



HIGH-DEFINITION NEWS

What to Look for in Marketing Plans This Budgeting Season

By Clark Crowdus

It's "déjà vu all over again" this budgeting season; a flashback to the 1990s when your biggest rivals in the struggle for corporate resources were the Chief Information Officer and the "geeks" in Information Technology. Yep, new corporate governance and compliance rules promulgated under the Sarbanes-Oxley reforms are kicking in next year and, oh boy, will they will be expensive!

Marketing orthodoxy is likely to be turned on its head not only by new regulations, but also by the confluence of technology, economics and global competition. This trifecta will blur traditional boundaries and threaten to impede the ability of manufacturers, retailers and service providers to reach the right audiences. Here are some more reasons why:

- There are mixed signals on the U.S. economy. The consensus among many economists and other pundits is that the recovery is weak, meaning the *agents of control* — corporate CFOs, controllers and treasurers, and venture capitalists — won't be releasing precious capital in gobs to the *agents of change*, the brand and marketing experts.
- Consumer confidence is on a roller coaster. Every quarter is up or down, with no steady trend either way.
- The TiVo crowd, quite possibly the most coveted demographic of marketing professionals, is deep-sixing televised ads, causing marketers to scramble to find new ways to reach them.
- Zero-based budgeting, the method in which you have to justify every expenditure as if you were starting from scratch, is all the rage.

Gaining clarity in this environment won't be easy, but it can be done, and it begins with the budgeting process. Whether you are a start-up dependent on VC funding, or a corporate marketing executive, everyone who funds your operation will be skeptical of your plan—while keeping a close eye on you for results. It's up to you to set the appropriate expectations and then execute your plan as flawlessly as possible.

So as you strategize, forecast and finalize a budget for 2005, what can you do to create a rational, workable plan that satisfies the many stakeholders who depend on you to help generate revenue? Or, if you're reviewing the plans of marketers, what should you watch for?

Stay close to strategic initiatives – If you are involved in zero-based budgeting, propose more resources for the key initiatives your company wants to engage in during the coming year. But don't forget about brands or products which already have momentum: be sure to defend them in the coming year as you launch other crucial revenue-producing ventures.

Don't be tempted to under-budget – Understanding corporate initiatives allows you to build

the budget from the ground up. Knowing, for example, how many new customers are required for a successful new service lets you estimate overall acquisition costs based on customer norms for your company or industry. Asking for too small a budget may doom the initiative to failure, even though senior management may be pleased with a lower expenditure level.

Strive for clarity – As the year progresses, things will change, possibly drastically. Create processes that help your plan adapt to change, while keeping you clearly focused on your objectives. Be as clear as possible about the value your marketing initiatives will deliver to management, investors and other stakeholders. Make sure that marketing strategies in support of your plan take into account changing consumer behavior—and skepticism toward marketing messages in general. And do it all in the context of who you are, who your customers are, what your customers need and how to deliver it to them.

New Techniques and Approaches

As advertising continues its long fade as the top outreach method, you can take comfort in the fact that there are always many new techniques and approaches to explore in creating a plan that will transmit your brand message and call to action. Here are a few:

Bring your product to life – Develop experience-based activities which resonate with your target audience, having the potential to convert them from passive product users to proactive brand ambassadors. The Meow Mix Café on Fifth Avenue in New York City brought pet products to life in tangible ways, offering pets—and their owners—the opportunity of an “out-of-the-box” experience. Similarly, Hershey’s Chocolate store in NYC’s Times Square brings “life” to a product which has been around for over 100 years. These are sometimes called “pop-up” stores because they *may* have a temporary shelf life, reflecting the rapid changes in trend and fashion in society.

Cater to consumer desires for ‘insperiences’ – This is also a form of experience-based marketing, *but with a home-based twist*. Americans spend more than \$125 billion per year on home improvement for a number of significant demographic reasons. Marketers seeking to gain an edge in that category have been instituting “insperiences,” according to trendwatching.com. Because the outside world is dominated by “experiences,” the site notes, consumers who take pride in their homes are seeking to bring them, well, in-house. This is giving rise to things like in-home theaters and “boom-boom rooms,” high-tech versions of the old middle-class staple, the family “rec room.” Whirlpool is selling complete multi-functional space for laundry activity with its “family studio,” which features an ironing station, a jetted sink, drying closet and other bells and whistles that convert the family laundry room into a virtual dry cleaner. Of course, home-based offices, gyms and other spaces in the “youniverse” also qualify for insperience marketing and product development.

Consider alternative channels for message distribution – The fallout from TiVo and other devices that block advertising means you might want to spread your resources around a little. Product placements in TV shows and in the movies are hot right now and getting hotter, especially with the mountain of reality-based programming on television. Depending on the show’s or movie’s popularity, this is still relatively inexpensive compared to national advertising. The drawback is that it is difficult to measure results, but you can be sure your product will be visible to the right audience.

In the struggle for corporate and investor resources, 2005 is shaping up to be a year when marketers will have to tap every bit of experience and skill at their disposal. Clarity – in objectives, tactics and measurement – and an ability to nimbly adapt and quickly adjust will

determine the winners in the coming year.

Your feedback is welcomed and should be directed to Clark Crowdus, Principal, High-Definition Consulting Group at clark@high-def.biz.

RESOURCES:

The following resources are recommended by High-Definition Consulting Group:

Investopedia.com (Zero-Base Budgeting: An Overview)

<http://www.investopedia.com/offsite.asp?URL=http://www.swb-inc.com/zbb.htm>

Entrepreneur.com (5 Common Budgeting Mistakes)

<http://www.entrepreneur.com/article/0,4621,297437,00.html>

American Marketing Association

<http://www.marketingpower.com>

American Wholesale Marketers Association

<http://www.awmanet.org>

Greater Columbus Chamber of Commerce (Business Startup Model)

<http://www.columbus-chamber.org/bizmodel/index.html>

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