



BRAND LEARNING

Is Marketing Fit for the Challenge?



Hayley Spurling, Marketing Capability Director at BRAND LEARNING, shares BRAND LEARNING'S thoughts on the question of whether Marketing is fit for the challenge of re-igniting growth after the recession.

Like the challenge many of us face with our personal fitness, some companies are concerned that their marketing is out of shape for the current climate. Their strategies may once have been super-fit and focused, but in fat economic years, complacency has crept in, with companies skimping on the hard grind and getting side-tracked by easier temptations. So, with lean times ahead and the urgent requirement to find profitable opportunities for growth, how can marketers help shape up their organisation's strategies?

Great marketing strategy has always relied on insightful understanding of consumers, customer and of the marketplace, a compelling vision for brands, the ability to make intelligent choices about how the organisation will grow, and the power to mobilise stakeholders to implement tangible change. Following the recession, this challenge is as critical as ever but companies need to make an effort to shape up.

5-Step 'Marketing Fitness' Challenge

We recommend a 5-step 'marketing-fitness' regime;

1. Take a long hard look in the mirror

Consumers, customers, competitors or intermediaries, suppliers and partners - we have all been affected in some way by the recession. The environment has changed and marketing teams need to be rigorous in understanding how. Be specific about how each has been affected, and avoid succumbing to banal generalities.

For example, some consumers will actually be better off thanks to lower mortgage costs, while others will tighten their belts as saving and pension incomes fall and tax levels increase. Recent research in the UK segmented consumers into six typologies based on their response to the recession, including those "Doing Fine" and those "Fighting Back". Each requires a different approach¹.

2. Hold your nerve

Consumer, Customer and brand-focused organisations will be more successful than their internal/product driven counterparts. However, in times of pressure, people and organisations can be tempted to retreat into comfort zones, so marketers and other leaders need to work harder to keep consumers or 'end-customers' and brands at the heart of their agenda, with sufficient investment to ensure competitive edge and sustainable growth.

Marketers should equip themselves with a strong brand vision, ambitious growth objectives rooted in the realities of consumer and customer attitudes and behaviours, and clarity about the effectiveness of their budget in achieving their goals so that they know where they can cut investment without damaging the 'consumer experience'².

One key question is whether marketers should stick conservatively to their current strategy or reorient their strategies to reflect the new conditions. Even robust brand visions will come under pressure in this environment, and marketers need to remain vigilant and close to their customers and consumers to be able to appraise their strategies and make the right choices.

3. Make tough choices

Marketing strategies require clear choices to be made at four main levels:

1. Where to play (markets, geographies, segments)?
Tip: Evidence shows that greater growth comes from spotting, then riding the crest of a growing segment rather than battling it out for share in already well defined markets.
2. What to play with (which brands, which ranges within a brand)?
Tip: Beware brand and range proliferation. One respected company grew the number of its brands by 30% over 5 years achieving a CAGR of only c.1%. It realised it could have achieved better growth, for a lot less effort, if it had focused its investment on fewer brands.
3. Who to target and what they value?
Tip: The 80/20 rule states 80% of your profits are likely to come from 20% of your consumers. Treat that 20% well, and consider that it tends to be easier to grow returns from existing users than recruit new ones.
4. How much to spend, where, and in what way?
Tip: There is a correlation between share of voice and share of market, so take advantage of falling media prices as weaker competitors drop their spend.

4. Be alert and flexible

Invest in building your marketing capabilities to ensure you keep learning and testing, anticipating, shaping and responding to market challenges and opportunities. Many consumer trends will continue during the recession (such as healthy and green living), but they will evolve, and other trends will emerge or strengthen (such as family nesting, the demand for caring and generous institutions, and Discreet Chic³).

Companies like P&G pride themselves on keeping close to consumers as well as their customers: their marketers have a detailed, granular understanding of changing consumer behaviour and attitudes. They know which of their markets are growing in response to the recession and why, and which risk decline, with new barriers for brands to overcome.

Healthy strategies give clarity and direction to mobilise organisations and help them take advantage of emerging opportunities. They guide teams about where to be alert, and enable teams to spot opportunities which will benefit the brand.

5. Monitor progress

Flexible marketing strategies require organisations to put serious measures in place to enable them to track and monitor progress. Too many organisations confine their strategies to a folder, and then measure brand and market performance without reviewing the impact on their marketing strategies until it's time for Annual Planning.

In response to the recession, companies are measuring progress in the context of strategic plans more often than before. A recent McKinsey study found that 43% respondents now review progress monthly and 35% quarterly⁴. Good marketers will closely monitor progress to ensure they know what is working and what can be cut, and why⁵. They need to do this without overreacting to the short term, and use regular review forums to reaffirm stakeholders' support for the strategy – crucial for its successful implementation.

In conclusion

Undoubtedly these are challenging times where there is an urgent need for clear marketing vision and direction. In our experience good marketing strategies are easy to articulate but harder to deliver with the right balance of ambition and realism. Post-recession marketers need to bring strategy back into sharp focus. Our recommended 'fitness regime' for marketers as with any fitness regime suggests that it is not the goal that is hard to grasp but the discipline needed to deliver results that will ultimately carve out the winners from the losers.

¹ National UK quantitative and qualitative research conducted by Trajectory and Sense, published by The Marketing Society in March 2009.

² Recent research in the US indicates that the correlation between customer experience and loyalty has been strengthened in the recession, Forrester, October 2008.

³ Discreet Chic is described in the 2009 trendwatching.com report. It refers to the understated new take on traditional luxury.

⁴ Strategic planning in a crisis: A McKinsey Quarterly Survey, April 2009.

⁵ See our previous paper by Linda Miller, [ROMI—Return On Marketing Investment](#)

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