ADVERTISING CASE STUDY

brainfood

Converging business strategy, creative thinking, and new technology

NEUTRALIZING COMMODITIZATION

A COMPANY IN A COMMODITIZED INDUSTRY SECTOR IS REPOSITIONED TO PROJECT A MORE UPSCALE, PROFESSIONAL IMAGE TO STAND OUT WITH PROSPECTIVE CUSTOMERS.

fabcom

integrated strategic marketing

BRAND AND POSITION POWERING RETURN ON INVESTMENT

Situation

An entrepreneur purchased a successful local, same-day delivery company. Over the next few years, the owner made several acquisitions of smaller delivery companies and invested in software and communications hardware in order to improve the speed and accuracy of dispatching drivers for pick ups. However, the owner was frustrated that "natural" revenue growth was almost non-existent, he had been able to grow almost solely through acquisitions and he found it difficult to retain a strong percentage of the acquired accounts past the first months of transition. Also, the marketplace was not aware of the clear and superior advantages the owner's investment in technology had created for his company compared to his competitors. FabCom was engaged to develop a comprehensive, three-year marketing strategy to position the company as a market leader in the same-day delivery segment.

Goals/Objectives

Goals

- Define mission and vision statements.
- Develop, brand and promote a unique and effective market position.
- Increase revenue/number of customers 30% per year for five years.
- Improve acquired customer retention from the current average of 65% to 90%.
- Increase shareholder value by 150%+ in five years.

Objectives

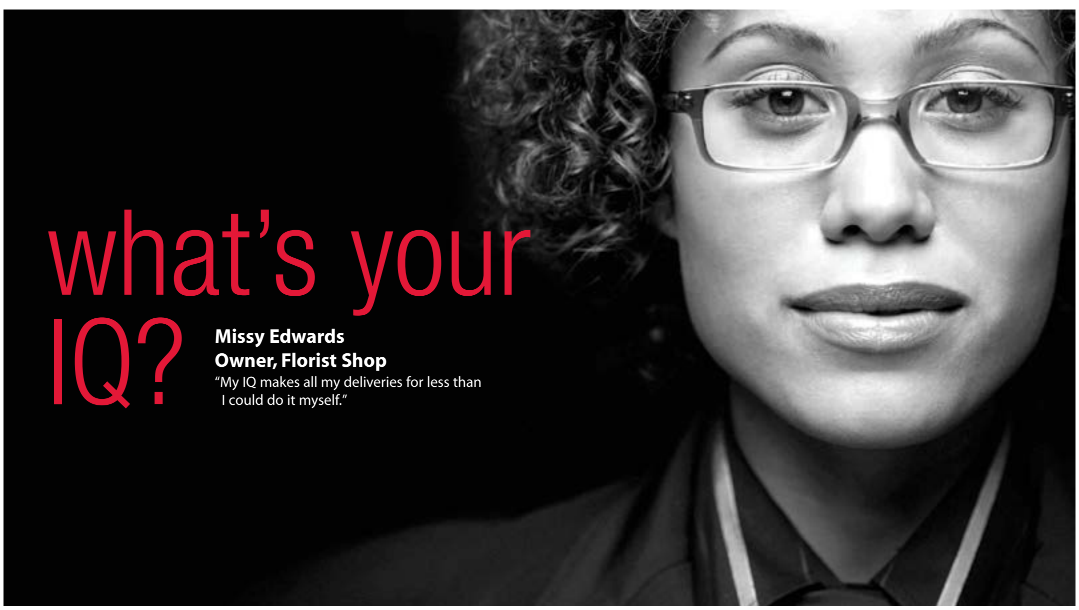
- Increase awareness and understanding of the company's uniqueness among the target audience of delivery service purchasers.
- Introduce new services as deemed needed by the market.
- Expand awareness and customer base in key niche markets (finance, legal, advertising, printing, etc.).
- Promote "natural" customer growth vs. acquisitions.

Strategy/Tactics

The comprehensive marketing strategy and tactics were built around the positioning statement, "Better. Faster. Smarter." A name change – to IntelliQuick – was a key element of the strategy in order to eliminate confusion about what services were offered. The company had been known by a name (Jet Delivery) that led many potential customers to believe that this was an airfreight delivery company rather than a company that makes point-to-point deliveries. A new, distinctive, non-confusing name and corporate identity were created and the company's website was redesigned to emphasize its industry-leading functionality (customers could order, track and confirm deliveries online, right from their own computer – this was uncommon in 1992) and to create a more resonating brand. FabCom launched sales training and sales automation integrations with the new campaigns to create more productivity from the company's sales team and to ensure conversion. Print, radio and direct mail were utilized. In addition, other internal campaign elements were deployed to ensure stakeholder buy-in, including signage, vehicles banners, driver uniforms and ID badges, customer incentive gifts, and sales channel collateral, all cohesively communicating the company's new name and position.

Results

During the first nine months of the three-year comprehensive marketing plan, revenues – not including acquisitions grew by over 50%. In addition, the increased market awareness for the company, and its superior technology that delivered unique service advantages, put severe pressure on several thinly funded competitors. This allowed our client to make additional, previously unforeseen acquisitions at very advantageous terms as competitors surrendered rather than continue to see sales erode, or filed to make the kind of investment necessary to level the playing field again. All goals and objectives for the strategy were met or exceeded. The client had FabCom initiate major recruitment campaigns for drivers and customer service staff in order to keep up with the rapidly growing business. FabCom continues to work with the client as they prepare to open new markets in their region. In fact this client commissioned two additional three-year strategies as we outperformed the goals and objectives on the first two.



FOLLOW-UP: A Cautionary Tale

What is the opportunity cost of not advertising?

When our strategy-driven advertising for this company was in place – from March, 2002 to February, 2006 – the organic growth rate was 29% over the prior year for the same period. The marketing expense for this period was only 3% of total revenues. At this point, the owner of the delivery company chose to discontinue advertising on the basis of so much growth that the company required a renewed internal focus and the company was looking to "catch its breath" from several years of exponential growth.

For the subsequent year with marketing discontinued, the organic growth rate was zero. Assuming the same conditions (ad expenses plus average revenue), the company's lost opportunity was significant. Based on applying the same growth rate of the previous six months with advertising, the company's gross profit, shrank by nearly 50%.

In July of 2007, the delivery company commissioned its third three-year comprehensive marketing plan from FabCom, realizing that the previous two plans had exceeded all goals and objectives and the cost to advertise was "worth it."

FabCom is a full-service strategic marketing, PR, and advertising firm

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*Amortized for media billings as calculated in the Phoenix Business Journal Book of Lists.