



TEN CRITICAL FACTORS THAT ENABLE YOU TO REACH AND SELL MORE PROSPECTS



This white paper discusses ideas, concepts and makes suggestions to help increase your odds of succeeding.

- > Techniques to help you identify and reach your target audience.
- > How to budget effectively to accomplish your objectives.
- > Select media that fits your specific needs.
- > Determine how much you need to spend.

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FCM MARKETING

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The only reason to spend money on marketing and advertising is to sell products. Marketing is not an option. If you want to grow and you want to stay in business, you've got to market your brand.

The reasons for a company to market and advertise are far ranging. Advertising is an investment you make in your product so you can increase its awareness and its share of voice with your target audience. It is the support that helps your sales people sell more of your product. It is the fuel that helps establish and strengthen your brand's identity while defending it against marketing advances by your competitors.

[1] WHY TOP MARKETERS ADVERTISE DURING TOUGH ECONOMIC TIMES.

Advertising during tough economic times is perfect for getting a leg up on competitors. The dollars spent during these times are the best investment a company can make for its future.



Here's an example that's stood the test of time. In 1929, rival cereal makers Kellogg's and Post were in a close race to win the breakfast cereal market. When the Great Depression started, Kellogg's maintained their advertising spending while rival Post cut back. At the end of the Depression, Kellogg's had achieved a category dominance that they maintain to this day.

If your competition is inactive during a slow economy, you have a strategic opportunity to gain market share while increasing your brand's share of voice.

[2] WHY COMPANIES ADVERTISE.

1. They need to reach a large market.
If they have many prospects and customers or they are widely scattered and have diverse characteristics, then mass market advertising techniques might make sense for them.

2. They need to reach a small market.
They don't want to pay a newspaper or radio station to reach 500,000 people when only 500 are potential users of their product. Tools such as direct mail and other targeted promotions will be more effective.

3. They're making a market move.
When awareness of their existence is an essential preliminary to reaching their target audience, advertising can make a strong impact. If people need to be talking about them first, they should use all of the advertising mediums at their disposal.



4. They need to efficiently reach the right people
Use advertising when they want to build upon an established brand name to develop awareness about a new offer they are making or service they are offering.
5. Opportunity knocked on their door
They need to spend extra money when it's necessary to prepare for current and future opportunities.
6. Most of their competitors were advertising
They may need to advertise to avoid losing market share.
7. None of their competitors were advertising
Let's say that during tough economic times their competitors don't advertise.
This is their chance to gain share at the expense of their competitors.

[3] IF YOU'RE NOT TALKING TO YOUR CUSTOMERS YOUR COMPETITORS ARE.

When you decide to spend nothing on promotion, you lose twice according to James Ragresh. The Hungarian business academic points out in his 'Theory of Consequential Loss', there's the sales lost when money was not spent, and the business opportunities lost while the money was tied up.

If you're going to use your advertising and marketing tools effectively, they need to be used in a consistent and controlled manner if you want your brand to survive and grow. Spending consistently is a better strategy than spending bigger sums intermittently.



For arguments sake, let's suppose you don't believe that advertising and marketing are critical to your product's success. Using that reasoning it's logical to stop spending. And because you're not spending to support your product it's also logical to eliminate the expense of having a marketing and advertising manager. This will cut your expenses substantially. While a bit over the top, this hypothetical situation, never-the-less, emphasizes how disastrous it is if you do nothing. To successfully reach your target audience you should have a plan, build a realistic budget and then spend the right

amount of money to get the job done.

[4] ASK YOURSELF TWO QUESTIONS BEFORE YOU ADVERTISE.

If you can respond to these questions with reasonable, compelling answers, you have something important to say about your products and services.

1. Is there something different about your company or products that sets you apart from your competitors?
2. Do you have a story to tell about your products and services that's relevant to your customers needs.

If your customers are not buying at previous levels, it doesn't mean they have stopped reading, thinking, or formulating opinions about the brands and companies they buy from.

[5] WHO YOU SHOULD TARGET?



There are different types of communications for different situations. Advertising and marketing needs to be tailored to a precise audience because it is wasteful to try to communicate to all audiences with equal effort.

Put a mark by those statements that best apply to your business today. Or, who can use your products or services now?

- People who always buy from a competitor and don't know you.
- People who buy from a competitor, know you but have never bought from you.
- People who buy mainly from a competitor, but know you and buy from you occasionally.
- People who buy mainly from you, but occasionally from your competitors.
- People who buy from you and never from your competitors.

[6] NOW SHARPEN YOUR MARKETING VISION.

Put pen to paper on these three areas:

- > Classify the goods or services you offer.
- > Categorize your audience within each of these areas into existing customers and potential new customers.
- > Set growth targets within each area over a fixed time period.



When you have a clear vision of your business, you can begin to establish the objectives of your marketing and advertising.

[7] HOW MUCH DO YOU KNOW ABOUT YOUR COMPANY, CUSTOMERS AND COMPETITORS?

If you can answer these questions, you understand your business. If you have difficulty answering them this exercise will highlighted what you need to know.

Company and customers

1. Who and where are your existing customers?
2. How do you communicate with them?
3. Why do they choose you in preference to your competitors?
4. Who and where are your potential customers?
5. How can you effectively reach them through your advertising?
6. What benefits, in addition to your products and services do you sell?
(e.g. quality service, speed of delivery, expert advice etc.)

Competitors

1. How much do you know about your competitors?
2. Is your range of products and services different from theirs?
3. What are their strengths and weaknesses?
4. Do they advertise? How much do you think they spend?
5. What are their selling messages?



[8] EXAMPLES OF EFFECTIVE ADVERTISING MESSAGES YOU CAN USE.

No single advertising message appeals to all target markets, so tough decisions must be made as to which target market offers you the most potential.

- > Initial interest
A message that is designed for non-users who don't know you or your products.
- > Developing loyalty
A message that is designed to make existing customers buy more often from you and less from your competitor.
- > Encouraging change
A message designed to offer customers something better than your competitors offer.
- > Retaining loyalty
A message designed to reassure existing loyal customers that they are making the right choice buying from you.

"The medium is the message." Marshall McLuhan, author of Understanding Media

[9] NO SINGLE ADVERTISING MEDIUM CAN ACHIEVE ALL YOUR OBJECTIVES.

Each media has specific strengths and weaknesses that relate to the selling of your products and services. Understanding the differences between each is the key to using the proper media and, ultimately, to successful sales results. Here's a list of some major types of media available in alphabetical order. It is not meant to be an exhaustive list. Use your imagination and you'll come up with many more.

BRANDED PROMOTIONAL PRODUCTS (SPECIALTY ADVERTISING)

It's important to put your name, logo and phone number in front of customers frequently. Retaining customers is 133% less expensive than attracting new ones. That's why specialty advertising is so effective. Specialties are the ultimate "targeted media". Specialties are anything that can be imprinted. From pens and pencils to cups and t-shirts. If you can think of it someone has probably used it as a give away. Here's 6 ways you can you make specialty advertising work for your company:



1. Target your market
2. Choose your items carefully
3. Keep it simple - without being cheap
4. Start with your current customers
5. Bundle promotional items with other forms of advertising
6. Give them to your employees and centers of influence

DIRECT MAIL

The most selective of all media, direct mail presents your messages to individuals in the specific organizations you want to reach. You can choose the company, size, specific job title and geographic area you want to reach in almost any business or professional classification you can define. Direct Mail is an excellent tool for strengthening client relationships and reinforcing customer loyalty. It is also a valuable business building tool for your sales people.





NEWSPAPERS



Newspapers are immediate and broad in their coverage of a particular area. They present your message in a news environment that is timely and leisurely. They're flexible in terms of timing and ad size. Also, ads can be clipped and saved. In addition to the major metropolitan newspapers, you can gain impact by using strong suburban dailies, weeklies and shoppers. General newspapers reach heavy readers, but may miss busy light readers, or people who are turning to the Internet for their news.

RADIO

Radio is an immediate, selective, economical and efficient medium that offers excellent frequency. It reaches selective prospects almost anywhere, during almost any activity. It is both flexible and timely. It reaches customers, often over a wide range of time, in both cities and suburbs. Local personalities can add a personal, persuasive touch to your sales message. Radio with its strong reach into young, professional suburbia can have a strong influence. On the minus side its appeal is limited to the ear.



TELEVISION



Television allows maximum creative flexibility because it combines sight, sound and motion. It is a high-impact, highly persuasive medium that offers the opportunity to demonstrate. It provides broad and penetrating coverage in cities, suburban areas and outlying communities. Television reaches 95 percent of all households in most communities. More time is spent with television than with any other medium or activity, other than working or sleeping. On the negative side, the cost is very high and advertising clutter can be a problem.

MAGAZINES AND TRADE PUBLICATIONS

Magazines are more selective than newspapers, providing a more leisurely environment, and giving your product more status than newspapers. Magazines can target your specific market or interest area in many instances. Magazines have a much longer shelf life than newspapers.

SALES PROMOTION

Sales promotion includes continuity programs, special events, special allowances and discounts, merchandising, contests, point-of-purchase, samples, coupons, co-op arrangements and partnering. The materials used in this category include printed communications and potentially all other media. It is usually characterized by a specific program that has been designed to accomplish a specific objective.

~~W H I T E~~
~~P A P E R~~

OUTDOOR

Outdoor advertising delivers a large number of ad impressions at a very low cost. It can build name recognition and awareness with a relatively small investment. Because people are so mobile, outdoor advertising can be of considerable assistance. Billboards can give you exposure in a broad, dynamic and ever-moving market. However, outdoor advertising has no editorial or programming environment. Creativity is limited because of rapid and distant viewing.

PUBLIC RELATIONS

PR is a method of generating free publicity for your company or product without incurring direct costs. This includes news releases, press kits, public service announcements, features stores, newsletters, seminars, conferences, white papers, special events, education and vendor training.

PARTNERSHIPS / SPONSORSHIPS

Partnering with a non-competitor company who wants to reach the same audience you do can be a very effective means of promotion. Not only can you share expenses but depending on the company you partner with you may be benefiting from the goodwill and good name they have in the market. Sponsorships, when done well, can be discreet and effective. Many sponsorships take the form of: "Site brought to you by Sponsor" or "Sponsor's guide by Site".

PRINTED MATERIAL

This category includes all printed communications such as brochures, flyers, catalogs, product sell sheets, posters, hang tags, statement stuffers, stationary, etc. , etc. The list is endless.

TELEMARKETING

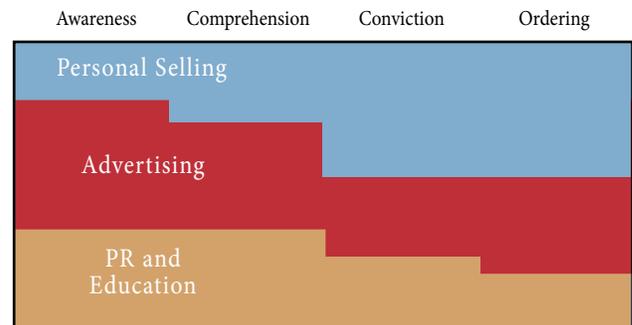
Telemarketing or telephone sales help companies reach customers and prospects by phone. This is a way to get the message out to a targeted audience, set up appointments for your sales people and expand markets. Results are measurable and it's less expensive than direct sales. However, you do lose some of the personal touch and some people are irritated by phone solicitations.

SOCIAL MEDIA

Social media is different from traditional media, such as newspapers, television and radio, etc.. People and companies use social media to share content, opinions, seek feedback, insights, perspectives and promote online interaction and dialog. Relatively cheap to use, the social media tool box includes: blogs, podcasts, message boards, networks, and communities. Examples are: Facebook, MySpace, Linkedin, Twitter, YouTube, and Flickr.



HOW PROMOTIONAL TECHNIQUES AFFECT SALES



In a joint report, Coopers & Lybrand and Business Science International concluded that “Businesses that maintain aggressive marketing programs during a recession outperform companies that rely more on cost cutting measures. A strong marketing program enables a firm to solidify its customer base, take business away from less aggressive competitors, and position itself for future growth during the recovery.”

INTERNET



More and more innovative types of advertising are developing on the Web. This list is long but the Internet is dynamic and offers a variety of promotional opportunities.

Banner ads

This is still by far the most popular advertising type in use on the Web today. A banner ad is a graphical bar or button containing text or graphics designed to attract a viewer's attention and stimulate an action.

Text ads

Popular in newsletters, and on some progressive sites, text ads are growing in popularity (for some products, a few words are worth a thousand pictures) A text ad consists of a few lines of copy together with a link or an e-mail address for action. Text ads can be priced like banner ads on a CPM (cost per thousand) basis.

Transition ads

These are ads that are shown in the transition between two pages on a site. You click on a link on Page A, but instead of going to Page B you arrive at an intermediate page containing the sales pitch (and - hopefully - a link to Page B somewhere on the page). They are gaining in popularity with advertisers since they offer an almost unlimited amount of space to pitch a product. They're irritating, however, and increase site loading times.

Pop-up ads

Pop-up's consist of a small window that "pops up" over the main browser window when you enter a site and sometimes when you leave it. The windows can contain anything: text, graphics, a form to collect information or e-mail addresses, or a game.

Opt-in mailings

This type of advertising is rapidly becoming popular. An opt-in mailing consists of sending an e-mail message to a "pre-qualified" list of people i.e. an audience that has expressed an interest in receiving information on a given topic. Some sites sell their lists of recipients to advertisers, but most prefer to keep the e-mail addresses secret and distribute the ad on the advertiser's behalf.

HTML ads

HTML ads combine graphics and text with other HTML elements such as a pull-down list, check boxes or forms. These can be very effective in getting traffic, but are much harder to serve and track, and generally require very sophisticated software to run properly.

Rich-media ads



Rich media ads make use of multimedia elements such as sound, animation (often using plugins such as Shockwave or Flash) and Java/Javascript to drive the message. Great for advertisers, less great for webmasters since the premium for rich-media ads is not particularly high. The extra load time and annoyance can be considerable.

Hybrid ads

Hybrid ads combine aspects of other advertising types, such as text and banners, to make a more effective pitch to visitors.

A Cahners Publishing Company study and a Center for Research and Development study in 1990 both concluded that companies who maintain or increase their advertising during recessionary times stand to gain the most market share during that period.

[10] HOW MUCH SHOULD YOU BUDGET FOR ADVERTISING AND PROMOTION?

The quick answer is "as much as it takes." The truth is there is no right answer. Your advertising manager will ask you what you want to do and how much can you afford? In the end it depends on you because you are intimately familiar with the product. I'll bet you probably have an idea what you want to do but you think it might cost more than you want to spend. I'm not suggesting you spend



“on the come” but I do suggest the money spend on advertising your product and making your brand stronger is an essential investment you should make for future success. If your competition is clobbering you and you can't match their spending don't try to slug it out. Back off and look for other ways you can afford to communicate with your target audience. Some people say creativity can make up for a lack of money spent. It's not true. Good creative is essential to success but it's always about money.

How much should you spend to market your product?

These four questions will help you consider how much to spend:

1. How big is your company?

Different sized companies have different budget ranges. What works for a company of 5 to 15 people won't necessarily work for a large company. For instance, if IBM spent three hundred thousand dollars to promote a new product it wouldn't be enough. But to Oscar's Carpet Cleaning, with a primary service area of 3 miles, it's probably overkill.

2. What level of sales do you want to reach?

What you spend on advertising and promotion depends in large part on your financial goals. Generally, the more money you put into your budget the more sales and revenues you'll create. However, when you generate higher sales, you have to commit to creating an infrastructure that can handle the extra volume.

3. How many markets are you trying to reach?

The more markets you're in the more you have to spend to grow them. Also, if there are any market barriers you must overcome, such as entrenched competitors, it will cost you extra.

4. How fast do you want to achieve your sales goals?

The faster you expect results, the more aggressive your plan will have to be, and the more money you'll have to spend.

Most budgets are built from bits and pieces. Here are some common methods:

Percentage of sales

This one gets used a lot. It easy especially if you only have one product but if you have a number of products and services with diverse markets it gets trickier. Check out the Robert Morris Associates Directory at your library for industry statistics.



Allocating what the market historically spends for advertising

This is not a bad method. There are sources where you can dig up spending information. Generally, allocating at least three to five percent of your total sales to advertising and promotion is common. Keep in mind that the industry you are in and what your competitors are doing can affect this figure. 15-20% of the budget is used by many companies for production.

	Sales Volume	Advertising & Promotion Level	
		3% Level	5% Level
Company A	\$500,000	\$15,000	\$25,000
Company B	\$1,000,000	\$30,000	\$50,000
Company C	\$5,000,000	\$150,000	\$250,000



Let's spend what we spent last year

Do not try to operate machinery when you use this method. I refer to this method as the 'black hole' of advertising.

Competitive spending

To quote Al Ries, "Communications is like war. Generally speaking, to win, you must outspend your competition." Sometimes you'll spend more than you want. Some of it might even be wasted. But you know what, at least your communications job gets done.

Profit planning approach

This is a good way to determine how much to spend on promotion. It matches plans and opportunities to assigned tasks that will accomplish your objectives. It looks at the entire budget as a single unit rather than product by product. Determine where each of your products are and where they should be. Rank your products by their potential to make a profit. The best ones get the most money and in return you'll get more bang for your buck. Pick products that can benefit from advertising. Assign advertising tasks that will increase awareness. This is going to be hard if your product is in the commodity product category. OK now. Start at the top and start assigning money to each product and the tasks you've assigned to promote that product. When you run out of money, you're done.

I want to mention that although advertising is good at selling products, it is not as effective persuading and educating, nor is it effective solving price, performance and distribution problems. Don't go there with advertising. Try other media such as PR and training.

Make sure you don't put all your eggs in one basket. Be flexible. Experiment!



Summary

It is important to understand that even with careful analysis, advertising and marketing remains a matter of judgement rather than science. However, you can improve your judgement by increasing your knowledge of your industry, your business and most importantly your customers.

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To request **ON TARGET**  marketing papers covering a variety of topics, or other white papers, contact Chuck Muhl at:

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