

A PURPLE PAPER

# Accelerating Marketing ROI:

Developing Customers to Build Brand Strength

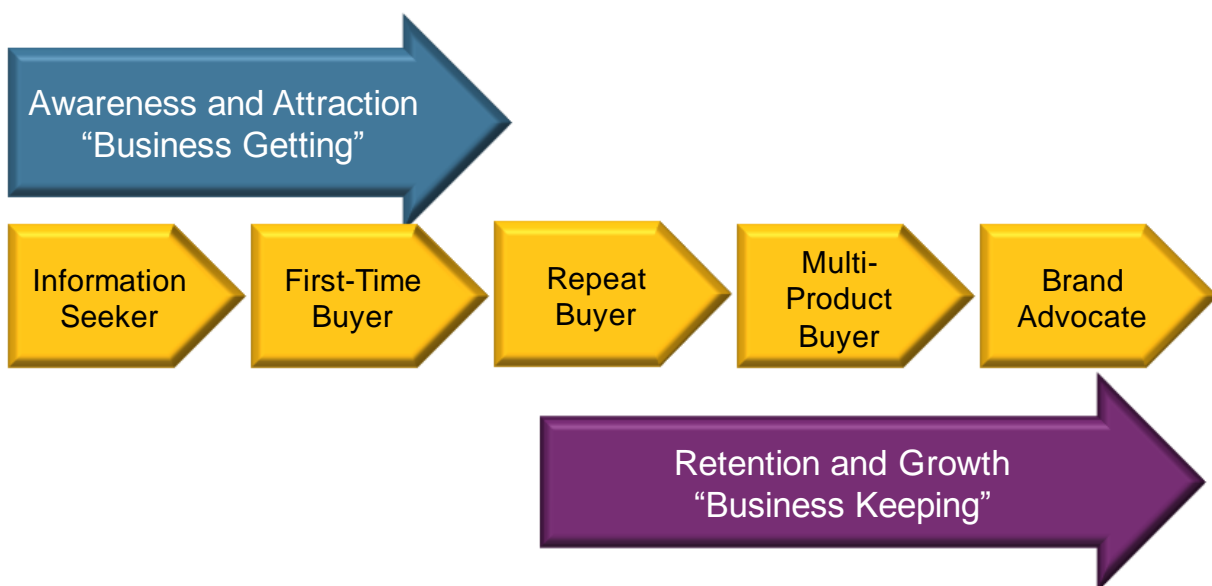
# Accelerating Marketing ROI: Developing Customers to Build Brand Strength

In today's business landscape, many firms have found their experience at implementing a new customer relationship management (CRM) process has been more akin to Chernobyl than the vision they had of a new, efficient customer development tool. A customer development program is doomed to fail when it is executed in a manner that is fragmented from the company's branding efforts. By fusing brand development strategies together with customer development systems and practices, companies will be best positioned to compete for the dollars of an increasingly sophisticated consumer.

The business fallout of a poorly conceived and implemented customer development program has often included management frustration and unmet expectations, not to mention modest realized return from substantial infrastructure and human resource investments. When viewed in terms of ROI, a common experience with CRM programs has been that they have been perceived as a drag on company profitability rather than as a propellant for business growth. The most successful approaches to accelerating brand equity and customer value are achieved by blending the brand development practices with the knowledge management tools offered by digital customer development systems.

## Customer Lifecycle Marketing: Customer Equity Drives Brand Equity

### The Customer Relationship Lifecycle



**Customer Relationship Lifecycle.** Understanding and capitalizing on the customer relationship lifecycle is the key to capitalizing on CRM. The majority of profit comes from a minority of the total customer base. As such, more effectively moving customers along the customer relationship lifecycle is critical.

Customers move through a consistent pattern of relationship development, from information seekers to users and finally to loyalists. The early stages of the lifecycle, therefore, emphasize awareness and customer attraction while the latter stages stress retention, growth and increasing share.

Communication efforts should be designed to draw in more information seekers and should be targeted to move the information seeker through the continuum towards purchase and advocacy. Consumer experience with the brand, and their perceptions about it, should be positive enough that they will move towards repeat purchasing.

**Maximizing Retention and Minimizing Defection.** Strategic growth hinges upon the ability to minimize customer flight at each of the junctures, or defection points, on the road to brand advocacy. This involves making sure the offer to potential customers is intriguing, the experience positive, and consumer needs are met. As such marketing communications and customer service play prominent roles in maximizing brand relationships.

## Customer Development: Managing Customer Interaction and Relationship Strategy

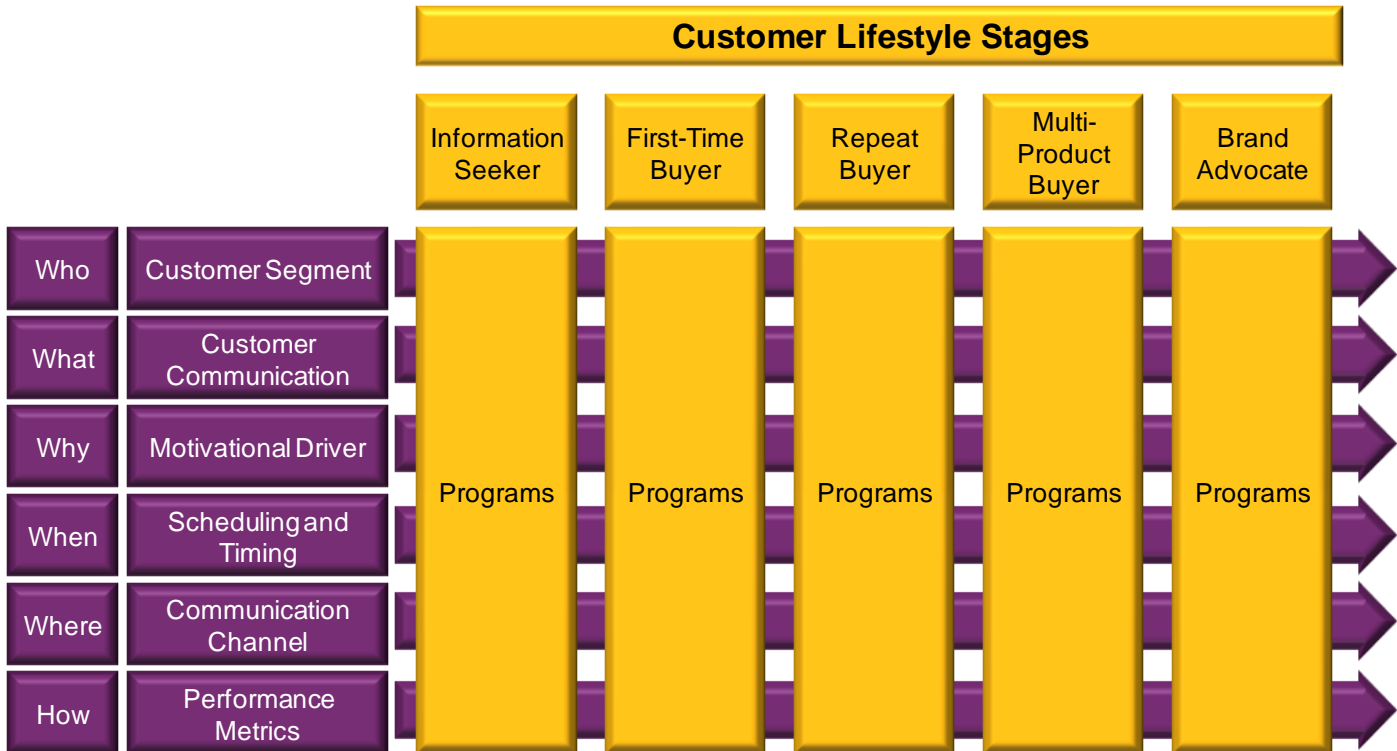
**Sound Strategy and Excellence in Execution.** Progress in accelerating ROI via customer and brand development is dependent on sound strategic planning, the proper execution of internal processes and excellent customer and brand metrics.

At a time when corporate executives are frantically searching for better ways to improve ROI on their CRM technology investment, the reality is that most organizations remain paralyzed in their ability to effectively use information and technology to identify, attract, and retain customers. Why is this?

This problem is not due to a lack of technology. An impressive array of customer management, sales management and marketing automation software is available to support essential processes for marketing, sales, and customer service. However, technology alone is not the answer. Many companies have invested millions in software that has failed to bring them any closer to their customers.

This problem is not due to a lack of information, but a lack of strategy for leveraging the information. In almost every organization, customer information is abundant. The problem lies in not having a strategic plan for utilizing CRM information for customer development and relationship management; CRM strategy should define what communication programs will be used to proactively migrate the customer through each stage of the relationship lifecycle.

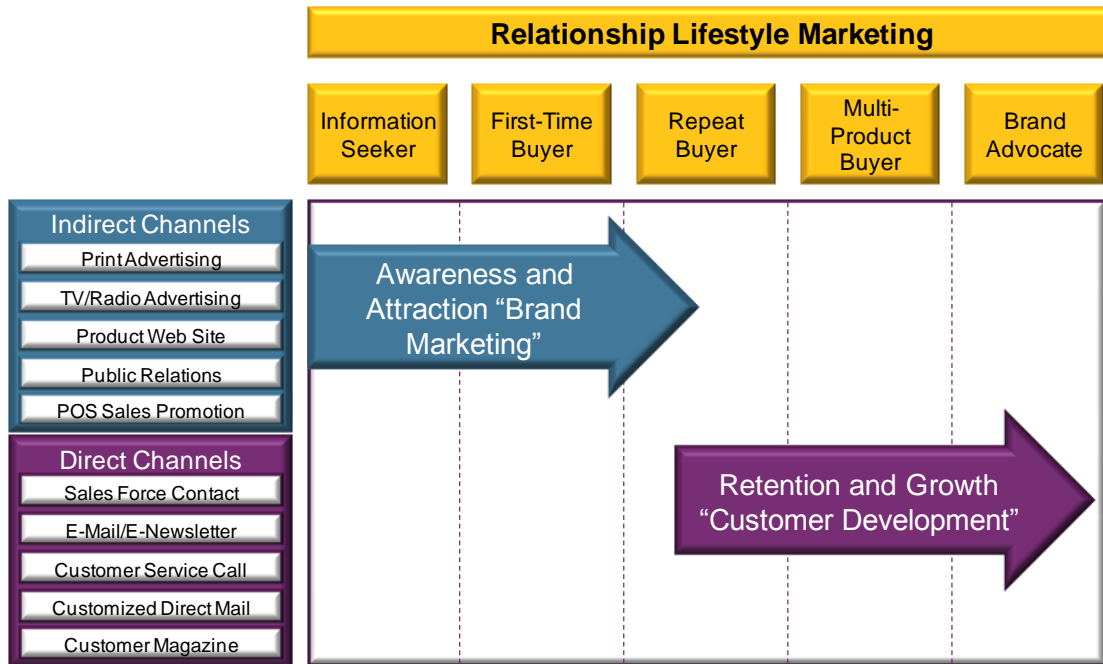
## The Communication Plan



Strategy – not technology – is the foundation of effective CRM solutions. More specifically, effective customer relationship management requires a communication strategy that reinforces the customer experience at each stage of the relationship lifecycle – from initial purchase to repeat purchase and finally to brand advocacy. Effective CRM is the result of an integrated multi-channel marketing approach that aligns the *business-getting* process with the *business-keeping* process.

**Multi-Channel Marketing & CRM Strategy.** Multi-Channel Marketing utilizes a well-coordinated combination of *direct* and *indirect* communication channels to effectively convey targeted messages with current and prospective customers. Indirect communication channels such as media advertising, retail promotions and web sites are used to attract customers and build brand awareness. Direct communication channels including direct mail, e-mail, and e-newsletters, are used to drive retention by delivering offers and information that are personal, relevant and timely.

## Multi-Channel Marketing



## Brand Performance and Market Positioning

Measuring the effectiveness of Multi-Channel Marketing, and associated brand positioning, is essential to understanding CRM ROI. Accelerating ROI happens when companies are armed with sound market intelligence that is both informative and actionable. Maximizing CRM return and gaining an enhanced market position can be achieved through improved brand strategy and increased brand performance. Illuminating brand issues with market research will improve brand strategy as well as provide pathways to solutions that are customer-oriented.

## Improving Brand Strategy with Assessment

**Internal Review.** The starting point for improving brand strategy occurs when essential players take steps to identify brand challenges. These can rise from brand connections such as a weak business unit, internal processes or even aspects of the product or service itself.

Internal reviews can also serve to help brand champions understand the strengths and weaknesses in their human capital infrastructure such as their knowledge management and intellectual capital - allowing managers to gauge the commitment to change that is often required when revitalizing or resurrecting a brand.

**External Evaluation.** Crucial to understanding brand positioning is external evaluation, or an accurate look at your brand and where it stands in terms of consumer perception and in relationship to prominent competitors. Using an outside-in approach, a comprehensive customer-driven analysis to prioritize target markets and refine brand strategy often needs to be initiated. Customer satisfaction and brand equity research are the core of the analytical process of the external evaluation.

**Communication Audit.** A comprehensive review of all marketing communication efforts should also take place to understand precisely what is being promised to consumers through marketing efforts, and identify gaps in internal and external brand knowledge.

Brands can suffer from an “out of sight-out of mind” problem among consumers, in that a failure to properly communicate and promote the brand leads to lack of information and a resulting awareness decay and depleted consideration. Poorly designed communication efforts, such as misaligned messages or poor brand expression, can lead to brand image confusion. A strong, clear brand message is important to marketing communication success – especially to consumers at the information seeking stage.

**Performance Metrics.** Performance metrics provide vital understanding about a brand’s place in market and allow brand managers to act more quickly against competitive pressures. Managers need to set standards for advertising, brand, and customer measures, as well as track effectiveness over time in order to assess the impact of communication efforts.

Key metrics tracked over time allow managers to do more than just reactionary marketing. Having a clear picture of brand, consumer, and market trends will provide information brand managers can use to make the best strategic decisions, ultimately increasing CRM ROI.

## Increasing Brand Performance

**Develop a Brand Promise.** For too long companies operated without anything beyond an instinctive feel for the brand promise they make to consumers. In some cases managers are able to articulate the rational characteristics that make their brand superior, but are less clear about the emotional connection consumers have with the brand. Linking customer needs and motivational factors that affect purchase decisions with a product’s strengths and weaknesses is critical to understanding the kind of image and value a brand is likely to have in a market. In turn, clearly communicating the brand image and value – especially to information seekers – is essential to moving consumers through the relationship lifecycle.

**Harmonize the Customer Experience.** Once a consumer moves into the trial phases of the lifecycle, brand strategy should focus on customer experience. Customer experience is essential to retaining the most profitable and loyal customers. In many instances, loyalty can be mechanically generated through “gold-star” programs and clubs – ultimately, however, true brand advocacy needs to be cultivated.

To understand the customer experience, the purchase decision path needs to be charted. Companies need to understand the factors that influence consumer choices, yet many do not often have concrete information about their brand beyond the brand elements that separate their brand from others. Understanding key drivers of customer experience and loyalty can allow for more targeted brand efforts.

Companies need to focus on the needs and wants of their customers in order to accelerate ROI. Not only should there be a process in place to identify these elements, but it should prioritize the most pressing needs and strategy for addressing those elements should be created. This process will also provide insight into the competitive strengths a company can leverage for greatest appeal and benefit in marketing communication efforts.

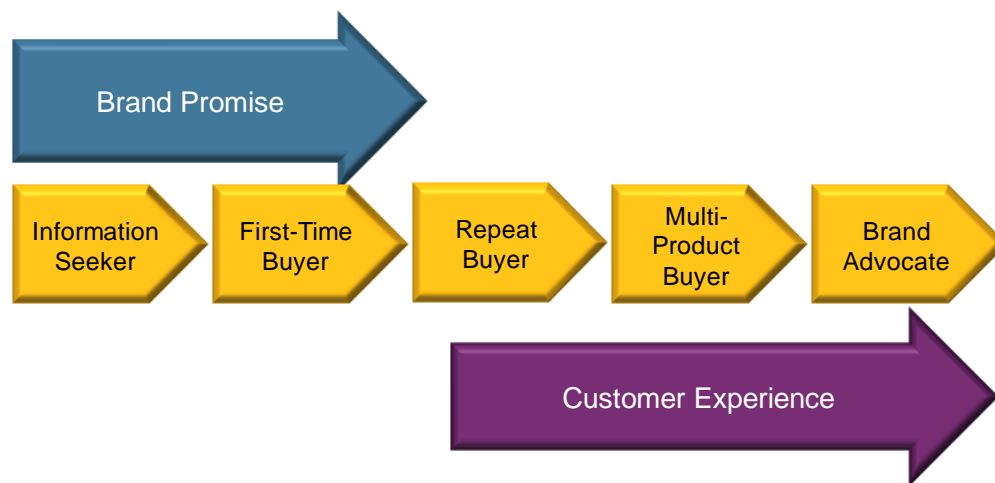
**Target Loyalty.** Companies will increase profits to the extent they are able to convert information seekers and first-time buyers into brand advocates. Creating brand advocates, via increasing loyalty, will greatly enhance brand preference as well as influence CRM ROI.

Customer loyalty profiles can provide insight into customer equity; they should assess perceived brand value and image, as well as the kinds of relationships that consumers have with the brand. Loyalty profiles can lead to better, smarter marketing communication that can move consumers through the relationship lifecycle to advocacy. Communication that runs counter to consumer perceptions of the brand will be ineffective at increasing and enhancing loyalty. The brand has to maintain and continually improve the relationship it has with customers in order to maintain relevance. Older business models emphasized transactions over customers. Today, companies need to maximize the value of each customer through an ongoing customer equity evaluation.

## Customer Equity Builds Brand Equity

Organizations that provide a customer experience that delivers on the brand promise:

- Retain more customers
- Generate more revenue
- Build powerful Brand Equity



## Conclusion

Having the best product is no guarantee for business success. The road is littered with case studies of companies that had a great product but lacked customer adhesion. Progressive companies have discovered that the key to long-term success is the ability to attract, retain and grow customers. Doing this well requires the ability to “know” your customers, and the consumer lifecycle, and use this insight across the enterprise to develop appropriate CRM strategy and leverage every consumer interaction.

## ABOUT THE PERT GROUP

**Our goal is simple: to help our clients grow their businesses and their brands. How? By establishing business decision clarity.**

We are The Pert Group, a top research-based consulting firm for business leaders who require straightforward, meaningful results that lead to clear, significant decision making.

We begin with fact-based evidence integrating attitudinal and behavioral research, which allows us to create clear strategies for business growth based on fact-based insights, and our team of **market-focused experts** works closely with our clients to consistently relate our work back to their goals and strategies.

Using a balance of creativity, forward thinking and pragmatism, we **completely immerse** ourselves in our clients' businesses and apply strategic methods to help them increase business and brand performance, differentiate their companies from the competition and take advantage of all opportunities in the market space.

**The result? Clarity established.**