

# 10 Marketing Questions Every Business Owner Should Ask

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Marketing has long been thought of as part art and part science. While creative and innovative thinking still plays a major role throughout the process, a wide range of post-modern tools are now available to bring more and more science into the equation.

Today, there are a number of key concepts that CEOs need to get their arms around in order to execute a focused, productive and profitable marketing effort. Here are ten to consider.

## What is my cost per lead?

The fact is, too many CEOs have no idea what it costs to obtain qualified leads and convert them to bona fide customers. In order to calculate your true cost per lead, you need to include all related costs from all departments. These include not only the production and media costs generated, but also many other soft expenses that are often overlooked.

It's equally important for your organization to reach a consensus on what constitutes a qualified lead. Does it include just the prospects who put a business card in the fishbowl at your tradeshow booth, or will you cast your net wider? How will you eliminate the tire-kickers that you never really had a chance of selling in the first place?

Once all of the expenses are accounted for and you've separated the qualified from the non-qualified leads, you need to put systems in place to track and manage the overall new-business generation effort. This will not only help you quantify your marketing value add, but also see what other avenues may strong lead generators. Fortunately, there are a plethora of Web 2.0 tools available for you to do this in a low cost, efficient way.

Until these questions are answered, it's impossible to figure out what a genuine lead is costing you. This is key knowledge for determining the investment needed to produce the desired levels of leads, sales and income for the years ahead.

## What is the lifetime value of my customers?

There is a tendency to underestimate the cost of prospecting for new customers. What's even more dangerous is the tendency to underestimate the bottom-line effect of losing a loyal customer.

Let's suppose your average customer spends about \$1,500 in a year. If your average gross profit is 30% and the typical customer stays with you for 5 years, that customer is worth \$2,250. This means that you may want to rethink your strategy if your company is spending more than \$2,000 each to attract new customers. These numbers will obviously change for each and every company, but the concept rings true every time.

When an enterprise employs these kinds of metrics, it tends to place greater emphasis on customer service, retention and long-term satisfaction and far less on the mad rush to maximize short-term sales – ultimately leading to longer term growth and success.

### **How should I determine my marketing budget?**

Too often, companies base their marketing budget on what they did last year, perhaps with a little something extra added to account for inflation. After all, business was decent, so the marketing plan must have worked in some way, shape or form.

This generalized kind of thinking just doesn't cut it anymore in today's still unforgiving economy. Instead, a company needs to take a look at what has really worked over the past one to five years based on detailed quantification of previous results and return on marketing spend.

John Wanamaker's classic saying goes: "Half the money I spend on advertising is wasted. The problem is, I don't know which half." Today, it is more imperative than ever to convert marketing from an art to a science. You need to know what your efforts are costing in each specific channel, and you need an equally clear picture of what those efforts are adding to the sales pipeline and bottom line. Only this holistic view will allow you to pick the right budget, put it in the right places, and maximize your marketing ROI accordingly.

### **What is the optimal channel mix to maximize my marketing ROI?**

Aggregate and industry averages can offer ballpark ideas on how to construct a channel mix. However, an effective optimization process depends on a number of factors. The first step is to determine which channels best fit the communication and engagement profile of your target demographic.

Is it time-pressed executives who prefer the 'cut-to-the-chase' nature of search engines, email and RSS? Technicians who place great value on trusted trade pubs and e-zines? Teens who go into withdrawal without their Facebook and Twitter? Or seniors who spend little to no time on the Web?

Once you've made these determinations, it's time to take a hard look at the performance metrics of the various options within your chosen channels. Remember that these metrics can also vary according to specific sub-markets, seasonal considerations, and so on. The more you drill down and clarify your options, the better you can optimize your channel mix toward maximizing your return.

## **What is my return on marketing investment?**

Return on marketing investment (ROMI) has arguably become the most significant metric for a company to track and monitor. It's certainly a statistical area that CMOs need to have under their command to maintain real credibility in the boardroom.

Short term ROMI is a relatively simple index. This calculates the revenue dollars produced – and/or market share and contribution margin – for every dollar of marketing spend.

On the other hand, long-term ROMI indices often include less-tangible results such as brand awareness and the overall market value of the enterprise – all of which enable enterprises to prioritize marketing and other investments on a more empirical basis.

## **What is my sustainable competitive advantage?**

It's more difficult than ever (actually pretty much impossible) to be all things to all people. In today's increasingly niche-oriented marketing environment, it's crucial to find your true competitive advantage, and build your business around it.

The key is to find an area of product, service or operational superiority that you can leverage to the max. You will want to stay true to the core competencies and perceptions of your enterprise since the last thing you want to do is deceive or confuse your target prospects. By narrowing in on one of your existent competitive advantages and blowing it up, however, you will truly stand out.

Your sustainable competitive advantage could be many things. It could be the breakthrough operational efficiency of a Netflix or a Wal-Mart. A customer experience and/or environment that takes it to another level, as with the Apple Store and Starbucks. Or the attribute-focused advantage of having a clearly superior product.

If you don't yet have a sustainable competitive advantage, it's time to find or develop one, and to start building a moat around it. This is the only viable way to keep from becoming a commodity amidst a sea of average products and services.

## **What is my customer value proposition?**

Many companies never really take the time to flesh out a viable customer value proposition. For companies that do, it often turns into a generalized, platitudes-laden statement that does little to focus their strategic and marketing efforts.

A value proposition needs to be a clear, concise statement of the tangible benefits a customer can expect from your products and/or services. The more specific it is, the better. For instance, a weak customer value proposition would say something like: "Our consultants help organizations streamline their processes for greater efficiency and profitability."

On the other hand, a strong customer proposition might say: “By instituting our Enterprise-Efficient system, our clients typically reduce distribution costs by 20% to 30% in the first year, while improving order accuracy and delivery turnaround.”

The sooner an enterprise can find a solid *raison d’être*, start building a brand story around it – and most of all, find multiple ways to deliver on that promise – the sooner that company will be on its way to an enviable status as a valued resource and supplier.

### **Where are we going and how do we intend to get there?**

Any sports team worth its salt has a detailed game plan. They also have a big-picture operational plan to ensure the right elements are in place for the long term. Yet, many companies today choose to go without the marketing equivalent of a GPS – figuring it’s okay to just change directions on the fly without a set route and a substantial degree of advance planning and research.

While adaptability is an admirable trait, especially in a time of rapid change for both markets and media channels, you still need to start with defined goals and strategies in place.

At the minimum, it’s wise to establish at least a one-to-three-year plan as your overall compass. You’ll no doubt need to continually tweak this plan to adjust for shifting conditions and unexpected opportunities. But without an initial sense of where you’re going, how will you know when it’s time to make a shift?

### **How is my brand perceived by consumers and my customers?**

Marketers typically spend a great deal of time getting to know their target demographics, along with the products and services they’re most likely to buy. However, many companies really don’t have a clue about what their prospects and customers are thinking or saying about them specifically.

The good news is there are more accessible and low-cost tools than ever to build valuable feedback loops with both customers and prospects. It could be as simple as setting up a company blog or monitoring industry or consumer blogs for posts about your company (and your competitors). When needed, you can also conduct a more in-depth market research or performance assessment survey among prospects and customers.

All of this takes a certain amount of bravery on the part of an enterprise. But the fact is that prospects and customers are already thinking and saying things about your company on a regular basis. Wouldn’t it be better to be part of the conversation and to make relevant improvements to your products and services as a result?

## How easy is it for our target audience to find us?

The most creative newspaper ad for a brash, new nightclub probably won't get much readership in Homes and Gardens magazine. Likewise, Twitter probably isn't the ideal place to announce an improved scooter for seniors.

Marketers themselves tend to be media-oriented people. There's a tendency for the older pros to think most of the populace is still scouring the newspaper on a daily basis, while the younger element can't fathom how sizable segments of certain demographic groups have yet to immerse themselves in the Googlesphere. Not surprisingly, the answer usually lies somewhere in between the two extremes.

Here's one way to figure out how to best reach your audience: Take a look at the ways most people are finding you in the first place. You can then make a concerted effort to be in those right places at the right time, every time. Through pairing this research with market and lookalike research, you can ultimately retool your marketing strategy to communicate with them on their terms via the channels they like most.

*TribalVision is a marketing consulting firm whose mission is to help small to midsize companies market smarter. As a marketing department for hire, TribalVision is a flexible, cost-effective alternative to the traditional marketing solutions available to the business community. The TribalVision value-add includes the crafting of strategy, channel-mix optimization, tactics implementation, executive leadership services, and the building highly differentiated brands.*

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