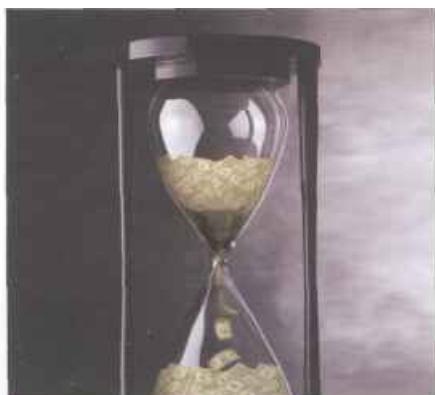


Fast marketing: telling consumers why they should buy right now

Demand for short-term ROI and cashflow requires marketers to focus on promoting sales today, says **Simon Thompson**, Lastminute.com



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WHEN THE INVITATION came to write about 'fast marketing', I never realised the personal inner trauma it would generate. I have now missed three deadlines on submission and the reason is simple: marketing is a long-term proposition and the thought of short-term fast gains is counter-intuitive.

At Lastminute.com, I have had many sleepless nights arguing with myself about the needs of short-term EBITDA improvement and long-term brand health. It takes years to deliver the marketing nirvana of 'selling more for more'; that is, growing sales volumes and unit price (margin) at the same time. What I have attempted to outline in this article is

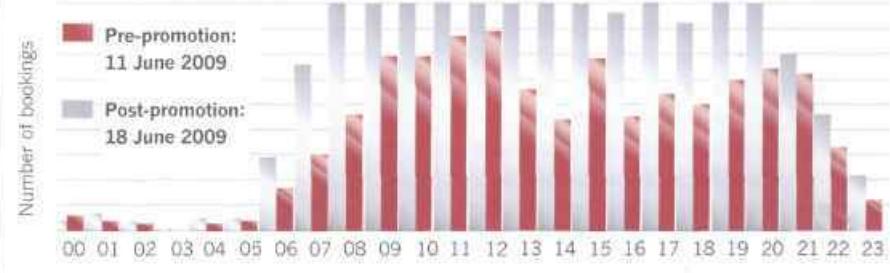
the reality that marketers face in the current, turbulent market and the ever changing needs of the consumer, which are driving us all to 'speed up'.

The world really has changed. I know you have heard all this before, but consumers are now leaning strongly towards the purchase of products they need, rather than products they desire. The Bank Of England's announcement in July this year of a reduction in the UK's level of personal debt for the first time since records began in 1993 is a sure sign of a reduction in general consumer spending. An increase in overpayments of mortgages - more mortgage money was returned than borrowed - is another indication of a nervous workforce. Con-

FIGURE 1

Effect of promotion on theatre ticket sales

Lastminute.com – tickets sales for a Thursday following a promotion, compared with normal sales

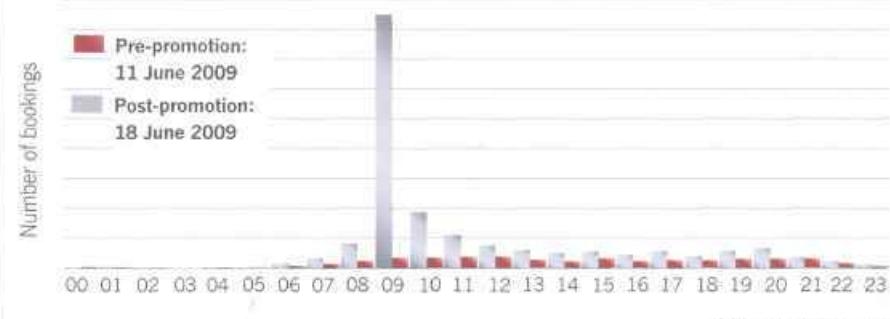


Source: Lastminute.com

FIGURE 2

Sales-lift continues after promotion ends

There is a general uplift in overall sales, even though the promotional tickets are generally sold out in the first two hours



Source: Lastminute.com

time than on a Thursday lunchtime? Did you know that they are six times more likely to purchase following a search on a Thursday versus a Monday? Did you know that a 4°C increase in weather temperature will reduce overall internet traffic on the weekend for leisure products by more than 10%?

Would you know this type of behaviour for your business? Would you be able to make the speedy changes to your marketing investments to reflect the business opportunity, both up and down? Instantly?

Social media

Although still experimenting with social media, Twitter has caught my attention in particular. One of our team was on the way to review a Spa hotel and posted a tweet. Within 15 minutes, the Virgin Trains team, under the guidance of Richard Baker, had entered the discussion with the Spa hotels sister property, ending the discussion with a sales message just over an hour later. This was not a planned activity. Although it is too early to state the commercial value of such a fast marketing approach, there is surely some strong potential here.

The *Admap* article in September 2009 on VCCP's planning methodology around its current comparethemarket.com campaign, which aims to encourage participatory creative ideas, is a worthy read. I am confident that the claimed 25,000 Twitter followers and the 550,000 Facebook friends that Aleksandr Orlov, the campaign's meerkat central character, has generated might prove the economic value overnight. Comparethemarket.com is already reporting an increase in site visits of 76% between January 2009 and August 2009, according to Hitwise.

Admiral, the owner of confused.com and a key competitor to comparethemarket.com, has already used Aleksandr's popularity as a justification for a 30% reduction in confused.com's operating profit to £11m. I believe all the online insurance competitors have put their advertising business up for re-pitch since Aleksandr's television and social media arrival. The fact that it is a great and very funny creative idea clearly helps.

Learn and test

Consumer behaviours are now changing daily, driven by a challenging economy and new technology. In this new environment, we need to learn about new behaviours on a daily basis and then lean on our instinct to test our understanding.

The process should be: learn about the new consumer behaviour; test, test, test,



Response to a message on Twitter about Spa hotels, posted by one of the Lastminute.com marketing team, demonstrates the potential of fast marketing

test; find the right recipe; roll it out. To aid speed to market of such initiatives, the multiple metrics we have historically used may prove too restrictive.

Of late, I have found one marketing metric to live by: percentage of revenue spent on marketing. This allows the marketing teams to freely test their concepts without the fear of micro management by, for instance, acquisition channel, consumer type, sales channel and product line. It is an environment where many ideas can fail without retribution as long as the overall result is in line with the master objective. It generates freedom, and therefore speed and positive risk-taking. It also needs bravery from the business leaders, and enormous trust in your team's judgement.

The business entrepreneur is back - and use of spreadsheets as a crutch should be dying out. It has been a pleasant surprise to see a number of team members shine when they are required to use their 'gut' opinion of the ever-changing needs of the consumer, rather than relying on a pre-set methodology powered by Microsoft Excel. Most businesses have never experienced this market environment before, so why do they assume previous mathematical calculations still apply?

Listen to the market. Take a judgement on what is required. Implement it now.

The brand

I know I said we don't need brand campaigns at the moment, with the general focus on cash generation, but don't destroy what you have spent many years and millions of pounds building. Although testing new ideas with pace is a new market prerequisite, all brands still need a point of reference that should be respected.

The case of car brand Packard in the early 1900s is well documented. For many years, Packard marginally outsold Cadillac but was desperate for greater sales. So

it came up with a revolutionary idea - let's launch a cheaper product. This was particularly attractive in 1934, due to the Depression. 'A cheaper product will solve our problem in a difficult market,' said the board. Does this sound familiar?

From 1935 to 1941, Packard sold five times more cars than Cadillac, but the brand became tarnished, and more and more consumers started to perceive it as another mid-price vehicle. Cadillac became the premium brand. As soon as the economy improved after World War II, Packard started to fade. By 1950, Cadillac was way ahead of Packard, and by 1957, Packard was gone and Cadillac was king of the luxury car market.

During my time at Honda, it took five years to wean the consumer and the dealers off 'distress selling' three-door Civic special editions for £9,995 (a £2,000 discount) every summer, to orderly retailing a £16,000 Civic five-door every day.

A return to the previous behaviour might be a tempting and a speedy decision that would drive short-term sales, but the long-term cost could be enormously damaging. Remain true to your brand values and make sure that the consumer will still love you after the downturn.

On the counter-side, if you are a cash positive business, there will never be a cheaper time to build your brand and gain the invaluable consumer mindshare. For example, ZenithOptimedia recently calculated that it costs £4.60 to reach 1,000 consumers by TV advertising today, compared with £6.70 in the year 2000 - a 30% cost deflation in less than a decade.

Fast marketing

The consumer and the market have changed, potentially forever. New technology allows you to see and respond to these changes instantly. Historical long-term planning processes, at agency and client side, are struggling to keep pace with this reality.

Entrepreneurial consumer and market alive leaders who have the freedom to test and fail, use new technology to speed understanding, and encourage dialogue with consumers, will be the winners.

But the long-standing marketing reality of potentially destroying in an instant the equity you have built over time is still alive.

Instantaneous response to market and consumer changes is here to stay. Fast marketing has a place. Fast brand destruction does not.