

The Social Venture Network Series

marketing that matters

10 practices to profit your
business and change the world

Chip Conley
Eric Friedenwald-Fishman



marketing that matters

10 PRACTICES TO
PROFIT YOUR BUSINESS
AND SAVE THE WORLD

Chip Conley

Eric Friedenwald-Fishman



BERRETT-KOEHLER PUBLISHERS, INC.
San Francisco

Copyright © 2006 by Eric M. Fishman and Stephen Townsend Conley.

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, write to the publisher, addressed "Attention: Permissions Coordinator," at the address below.

Berrett-Koehler Publishers, Inc.

235 Montgomery Street, Suite 650

San Francisco, CA 94104-2916

Tel: (415) 288-0260 Fax: (415) 362-2512 www.bkconnection.com

Ordering Information

Quantity sales. Special discounts are available on quantity purchases by corporations, associations, and others. For details, contact the "Special Sales Department" at the Berrett-Koehler address above.

Individual sales. Berrett-Koehler publications are available through most bookstores. They can also be ordered directly from Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626; <http://www.bkconnection.com>.

Orders for college textbook/course adoption use. Please contact Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626.

Orders by U.S. trade bookstores and wholesalers. Please contact Publishers Group West, 1700 Fourth Street, Berkeley, CA 94710. Tel: (510) 528-1444; Fax (510) 528-3444.

Berrett-Koehler and the BK logo are registered trademarks of Berrett-Koehler Publishers, Inc.

Printed in the United States of America

Berrett-Koehler books are printed on long-lasting acid-free paper. When it is available, we choose paper that has been manufactured by environmentally responsible processes. These may include using trees grown in sustainable forests, incorporating recycled paper, minimizing chlorine in bleaching, or recycling the energy produced at the paper mill.

Library of Congress Cataloging-in-Publication Data

Conley, Chip.

Marketing that matters : 10 practices to profit your business & change the world / by Chip Conley and Eric Friedenwald-Fishman.

p. cm.—(The social venture network series)

Includes index.

ISBN-10: 1-57675-383-2 ISBN-13: 978-1-57675-383-5 (pbk.)

1. Social marketing. 2. Social responsibility of business. I. Friedenwald-Fishman, Eric, 1966- II. Title. III. Series.

HF5414.C66 2006

658.8—dc22

2006008841

FIRST EDITION

11 10 09 08 07 06 10 9 8 7 6 5 4 3 2 1

Cover design: Leslie Waltzer, Crowfoot Design

Interior design and composition: Beverly Butterfield, Girl of the West Productions

Editing: PeopleSpeak

Indexing: Rachel Rice

Contents

Letter from the Editor of the Social Venture Network Series	ix
Acknowledgments	xv
Introduction: Why Marketing Matters	1
1 Don't Fear Marketing	13
Practice 1: Use Marketing as a Core Business Strategy	
2 Know Yourself	27
Practice 2: Build Upon Your Mission	
3 What's Your Definition of Success?	41
Practice 3: Define Your Goals	
4 Know Your Audience	59
Practice 4: Be Aggressively Customer Centered	
5 Question Conventional Wisdom	77
Practice 5: Don't Limit Your Market	
6 What's Driving the Customer Decision?	93
Practice 6: Communicate Value and Values	
7 Emotion Trumps Data	111
Practice 7: Connect with the Heart First, Mind Second	
8 Build a Community	129
Practice 8: Empower People as Messengers	
9 Walk the Talk	147
Practice 9: Be Authentic & Transparent	
10 Use Your Platform to Change the World	165
Practice 10: Leverage Marketing for Social Impact	

Epilogue	181
Notes	185
Index	195
About Social Venture Network	169
About the Authors	171

Don't fear marketing

PRACTICE ONE: USE MARKETING AS A CORE BUSINESS STRATEGY

“Marketing is just smoke and mirrors.”

“It’s all about selling people things they don’t need at prices they can’t afford.”

“Marketing uses slick ads and exploitative tactics to take advantage of stereotypes, fears, and unrealistic fantasies.”

“No one but large corporations can afford it.”

“Unless you have a sophisticated marketing department, an ad firm, a PR agency, and millions of dollars, don’t even bother with marketing.”

“We’re not ready for marketing. Once we have finalized the product, worked out the bugs, and seen how it works, then we might invest in it.”

We’ve all heard, and at times, hidden behind these myths. Marketing is often seen either as a shady practice—not appropriate for a socially responsible business—or as a mysterious and expensive luxury that few companies can afford. Clearly, you are not a true adherent to either of these beliefs or you would not be reading this book—or maybe you’re just curious. In any case, while many examples of marketing are not being

used in either an ethical or an effective manner (and the same can be said for accounting, law, human resources, information technology and any other business function), solid marketing is a key component of business success that can support both the financial and social bottom lines of your organization. But, to make sure we're all on the same playing field, and to take the mystery out of the word, let's take a few moments to talk about the term.

Many people use the term *marketing* to refer to a broad set of promotional and outreach activities aimed at communicating a business proposition to customers and other important audiences. These activities often include advertising, media relations, direct mail, promotional offers, online promotions, sales materials, and other marketing tactics. While all of these tactics are important applications of marketing (and many will be referred to as practical approaches in later chapters of this book), it is the definition of marketing as a strategy—or strategic marketing—that is our primary focus.

Strategic marketing is acquiring a deep understanding of the needs and desires of your existing and potential customers, and designing your business (products, services, delivery mechanisms, customer experience, branding, outreach, etc.) to meet and exceed their needs and desires. When energy bar leader Clif bar developed the Luna Bar, the core idea for creating the product—active women need an energy bar and have different nutritional needs than men—was a demonstration of the pure definition of strategic marketing. The strategic marketing decision to design an energy bar specifically for active women then led to many other strategic and tactical choices regarding product design, branding and packaging, product distribution, community partnerships and, ultimately, promotional and sales strategies.¹

At its core, good strategic marketing can be deeply aligned with building a socially responsible business because it demands a constant focus on the customer's needs, drives development of quality products and services, and often encourages alignment with customer values. Thus, the first practice of *Marketing That Matters* is simply to use marketing as a core business strategy.

The practice of using marketing as a core business strategy really boils down to defining and utilizing marketing as a central function of *business planning* within your organization. By thinking about marketing as a baseline of business development and ensuring that marketing-based questions and analyses are present and utilized in all business planning processes, marketing becomes an integrated business strategy. Rather than mapping out the product concept, price point, manufacturing and distribution plan, and then asking, “How will we sell it?” adherents to this practice ask, “How do we design the product concept, set the price, etcetera, to best meet the needs of the market?” This is a hallmark of a customer-centered marketing approach. Just think about the repackaging of single servings of yogurt so that they no longer require a spoon. By putting yogurt in a tube and making it more convenient as an on-the-go snack, companies developed a product that responded to a need of busy parents—healthy snacks they could pack in a lunch box or send on a playdate with no muss or fuss.

Core Applications

We have identified three applications of using marketing as a core business strategy to help integrate this practice into your business:

1. Make sure that marketing is “at the table” from the beginning.
2. Distinguish between strategy and tactics.
3. Develop and use marketing plans.

Make Sure That Marketing Is “At the Table” from the Beginning

In some companies marketing efforts are orchestrated by a dedicated marketing professional. In many others, marketing is executed from the corner of an entrepreneur’s desk and competes with all other business needs for his or her time and attention. Regardless of the capacity and sophistication of your marketing resources, making sure that the marketing mind-set is at the table from the beginning of each major business decision—and throughout the development process of a company, product, or service—will help you avoid pitfalls, expand opportunity, and drive success. This requires broadening your view of the tasks you define as marketing—from designing for the market from the beginning of your development process to figuring out how to sell once the development process is complete.

Silk has become a leading soy beverage brand and helped define the soy milk market because the product was designed to align with customers’ habits and desires. Silk used the marketing perspective of understanding customers to make key strategic choices about how to position the product in the store and in customers’ minds. Customers were used to grabbing a half-gallon of milk in a carton with an angled top from the supermarket dairy case rather than hunting for a flattop box in the health food aisles. Silk’s marketing choices included the package design (just like a traditional milk carton), distribution strategy (at mainstream grocery stores), and in-store location (in the dairy case next to the milk).²

To help establish the marketing mind-set, we have filled this book with suggestions of the questions and perspectives

that need to be at the table. Each practice we outline in chapters 2 through 10 will help you integrate a marketing point of view into the life of your business. If you do nothing else after reading this book, make sure that someone in your company is assigned to take a marketing perspective and to ask tough questions at every key business meeting. This will enable you to make better choices and help you advance your business goals.

Distinguish Between Strategy and Tactics

Many marketing efforts do not maximize and leverage resources because they invest in marketing tactics before establishing a marketing strategy. Similar to purchasing Sheetrock, pipes, and windows prior to developing a design concept and blueprint for your home, focusing on what your ad will look like before identifying your priority audience, and your core value proposition, creates waste, inefficiency, and missed opportunities. Marketing strategy encompasses the development of clear goals, identification of the audiences or customers who must take action to achieve these goals, understanding of the core product or service proposition that meets audiences' needs and desires, and development of key emotional and intellectual messages needed to move the audiences to action. Marketing tactics are the means or tools that deliver the messages to the audiences.

Since marketing tactics are more tangible than strategies, many companies naturally jump first to thinking about—and at times even developing—an ad, media release, brochure, Web site, or other promotional tactic before establishing a strategic framework that helps them identify which tactics will deliver the greatest return on investment.

Keep the following points in mind to help distinguish between strategies and tactics:

Marketing Strategies**Marketing Tactics**

Identification of measurable goals and objectives	Direct outreach (employee and customer communication, customer experience, design, etc.)
Understanding of audience needs, desires, values, options, etc. (see chapters 4 and 5 for more detail)	Collateral material/print presence (packaging, brochures, sales sheets, etc.)
Segmentation and prioritization of audiences	Online communication (Web site, viral marketing, etc.)
Development of core business, product, or service proposition	Advertising (print, electronic, online, out of home, etc.)
Identification of your outreach approach (e.g., engage true believers, demonstrate the lifestyle, link to community values, etc.)	Public relations (media relations, community relations, public affairs)
Selection of tactics to implement your approach (see list in right hand column)	Promotions (contests, events, discounts and incentives, etc.)

ColorGraphics in Seattle is one of a small number of printers on the West Coast that is certified by the Forest Stewardship Council (FSC). It utilizes rigid water and air quality standards, careful paper use planning, and fast-drying UV inks that emit fewer toxins—all of which reduces its impact on the environment and produces a higher-quality print product. ColorGraphics wanted to create a brochure to better sell its “green printing” advantage. But prior to developing the brochure, their leadership took a step back and asked, “Who are our current customers and our desired customers, and why will they select us?” They conducted executive interviews with print buyers and CSR

managers, learning that their company’s potential customers thought of green printing merely as using recycled paper, and considered price and quality as the main decision drivers.

ColorGraphics learned that it needed to educate the market about green printing and get the “better quality” message up front: its green printing process wasn’t just environmentally responsible, it was of better quality. The leadership team decided to create a marketing strategy that defined their message framework, segmented their audiences, and served as a guide for the development of a brochure and identification of other tactics that would effectively educate the market. ColorGraphics began its process by determining the need for a new brochure (a tactic), and moved to addressing the need to educate the market about green printing and refining their message (strategies).³

Very often, clients’ first communication with Eric’s agency will be to declare that they need a brochure. Eric’s agency then asks the following questions:

- What business goal is the brochure designed to advance?
- Who are the target audiences?
- What do we need them to do?
- What do they need to know in order to take the action we want?
- How will they get the brochure?
- How will we get them to read it?

Once clients hear these questions, it often becomes clear that a strategy, and not a brochure, is the first need. A marketing strategy answers the first question of whether a brochure is the right tool and then, if it is, how it should be designed. Whether you are driven by saving trees, saving money, or seeing a return on your marketing investment, asking why every time

you say or hear, “We need a _____,” will ensure a better “bang for your buck.”

So, each time you’re in a meeting and discussion of a tactic begins, ask yourself or your team, “Is this effort based upon, and in accord with, our marketing strategy?” If it isn’t, or if there is not a strategy in place, capture the good ideas about tactics and set them aside while identifying your strategy. You can then return to the tactical ideas, develop those that advance your strategy, and discard those that do not. In short, never do tactics before strategy”

Develop and Use Marketing Plans

A simple discipline to ensure that marketing is a core business strategy, and that strategic marketing is driving tactical choices, is to use a written marketing plan or framework for every major initiative (business launch, product or service extension, new market launch, etc.). The act of writing down your plan demands that you ask and answer core marketing questions. This produces more informed choices and makes it easier to communicate your strategy to other team members and partners.

Before succumbing to the myth that marketing can be done only by those with deep technical knowledge and big budgets, keep in mind that marketing plans can be tailored to fit the resources and market potential of each venture or individual project. A marketing plan developed to roll out a new menu for a single-location restaurant and a plan developed to roll out a national product will justify significantly different levels of time and resource investment. However, both plans ask the same fundamental questions. Whether written on the back of a napkin and pinned to your bulletin board or developed by a multi-disciplinary marketing team and presented to your investors, taking the essential step to clearly define your proposition, and

the strategy to connect it with the market, helps drive good decision making and effective marketing. While every business benefits from this kind of planning, we have found that many socially responsible businesses shy away from it. So grab your napkin or your laptop and ask a few basic questions such as:

- What is our business's mission and vision?
- What measurable goals do we need to accomplish and advance our mission and vision?
- What market needs/desires are we seeking to fulfill?
- What customer/audience segments are we targeting?
- What do we know about each segment's needs, desires, relevant habits and behaviors, communications and media preferences, and core values?
- What is our compelling market and value proposition (the unique benefit customers receive in exchange for their purchase)?
- What is our compelling values proposition (the unique social benefit customers create/share by voting with their dollars)?
- What are the key messages (emotional and factual) that are critical to motivate action by our target customers/audience segments?
- What are the most effective marketing tactics to deliver the message to customer/audience segments?
- How much do we need to invest in time and money to be effective?
- Who needs to be responsible for each task and what are their deadlines?
- How will we measure success?

In the following chapters we will look at practices that further define, illustrate, and answer these questions.

ShoreBank Corporation is the nation's first and leading community development bank holding company. It operates banks in Chicago, Cleveland, Detroit, and the Pacific Northwest and offers consulting services around the world. ShoreBank pioneered the combining of socially responsible deposit accounts with lending that develops affordable housing, invests in minority-owned businesses, and funds green building and environmental projects. After nearly thirty years of business, the bank saw a need to refresh its brand and make it better known. What began as a brand development process soon identified the need for a strategic communication plan and a more consistent and strategic approach to marketing.

ShoreBank answered the list of marketing questions referred to above, learned a great deal about its customers and potential customers, and developed a strategic communication plan. The plan put in place a more customer-centered approach to designing marketing materials, the bank's Web site, and public relations activities. It also called for the creation of a marketing planning worksheet that helps managers ask strategic questions as they develop their marketing tactics. And the plan helped ShoreBank make the decision to redefine its marketing department and to hire a marketing strategist to lead the team and also serve as an internal consultant and coach to managers across the company.⁴ Mary Houghton, one of the four founders and president of ShoreBank Corporation, sees firsthand the changes that the strategy has created, "We started investing in marketing strategy and management capacity and there is now constant attention to marketing with solid pay-offs."⁵

Remember, there is value to writing down a plan. The process of asking and answering the questions listed above and the act of committing your plan to paper (or to an electronic document) will force you to make better choices, create a road map

to guide your marketing efforts, and help you get more value from your investment of time and money.

— NEW SEASONS MARKET —

USING MARKETING AS A CORE BUSINESS STRATEGY

New Seasons Market was founded in 2000 by three families in Portland, Oregon. They now have six stores, with three new locations under construction, and over one thousand employees. In *Grist Magazine*, natural business trailblazer Paul Hawken highlighted the importance of stores committed to supporting the regional food economy and used New Seasons as an example, "To me the company that is exemplary is the New Seasons Market in Portland, Oregon. They buy everything they can locally. These are real community food stores with wonderful food and fresh produce and fish. They know the purveyors. They talk about them. They really feed and enhance the local food web of Oregon and southern Washington and Northern California. They are to me your model of what a grocery store can do to help farmers and citizens and communities."

In developing the concept for New Seasons Market, the founders looked at the audience of health-conscious customers and foodies and at the larger audience of weekly grocery shoppers. They realized that an unmet need existed to provide great natural and organic foods, plus incredible quality and variety, along with the basic groceries that most families buy and the shopping convenience that most families need. They knew that beyond the true believer market of deep green customers and galloping gourmets, there existed a much larger market looking for organic produce and Frosted Flakes for their kids, the finest balsamic vinegar and Diet Coke, the option to be socially responsible with their grocery budget and stop at just one store for their weekly shopping. An efficient checkout

line and the chance to get some cooking advice and meet local farmers would also appeal to these shoppers. In other words, there was a golden opportunity for a value proposition that combined *quality*, *convenience*, and *experience*. Brian Rohter, one of New Seasons Market's founders and its CEO, describes developing the model: "It was important to create a shopping experience that was familiar and viewed as the neighborhood store and not some natural foods Mecca or oasis. We recognized that most people don't just eat natural foods. When we go to friends' houses and open the refrigerator we also see Diet Coke, and presliced cheese for their kids' sandwiches. We thought that people should be able to get it all in one shopping trip—ultimately, eat and let eat."⁶

In developing the business plan, store designs, inventory mix, brand identity, staffing and service model, the New Seasons team kept a marketing perspective for telling the story at the table for each planning meeting. This effort included recruiting members of a core team of people who met around the kitchen table to specifically play this role.

New Seasons put a priority focus on developing overarching marketing strategies before making decisions about the supporting tactics. A few of the key strategies included

- Developing a brand that firmly positioned the company as a primary grocery store and a store for everyone—"The ultimate neighborhood grocery store"—rather than a specialty, natural foods, or alternative store.
- Designing the in-store customer experience to "walk the talk" and using this as a primary marketing vehicle, which includes a staffing model and customer service focus that will provide customers with a comfortable, fun, and easy shopping experience.

- Providing health, nutrition, and environmental and socially responsible messages as opportunities for customer discovery, rather than using prescriptive and judgment-based orders.
- Developing a marketing plan format for planning sessions and then turning it into a simple document for each store opening, product rollout, or major initiative.

According to Brian, "Telling the story about what we do and why we do it is as important as how we do it. People have lots of choices about where to shop for groceries and our job from the beginning was to let them know we were doing things in a different way. I remembered all of the shops I have seen with great stuff inside and friendly staff, but not one customer—because they didn't take the storytelling side seriously."⁷ From day one, New Seasons Market embraced—rather than feared—marketing.⁸

Don't Fear Marketing

Strategic marketing is not a prescribed set of tactics. It is not a veil of spin to push products or services. It is not a mysterious and Byzantine faith to be practiced only by an anointed few. It is a focus and a discipline that helps you understand the needs and desires of the marketplace and make strategic choices that effectively leverage your resources. Strategic marketing drives success by connecting customers with your answers to their needs. A business that offers the best product or service in the world is great only if it responds to real needs and meets customer desires, and even then it's great only if customers know it exists. Strategic marketing does more than move product. It also positions your brand, advances your causes, and creates

real relationships with your customers. Strategic marketing drives success for all the bottom lines of your business—particularly your goals for social responsibility.

Now, let's delve a little deeper into the core mission of your company and explore ways to clarify your value proposition, your values, your voice, and the soul of your business.