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How to get ahead in marketing

Tough times need not be bad times. And those companies that raise their marketing game will reap rich rewards as stronger economic growth returns



Times are tough. But those companies that use marketing creatively to deepen relationships with existing customers and recruit new ones will emerge stronger.

As a management discipline, marketing is changing faster than ever. Digital technologies offer a bewildering variety of options. Yet many of the basic principles of marketing—of engaging customers with relevant offers—remain the same.

This *Director* supplement provides a quick guide to the new marketing agenda. It explores some future trends and provides an overview of the issues directors need to address when they are using digital and social media in their marketing.

Despite all the technology changes, the principles behind customer relationship management (CRM) remain valid. But now, more than ever, marketing programmes that deliver CRM results need to be aligned closely to a company's strategic aims.

Directors need to be innovative in showing how their companies' products and services can provide more value for customers. And they need to become more focused in contacting customers with relevant and tailored offers—the route to building enhanced customer profitability.

David Beard *CRM evangelist, Sage UK*

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Creativity first: adding value



Marketing is no longer about the size of the resources your company commands. It's about using innovation and creativity to target the right customer and build a relationship

There has never been a better time to be a marketer, says David Thorp, director of research and professional development at the Chartered Institute of Marketing. "It's like being given the keys to the sweet shop," he says.

Marketing has undergone more change in the last five years, than the previous 50. That's good news for directors in small and medium-sized enterprises because many of those changes—such as the rise of internet marketing—have levelled the playing field between the corporates and the smaller companies.

> "SMALLER ENTERPRISES CAN **CARVE OUT NEW MARKETS** BY IDENTIFYING **NICHE CUSTOMER NEEDS** AND BUILDING DEEPER RELATIONSHIPS"

Marketing is no longer about the size of the resources your company commands, but is more about how innovative and creative you can be with digital resources that are available to everyone. Of course, multinational companies still spend hundreds of millions a year on advertising. But smaller enterprises can carve out new markets by identifying niche customer needs, presenting their products and services in creative ways, and building deeper relationships with their customers.

"There's a new awareness of what marketing is all about," says Thorp. "It used to be about creating demand. Now it's also about promoting behaviour change in consumers." One of the biggest shifts in behaviour has been buying over the internet where UK consumers spend on average more than £600m a week.

Yet these changes have also created challenges for companies that continue to market their goods in traditional ways. David Edelman and Brian Salsberg, two

- *Carve out new markets*
- *Identify niche needs*
- *Use digital resources*
- *Present products and services creatively*
- *Find out what it is that consumers want*
- *Create ambassadors for the brand*

consultants working with McKinsey, point out that modern marketing success is less about paying for adverts or posters and more about exploiting a whole range of different media. For example, consumers swapping information about products and services on social networking sites such as Facebook can be more influential in buying decisions than marketing literature or newspaper advertising.

Modern marketing is less about a buyer-seller relationship and more about working with consumers to find out what they want and how they want it supplied. "It's about building a shared vision between the supplier and the consumer of the product or service," says Thorp.

He cites energy drink Red Bull as an example of how clever marketing can align a product with its customers' lifestyle choices. Red Bull created "ambassadors" for the brand in universities and colleges. It encouraged social groups with shared interests in areas such as extreme sports.

"It's a fizzy drink in a tin but it identified with its consumers and generated genuine passion about the brand," Thorp says.

More companies may need to find that marketing passion in 2011 as spending cuts put consumers' budgets under pressure. Thorp admits that many firms cut back marketing spend during the recession. It could remain low for a couple of years yet.

But in SMEs creative and innovative marketing spend can be an engine of growth. The time to market strongly is when the economy is recovering. So forget the business Jeremiahs. There really never has been a better time to go to market.

> "IT'S **LESS** ABOUT A BUYER-SELLER RELATIONSHIP AND MORE ABOUT **WORKING** WITH CONSUMERS TO FIND OUT **WHAT THEY WANT**"

The exception to the rule



By realising the full potential of your brand and how to raise its awareness, companies are more likely to build brand equity. But make sure your product or service stands up to scrutiny

If you're looking for an SME branding success story, look no further than Wellworths, the Dorchester store that opened in the wake of Woolworth's collapse. It has everything a modern brand needs for business success—values that customers can identify with, a unique sales proposition effectively delivered, a feisty name with echoes of its past, and a logo that emphasises what it offers in the future.

For a small business employing fewer than 30 people, it could teach some FTSE corporates a lesson or two in brilliant branding. But then the whole business of branding is at a tipping point, argues Nick Keppel-Palmer, head of strategy at brand consultancy Wolff Olins: "Old-school mass marketing is pretty much finished now."

It's been killed by the internet and more cynical consumers who aren't as deferential towards brands as they used to be. Keppel-Palmer says: "Unlike glitzy and expensive marketing campaigns that breed cynicism, a strong brand identifies and articulates what is really special about a business, allowing it to define clearly for customers and staff what role it plays in the marketplace."

The key to successful branding these days lies through building deeper customer relationships, rather than mass marketing. Take the case of Apple, maker of the iPad and other seminal products. It has built a cadre of loyal, sometimes fanatical, customers who'd buy any product that Apple decided to produce.

Wineware, an SME which sells glasses and wine accessories, is another example of a company that has developed a successful brand through building and deepening its

> "UNLIKE **GLITZY** AND EXPENSIVE CAMPAIGNS A STRONG BRAND IDENTIFIES WHAT IS **REALLY SPECIAL** ABOUT A BUSINESS"

relationship with customers by serving their specialised needs, he says.

So how can other SMEs emulate the leaders? "Start by doing one thing exceptionally well in order to develop relationships with customers," advises Keppel-Palmer. "The best brands in the world are distinct but are also really useful to their customers."

Don't differentiate on price. Make the customer relationship the issue that separates you from competitors: "There is no long-term sustainable advantage from price," says Keppel-Palmer. Instead, he adds, decide what role you want to play in the marketplace and don't be afraid to experiment with new ideas. "You will be forgiven honest mistakes if people can see you are trying to help them," he explains.

> "START BY DOING **ONE THING** EXCEPTIONALLY WELL. THE BEST BRANDS IN THE WORLD ARE DISTINCT BUT ALSO **REALLY USEFUL**"

At the same time, if you have a strong brand, don't be afraid if not everybody likes it. It means that you're seen as standing for something distinctive. Brands as diverse as Marmite and Ryanair evoke strong reactions on both sides but are still successful.

But avoid hyping—and certainly lying—about what your products and services can achieve. Customers became more cynical in the 1990s and early naughties when brands made misleading claims. Now customers are more likely to turn to independent sources such as TripAdvisor, which receives 800,000 unique visitors a month, or Amazon reviews for an independent view of a product or service.

Adds Keppel-Palmer: "A strong brand is a powerful tool to guide what a business sells and how it should behave—and how it shouldn't. In short, a strong brand is a prerequisite to growth."

- *Do one thing well*
- *Don't differentiate on price*
- *Play with new ideas*
- *Stand out from the crowd*
- *Avoid hype or lies*
- *Serve specialised needs*

How to do more with less



How a growing business has invested in customer relationship management technology and innovative marketing techniques to compete in a crowded marketplace

When it comes to marketing Mike Bowers, managing director of north-east telecoms supplier Cellular Solutions believes in the "wow" factor. While some competitors suffered declining customer numbers in 2010, Bowers boosted his by a healthy 25 per cent. He says a customer-focused business philosophy lies at the heart of the £3m-revenues company.

His business approach requires some hard-headed thinking. "Marketing is the number one job," he says. "And the number one job of marketing should be lead generation with measurable impact on top-line revenue."At the root of his marketing success is a willingness to adopt new methods. What Bowers calls "old marketing"—such as outbound telemarketing, radio advertising and business breakfasts—is "not dead, but very difficult to do".

Instead, he says, "We're working a lot smarter." That means making wider use of digital media and, critically, linking it with an easy to use customer relationship management (CRM) system. Quick to deploy and helping the business connect to its customers faster, the two combined have helped Cellular Solutions create much deeper, richer and more profitable relationships with its clients, adds Bowers.

Take the important question of turning leads into paying customers. Front-office technology at Cellular Solutions is powered by data from the back-office to give its sales, marketing, customer service and other front office employees a true 360-degree view of customers across front- and back-office functions.

> "THE **NUMBER ONE JOB** OF MARKETING SHOULD BE **LEAD GENERATION** WITH MEASURABLE IMPACT ON TOP-LINE REVENUE"

The CRM system collects information about all the contacts the entire company has with each potential customer. As the marketing department works with individual prospects, it uses a scoring system to grade them from one to five.

When a prospect reaches five it is passed on to the sales team, which should be able to turn it from prospect to paying customer. At every stage, staff can call up information about all the conversations or emails that have passed between the company and the potential client.

Cellular Solutions uses caller telephone integration technology so that when a prospect or customer calls, past information about their contacts with the company flash onto the computer screen of the staff member handling the call—even before they've answered the telephone.

Digital marketing is integrated with CRM so that marketing staff can see what activity attracted that contact initially. The ability to analyse the results of different digital marketing activities has thrown up some fascinating insights, says Bowers. For example, more blogging on the company's website tends to produce more leads coming into the telesales department.

But, ultimately, it is people rather than technology ensuring that Cellular Solutions is delivering that "W factor" in its marketing. Getting a great level of service on quite an ordinary task can blow customers away, claims Bowers. Needless to say, whether they're being blown away or not is all being tracked through a "customer satisfaction index" score, monitored through regular surveys.

To keep his team on its toes, Bowers has promised every one of the 26 staff in the Sunderland offices of Cellular Solutions an extra £1,000 on their salary cheque if the score stays above 82 per cent by Christmas. As it's currently hovering around 86 per cent, Bowers could be playing a very happy Santa.

- Work smarter
- Adopt new methods
- Invest in an easy to use CRM solution
- Deliver the "W" factor
- Offer performance-related pay

Stop, look and listen



As technology develops in terms of speed, availability and functionality, those firms that combine traditional marketing insight with a true understanding of digital media will flourish

Digital and social media have already revolutionised the way that companies market their goods and services. But there are as many traps as opportunities for those that use new technologies. "Social media has had a huge impact on the way businesses engage with customers and communicate their brand identity and philosophy," says Paul Stobart, regional chief executive of Sage Northern Europe. Sage uses its blog, Twitter feed and YouTube account to keep its customers informed about issues that matter to them.

But Stobart warns: "Some organisations take this to an extreme and start to see social media as just another channel for broadcasting their news. They're missing the point entirely. For us, the true value of social media is in providing us with another channel to listen to and engage our customers in honest and open dialogue."

The starting point for most small and medium-sized companies that want to exploit digital and social media is their website. But many company websites add little business value, warns Klaas-Jan Duursma, managing director of Worldwide Webdesign, which creates websites for SMEs.

> "SOCIAL MEDIA HAS HAD A **HUGE IMPACT** ON THE WAY BUSINESSES ENGAGE WITH CUSTOMERS AND **COMMUNICATE THEIR BRAND**"

"Most website visitors take only three or four seconds to decide whether they're going to stay on your site or move to another," he says. "This means your home page has to be clear and inviting. It needs a simple menu so that visitors can find what they want with as few clicks as possible."

Increasingly, consumers turn to Google when they're searching for products and services. So search engine optimisation (SEO), which promotes websites in search

results, is a new marketing trick in the digital age. "Make sure that you include key words and phrases customers are likely to use in each Web page's title and metatags as well as the page text," advises Duursma. "Create hyperlinks to your site from other websites. This also improves the ranking your website gets from search engines."

There are so many social and digital technologies, it is important to set goals and measures when using them, advises Peter Wilson, Sage's digital strategy manager. "Social media absorbs time and cost. It's content-hungry," says Wilson. But the upside is that using social media activity can drive traffic to a website. "It's like an online equivalent of attending a trade event."

But where should a company new to social media marketing begin? Wilson advises to start by listening to what's being said about your company. Learn who is saying what about your firm—and when. Define your online personality—in other words, how you want to be seen by people listening to what you have to say. Develop a content strategy which should cover how you will engage your audience through the subjects you talk about and how you do it.

> "**SOCIAL MEDIA** ABSORBS TIME AND COST. IT'S **CONTENT-HUNGRY**. BUT IT'S LIKE AN ONLINE EQUIVALENT OF ATTENDING A TRADE EVENT"

Use your time economically. So if you've written an article for your website, it can be edited for a blog, turned into an email, and cut down to a tweet. As you develop social media become more proactive—but remember that social media works best in marketing when it's used as a genuine conversation with customers.

"If a company's social media is really going to add value to a customer, then it needs to be real and that means everyone from the top down needs to embrace it," adds Stobart.

- *Create a clear and inviting home page*
- *Include key words and phrases for Google*
- *Set goals and measures*
- *Use time economically*
- *Get more proactive*

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