What is your Marketing Strategy?

Martin Williams (@martinhwilliams)

Notes

Marketing is more than just advertising, or indeed PR, ‘media’, digital, sales, events, promotions...

Marketing is fundamentally made up of two elements:

1) Designing products and services that solve a problem for prospective customers

2) Getting the right message about it in front of the right people at the right time and place

Simple! But the complexity comes in that word ‘right’ – which messages in front of which customers, and where?

Your Product or Service

Identifying a problem that needs solving, and then devising a better way to solve it than your competitors, is key. One of the world’s greatest inventors, Thomas Edison, said “I find out what the world needs. Then I go ahead and try to invent it.” Charging money for the solution you’ve identified is legitimate, and if it’s genuinely useful, people will pay for it. Edison also said “Anything that won’t sell, I don’t want to invent. Its sale is proof of utility, and utility is success.”

Your greatest asset is your product or service. Get this right and you will have a better chance of success. Marketing activities rarely succeed in promoting a product that does not satisfactorily address a customer need. Advertising guru

David Ogilvy said “Great marketing only makes a bad product fail faster.”

One of the hardest tasks in marketing is when you think your customers have a problem and they don’t agree. You have a solution in search of a problem. In that situation, you must do some work to confirm that the problem exists, your product solves it and people are willing to pay for it.

Key is the concept of **value**. Every business should deliver a ‘value proposition’ to the customer. The LEGO Company, for example, buys plastic pellets at less than $1 a kilo. It sells a kilo of LEGO bricks for more than $75. That seventy-five times multiplier is the value it adds to that raw material through the company’s design, manufacturing and marketing activities.

The Coca-Cola Company forgot the need to consider value when it tried to sell bottled purified tap water (not mineral water) to the British public under the Dasani brand name. When the media discovered its processing plant was near Peckham, and brought to the public’s attention that Del Trotter had tried to sell tap water to the public under his Peckham Spring brand on the TV sitcom *Only Fools and Horses*, and labeled Dasani as Peckham Spring, the launch failed, and the brand died in the UK. Coca-Cola failed to deliver value to the public; there was no demand for bottled purified tap water.

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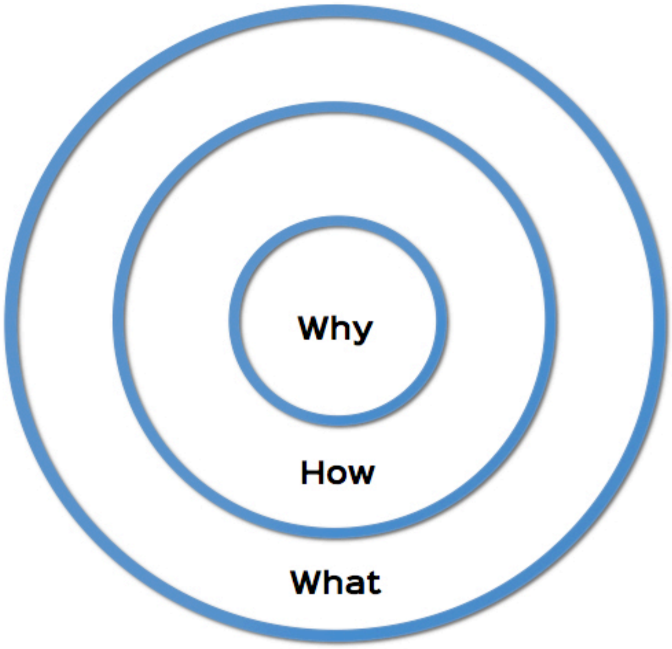
It's important to consider the **purpose** of your business. It's not simply making money. If you deliver genuine value to the public, the money should follow.

Simon Sinek popularised and codified this idea in his TED Talk and book *Start With Why*. In it he talks about three circles:



Most businesses know what they do; many know how they do it. Few know **why** they do it, but those that do are in a much more powerful position because, as Sinek says, **people don't buy what you do, they buy why you do it**. This approach allows a company like Apple that started with selling computers to now sell music players, watches and movies.

Ask yourself:

- **Why does your company or product exist?**
- **What problem does your product or service solve?**
- **How do you provide value to your customers?**

Customer Segments: Who has this problem?

It's useful to try to imagine what your customers look like. Give them a name, describe who they are, what they do, what they think. Find a picture of someone that looks like this imaginary customer. This is called a 'persona' and you can create one for each of your customer groups.

A key concept is **relevance**. You can't sell a fish a bicycle.

What age are your customers? What gender? Are they businesses or private individuals? Or both? Where do they live? And under what circumstances does this problem exist? What's the **context**?

Who is currently solving this problem – they may not even be in your sector. A themepark might solve of the problem of what to do as a family today, but so might another themepark, another type of visitor attraction, a cinema, the local swimming pool or even a board game.

Why is your solution different, and hopefully better, than the alternatives? Identifying these differences is called **differentiation**. Ask yourself: **Why should someone buy your product over someone else's?**

By this stage you should:

- Know who your customers are
- Know what problem they have
- Know how your product or service solves it
- Know why it does it better than your competitors

Now, let's think about how you tell your prospective customers all about it.

Marketing Communications

In a nutshell, you must **fish where the fish are but use the right bait**. This means identifying your customers, understanding the media they use and putting a message in front of them that resonates with them – essentially your value proposition.

At the start we talked about putting the right message in front of the right people at the right time and place. Let's take each of those in turn.

The right message…

> A key concept is that of **features and benefits**. If I was trying to sell you an ink pen, a product **feature** might be that is has a well-fitting cap. The **benefit** to the customer of that feature is that it stops the ink drying out, or prevents it from leaking in your pocket. You should talk about the features but focus your messages on the benefits. What will you product do for me?

In his books *The Pirate Inside* and *Eating the Big Fish*, Adam Morgan identified the idea of **'brilliant basics'**, **'compelling differences'** and **'game changers'**. Game changers are the kinds of things possessed by what we currently call 'disruptive businesses' such as Uber or Airbnb – few have these.

However, the other two are critical because:

Without brilliant basics you lose customers.

With compelling differences you gain them.

A good example is the restaurant business. Much of the humour in the TV sitcom *Fawlty Towers* comes from Basil's failure to deliver brilliant basics, like hygiene and good service. In contrast, Heston Blumenthal's restaurant The Fat Duck regularly tops lists of the best restaurants in the world because, while he get the brilliant basics right, his dishes are so unusual and unique that they represent compelling differences. Escargot porridge, anyone?

You're aiming to get to a compelling, differentiated proposition.

In crafting your message, it's important to consider **drivers and barriers**.

What motivates your customers to use your product or service? The easiest way is to ask them.

And what is stopping people from engaging with your company? If you lose a pitch, or a retailer declines to list your product, you could ask why. Or you could ask people who say they don't use your product or service why that's the case.

In choosing your messages, consider the following:

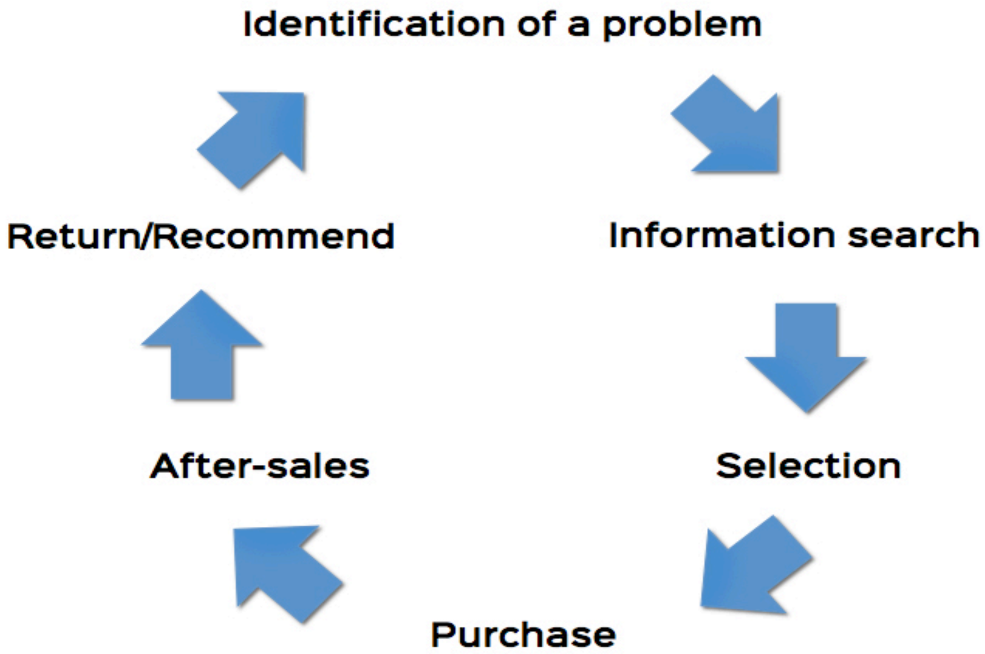
> People's needs can be either **functional or emotional** – appealing to either the head or the heart. A good example is the Seat car ad that lists all of the great features, such as precision engineering and road-holding, but finishing on how driving it makes you feel.
>
> Often emotional appeals can be particularly effective. Maya Angelou said "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."
>
> It's even true in business-to-business (B2B), as people are still people, even when in a professional capacity, with desires to look good, do well, reduce stress or save time.

…in front of the right people…

> This is essentially the customer segments we identified earlier - the people who are most likely to benefit from your product or service.
> However, a key concept to consider is targeting.
>
> The Sun, the Daily Mail, the Daily Telegraph and the Guardian are all media companies, but they all target different types of people. If we asked you to picture a Sun reader, and then a Guardian reader, then you would see two very different people in your mind's eye.
>
> Don't try to be all things to all people – be selective. As well as defining who you appeal to, be clear who you don't.
>
> And remember: in business-to-business you may not be talking to the actual customers. You may need to convince 'Gate-keepers' to let you access the 'Decision-makers. You will also want these intermediaries to correctly convey your messages and values to their customers.

…at the right time and place.

> So where should I advertise? The key to understanding this is mapping the **customer journey** – the psychological journey that lies behind a decision to engage with you.



This can change by product and sector. Each opportunity for a potential company to come into contact with your brand at each stage is called a **touchpoint**.

You must ask yourself what you are trying to achieve at each touchpoint. Awareness? Trial? Conversion to a purchase? A recommendation? A second purchase?

Then, what are the best communications channels to deliver this goal? 'Best' means:

- the pros and cons of the channel – social media is great if your goal is recommendation, but if you're selling a physical product, perhaps not so useful for getting someone to test it
- which channels your customers are actually using – if they're not on Facebook, don't waste your time and money promoting your product on Facebook

Let's say your product is a face cream. Here's an example of what your customer journey might look like:

Stage: Information search
Goal: Awareness
Example channels: Paid search; PR in beauty magazines; Banner ads on beauty websites

Stage: Selection
Goal: Differentiation and Endorsement
Example channels: Social media; Celebrity endorsement; Beauty vloggers

Stage: Purchase
Goal: Trial and Conversion
Example channels: Samples in stores; Calls to action (e.g. trial price, free gift); Local sales parties

Stage: After-Sales
Goal: Customer Retention
Example Channels: Customer helpline; Money-back guarantee; Monitoring and responding to social media

Stage: Return/Recommend
Goal: Repeat Purchase and Recommendation
Example Channels: Database; Introduce a friend offer; Money off your second purchase if you recommend

Consider **'calls to action'**. What can you do at each touchpoint to encourage people to act in the way you would like them to? Do you need to give them a small discount to take the plunge, if price is a barrier? Or reward them if they buy again, or recommend you to a friend, or on social media? Generally, it's preferable to add value than lower prices.

It's useful to measure responses where you can, and digital media is particularly good for this. It'll help you understand your customers' journey, as well as demonstrate return on your marketing investment (ROI). But remember, just because all the money comes in via your website, it doesn't mean the magazine ad you placed was a waste of money – it probably drove them to your website in the first place (try to check if that was true by asking customers where they heard about you).

Try to focus on just a few channels. It's better to advertise in one magazine three times than three magazines once. You're more likely to get your message through.

Try to map the journey for each of your customer segments. What are you trying to achieve at each one? What media should you use?

Pricing

Be confident in your pricing.

Ask yourself if your product is premium or mass-market?

Price from bottom up, and from top down. That is:

- a price that will cover your direct costs, overheads and capital expenditure, and make you a profit;
- and a price that customers will pay and the market can bear

It's particularly important to understand the concept of **value**. Value doesn't mean cheap. Value means a fair price for what the customer receives.

For example, a family can visit Lanhydrock for a day for £31.60. It costs a family over three times (£111.00) to join the National Trust and enter Lanhydrock for no extra cost. But membership provides access to over 500 sites, plus free parking at Trust car parks, for a year. If the family used it every weekend, a visit to one site would cost only £2.15. A National Trust membership is **more expensive**, but **better value**, if you plan to visit other Trust properties this year. But if you only want to visit Lanhydrock, the day ticket would provide you with the best value.

Distribution

All this work is for naught if customers can't get hold of your product.

If you're selling through third parties they typically want two key things:

- Decent retail margins
- Consistent sell-through (which means creating consumer demand)

They often want a third: a category story – that is, a reason to stock your product, or why their customers would be interested in it, which is usually born of your differentiated proposition.

If you're selling direct the challenges in your customer journey will include driving traffic and fulfilment. But you get to keep all of the margin.

Where next?

It's probably into tactics - beginning to develop a marketing plan – putting all of this into action

But you do need money to do marketing well, whether you invest conservatively or heavily. How much should you spend? It depends on how much you need your business to make in order to grow, but as a general rule, at least 3%, and ideally as much as 10% of your turnover – but this requires careful financial management to ensure you can afford it.

Strategically, when your current plan is working, it's time to think about new products and markets.
The Ansoff Matrix can help with this: