



Act Big Consulting

Small & Medium Business Marketing & IT

“Put the right foot forward and leave greater impressions.”

Top Marketing Strategies for Small and Medium Businesses

At Act Big, our marketing advice for 2004 to small and medium businesses (SMB) will emphasize data driven, analytical approaches, developing a deeper understanding of their customers and improving the effectiveness of promotional activities. Act Big has identified three vital strategies to ensure your success:

- >> Know your customers thoroughly and be able to identify, understand, and target customers and prospects in small distinctive groups.
- >> Convert knowledge of customers into focused action strategies and activities
- >> Build sound insights into customer behavior and programs based on these insights to drive successful customer relationships and interactions.

Marketers want to deliver the right messages to customers, but do they have what they need to do so effectively?

Aligning Capabilities with Priorities

SMB need to better understand customers and prospects to respond to industry challenges, including pricing pressure and channel breakdowns. AB acknowledges that competitive positioning has become the overwhelming marketing priority. This represents a shift toward the adoption of customer oriented strategies and a significant improvement from previous marketing practices, in which SMB focused primarily on product features and price differentiations in marketing campaigns.

AB also suggests traditional capabilities such as influence strategies with customers and distributors, and consistent communications strategies across sales and marketing, as a top priorities. However, Act Big strongly endorses the advancement of marketing capabilities, such as tracking the lifetime value of customers and delivering additional services to the most valuable customers.

AB strives to remove the disparity between actual marketing priorities and perceived capabilities. Few companies have mastered these important capabilities, specifically tracking customer attitudes and segmenting customers by sales factors such as continuing lifetime value and profit potential. Those capabilities are key to building actionable customer knowledge.



Small and medium businesses must take very different approaches to marketing campaigns, value added services, and customer communication than their large, enterprise competitors. SMB are better able to manage multiple, small, targeted campaigns. The same is true for allocating additional services based on customer value. This is not surprising, given that SMB can focus on smaller portfolios and customer segments.

However SMB trail their larger competitors' ability to invest heavily in technology which better equips them to run quantitative campaign analyses, and to expeditiously deliver information immediately to satisfy customer requests. Still, if SMB recognize the growing importance of customers and augment their ability to build strong customer relationships through enlisting SMB marketing technology consultants like AB, they will be able to make significant gains in this area.

SMB Marketing Trilogy

AB suggests that, to compete effectively in fundamentally new markets created by technological advancements, SMB need to focus on, and develop capabilities in, three interrelated, integrated marketing areas:

1. Know Your Customers Thoroughly
2. Convert that Knowledge into Action
3. Distill and Refine Marketing Programs

In conjunction, the trilogy represents a closed-loop process that strengthens distributor and consumer relationships and, ultimately, solidifies their loyalty.

Know Your Customers Thoroughly

Most SMB believe they do a reasonable job of researching customer behavior. Tracking customer attitudes and segmenting on sales factors are essential activities. Thus, it is not surprising that AB places those capabilities at the pinnacle of customer knowledge priorities. However, for most SMB, imperceptible gaps do exist between actual competency in these areas and their importance to a customer-centric organization. AB recommends SMB enlist an unbiased opinions to expose and reduce this gap.

Additionally, SMB should strive to be even more sophisticated in building deeper customer knowledge. They need to place increase importance on assessing customer lifetime value. Further making a high priority the targeting of relationship strategies to individual customer segments based on their lifetime value puts SMB in a strong position to strengthen the brand and affect greater customer loyalty.

Because SMB continue to grow impatient with many technology and marketing sales reps offering stale, one-size-fits-all, quick-fix solutions, SMB must develop deeper insights into their organization's value proposition and create



proprietary strategies to build and maintain loyalty from customers, while implementing the efficiencies of technology over the long term to address specific goals.

Given that a customer relationship has the potential to last years, SMB must also invest in understanding individual distributors' information needs and preferences for communication. Indeed, capabilities that enable SMB to address distributors in a customized way are likely to result in greater acquisition of market share. As SMB realize that gaining new customers and deepening loyalty with current ones is becoming more difficult in an intensely competitive market, the strengthening of relationships with channel partners takes on new urgency.

Convert that Knowledge into Action

In general, Act Big rates capabilities associated with marketing execution such as consistent implementation of brand across sales and marketing and delivering additional services to valued customers as strategically important. Yet, these marketing capabilities seem to be somewhat underemphasized by SMB. There are significant risks associated with ignoring these capabilities of successful marketing, namely the inconsistent, degrading of the brand and the inability to foster relationships with the most valued customers.

The ability to manage one of the more novel and complex capabilities—multiple, small, targeted campaigns— is still not on SMB radars, but the ability to run programs targeting small segments of customers has become more critical as SMB struggle with shrinking advertising budgets and prior misallocations of funds to campaigns with general messages designed to present entire product lines to the broadest customer segment.

SMB, in particular, have the ability to differentiate themselves by applying their customer knowledge to their marketing strategies. SMB need to sharpen their ability to execute highly focused campaigns to take advantage of differential distributor and customer knowledge. It requires consistent execution, not only across sales and marketing functions but also across public relations and customer service, or any at any point of contact where information about customer segments is available for aggregation and utilization.

Distill and Refine Marketing Programs

The greatest challenge for SMB appears to be the ability to evaluate program effectiveness and agility to implement strategy changes based on the customer insights gleaned from these evaluations. Because SMB are usually hindered by a shortage of predictive models to guide marketing investments, performing additional campaign assessments and midcourse corrections becomes a quality to emulate and a marketing capability Act Big can supply, to effectively distinguish a SMB as it strives to become customer-centric. SMB's ability to quickly measure, modify, and redeploy marketing programs to create greater impact is the most important capability Act Big can impart.

Although some SMB may have these technologies, such as sales and campaign



management and data analysis tools, to support those capabilities, Act Big finds that companies may not be using those tools effectively and may have be having difficulty in building metrics across sales, service, pubic relations, and marketing that continuously evaluate marketing programs and customer segment performance.

Executive Summary

What are conclusions for small and medium businesses? Based on insights from Act Big consultants, successful SMB will be those that are able to anticipate their customers' behavior and respond to their needs more explicitly than their competitors. They will effectively use rigorous, predictive analytics to determine high-impact programs and tactics and will apply data as the foundation of long-term, valuable customer relationships.

As such, SMB must reevaluate the role that technology and data play. That means regarding data as a key asset, albeit complex and difficult to manage, and the ability to apply them to differentiate marketing strategies and service their most valued customers. Ultimately, Act Big enables SMB to succeed by addressing and closing the gaps between what SMB believe to be critical priorities and the new technological marketing capabilities they will need to accomplish them.

About Act Big Consulting

Act Big Consulting (AB) is a professional services firm delivering customer-focused business solutions to small and medium businesses (SMB). AB combines leading-edge customer marketing technologies with business strategy to help clients build customer loyalty. By creating the necessary connection between technology and strategy, AB builds solutions that help clients derive greater internal business performance and cultivate long-term relationships with their most valuable customers.

Act Big's specializes in services helping small and medium businesses derive growth and brand loyalty from enhanced customer understanding and integrated marketing.

Founded in 2001, Act Big Consulting serves clients nationwide from offices in Boston, Massachusetts. For more information about our solutions and services contact askbig@actbigger.com or call 617.480.4213.