has been spent to tell you what kind of animal, fruit or color consumers think of when they think of your product, service, or brand. Interesting – at times useful - stuff. How about insisting that your marketing, advertising and communications groups measure something more pragmatic? If something has a useful effect then generally you should be able to measure it quantitatively, perhaps financially. How about measuring the impact of advertising in whatever form it takes on actual sales. It can be done. Again, don't throw the baby out with the bath water. Don't refuse to invest in any advertising or marketing the impact of which can't be quantitatively measured in terms of increased revenues and profits. That could well damage your business. Just insist that a model for quantitative, financial measurement be developed and implemented for some of your marketing and communications investments.

6. Build On What You Learn

Follow the suggestions here. Build cost effective dialogues with your customers that drive measurable results. Then learn from those experiences and be the leader of the team that takes customer relationships to the next level.

Imagine, by having a dialogue with 200 targeted customers who passionately tell 20 people a month about you and your offer, you could gain 4800 new sales a year and the loyal customers that go with these sales. Or you might just start a market epidemic that doubles your market share or your profits or your share price – or all of the above.

About The Author

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He has more than 25 years experience, across the globe, assisting premier organizations in taking business results to new heights.

Flanagan Consultants, LLC helps leading companies formulate and execute their business, marketing, and human resources strategies. Flanagan consultants pride themselves not in providing advice; but in partnering with clients to rapidly achieve breakthrough business results. Clients include leaders in consumer products, financial services, government, healthcare, hospitality, pharmaceuticals, technology, and retailing.

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