

DISPATCHES™

Insights On Brand Development From The Marketing Front

Sunday, September 28, 2008

ARE YOU LOSING YOUR PULL?

Pull *n* the ability or power to attract an audience or supporters (*such as customers*)

At the time of this writing the economy is teetering on the brink of a meltdown, or so recent business failures, the news media and sell-offs on virtually all the major stock exchanges would suggest. This is not just a U.S. problem but also a worldwide issue. We are confronted with a severe credit crunch, which in effect starves businesses and economies of the essential nourishment for growth. In fact, regardless of whether your country is technically in a recession (two consecutive quarters in which there is a decline in GDP) many industries (such as homebuilding in the U.S.) are most definitely in recession, and maybe even depression (which is longer and deeper in decline than a recession).

Yet, despite the state of, and prospects for, the economy businesses are expected to promote and sustain growth, if not top-line sales then, at the least, bottom-line profits. It is a tall order indeed! It's akin to bicycling up a steep mountain, into the wind. When push comes to shove companies will do their utmost to protect profits. When real sales are not growing, or at least not growing at historic rates, cutbacks are embraced to preserve profitability. Inventories are scaled down, personnel are reduced and spending is slashed among other survival tactics. One of the first areas to be cut is funding for advertising. Perhaps, your brand's advertising budget has already been cut for the remainder of 2008 and/or planned spending has been reduced for 2009. You would not be alone. Just this week the news media reported that advertising spending is down substantially in the U.S., despite heavy campaign spending in this critically important presidential election year. We believe this practice of reducing advertising spending will spread, if it hasn't already, to other countries.

Advertising's function is to "pull" customers. Without it companies and brands rely more on "push" activities, which depend heavily on sales personnel, trade promotion and special deals. Push activities undermine loyalty to the brand (putting the focus on price), fail to leverage the sales force and can lead to the customers' addiction to price reductions. And, if not pulled through the sales gains are illusory in that they amount to nothing more than a temporary transfer of inventories (from our distribution centers to the warehouses of other businesses) which clog the system and mortgage (now "mortgage" is a word that should cause trepidation in these times) future, real sales (and at lower margins no less).

A reduction in advertising should theoretically, make category growth more difficult to achieve. And, again, theoretically, if you experience a reduction in your share-of-voice (SOV) it could lead to erosion in market share. Note that we have qualified these statements with the word "theoretically." That's because this assumes that the advertising that has been or is being cut has

“pulling power.” But, for all practical purposes, as much as we are believers in advertising we would have little difficulty during these difficult times in cutting most of the current advertising budgets. Why so? That’s because much of the advertising that is running has little if any pulling power. This is not an indictment against this marketing mix element but the specific practice of how we advertise. As one manager boldly stated, “we did a study of our advertising and found that it did not generate sales.” He intimated, therefore, that advertising does not work. We responded “au contraire.” We shared case histories with him where advertising worked to achieve “stretch” objectives. We went on to inform him in our delicate way that the reason his brand’s advertising didn’t work was because, well, it “sucks!”

Much of what passes for advertising these days sucks. If you think we are incorrect then why would your management slash advertising budgets? Do you know what ROI (return-on-investment) you are getting from your advertising? Chances are you don’t and they (senior management) don’t know so there is little if any worry in cutting advertising even though, theoretically, it should lead to the erosion of sales, market share and profitability. No sane manager would ever cut spending for a marketing mix element that is proving itself by generating a positive ROI. And, your management is, we suspect, sane.

But don’t despair. Economies have cycles and so do brands. There are “ups” and “downs” and even “plateaus.” When all is going well we can afford to get fat and be sloppy. Success hides many mistakes and sometimes fills managers with a false sense of achievement that can lead to hubris. However, the great ones don’t permit this to happen. They don’t allow success to breed inertia, nor a lack of sound marketing discipline. But when things aren’t going well it’s time to get back to basics. Don’t go in search of a silver bullet. There’s none to be found. Instead, it’s a promising time to go back to the basics, the fundamentals of sound brand development and advertising in restoring pull, and get your house in order.

BOATS & HELICOPTERS:

Here are a few suggestions regarding the basics on what you might do to restore pulling power and renew brand health:

1. ***Start with Positioning*** – When is the last time you reviewed your Brand Positioning Strategy? Do you even have one? If you don’t have one, develop one now! And, if you do have one check to ensure it is competitive. Develop a Positioning Matrix so that you can display your positioning versus those of your competitors. Check to ensure you have a distinctly different positioning strategy from competition that is relevant to your target-customer and appropriate for your “whole” product offering within the context of the marketplace and your company’s capabilities. Now, don’t take this lightly. We need to make our brand something to be desired. There is a lot to think through with regard to brand positioning such as:
 - Have you segmented customers and thoughtfully targeted a segment you can win with?
 - Is your Target-Customer clearly and completely defined?
 - Are the needs merely generic or specific to your brand offering? Will they lead to a Benefit that is important to the Target-Customer?

- Did you identify a Perceptual Competitive Framework that will serve as your “north star” in directing all future activities?
 - Is your Benefit relevant to your target-customer and meaningfully differentiated versus competition?
 - Does your Reason-Why support add credibility to the benefit promise?
 - Is the Brand Character consistent with the brand bundle?
 - Is your positioning cohesive such that it provides single-minded direction for all brand-building activities?
 - Is your strategy both appropriate (as it relates back to your offering and company capabilities in meeting target-customer perceived needs), and competitive?
2. **Identify Key Business Drivers** – To “keep on keeping on,” or doing the same things in the same way, is not likely to bring about a change in fortunes. As the brilliant Albert Einstein stated, “The definition of insanity is doing the same thing over and over again and expecting to get different results.” Start with zero based budgeting. Don’t assume anything. Re-examine and prove the ROI for each of your marketing mix elements (e.g., advertising, product development, promotion, medical congresses, etc.) to determine productivity in generating sales. If you don’t know your ROI from each marketing mix element then find out now or duck your head down into the trenches because management is going to fire more cutbacks your way (which is going to make your business goals more difficult to achieve creating a downward spiral). Reallocate resources to support key business drivers and ideas that can be incontrovertibly proven generate a positive impact on the business and brand health.
 3. **Practice Power Positioning** – We cannot afford to dilute our resources. We must do the exact opposite to focus and concentrate all of our resources to deliver one message, one meaning for our brand offering. What this means is that we must reflect our brand positioning in each of our marketing mix element constituting our key business drivers (however many those are). No exceptions! It is the only way we can break through, register and win customers to create brand loyalty. And, loyalty is even more precious in these difficult times. At the least it will immunize your current franchise base from being taken-in by the lure of competitive tactics.
 4. **Be customer centric** – It is so easy to succumb to the temptation to pass our problems along to others. C’mon it happens all the time. You recognize it as taking price increases (which forces us to offer deeper and/or more frequent discounting and undermines the perceived value of the brand), rationalizing the product offering, cutting services, loading the trade, etc. The airlines industry is a prime example of passing along problems. (Excuse me would you have a pillow I might use? Forget about it!) How can we expect loyalty from customers if we are not loyal to them? How might we strengthen our loyalty to them and, in turn, their loyalty to us? Be customer centric – at all times. Focus on the wants, needs and desires of your target-customers and better satisfy them than your competitors. This presupposes that we know and understand our customers. That’s a big assumption. We need to really, and truly, understand our customers. Importantly, we have to not just be willing but be devoted to serving them. Give them a value they appreciate. No, we are not talking about lowering your pricing. By value we mean creating a perception that what they are receiving is well worth their cost. Let their cost

be a mere financial transaction, a vote with their pocketbooks, not a loss in real or perceived satisfaction and/or trust.

5. ***Develop compelling advertising*** – “Compelling” advertising generates real pulling power by driving preference and desire for your brand. But it won’t happen without advertising that is persuasive, has strong strategic communication and is impactful. Here’s what you need to get it:

- Persuasive - The Creative Brief must provide strategically appropriate, single-minded direction;
 - Know whom you need to win: The Target-Customer needs to be a behavioral target that is clearly and completely defined.
 - Be clear on what it means to “win”: Identify a SMART (i.e., specific, measurable, achievable, relevant and timebound) “behavior” objective such as switching, increasing frequency of usage, trading-up to a larger size, etc.
 - Identify what they must believe in order to get the behavior: This is the Key Thought (or benefit/belief). It needs to be relevant to the target and meaningfully differentiated versus competition. It needs to be capable of encouraging, stimulating and encouraging the behavior.
 - Discover a Customer Insight: This is what leads to a Key Thought that will ultimately influence customer behavior. The insight needs to be “legitimate” and productive.
 - Be single-minded in your direction: This is where the Strategic Triangle comes-in. The Strategic Triangle is comprised of the Target-Customer’s needs, Customer Insight and Key Thought. All three MUST be cohesive otherwise we are unwittingly offering multiple messages due to our own lack of clarity or willingness to choose. This will trip-up the creative team at the agency and confound the strategic basis upon which the creative will be assessed by the management team.

- Strategic Communication – This is all about the Campaign Idea delivering against the relevant, meaningfully differentiated Key Thought. The role of the Campaign Idea is to communicate the Key Thought in provocative and compelling customer language. It is comprised of three elements: a) the “naked idea, or creative concept; b) key copy words; and c) core dramatization. All three of these elements must work together in bringing home the Key Thought. This is not the words expressing the Key Thought warmed over. It is how the Key Thought will be expressed. This is the “center of the plate” of your advertising, which nourishes, feeds and satiates customers’ desire for your brand. If your advertising does not have a Campaign Idea then cutting its funding will not hurt your brand (other than send a message to supporters such as the retail trade or your sales force that you are not supporting the brand and raising doubt, therefore, as to whether they should).

- Impact – This is about registering with prospective customers such that they remember the brand and, importantly, the Key Thought. It is the way the

Campaign Idea gets executed for the medium it appears. It is the gift-wrapping for the Campaign Idea.

[Click here and you will find our toolbox and templates](#) (you must be online to use this function. It will not be functional in pdf format.) to address the aforementioned. If you need further help in getting your organization or brand team back to basics and generating pull in the marketplace please don't hesitate to give us a call.

Best wishes to you all in managing successfully through these trying times.

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