

Who are Incisive Edge [solutions]?

Incisive Edge [solutions] work with companies of all sizes, from start ups to corporate organisations. However, our specialist market is privately owned companies.

We focus on one specific area:

We build growth and drive value into companies as part of an overall growth strategy and/or with a view to a sale exit in 2 – 5 years.

We build future value into your company and hence, increase the valuation multiple of your business, making your company attractive to numerous buyers.

Why struggle just trying to increase your profit margin and cutting costs, when there is a far quicker way to build the overall value of your company?

Our Founders

We have an in-depth knowledge of the SME/private-owned market and years of practical experience in running and selling our own companies in both the privately-owned and corporate worlds. Our Founding team has over 30 years experience growing business just like yours. Our extended team together has many hundreds of years experience. We are renowned for creating a trusted relationship with our clients and providing expertise coupled with outstanding delivery.

David Bowler, Founder



David is a highly successful business owner and entrepreneur.

David has held key positions within the highly competitive world of sports sponsorship working at a global level.

These roles honed David's entrepreneurial skill set and realised his ability to form long-lasting, personal relationships with key personnel at all levels within marquee brands, based on exceptional service and outstanding delivery.

These relationships have developed across sectors over a number of years and now, together with David's strategic ability, form the bedrock upon which Incisive Edge was founded.

Julia Payne, Founder



Julia is a highly successful strategist and an expert in business growth.

Julia started her career as a lawyer with a leading London law firm, and was offered a partnership at an early age. However, Julia declined, and decided instead to pursue a career in business.

Julia has personally started three companies, all from her spare room. All three went multi million, with two of them floating on the AIM Market, where they remain today.

Julia's last position was as CEO of an international consultancy which through the growth strategies which **Incisive Edge now implement for their clients**, was bought out by a large international consultancy in a **multi million \$ deal**. Julia led the company through the sale.

Incisive Edge [solutions] is expert in increasing the valuation multiple of your business. We are expert because we have done it.

For further information:

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The Marketplace

Introduction

Let's just have a very quick recap from Book 1:

1. Buyers will not buy your company for the short term return. They are looking for future growth potential.

This series of ebooks has been designed to help you integrate that potential into your company **both now and in the run up to a sale**, in order to maximise your sale value.

So, having mastered the process by which your company is valued, the next step is to look outward and gather information about your marketplace. What does this mean? In the simplest terms your company, whether it is a blue-chip financial services partnership or a lemonade stand, exists to satisfy some need of your fellow citizens.

And the needs are many! People require an almost endless variety of basic necessities including clothing, houses, and food. They require products that stimulate the imagination such as movies and books, and they need services including travel, health care, legal help, and education.

This vast marketplace of opportunity translates into a global economy worth an estimated £43.44 trillion.

In 2008 the world's biggest company, **Royal Dutch Shell**, posted 2008 revenues of £278 billion from its global energy operations. But unlike Royal Dutch Shell, most businesses are small or medium-sized; in fact, about three quarters of all U.K. business firms are self-employed persons operating unincorporated businesses. Of all employer firms (those that have one or more employee on a payroll), half have between one and four employees, and the vast majority have under 100 employees. Most of them serve regional or even local markets.

Regardless of the size of your company, within your chosen marketplace your company's mission is to provide a product or service that satisfies two requirements:

1. You can provide it.
2. Other people are willing to pay for it.

Once you have identified your target market and have a service or product to offer, you can establish yourself in the market. Then you can strive to increase your share or expand into new markets.

In this book we will help you to determine where your service or product fits in the marketplace, and to understand why your customers or clients buy from you. Your product and marketing is a broad topic with nearly infinite shadings, and we will **provide an overview** plus a **more in-depth** look at two case studies: the marketing of a retail consumer product, and the very different marketing approach needed by service companies that cultivate long-term relationships with clients. **We'll explore** the delicate provider-client relationship, and **reveal the different approaches** to creating your comprehensive marketing strategy. **We will help you** to set your strategy for growth, and **show you how** to use customer information to help you retain clients and attract new ones.

Whether you are a sole proprietor or you have hundreds of employees, success is not magic; it follows a certain formula. It is the result of perseverance, focus on goals, and imagination.

We are here to help you on your road to success.

Conventional Wisdom

It sounds easy: you provide a product or service that people are willing to pay for. However, the reality of business quickly becomes much more complicated, primarily because as a provider, you are not alone. It is likely that other people have had the same idea as you and are already busy selling their goods and services in the marketplace. It may even seem as though the market is crowded with sellers and there is no room for you. The market is saturated.

But is the market ever truly saturated? In business schools, the example of **Burger King and McDonald's** is famously given as a lesson in how the intuitive approach to expansion may not always be the best approach. Both fast-food empires were founded in the mid-1950s, but McDonald's expanded much more quickly. By 1960 McDonald's operated a string of 100 restaurants throughout the United States, double the number operated by Burger King. By 1968 McDonald's operated 1,000 restaurants to Burger King's 300 outlets.

According to industry legend, when Burger King planned a new restaurant location, they did not do what one would intuitively think they should do. Conventional wisdom would suggest that Burger King should locate new restaurants in areas that were not already served by existing McDonald's franchises. After all, why compete head-to-head with the industry leader? But Burger King did not do this. They opened their restaurants in the same neighbourhoods as McDonald's, often on the very same block. Why? Burger King executives believed that McDonald's had done extensive market

research and had chosen the best locations. And, the theory went, if consumers had a choice they wouldn't necessarily split their spending. If provided with two burger restaurants, they would buy more burgers than ever! This is why retail stores huddle together in malls: once the purse is opened, the consumer is more likely to keep spending.

What's the lesson? Don't be afraid to consider unorthodox strategies. Sometimes you have to re-write the book.

The Intersection

Success means finding the right combination of your skills and the demands of the marketplace. You need to balance these factors:

- ✓ What you are capable of providing
- ✓ What the marketplace needs or wants
- ✓ The fair market value of your goods or services
- ✓ How much it costs to create your goods or services
- ✓ Your competition
- ✓ External factors such as population demographics or the cost of energy

Which comes first, the chicken or the egg? Do you invent a new product and then prove to the world that people need it and want it? Or do you analyse the marketplace, see a void, and create a product or service to fill that void?

The answer? Either one, or both. Most likely, a bit of both.

Sometimes good timing can make the difference. In February of 1964 the people of the United States were in a collective malaise. Only three months earlier an immensely popular president, John F. Kennedy, had been assassinated. In far-off Viet Nam a war was looming. Meanwhile, over in the U.K. a rock group called **The Beatles** was gaining in popularity. Once passed over by Decca Records, where A&R executive Dick Rowe had stated that "guitar groups are on the way out," the Beatles were signed to Capitol Records and after success in Europe were booked on the Ed Sullivan Show. When the group touched down in New York on February 7th, 1964, the spontaneous explosion of consumer energy could not have been predicted. Beatlemania swept like wildfire across the globe in a wave that has not been repeated since.

Did the Beatles create a market? Possibly. If in 1963 you had asked any music industry professional if there was a global market for four shaggy-haired singers from Liverpool, the idea would have seemed laughable. Did someone analyse the pop music market and determine a need for the Beatles? No. **The Beatles themselves simply set out to make the very best product that they knew how, and as it turned out, their product was exactly what millions of consumers wanted.**

What is a Market?

Your marketplace is the set of customers who could buy your product. In some cases, markets can be clearly defined. For example, the market served by a funeral home in Birmingham consists of the families of persons who have recently died in the West Midlands. At any given moment, this is a quantifiable market: on any given day you can almost count the number of potential customers.

Similarly, the global market for the **Rolls-Royce Corniche Convertible**, a custom-crafted automobile selling for £221,000, is very small. It is quite likely that the marketing department at Rolls-Royce has a short list of every known potential buyer for this vehicle.

On the other hand, the market for a product like **Coca-Cola**, which is a ubiquitous consumer food item, includes virtually every one of the 6.7 billion people living on Earth.

Your company probably falls somewhere in between Coca-Cola and Rolls-Royce.

How do you define your market? There are a nearly limitless number of qualifying characteristics defining the people who could buy your product or service. Here are just a few.

- Age
- Geographical location
- Education
- Ethnicity
- Income
- Life aspirations
- Leisure choices
- Married/single/divorced
- Childless or with children
- Access to the Internet
- Existing brand loyalty

As we saw by the example of the funeral home in Birmingham, their market is clearly defined by two measurable limiters: the geographical area and the local death rate. There is nothing the funeral home in Birmingham can do to increase its market. The only way to expand is to open another office in another community. They could also increase their revenue by raising prices, **but this is not the same thing as increasing market size or share.**

Within each general market category there are a large number of niche markets. Let's take Internet access as an example. Here are a few obvious niche markets:

Niche Markets Related to Internet Access

1. People who use the Internet every day but never buy anything online.
2. Residents of remote areas who depend upon the Internet for news.
3. Twitter users e.g. www.twitter.com/incisiveedge
4. Fans of heavy metal music who download songs.
5. People who use search engines such as Google.
6. Visitors to your website.
7. Men or women who seek medical advice online.
8. University graduates who want to make travel arrangements online.
9. People who read *The Sunday Times* online.
10. Book review bloggers.

The subcategories are almost endless, but to companies such as **Amazon.com** who depend on Internet traffic these niche markets are critically important.

Your Marketplace

Let's look at our company, Sunny Lemonade. Our lemonade stand that we operated with Mum's help has grown into a business with earnings before interest, taxes, depreciation, and amortisation (EBITDA) of £500,000 annually. But for the past several years, earnings have been flat. Sales are stagnant. Staff morale is suffering. As owners, we know that we need to take action to revitalize our company. On the plus side, customer feedback is very good and our brand loyalty is high. We believe that our basic business model is sound. To increase company value, we need to increase our market and sell more juice to more people.

Remember our table from Book 1 as to the qualitative factors that can increase your valuation multiple?

	QUALITATIVE FACTOR	VALUE
7	Scale	X 20
6	Position/Brand	X 15
5	Distribution	X 10
4	Product Extension	X 6
3	Product Depth	X 3
2	Staff/Culture/Systems	X 2
1	Clients/Operational Profit	X 1

While remembering that every facet of our business is interconnected, we are going to focus on increasing our multiples by increasing the scale of our business. We do not propose at this time to change our product line; that will come later.

How do we increase our scale? By selling more lemonade. There are two ways we can do this:

1. Sell more lemonade to the same market.
2. Sell to a bigger market.

Market Penetration

Let's consider option 1, **selling more product within our established market**. The degree to which we successfully sell within our market is called market penetration. To determine the extent of our market penetration we need to get some *data*. We need to know some facts. Let's say that our geographical market is Dorset. We know that the total population of Dorset is 708,000. We assume that because we are selling fruit juice, which is a basic food item, any living person in Dorset is a potential consumer.

1. How many servings of lemonade do we sell annually (or quarterly, or per week)?
2. Of the 708,000 potential consumers in Dorset, how many are consuming our juice?
3. Of all juice consumers, how many are actually *buying* the product? For example, are mothers buying it to give to their children?
4. Of all the juice buyers in Dorset, who actually makes the decision to buy? That is, if mothers are buying for their children, are the mothers deciding to purchase the product, or are they being persuaded by their children?

The first task before us is to gather data. Without data, we cannot develop information and cannot assess our operation and where it needs to go.

Gathering Market Data

We can collect market and sales data with a variety of tools.

- ✓ Records of sales transactions
- ✓ Inventory tracking
- ✓ Consumer surveys
- ✓ Website activity
- ✓ Reports by sales staff in the field
- ✓ General consumer information for our area
- ✓ Customer feedback
- ✓ Focus groups

Let's say that we first **analyse sales records** for our flagship product, Sunny Lemonade. Sales data tells us that ninety percent of our customers buy Sunny Lemonade at one of our retail outlets using a credit card. We analyse the data from the past year for the number of customers:

TOTAL CUSTOMERS		3,590
Repeat sales	20 or more	25
	10-19	157
	2-9	549
Single sales		2,859

The total number of customers (or accounts) in Dorset last year was 3,590. Of these, 25 customers bought Sunny Lemonade 20 or more times. One hundred fifty-seven bought Sunny Lemonade between 10 and 19 times. The number buying between two and nine times was 549. Eighty percent of our customers, or 2,859, made just one purchase.

How can we increase our multiple? Eighty percent of our credit card customers bought Sunny Lemonade only once. We can see immediately that one way would be to increase repeat business by credit card users.

Why boost repeat customers? Because repeat customers cost less to procure. They have brand loyalty and do not need to be convinced to purchase the product. They tell their friends and associates about the product. *Converting single-sale customers to repeat customers is one of the most basic axioms for achieving business success.* As we all know, it's far cheaper to gain repeat sales from existing customers than to have to find new customers.

Nearly half of our credit card customers bought Sunny Lemonade only once. Why? Were they tourists who were in Dorset only a short time? Were they disappointed in the product? Were they local residents who were buying it only for a special occasion?

We decide to drill deeper into the credit card data to get more information about the consumers who bought Sunny Lemonade.

We first look at all transactions made by our 3,590 customers, and we create a table of months.

MONTH	TRANSACTIONS
Q1	
January	195
February	256
March	310
Q2	
April	518
May	620
June	737
Q3	
July	876
August	1,275
September	615
Q4	
October	370
November	306
December	257
TOTAL	6,335

Our 3,590 customers made a total of 6,335 transactions. **We immediately see that there is a seasonal trend.** Sales are low in winter, and increase until they hit a peak in August. During the third quarter we made 2,766 transactions, or **44% of our yearly total!**

August is our biggest month for single sales, with 1,275 transactions. Why August? Perhaps it is the weather. Perhaps there are more tourists in the area. **Let's find out.**

We take our credit card information and drill down for home addresses for the 1,275 transactions made during August.

AUGUST SALES	
HOME	SALES
Dorset	277
Within U.K.	254
Within European Union	576
All others	168
TOTAL	1,275

We discover that 576 (45%) of our single sales in August are made to people who come to Dorset from somewhere in Europe.

Why is this? Why does Sunny Lemonade sell well to European tourists who visit Dorset?

Marketing Decisions

Now is a good time to step back and consider what we are learning, and what our choices are. If we want to develop repeat customers, we can either focus on this large group of European tourists who visit Dorset once a year, or we can focus on the other half: the local residents who live here all year 'round.

Can we sell Sunny Lemonade to the continental tourists in their own home towns? We conclude that at this time we are not ready to expand our market outside the U.K. to France, Germany, or Italy. That may come later (remember the importance of **Scale** in increasing your valuation multiple). We put this particular problem aside. Instead, we choose to focus on increasing our market penetration and developing both new customers and repeat customers within the United Kingdom.

Let's go back to our test market, Dorset. We know that sales of Sunny Lemonade are seasonal. This is **bad news for several reasons.**

1. **Cash flow.** Our revenues drop in the winter months, forcing us to use a line of credit to pay fixed operating expenses in January and February. A line of credit is an expense.
2. **Inventory control.** During the summer we need to keep a steady flow of product in our supply chain, and we are forced to cut production in the winter.
3. **Human resources.** During the summer we need to hire temporary labour and their training is an expense. High employee turnover is also expensive.

In order to smooth out our seasonal sales and develop our repeat business, we need to more deeply analyse our sales patterns in Dorset, where we operate a chain of fifteen Sunny Lemonade retail outlets.

The stores sell lemonade both for consumption onsite and to take away. Here is the monthly breakdown, with the in-store/take-away count included.

MONTH	IN-STORE	TAKE-AWAY	TRANSACTIONS
Q1			
January	180	15	195
February	245	16	256
March	285	25	310
Q2			
April	493	25	518
May	578	42	620
June	687	50	737
Q3			
July	841	135	876
August	1,114	161	1,275
September	554	61	615
Q4			
October	355	25	370
November	276	30	306
December	232	25	257
TOTAL	5,840	495	6,335
%	92%	8%	100%

We can see clearly that 92% of our sales are made to people who consume the product in the store. Only 8% take away. But it's the same product; why are we not getting more take-away orders?

We now have two ways to increase market penetration: increasing sales during the spring, autumn, and winter; and increasing take-away sales. If we can accomplish these goals we will boost our scale valuation multiple and increase year-round revenues.

We are now working through Layer One of the Strategic Method outlined in Book One: Concept (the Why). You cannot attack a problem until you can identify the problem. **Now we enter Layer Two: Strategy (the What)** and we have a good idea of at least one of our problems.

Now we need to think about a solution.

To get more information, we decide to form a focus group.

Communicating With Your Customers

There are many ways you can communicate directly with customers and prospects. You can mount a suggestion box next to the front door. You can provide comment cards for customers. You can have a complaint line. You can take a survey. You can get reports from your front-line sales staff.

An effective way to gather information, especially about a proposed project that is not yet on the market, is to convene a focus group. The focus group consists of a representative number of either loyal customers or average citizens or both.

Toy makers, when developing new toys, make extensive use of focus groups. They give the shiny new toy to a group of children and stand back to see what happens. If the kids play with the toy, it's a hit. If the kids ignore the toy, it's a dud. It's a very simple and foolproof process.

We solicit participants for our focus groups by taking out some advertisements and offering Dorset residents free gift certificates. We get a good response. They come; they speak; we listen. And we learn some valuable information.

We can break down the information statistically, or we can develop some bullet points. Here are the relevant bullet points. From our focus groups we learn that:

- ✓ Dorset consumers give our product excellent reviews.
- ✓ Fifty percent did not know that Sunny Lemonade was available to carry away.
- ✓ During the winter, seventy percent would buy a lemon-flavored beverage other than ice-cold lemonade.

Even with these few data items, we can **draw some important conclusions** about our marketing. We will tackle two issues:

1. The fact that most of our regular customers are unaware that they can buy Sunny Lemonade to take away;
2. The fact that they are willing to consider our product in the wintertime if it were not ice-cold.

Sunny Lemonade to Take Away

This first issue seems easy to solve. In fact, we feel foolish for not thinking of it sooner. We create point-of purchase displays and window signs that feature a graphic of a happy customer walking down the street sipping a cup of Sunny Lemonade. The text states that **"Your favourite drink is available to go anywhere—home, the beach, or the park!"** We make sure that all of our outlets are stocked with plenty of take-away cups and straws. We make sure that our website includes a callout box reminding customers that they can enjoy Sunny Lemonade almost anywhere. In selected stores we install a drive-through window.

When we ramp up the take-away program we see an immediate increase in take-away purchases. With this one simple initiative we have increased our

multiple of scale. **Using the layer system outlined in Book One**, we have progressed quickly through Layer Two: **Strategy (the What)** and **Layer Three: Implementation (the How)**.

Our experience parallels that of ***Arm & Hammer Baking Soda***. This brand of sodium bicarbonate was sold in the nineteenth and early twentieth centuries as a baking ingredient and for clothes washing. In 1972 the parent company, Church and Dwight, identified a new potential market for this very old product. The company launched an advertising campaign to promote the use of baking powder as a deodorizer in the home refrigerator. The slogan was "A box of ARM & HAMMER® Baking Soda in your refrigerator keeps food tasting fresh!" Sales soared. What was brilliant about this marketing scheme was that the product did not change. The packaging didn't even change. **The only thing new was the message to the consumer.**

Persuading consumers to buy more of the same product, at different times or for different uses, is an effective way to deepen your market penetration and increase company value.

The Winter Factor

The other information we have gleaned from our focus groups may take more thought. They tell us that they are deeply loyal to the Sunny Lemonade brand, but that few consumers want to buy ice-cold lemonade in the wintertime.

We are deep into **Layer Two: Strategy (the What)**. We need to bring together all of our employees and brainstorm and come up with some ideas.

One of our administrative assistants comes up with an idea that sounds promising: hot lemonade. It's so simple that the CEO wonders why the highly-paid employees in R&D did not think of it sooner. No matter; the kitchen staff is given the task of formulating a delicious hot lemon drink that we can produce and sell at a profit. The kitchen staff whips up some recipes and our focus groups are reconvened. After hundreds of taste tests they choose a recipe that is accepted by everyone.

Now we move into **Layer Three: Implementation (the How)**. This layer involves every department of the company, but in this book our focus is on marketing and our product.

Marketing Hot Lemonade

We need to answer many critical questions. How will our customers know about this new product? Should we advertise, create in-store displays, or give away free samples? What price points should we hit? Can we hire a celebrity to be photographed drinking hot lemonade? Do we need to change

our brand name, logo, or retail store appearance to reflect the fact that we are not just selling cold lemonade any more?

This is the process that every fast-food chain goes through every time a new menu item is introduced.

For example:

When McDonald's rolls out a new McFlurry beverage, the task is enormous. McDonald's operates over 31,000 restaurants worldwide, employing more than 1.5 million people in more than 119 countries on six continents. With some exceptions, the McFlurry that is for sale in London must be identical to the McFlurry sold in Cairo and Buenos Aires and Seattle. For McDonald's, a new menu item can require an investment of millions of pounds. Each of the 31,000 restaurants must be equipped with a McFlurry machine, point-of-purchase displays, and updated menus. The employees must be trained in how to make a McFlurry. The supply chains must maintain a steady flow of McFlurry ingredients. Sales must be monitored in real time. An ad campaign must be created to promote the new item. Customer feedback must be aggregated. And most of all, sales goals must be met, or heads will roll.

It's no different in an SME, just on a smaller scale. Please remember, these huge organisations were once a small company. **Vodafone** started in a shed, **Facebook** was just an app for Harvard University friends to keep in contact, **James Caan** of Dragons Den started in an office that used to be a broom cupboard. They started small but thought big and you can do the same.

Our Integrated Marketing Campaign

To promote our new product, we choose to create in-store displays, update our website, and buy some radio ads and advertising space. We also decide to reach out to audiences who are specifically involved in winter activities. We decide to sponsor a local figure-skating club, and buy them uniforms emblazoned with the Sunny Hot Lemonade logo on the back.

The key is that our marketing campaign is *integrated*. This means that we are sending a consistent message through all of our marketing channels—print, internet, radio, advertising, in-store displays, and the ice skating uniforms. Every element of our campaign is designed to **introduce and then reinforce** the message that Sunny Hot Lemonade can be a part of every family's wintertime lifestyle.

Consumer Feedback

We know that our new product represents a big investment, but we also understand that **our job of driving growth and building value into our company is never done.** **Marketing is a two-way street.** It is more than us telling the consumer what to buy. We need to **actively solicit opinions and**

feedback from our customers. We carefully monitor customer complaints and what they tell us will help us to fine-tune our product and our presentation.

Marketing for Service Providers

In the above case study of Sunny Lemonade, we have examined a company that provides an everyday consumer product on the retail market. But many firms have a different type of market, one that depends upon fewer customers who, rather than paying a few pennies for lemonade, may be paying thousands of pounds for a specialized service. These customers are more typically thought of as **clients, because the relationship between the company and the client is more personal, long-term, and more complex.**

Let's say that you own a financial services company called Smythe Financial. You provide tax advice to high-net-worth clients. The firm's EBITDA is £5 million annually and you serve a core group of fifty clients. But many of your clients are elderly and as they die off you need to find new clients just to maintain the status quo.

Your market is easy to define, at least in simple terms: you seek individuals of high net worth who pay taxes in the U.K.

But how do you contact, meet, and cultivate such people? These individuals are likely to have long-term family connections to another firm. They may value their privacy. They are not going to contract with you in the same casual way they buy a cup of Sunny Lemonade.

Cultivating Clients

In creating an integrated marketing campaign, Smythe Financial will use some of the same strategies as Sunny Lemonade. **One technique that both companies will use is brand-building marketing.**

What's brand-building marketing? There are two basic types of marketing that have two distinct goals.

1. Direct Marketing. Also called responsive or direct response marketing. This is where you send a message to a prospect or customer and you want the prospect to respond by buying your product or service. Your goal is immediate and measurable: you want to make a sale.

When the television advertisement says, "Call the number at the bottom of your screen now," that's direct marketing. When you open a circular that comes in the mail and there is an order form included, that's direct marketing. If your website has an e-commerce component that allows the visitor to order your product, you are using your website to solicit a direct response. When we created in-store displays for Sunny Hot Lemonade, we wanted the customer to buy the product at that moment.

Direct marketing can have a measurable result. When **Harrods** mails out its holiday circular, the company tracks the responses and has set clear goals for the return on investment (ROI) for the catalogue. The response is looked at as a "conversion rate." **There are two rates that matter:** the percentage of recipients who respond to the circular, and the revenues generated by these responses.

Let's say that **Harrods** mails a catalogue to 500,000 households. The company aims for a conversion rate of two percent, with an average purchase of £75 per response. The company will expect to make 10,000 sales and generate £750,000 in revenues. If the conversion rate falls short of the goal, the mailing will be considered less than successful. The components—the products, the photography, mailing piece, the mailing list, even the mailing date—must be carefully analysed for weaknesses.

2. Brand-Building. This is marketing designed to **build brand awareness and to keep the product or service in the consumer's mind for a later date.** The company does not expect an immediate, cause-and-effect result.

For example, when Reebok purchased the naming rights to the football stadium in Bolton, the company did not expect to see a direct response from fans. Instead, the company's involvement with Reebok Stadium provides the company with other, intangible benefits:

- ✓ Prestige
- ✓ Association with a popular sport
- ✓ The opportunity to entertain major prospects
- ✓ The opportunity to reward loyal clients
- ✓ Brand visibility on television and among football fans
- ✓ Reebok employee morale booster

Will these benefits translate into increased company value? They should—but in ways that can be difficult to quantify.

When Smythe Financial creates its integrated marketing plan, it may include some direct response components. The website will include a contact page where prospects can apply for free information about the company's services. The company may run print ads that invite the reader to call for advice.

But generally, a client-oriented company like Smythe Financial will rely on brand-building efforts. These may include impersonal strategies such as:

- ✓ Print ads in luxury magazines.
- ✓ Sponsorship of blue-chip events such as polo matches.
- ✓ A regular newsletter sent to clients

But it is more likely that Smythe Financial will rely upon the personal networking efforts by its partners and junior associates. These involve establishing Smythe Financial as “**the company you know**”—trusted and ethical. Activities may include:

- Partners joining an exclusive private club to cultivate prospects
- Sending children to exclusive schools
- Buying a home in the right neighbourhood
- Getting rid of the Ford Fiesta and leasing a Jaguar
- Joining the board of the local charity or art museum
- Golf, golf, and more golf

Client Management

Any service organisation needs to manage its marketplace. Clients who have become **dormant** should be gently contacted. New clients need to be **carefully cultivated** to determine if they will be “difficult”—slow to pay, or overly demanding, or erratic in communicating. Prospects need to be **tracked** and made aware of any special offers or new services.

Communication can be achieved through a newsletter or over drinks after a round of golf. And, not unlike Sunny Lemonade, a plan for growth must be crafted and followed that may include either penetrating the existing market more deeply, or opening up new markets, perhaps with a new product.

Conclusion

Customers and clients are the lifeblood of your business.

Your first task as a business owner is to understand what need you are filling in a specific marketplace, and then craft your product or service to satisfy your market. Your market may be broad, but even broad markets are composed of groups of niche markets, each one of which must be communicated with individually.

Businesses use a wide variety of methods to communicate with their markets, including direct marketing and brand building, and are responsive to customer feedback. And remember, when you need to take steps to use marketing to add value to your company, for best results follow through the five layers of concept, strategy, implementation, next steps, and leverage.