

incisive **EDGE**

Marketing Investments for Long-Term Results



Treating marketing as an investment not an expense

While a great marketing campaign can drive sales and attract new customers it is not a quick fix because, in reality, effective marketing can literally take years to pay dividends.

In this article, we'll discuss why investing in your marketing is money well spent, examine how some industrial giants got it right and look at how you can establish marketing best practices for your business.



The four Ps were traditionally at the core of marketing models developed by marketing management consultants to help their clients – with product, price, promotion and place as the only factors needed. But to succeed in today's competitive marketplace this is not enough, you also need to carry out a proper analysis of your target market and be prepared to invest in winning and retaining customers, fending off the competition while you do so.

Companies spend millions of pounds every year on marketing their products. But too few thoroughly consider their marketing strategically or look at the long-term picture. For those businesses, marketing is viewed as an annual cost rather than an investment.

Marketing management consultants find that businesses rarely use strategic thinking when deciding how much to spend on marketing. Investing in the right foundations in the long term is what drives a marketing strategy to profitable ends.

Strategic marketers look at:

- What they want to achieve over a number of years
- Which customers they want to acquire and how to reduce the cost of winning them
- The long-term returns they expect from their investment in targeted marketing

Winning market share from your established rivals

Sometimes, it's not how much money you have, it's the way you use it that counts. Pharmaceutical giant Glaxo took on rival SmithKline in the 1980s when it introduced its Zantac medication for stomach ulcers. SmithKline's product dominated the market, but by using strategic long-term marketing, with savvy advertising highlighting the rival product's side effects, Glaxo's market share hit 50% within six years.

Companies entering an established market need to spend their marketing investments wisely. Small budgets can pay big dividends if you:

- Target the right customers at the right time
- Invest in the right kind of marketing

Learn from the success stories of others

Branded products such as Heinz Tomato Ketchup have reached their premier positions through years of investment in marketing. They have spent money on creating universal awareness of their products, using a cumulative marketing strategy.

Marketing new products in an established sector can be an uphill battle. Early entrants to the market will always have the advantage because of the bedrock of support they have won over time, but remember, changing consumer needs and desires will also change the market.

Using a reputable marketing consultancy can help you decide whether it's worth taking on the bigger competitors and will determine your chances of success.



Targeting the right customers

Over the years, marketing management consultancy has identified three groups that new entrants should focus on to help them win market share.

Customers who are willing to switch

Targeting customers who don't take much persuasion to change brands is cheaper and more likely to succeed than chasing rivals' loyal clients. But make sure your research identifies those who have issues with their current brand and are looking for something better, rather than those who are simply looking for the cheapest option. The former are worthwhile because they can be persuaded to use your brand as a long-term alternative, while the latter will simply flit to the cheapest option without any brand loyalty.

Customers who receive bad service, those who no longer find a product fits their needs as it once did and changes in the status, financial or otherwise, of the product provider can all contribute to the creation of switchable customers.

Customers who will aid your long-term growth

Known as 'share determiners', marketing consultancy services will tell you this segment is the holy grail of customer groups because it pays the biggest dividends in the long term. For example, if you had supplied Asda with products when the supermarket was beginning

to grow, you would have gained a large and profitable share of the market. If you start to supply the group now that it is established, you will probably be asked for discounts that early suppliers were not. The key – and this can be difficult – is identifying which customers are likely to grow at the expense of their rivals and then forming a profitable relationship with them.

Customers who are most profitable

These are customers that may not be immediately obvious and marketing consultancy services can help you discover them via a detailed analysis of your current and potential client base. You should consider how much it costs you to supply them, bringing figures for the product, selling, distribution and after sales into the equation.

This knowledge will help focus your marketing strategy on retaining and chasing the most profitable customer segments.



Target the people whose opinions count

You should use your marketing investment to create brand loyalty with customers who will use and recommend your products to their customers. This strategy will help to build a long-term market share.

- Pharmaceutical firms that market products to junior doctors can reasonably expect them to continue using their drugs throughout their careers
- Sportswear firms that market to coaches or national teams will also win market share from fans
- Food and drink products initially offered to pubs and restaurants can then be successfully marketed to retailers

Get your timing right

Investing in marketing to a dying sector is money down the drain. For your marketing investment to provide maximum returns, you must recognise what stage the market is at and where your product fits into it.

In an ideal world, marketing to a new and growing market will pay most dividends. It is much harder to successfully compete in an established or declining market where the big players already dominate.

By carrying out a yearly review of how and where you are spending your marketing money, you can keep tabs both on how effective your efforts have been and whether you are correctly targeting the right customers and markets. Measure how long it takes to decide on a marketing campaign, how long it takes to put into practice and when you will get results. This type of analysis can help you plan more effective long- and short-term campaigns.

Your unique message

Create a marketing message that is unique to your product and which differentiates you from competitors, lodging you in customers' minds for the long term.

For this to be successful, you need to bolster your message by continuing to invest, keeping your products/services/brand in your customers' thoughts. This means much more than coming up with a clever advert – it's about repeatedly telling your customers why your product is better than your rivals' and focusing on those differences.



we're super!



How do you successfully spread your message?

A long-term investment in your brand's message is vital if you want to retain the market share you've won. Businesses that consider marketing an expense rather than an investment are more likely to pull the plug too early, wrecking ongoing campaigns that are on course to pay long-term dividends.

To retain customers, you need to keep pushing home the brand message rather than regularly altering your advertising.

Short-term campaigns such as offering discounts may win new customers immediately, but they won't stick with you because price, rather than quality, is their deciding factor when swapping between brands. To keep these new customers you need them to buy into your brand not your pricing policy.



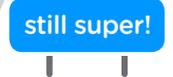
Conclusion

Instead of setting your marketing goals over a couple of years, look at what you want to achieve over the next decade.

Decide on the identity you want to promote and the message you want to give, then stick with it.

Chopping and changing strategies, marketing messages or advertising can confuse and damage long-term customer-winning opportunities.

Investment in reiterating your unique message to the right audience at the right time will create more loyal customers and result in a greater market share than an expensive, flash in the pan campaign.



still super!

incisive **EDGE**

t: +44 (0) 800 433 4044
e: growth@incisive-edge.com
w: www.incisive-edge.com
www.incisivedigital.com