How do you get the budgets for long-term brand building? Seven tips!

All brand consultants probably get this question from their clients. Especially in times of pandemic, this was more often the case. Analyses show that those who manage to maintain a relevant share of voice during the recession also reap the rewards afterwards in the form of higher market shares. The former marketing professor Mark Ritson, an advocate for sound marketing, is a self-confessed hater of all the bullshit hype that is continuously being chased through the marketing village. Early in the pandemic, for example, he warned about the consultant hype of future public good-oriented buying behavior in the New Normal - and he was right. Ritson recently published a very good paper[1] to comprehensively answer THE QUESTION. I will succinctly summarize his key points here and enrich them with a few recent publications. Check the show notes if you want to incorporate the evidence into your own argument.

So how do you get the CEO, the CFO, the CMO, the owners, or all of them at the same time to focus on more than just the short-term impact of marketing, the short-term ROI? Of course, we professionals know that brand success is the combination of long-term brand building and short-term sales increases, and that you should spend about half of your marketing budget on each. If you always focus on the next 12 months, then you will automatically spend most of your money on short-term measures. This will almost certainly improve the bottom line - in the short term.

But if you compare a company that thinks permanently in the short term with one that distributes its expenditure evenly between short-term actions and long-term measures, you will see two very different developments after five years.

The actionist firm will peak after about 18 months. The strategic firm will eventually come out ahead in growth and make significantly more money after five years, all other things being equal. You know this and the directors suspect it. Ritson himself says he couldn't answer THAT QUESTION any better - until he set out very specifically to tease out the experiences of firms in the pandemic as a foundation.

He interviewed six CMOs who work at large firms, have budget authority AND have real marketing expertise, which in his experience was not that common. What's more, these six changed the company's spending habits after they came on board there. To Ritson's delight, the experts were largely in agreement. From this, Ritson formed a kind of guide to persuading executives to operate in a more long-term, brand-focused, and ultimately successful way.

1. you need an order

In other words, you need the tailwind of trust. That comes much easier when you're new to this senior role. Colleagues know you must be the right person for the job. In your first 100-day report, you can show that the marketing investments are suboptimal and that this needs to be changed in the short term.
If, on the other hand, you are not the new girl to fix things, then your chances for new longer-term brand building are much lower. People in the company don't see any serious problems with the short-term marketing approach (more like sales) and don't expect you to make any fundamental changes. You are just leading the proverbial Picture Department and are responsible for the pretty colors. I can confirm Ritson's insight. I have taken on senior marketing roles myself several times and it was much easier to get a strategic realignment through at the beginning than if you had been eating together with the board in the canteen for a while. The prophet in your own house has a weak voice.

2. manage up, but properly

You don't have to be on the top floor, but you do have to know how to get there. A longer-term approach needs clearance from the top. Most senior managers have no idea about marketing and branding issues. But a fear of being exposed as ignorant in front of their teams. With a background in finance or engineering, you're quickly left out of branding issues. Lead gently and with authority through the marketing thicket. Top leaders hate surprises. A lot.

Keep them informed and actively seek their advice. And recognize where the real power is running, who is part of the inner most circle? Without their trust in the value of your long-term brand building, nothing works.

3. the 'why' really matters

"We get so carried away in our little unimportant marketing bubble that we forget that senior executives give not one fuck about either the long or the short of it, or any of the other hot-button concepts that our industry obsesses over." These people aren't persuaded in the boardroom by fancy PowerPoint and quotes from Les Binet. Before you get up in the conference room, you should have convinced the three key players beforehand. Marketing experts are supposed to know what makes people tick, but they often don't understand fellow executives well enough to get them on their side. Good marketing needs to be marketed.

Ultimately, everything you propose must contribute to sales, profits and growth. It's the great irony that ROI-obsessed marketing leaves enormous amounts of potential money on the table. It's the time for facts to win over the chiefs with numerical arguments. And:

4. you need all kinds of case studies:

It's almost banal. No polished argument has the story power like good case studies. Both of well-known companies that have successfully established this long-term strategy. A widely known case is the break at Amazon, which pivoted from pure short-term thinking to TV and branding. But of course, there are also the examples where companies have taken a more short-term approach and gotten their fingers burned.

It can be helpful here to also mention the professional fate of those responsible. My experience: At O², we had made good progress with branding around the turn of the millennium, and market shares were rising. Then the budgets were massively cut because the UMTS licenses had been bought at too high an auction. The positive momentum came to an end frighteningly fast. Those responsible were handed their hats pretty quickly.

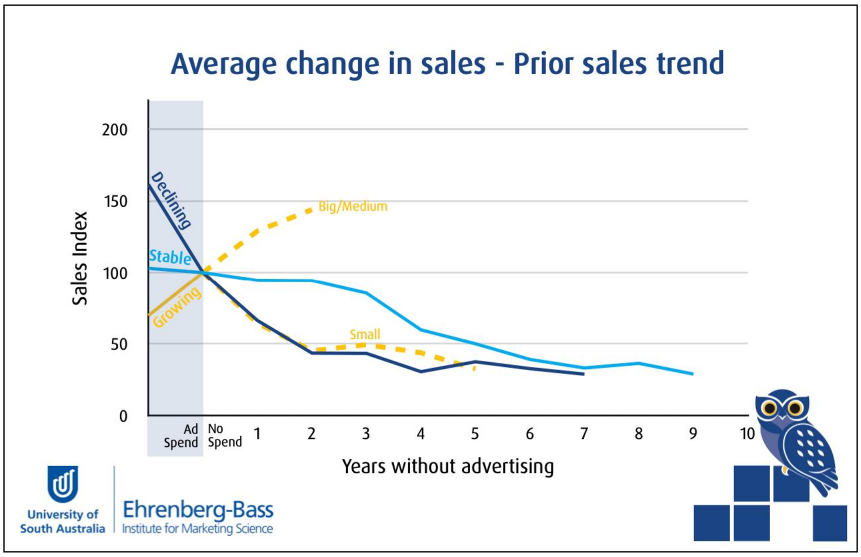
Ritson points to the fundamental work of Les Binet[2] and Peter Field, which is an important source of case studies and practical examples. Very recently, there is also a study by the Ehrenberg-Bass[3] Institute (Prof. Byron Sharp), who have analysed brands in Australia. Australia may be far away, but from my own branding experience of three years in Australia I can confirm that it is just as competitive there as in Europe. The study results immediately trended on LinkedIn. No wonder, they didn't just look at brand behaviour, they also looked at contexts, so whether they were growing, shrinking or stable brands before reducing ad spend. You always see a negative effect of not advertising, but you're protected at least for a while if you were big and growing. The quickest losses are made by the losers. Even stable brands quickly start losing sales without ad support.

Do You know P&G and Coca Cola? Two real brand power houses. But only one got it right in the pandemic. P&G have increased their marketing spend and profited. Coca Cola stopped spending with sometimes esoteric reasonings and gave competitors breathing room[4].

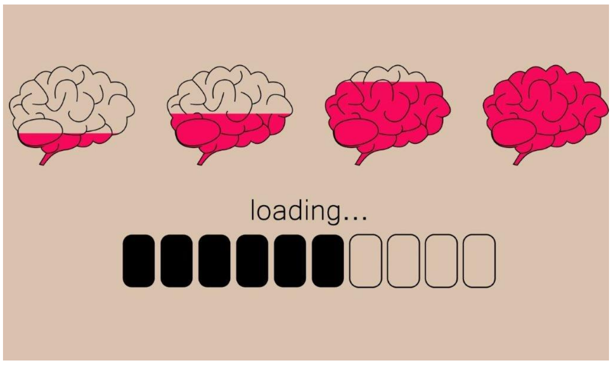
Once you have set the train on the right track, it is of particular importance to communicate internally the activities and progress in terms of a building case study. This is how you get the rest of the organization to join the journey.

5. brand your branding like a brand

"Good senior marketers spend a long time, and do a lot of advanced thinking, to produce a new approach that is so simple it can be summarised in one slide and widely seen around the organisation as ‘obvious’." Do not, under any circumstances, succumb to the temptation to map out the complexity of branding in a 60-page Frankenstein monster with some Byron Sharp, Scott Galloway, Jenni Romaniuk and Les and Pete. Useless brand planning is the result and failure follows. Remember that even the best brand building approach takes up to four years to reap the rewards.



One year for development, one year for implementation and two more years for positive brand impact on sales and profit. The process needs to be simple and obvious to keep the team on track.



6. allocate two pots - before you start watering

Of course, long-term branding efforts can also lead to short-term purchases, and short-term promotions can help build the brand. These dual-target measures are inevitably ineffective, Field recognizes. Ritson's top six marketers emphasize that you can't get long-term brand building right without allocating significant funds from your budget to it. The prerequisite is to openly divide the budget between two pots. Otherwise, there's a danger that the short-term ROI argument will usurp all the money. I have experienced all of this myself.
You may not always be able to free up the necessary 60% budget for brand building. But it's still better to keep a fixed amount of 30% for branding over the years. Otherwise, you quickly fuel the turf wars over the budget, which also paralyze motivated marketing teams.

7. metrics are important

If you only use short-term metrics for your marketing investments, you will always prefer activation over brand building. It's important to have the right metrics in place. This can be a brand score, or Karen Nelson-Field's system for mental availability Think Byron Sharp: Brands need to be mentally and physically available in the buying situation. It's more important to think about a brand in the buying context than what you think about the brand. The six companies now have advanced consumer dashboards that measure the purchase funnel at regular intervals. The top of the funnel shows whether branding is working and the bottom shows whether activation is working.

The biggest challenge remains the time it takes to show the organization's progress long before profit can be collected.

It's not a question of WHY should you build a brand for the long term, but HOW. So, get to it. And good luck.

Quellen:

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2. https://www.warc.com/newsandopinion/opinion/les-binet-on-why-long-term-marketing-matters-in-the-age-of-short-termism/3307
3. https://www.marketingscience.info/when-brands-stop-advertising/
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Buchempfehlungen

Von Ralph Ohnemus:

Markenerleben. Die Strategie im Hyperwettbewerb und Informationstsunami > hier bestellen

Markenstaunen. Gewinnen im Informationstsunami > hier bestellen

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