

BRAND AND DELIVER!

Making the Most of Your Intangible Assets

The Crowne Plaza Hotel, Marlow provided a great setting for Brand and Deliver! Ian Sutton, one of the founders of Milestone Design in Beaconsfield, spoke authoritatively on how to get under the skin of brands and how they work, with the aim of discovering how all types of business can deliver greater value from their brand.

The meeting started with an image of a cow! Ian went on to explain that the commercial origins of the brand come from the practice of applying a "brand" to the rear end of a cow, which signified ownership. The notion of a brand implying ownership is still as strong as ever, but the strength today comes from the way customers feel in some way part of that ownership.

Ian then unravelled some of the mystery behind why some brands are a success, no matter what the price, and the cultural phenomenon of brand success or failure.

To illustrate the power of the brand, Ian presented two relatively new entrants to their respective markets – Innocent Drinks and King of Shaves. In an incredibly short space of time, these brands have become instantly recognisable and have developed distinctive, involving and ambitious brand strategies.

Brand psychology was the next discovery, looking at how brands work by pushing the right buttons, by engaging the "emotional" right hand side of the brain. When a brand ticks all the right buttons, it then generates further growth by generating word of mouth – a potentially great source of low cost marketing.

Ian then expounded the "Big Idea". A brand is comprised of four elements – product, environment, communication and behaviour. Some brands are stronger in one area than the other, but most strong brands will exert themselves in all these areas. The audience

were challenged to look at their own "Big Idea". As the presentation came to an end, Ian looked at how organisations must evolve if they are going to stay ahead of the game. In particular, environmental concerns come top of the agenda for certain sectors, with technology and new media providing a host of new opportunities.

The session was packed full of real life examples and cases, which brought the topic to life. In addition, during the question and answer session, the discussions were extended as to how these principles can be applied to all types and sizes of business.

Thanks go to Ian and Milestone Design for making the session stimulating and thought provoking. A copy of the full presentation can be found at www.milestonedesign.co.uk in the Downloads area of the website.

Duncan Whitehead

HIGH PERFORMANCE MARKETING TO HIGH PERFORMANCE CUSTOMERS

Thirty five guests were lucky enough to gain an insight into the background of one of the most exclusive automotive brands in the United Kingdom today.

Jonathan Carrier, the Product Planning Manager for the Automotive Division of McLaren, gave the audience a fascinating insight into the history of the brand and how they develop their relationships with customers through McLaren F1 and Mercedes Benz FLR McLaren.

He set the scene with a tour through the history of McLaren, describing how its racing heritage has given their road cars a unique personality. The company has constantly striven to achieve manufacturing perfection and that is how it has achieved success in every major racing championship – including Formula 1 and LeMans. Indeed, McLaren has won more Formula 1 Grand Prix than any other constructor since it entered the sport some 30 years ago.

Jonathan then described how McLaren look after the 100 customers who are lucky enough to own one of the highly exclusive McLaren F1

models, which at the time of its launch in the 1990's was the fastest and most expensive production cars ever. These cars today can be worth over £1million each, and therefore the owners receive service that befits this level of exclusivity. As an example, there are a team of roving technicians who will travel anywhere in the world to service the vehicles.

In 2003, McLaren Automotive was created. This organisation is responsible for the alliance with Mercedes Benz, to produce the £313,000 Mercedes McLaren SLR. The concept was launched to the public at the Detroit Motor Show in 1990, whilst the first cars were delivered in 2003. During this time massive interest and a large order bank had built up for the vehicle. This meant that McLaren had to carry out a whole series of marketing activities during this time to ensure that these customers and prospects were kept informed about progress of the vehicle towards production – vital to maintain interest during this development period.

A fascinating insight then followed into how McLaren segment their market, how they

communicate to customers on a global basis and how they make each and every one of their customers and prospects feel totally unique and special. This permeates right the way through the process of specifying their vehicle – the seats are built specifically to suit the individual customer! – right the way through to delivery and after sales service. And there wasn't a member of the audience who wouldn't want to be a member of the exclusive SLR Community! At the end of this stimulating presentation, there was a very clear message. Everyone in McLaren is driven by total passion for perfection, something that everyone in the room could take back to their own business, no matter what market sector.

CIM Thames Valley Branch would like to thank the Grange Bracknell Hotel for hosting the meeting. In addition, we would like to thank Jonathan for taking time out of his busy schedule to deliver an interesting and entertaining presentation.

Duncan Whitehead

WHAT'S

Hot topics in marketing that have caught the editor's eye

Small is beautiful

This summer 'pricing in proportion' postage takes effect

The Hinds Head, Bray

Traditional British food at its best in Heston Blumenthal's historic pub

Passion at work

If you're bored by corporate 'values' - try 'passions' for a more heartfelt touch

Straplines

Just a few small words - but every little helps!

www.googleearth.com

Check-out your back garden or plan your summer event from space

ROI

How accountable is your campaign?

Pod Casting

The new way to connect with your audience

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Vacant, please contact Jenny Barker at Jenny@impco.demon.co.uk if you'd like to help.

REGIONAL MEETINGS

The first 'Regional Meetings' will be held in September. They will take the form of an open, networking evening, with an explanation of the aim of Regional activities. You can arrive when you like and leave when you like.

They will be your opportunity to say what you would like from Thames Valley CIM, and meet other local marketers. They will be open evenings, starting at 6.30 p.m. and ending at 8.00 p.m. Venues will be in High Wycombe, Oxford and Wokingham. Please contact the relevant Regional Representative or Jenny Barker, for further details.

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UPCOMING EVENTS

Date	Venue	Topic	Speaker	Company
20 July C	Uplands Conference Centre	Crafting the Perfect Press Release	Anne Campbell	Ex – BBC Journalist
27 July C	Crowne Plaza, Marlow	Writing a Press Release and Getting it Noticed	Anne Campbell	Campbell Gunn
12 September C	Uplands Conference Centre	Writing a Marketing Plan – Product Planning	Mac Mackay	DAW
21 September B	TBA	Customer Service Excellence	Dr Ted Johns FCIM	Ted Johns Consultancy
17 October B	TBA	Recruiting Marketers	Derek Smith	MRI – Consulting
26 October C	TBA	Selling it to The Board	Daniel Eiolart	
16 November B	TBA	Data Protection & Privacy Laws	Tamzin Matthew Morgan Cole	

C = Continual Professional Development Meetings. B = Business Meetings. All events start at 6.30pm. For more details and to book a place visit www.cim.co.uk and choose News and Events

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MARKETING

THE THAMES VALLEY BRANCH NEWSLETTER | JULY 2006

WHAT'S THE BOTTOM LINE?

Discussing today's role of accountability in marketing

Venture or Adventure?

Guide to Private Equity

Brand and Deliver!

Making the most of your Intangible Assets

Events Diary

Don't miss these upcoming events

Regional Events

Opportunity to have your say

07/06

A NOTE FROM THE EDITOR

Welcome to the summer edition of InMarketing. Our theme this issue is accountability and the direct role marketing has on the bottom line of business. The recent events have been excellent and well attended –

look out for forthcoming fixtures and make sure you don't miss out. These are great opportunities for gaining fresh inspiration and networking too. For the next issue we're planning a 'Green Theme' and welcome any

contributions on how environmental issues are affecting and providing new opportunities for modern marketing. Please email: Toni_Chapman@zestex.com or telephone: 01494 434 814

CHAIRMAN'S COLUMN

Marketing and the Bottom Line

In the last edition we looked at how today's marketing executive can 'stand out from the crowd' in a very competitive market place.

In this edition, we discuss marketing and the bottom line. The question we must ask ourselves as marketers is "What can we do to increase the bottom line further?" Should we continue to aggressively try to find and win as much new business as possible? Or should we turn our attention to customer retention? Attracting and winning new customers in a globalised world isn't easy, so perhaps more of the focus of the marketing team should be on winning repeat business. But which of our customers do we 'court'. We should court those customers who are offering the business more long-term value and hence help the business grow.

The Pareto Principle, or the 80/20 Rule, states the relationship between effort and return is not balanced. It's been proven many times over, particularly when it comes to money – 80 percent of a company's revenue comes from 20 percent of its customers. For a company with £10 million in revenue, that means approximately 20 percent of its customers generate £8 million. If the company can increase revenue in this

group by 20 percent, that's an extra £1.6 million (a 16 percent increase) from its very best customer base, who are already favorably inclined toward the company (Marketing Prof's: 2006).

As the creator of profitable partnerships, the marketing department should be at the forefront of customer retention. It can't be done alone. Whilst the marketing team can perform the necessary customer analysis, evaluate customer feedback, guide team efforts and ultimately develop the strategic program; keeping the top 20 percent of your customer base requires a team effort across the organisation. From the Finance Department, right the way through to Sales and Customer Service. The drive for customer retention should come from marketing. It is up to each of you to keep the collaborative cross-function effort going, as it will be marketing's responsibility to monitor the results.

Assessing the long-term value can work whether you operate in the business-to-business market or the business-to-consumer market. Wharton marketing Professor David Robstein looked into the prospect of retaining your best customers. He points to U.S. soft drink giant PepsiCo.

The company decided to assess the long-term value of its customers. The company concluded that its number one drink is Diet Pepsi rather than regular Pepsi and that is where it is directing its marketing dollars.

Robstein noted: "If you do some analysis, you will find that diet drinkers are much more loyal than non-diet drinkers. This leads to more emphasis on the former because loyal customers lead to sales, which in turn leads to longer term value." (Microsoft: 2005).

As members of the CIM, you should be looking and thinking creatively at how, as marketers, you can effectively increase the bottom line. Once again, the emphasis should not be on making things look bright and pretty, but how you can make our businesses more attractive to our best customers and hence, become more effective in our roles.

I'm sure you know many other strategic methods that marketing can utilise to increase the bottom line further, and we would love to hear your ideas!

I hope you enjoy this edition of the CIM Newsletter, I'm sure you will.

Andrew Dugdale, Chairman

WHAT'S THE BOTTOM LINE?

Accountability is probably the biggest issue facing today's marketing professional. Marketing departments are held to account by bosses, boards and shareholders for what they do. Direct marketing response rates, web hits, and satisfaction surveys might be measures of marketing effectiveness but they're not the bottom line for CEOs. Often the perception of marketers is that they are not focussed on the bottom line for the organisation and merely carry out tactical exercises that use up lots of money. The problem for marketing is that it's increasingly not taken seriously as an organisational function and merely seen as the promotions department. This worrying trend undermines marketing's true value and strategic role within businesses. The problem for organisations that take this view is that they can run out of customers. Either through failing to keep customers happy, not reacting to changing markets or letting competitors steal market share. Whether the bottom line is profit or share price, neither exists without customers generating the income. And marketing is the function that was invented to understand customers. Marketing should be the driving force behind business strategies that influence the bottom line. The case for this argument was put forward strongly by Malcolm McDonald in his keynote talk at the last CIM conference.

The book, 'Marketing Due Diligence' by Malcolm McDonald, Brian Smith and Keith Ward is about 'Reconnecting Strategy to Share Price'. It explains a rigorous and

practical process for aligning marketing strategy to shareholder value creation. The book looks at marketing in its most strategic sense, deciding which customer segments to focus on, what to offer and how to create preference. It states that the overall purpose of strategic marketing is 'the identification and creation of sustainable competitive advantage'. The Marketing Due Diligence process first examines the business risk of a strategy and then adapts the plan to improve its risk profile and enhance shareholder value creation. The book blends proven ideas from strategic and financial management with new concepts about organisational effectiveness. Not only does this represent a call to action to marketers to raise their game but it provides the framework by which they can deliver new levels of accountability.

The effect of Brand on bottom line is also interesting - exploited by many of the world's most successful organisations for all its worth and virtually ignored by others. Business to business companies are some of the worst offenders, pretending that brands are just a consumer market phenomenon and not part of the B2B buying process. But buying decisions are made by individuals, and brands are the language of buying. The famous line 'you never got fired for buying IBM' touches upon the brand proposition of 'safety'. In many cases the pleasant feeling of safety is enough to override the desire to save money or make a more innovative choice. Brands carry a lot of power whatever sector you're in and have a

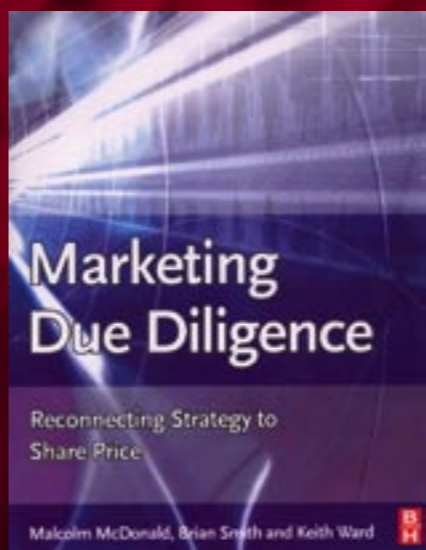
huge impact on the bottom line. What else creates loyalty and generates referral. Switching-on boards to brands is another challenge for many marketing departments.

We often refer to brands as intangible assets - in order to get brands taken more seriously as influencers of the bottom line maybe marketing has got to make them more tangible. Link brand to business performance and start to establish brand equity.

By becoming more accountable - developing and demonstrating strategies which influence the bottom line - marketing can strengthen its credibility and improve the fortunes of individuals and organisations.

For more information buy a copy of 'Marketing Due Diligence', visit the Knowledge Hub on the CIM website and try www.brandchannel.com

Ian Sutton
Director, Milestone Strategic Design



EVENT REVIEWS

VENTURE OR ADVENTURE?



On the 20th April at Moor Hall, Keith Arundale, Venture Capital and Marketing Consultant, gave us a taste of the venture capital process, key trends in the industry and the

main players. Keith is the initiator and author of the BVCA's "Guide to Private Equity" which takes business people and their advisers through the various stages of raising private equity and venture capital.

Keith explained that the global private equity raised about \$248 billion in 2005, with recent bids by private equity firms for a number of well known companies including HMV, ITV and House of Fraser to name but some. Additionally, Keith reminded us that Rover Cars was the subject of a private equity deal by the Phoenix consortium. Private equity firms

now own a large chunk of UK plc including Debenhams, Travelex, Saga, The AA and many more.

It is believed that private equity firms have the fire power to acquire 43 firms quoted on the FTSE 100. Europe's most recent venture capital story is the venture capital backed Skype, sold to e-bay for \$2.6 billion. Of course, whilst we read about the high profile private equity backed bids for companies, Keith reminded us that entire industries have been created thanks to venture capital and private equity, notably internet search engines, such as Google, and most of the mobile phone industry were created using venture capital backing.

Keith explained that venture capital is really a subset of private equity with the former being in the form of smaller deals for innovative firms that allow them to bring their ideas to market. Private equity is then used in later stages of financing and for more mature businesses. As such, venture capital is generally more risky than private equity.

Keith also touched upon business angels - these are wealthy individuals that make investments into very small enterprises. This type of financing is very risky and often results in the investment being written off!

The key to raise venture capital finance is, according to Keith, to follow a back to basics investment approach: assume nothing, anticipate problems, have a strong business plan and a skilled management team and remember that cash is king! On a plus point for marketers, Keith says that firms should "go overboard on the marketing section of their business plan: it's often the most deficient part of the investment proposition".

We thank Keith very much for giving us a taste of what it takes to raise finances and we are all looking forward to reading his book on the subject. For more information on the subject go to the following website: www.keitharundale.com

Valerie Eiloart



WEB WATCH

www.brandchannel.com
Produced by global brand consultants Interbrand, Brand Channel is the world's only on-line exchange about branding. The site provides a bang up to date view on the world of branding, featuring news, debate, articles, papers, case studies and other resources. There is a search facility which can help you find papers and news about anything in the growing sphere of branding. One of the features is a section called Brandspeak which contains an archive of fortnightly columns and commentary on the latest branding topics. This is a great site for anyone looking to launch a new brand or aiming to leverage more value from their existing brand. Following this issue's theme of accountability are a number of papers giving thoughts and guidance on measuring the effectiveness of marketing and calculating the value of a brand.