

Business Objectives and Priorities Must Drive Marketing Strategies

Part of Annex Media's article series to help business leaders and entrepreneurs apply the most efficient and effective use of their marketing budgets.

I've heard business owners speak of the search engines as something they're scared of or liken it to a Casino as a good way to lose money. Well, you shouldn't be scared of internet marketing using pay-per-click marketing on engines like Google nor should you be gambling with your marketing budget.

Define Business Objectives First, Then Begin Advertising

Let's first separate marketing from advertising. To me, the act of advertising is placing ads and is but a tactic in executing a marketing strategy. The precursor to any marketing, though, is to define business objectives, and goals. The business model and goals must drive marketing research, analysis and turning that knowledge into executable actions.

Business Driver One – Be Profitable

Let's face it; the ambition of most businesses is to make money – to drive *profitable* revenue. With that overarching goal, your marketing plans should obviously consider your target market and reconcile it with customer and product/service profitability.

Business Opportunities and Marketing Allocation – An Example

Simplified Case Facts:

- An alternative health centre (AHC) offers four different main services – A, B, C, D.
- The business owner and marketing manager launch Google PPC marketing and are having some success.
- A campaign is running and the daily budget is set at \$100.
- On average, the budget reaches its daily maximum before the day ends and thus is receiving $\frac{3}{4}$ of potential clicks for the day.
- After costs, it is determined that the business is just breaking even.

What are the key questions?

[Go ahead...list some of your own before reading on].

- What is the revenue "opportunity" based on the center running at capacity (fully booked)?
- What is your current capacity utilization?
- Which service type is most lucrative?
- Who are your best/target customers and where do your customers come from?
- How much your competitors charge and what is the competitive environment?

All these questions beg answers that will add up to create a formula for a marketing strategy.

In this case...

- The revenue opportunity is measured as hours of operation (which can be changed) x revenue potential per hour X operating days per year.
- It is discovered that current centre utilization is 25%. Tremendous capacity remains.
- Services A and C are equally profitable, B is less profitable and D is the least profitable.
- Customers are typically female (85%), relatively affluent and between 20-40 years of age. They come from as far away as 40 kilometres with most coming from within the city.
- Competitors charge 20% more. The competitive environment is “medium” intensity. There are only 2 competitors within the city, but none offer all four services. They’re more “clinical” whereas this Centre provides more of a spa experience with inviting reception (couches, library resource centre, complementary coffee/tea)

You might glean that there are immediate opportunities for AHC. Besides effectively marketing the differentiation (spa environment and price), what can AHC immediately do to more effectively leverage marketing budget?

We have defined that services A and C are most lucrative and thus most, if not all the marketing spend should be allocated to these offerings? All of it? Well, we should aim to exhaust sales of the most lucrative services and only once they reach full utilization (which boosts profitability) should we then spend a single dollar on the less lucrative services. As budget is running out in the middle of the day, should we up the budget? Absolutely IF it is proving out – and trust the numbers – that you are growing profitably. In fact, budgets should keep going out as long as there is a measured return on marketing investment (ROMI).

Also, our quick assessment tells us that offering a superior environment (spa/lounge/coffee perks) to an affluent female target may also tell us that AHC’s lower price may in fact be detrimental to its brand and the projection of the quality of their services. This customer base, in fact, may be quite willing to pay much more for the service. These are important questions for business owners to consider.

Of course, this is just a “snapshot” case but it does provide some important considerations for leaders of any business or organization. Whether you’re looking to boost registrations, memberships or sell products via an ecommerce website leveraging internet marketing can drive you to new heights of success.

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