



Look Smart, Be Smart: Creating Strategies That Work

We believe in strategy.

And, without throwing stones or naming names, we're often dismayed by the number of companies that apparently do not. By that we mean companies that launch programs as though all customers were created equal and competition was a fuzzy abstract that didn't really matter. In our experience, the fastest way to ratchet up the success of programs and careers is with well-developed marketing strategies. Strategies that go beyond the obvious of showcasing your product or service -- the "this all about us" approach -- and putting your product or service within the consumer's context of choice.

Relative Value

Products don't exist in a vacuum. They exist in terms of how they compare with all other available choices.

Are they the best, regardless of cost within their category? Are they the least expensive, most reliable, most prestigious, longest lasting?

What represents the best value in the category? How is that measured? To whom does it represent the best value? For example, a \$500 stereo may represent the best value to one person, while another may drive a 9-year old clunker because their "best value" stereo costs more than a Lexus.

How you define your product relative to the competition, how you develop your "value proposition" and identify your core audience constituencies is what strategy development is all about. We think the following is a good example that illustrates the process well.

Expanding the Market for Smokey Goodness

A regional barbecue sauce we'll call, "*Mike's*" had a long and successful history. But, with increased competition sales were flattening and they needed to expand into new markets.

However, when some of your brand-name competitors spend more in a day than you can in a year, increasing sales and revenue isn't a matter of new ads, commercials or direct mail creative. It's a matter of strategy.

Step 1: Identify and Differentiate

Sounds obvious and easy, but the initial task is to identify *all* of your product or service's attributes. Then compare and contrast them to those of your competitive set, developing a set of value propositions and positionings that are the most meaningful, believable and differentiating from the consumer's point of view.



In the classic Avis example, this process led to the famous, “We’re #2, so we have to try harder” theme.

In the case of *Mike’s*, they included positioning the sauce as a flavor enhancer that brings out the real, rich flavors for everything cooked on the grill rather than mass-produced factory sauces that cover up the true flavors. That was supported with a natural ingredients and “hand-crafted” story with the proof element, “it takes almost a year to make a bottle of *Mike’s*.”

Step 2: Find Your Richest Concentrations of Customers

In some cities, including some in the Midwest, people barbecue almost all year long. In others, it’s more of a Memorial Day through Labor Day kind of thing. Then, within those geographies, there are people who barbecue more in a week than others do in a month.

Thinking in terms of core customers rather than an “all customers are created equal” point of view is critical to understanding the real points leverage in your marketing programs. In other words, become a disciple of the 80-20 rule that states that 80% of your business comes from 20% of your customers.

Thinking beyond standard lists can be important, too. For example, in the case of *Mike’s*, MRI data (Mediamark Research & Intelligence) identified key barbecue markets as well as the divergence in brand preferences [More on this to follow]. Overlays from affinity product purchases, survey data and the like can further refine targeting.

Step 3: Dig Deeper

In our barbecue sauce example, a critical extra step was changing messaging to reflect the different purchase patterns in different markets. For example, in some cities the market-leader was a grocery brand with a slight price advantage while in others it was a “crafter’s” sauce costing several times more.

In the first case, the message was based on cost along the lines of “a difference in price you can hardly see, but a difference in quality and taste that’s like the difference between the green grass of summer and a city sidewalk.” In the second, it was a value message based on charging a “fair price for an honest product” rather than trying to fool people into believing a higher price means a better product.

These efforts resulted in an almost doubling of sales compared with previous years. The net net of all this strategic work, however, can really be reduced to answering the two key questions in every consumer’s mind: “What do you want?” and “why should I care?”

The more deeply you answer them, the better your strategy, the better your results and the more effective your marketing leadership.