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The IdeaBridge White Paper Series:
Advertising and Marketing
Effectiveness



ADVERTISING AND MARKETING EFFECTIVENESS

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Summary

A small business cannot afford to pursue the common marketing methods they see the large companies using. Entrepreneurs should not just blindly hand-over the responsibility for growing their company to an advertising agency. When looking for help, try to find a firm that shares your philosophy. Use the checklist below to identify what you agree with, and then begin your marketing plan or agency search accordingly. After all, the bottom line of marketing is growing your business on a cost-effective basis, not creating cool ads.

The Role of Marketing

- You don't make any money until you sell the product and you can't sell the product until you've gotten people to want it. And that's what good marketing does. Marketing is a strategic activity and a discipline focused on the endgame of getting more people to buy your product more often so that your company makes more money.
- Marketing must be tested and measured and held accountable just like any other investment. Find out what marketing investment gives you the greatest return, and spend your money there. Ultimately, a marketer's goal must be to maximize the company's return on investment.
- Marketing is a science. It is about experimentation, measurement, analysis, refinement, and replication. You must be willing to change your mind if the data indicates that what you are doing is not working.
- Once you understand and agree that there is a direct relationship between marketing and getting customer to buy your product, you will see that it's not optional. It is, in fact, a company's most essential activity. And if marketing is not at the very essence and core of your business, you are doomed.

Marketing is about results, and results must be measured

- Marketing must be measured. It must be accounted for. Marketing spending must generate incremental earnings in excess of the costs to generate those earnings. Just as new salespeople are expected to produce incremental volume and profit, marketing expenditures should be no different.
- Above all, marketing is about results. You must produce measurable results that sell more product and improve the net income of the company.
- Marketers should use the same financial tools that companies use to measure results of any other business unit. Your expenditures must be tracked and measured to determine what's working and what isn't. If someone tells you it can't be tracked and measured, find another marketing vehicle.
- You should always perform a cost-benefit analysis of every marketing program, big or small, on up-front and a post-mortem basis. You must rigorously track the results and measure the returns. PLEASE, read this again until it really sinks in.



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- If your marketing guy tells you how great a program is going to pull, tell them to put it in writing prior to authorizing the event. Then, on a post-mortem basis, pull out the written commitment and see how he really did. 8 out of 10 people will be totally amazed at the huge difference in projected vs. actual results!
- Marketing is about experimenting, measuring the results, analyzing them and then making adjustment based on what you find out. Assume, experiment, review and revise. This is the Marketer's mantra.
- The singular goal of marketing must be to get more people to buy more of your product, more often, in order for your company to make a material return on the investment required to generate that incremental sales volume. Re-read this statement until it completely sinks-in. Memorize it.

Marketing must generate a return on investment

- The only job of your marketing people is to develop methods to get more people out of their houses to buy more of your products at a margin that more than compensates for your costs to generate their purchases. Period.
- Marketing must move people to action. Popularity and mind share is not the objective. You don't want "virtual consumption" you need actual purchases! You shouldn't care a lick about winning awards. Your goal is to win profitable customers. Convincing consumers to buy your products is the only reason a marketer is in business and the only sane reason that a company should spend any money at all on marketing. Those who disagree with this most vociferously, are those people who love to make "cool ads" but who hate to be held accountable for results!
- If your marketing guy says, "Well you just can't look at advertising and marketing from a dollars and cents standpoint because you can't measure this kind of thing," you should immediately run! You can't stay in business long enough to pay his inflated bills if you don't have enough new customers buying your products!
- Every campaign, every new employee, every purchase of new equipment or mailing list, every new campaign and every promotion should be treated 100% as an investment that must pay a return. Every marketing nickel you spend should be profit producing.

Developing a marketing strategy

- What's important is to build a strategy that is strictly focused on doing things that will increase profits by getting customers to buy more products. The strategy you choose is your roadmap and it has to come first, because the strategy is what determines the tactics that you need. Everybody in the company needs to clearly know what the strategy is, so that they can make decisions and take actions that are consistent with the strategy and that take you ever closer toward your goal.
- It is much more efficient to build relationships with existing customers than it is to convince someone to drop their existing supplier and start using you. Any marketing strategy that fails to devote resources to customer retention and expansion is incomplete.



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- Focus on smaller and smaller segments of the market and then tailor your offering to meet their needs (niche marketing). There will always be room to make teeth whiter, breath fresher, hair softer and pain relief faster. Just find the desirable attributes of your product or service and make the improvements that will allow you to dig deeper into your market and improve your existing customer relationships. Remember: Sameness doesn't sell. The value of your service will be determined by its differentiation from the competition in ways that are relevant to the consumers.
- Before entering any new market, you first have to consider whether there is willingness or need on the part of consumers to buy your product. Concentrate on those markets with the greatest potential and do not spread your resources too thin. The experts all seem to agree that your existing market tends to produce better results than entering new markets. You have a better chance of selling more products to existing customers than you do to total strangers in a new market.

Marketing is not about creativity and “cool ads”

- Traditional marketers pay way too much attention to creating images and not enough to selling stuff. Marketers are making a big mistake when they hide behind the concept of building images and brand awareness so that they won't be held accountable for producing product sales. It's pure baloney to suggest that marketing isn't about selling products and making money. That's all it is!
- Marketing has very little to do with art or creativity, and everything to do with facts and figures and science and data. One has to analyze the results and without hesitation, understand whether the assumptions were right or wrong, and change them if necessary.
- Your goal isn't to intrigue or to entertain your prospects and customers; your goal is to sell them more product, more often and at higher prices. To track this success, focus on your conversion rates. Remember always, you are in the profit business, not the volume business!
- You may have cool ads that everyone talks about and you may even win an award, but if you aren't moving more product, you've failed. Period. Ultimately, the rubber meets the road at the cash register.
- Top-of-mind awareness doesn't always equate to sales. Further, small to mid-sized companies simply cannot afford to generate mind share. So forget about rolling fields of wheat (Infinity ads), singing frogs (Budweiser) or Joe Isuzu (car ads). These campaigns were very well known, and for tens of millions of dollars, generated a lot of talk. However, they all failed to generate sales despite advertising expenditures in the tens of millions of dollars.
- For small to mid-sized companies, marketing should be about moving products and selling services, it's not about creating some ethereal image or mystical share of mind that cannot readily be translated into increased sales revenue and bottom-line earnings.