

## Building profitable marketing strategies

It's tougher than ever before for companies to grow, with marketing increasingly important in encouraging the Board to invest. Yet, to convince the Board to invest, marketers need to demonstrate how their marketing strategies will build shareholder value by delivering profitable returns.

### The need to prioritise

The main players in a market often have similar resources, to spend on advertising and innovation. If all companies spend those resources equally across everything, then they will behave similarly in a 'mass average' way and so won't be distinctive. Thus, to develop marketing strategies that drive shareholder value, marketers need to focus resources on those areas that will deliver the highest returns.

Some companies inherently operate in this way. For example, P&G focuses its resources on delivering break through innovation as well as building a strong brand presence, Ryan Air drives out cost to offer low price air travel, First Direct invests in its people to build a superior call centre service experience and Starbucks invests in building ubiquity on every street corner.

### Choosing where to play

To maximise shareholder return, marketers need to work closely with cross-functional teams to choose where to invest scarce resources:

#### ■ Who?

Using **customer segmentation** to identify which **customer segments** to target and what to offer them to make them switch.

For example, an insurance company that had been steadily losing share over 20 years was fragmenting its scarce resources across all customer types. Segmentation revealed that there were 2 customer segments who were particularly attracted to the brand's heritage, and thus by refocusing on them, it could cut out 2/3rds of existing projects as well as grow the business.

#### ■ What?

Using portfolio mapping to identify which **product categories, brands and geographies** will generate the highest return over the next 5 years and thus should be prioritised, based on their size and profitability today and what they might be in 5 years' time.

For example, by mapping the current and future value of its products, a telecoms company realised that 2 of its 6 products were key to their future business growth, yet only 40% of the company's marketing spend was focused on them today. By reallocating spend against these products and reviewing this annually the company grew steadily over the next 3 years.

#### ■ Why?

Developing appealing, distinctive, credible yet also profitable **value propositions** that better meet customers' needs, and can be delivered across all customer touch points.

For example, a bank realised that their customers weren't interested in making their own financial decisions, preferring advisors to tell them what to do. Thus they created a different buying experience versus the big 4 banks, by streamlining financial appraisals, with simplified choice options, shorter advice sessions and pre-filled in paperwork.

#### ■ Where?

Focusing on those **channels** that will deliver the greatest return, by prioritising the most efficient and effective distribution channels and unblocking any purchase funnel bottlenecks that are stopping people from buying today.

For example, many companies now use non-traditional distribution channels to sell to their customers. Take Liz Earle which launched its 1st product on QVC and sold out within half an hour, or the Body Shop that runs home parties where people can try new products for themselves, or Bare Escentuals with their Quickie vans on urban street corners and 'Leslie's Angels brand ambassadors' offering make-up advice.

#### ■ When?

Doing more with less by focusing on the **touch points and communication activities** that will deliver the greatest return.

For example, many companies now use non-traditional communication channels to reach their customers. Take Ella's Kitchen, the fastest growing FMCG brand, which built its business via an exclusive £300K deal with Nickelodeon, or Clearasil which used one £10K advertorial in Sugar magazine to generate as much sales uplift as a £350K monthly TV burst, or Confetti which realising that brides-to-be scour Hello and OK magazines for celebrity wedding ideas used advertorials to create a disproportionately high impact.

### Convincing the Board

Carefully choosing where to play, using in-market research, real life case studies and financial analysis to justify the decisions, is key to convincing the Board to invest with confidence, not only in marketing but across all customer touch points to create a truly differentiated and compelling brand experience.

**Ruth Saunders** is a joint founder and leading partner of Galleon Blue – a new type of consultancy that merges commercial thinking with branding to help companies maximise the value and return of their brands. With 25 years of experience in marketing and brand strategy (including time at McKinsey, Prophet, Procter & Gamble and Saatchi & Saatchi) Ruth has helped companies across a range of industries and geographies develop and implement more customer-focused and business-driven brand strategies. She can be reached at [rsaunders@galleonblue.com](mailto:rsaunders@galleonblue.com) or on [+44 7768 600906](tel:+447768600906).

