

A Modern Guide to Marketing Principles, Research, Strategy & Frameworks

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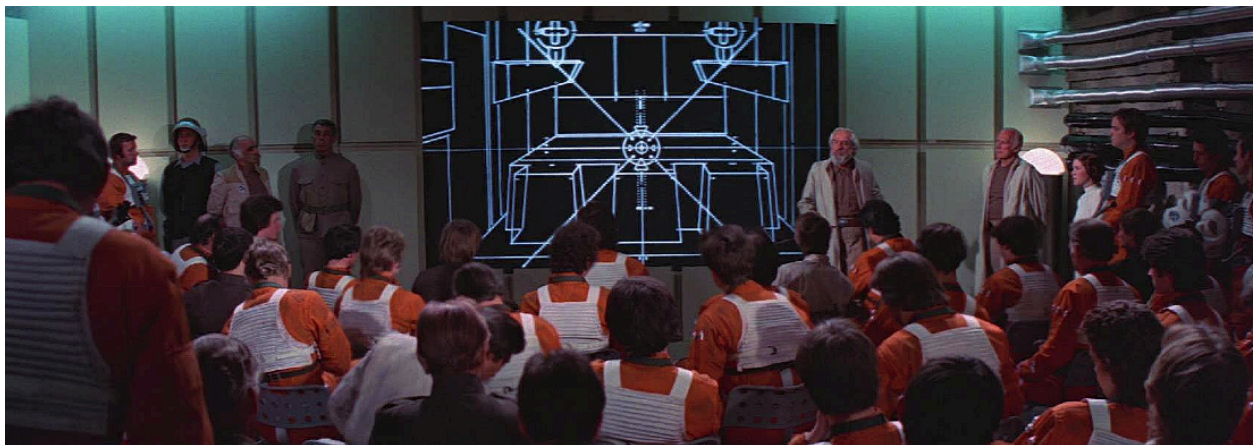


Image 1: Star Wars, planning the attack on the Death Star. Strategy and planning were crucial to ensure success and to save the galaxy!

Early on in my career I went to work client-side for a financial services brand with a good name in the market, I was employed as a digital marketing consultant. I was young and excited to

start my new role and in my first few days I was eagerly discussing with other team members what our digital marketing strategy was. I was told, rather succinctly that our strategy consisted of being the best at SEO and Google Ads. Our SEO position was to monitor what other players in the market were doing well, copy and do it better. Our Google Ads strategy was to drive efficiencies with low cost keywords and improve Quality Scores. I remember coming out of this meeting feeling amazed more than anything else. There didn't appear to be any significant research or thinking grounded in marketing theory, there was no marketing strategy in place.

After being in the industry for more than a decade, I've had this experience repeated a number of times. I've come across marketing companies, consultants and contractors that have only a superficial understanding of what marketing is and how to properly build a marketing strategy. I am no longer as naive as I once was and I've realised that the problem is that anyone today can become a 'digital marketer' within minutes. These Pseudo-marketers harness easily accessible and powerful digital tools and can start marketing with little to no background in real marketing principles. Marketing tactics are commonly mistaken for strategy and having a proper marketing strategy is overlooked.



What is marketing fundamentally and how do we move from strategy through to application in today's digital world? We are going to answer these questions by stripping back all the shiny new tools and distill marketing back to its fundamentals and then rebuild it as it can be relevant for today.

We'll start with textbook marketing principles and theory that has been around for almost a hundred years. We'll consider market research techniques using digital tools and how segmentation can be used to hone in on your target market and form a contemporary strategy. We'll then move on to discuss in depth the different applications and marketing models that are popular for today's markets. Lastly we look at modern marketing gurus and their ideas for marketers.

The aim of this article is to help marketers create more solid foundations for their marketing campaigns and build from the ground up.

SECTION 1: Back to Basics

First Principles of Marketing - what we know to be true

In order to understand a concept we need to distill it down to its fundamental parts. This is a concept that Elon Musk is famous for popularising. He explains that rather than reason by analogy, (which is to do similar things to what others are doing or accept other people's assumptions about what is true), rather we should boil a concept down to that we are sure is true about it, it's fundamental truth, and then build it up from there. [Here's a video of Elon explaining first principles](#)



I tend to approach things from a physics framework. And physics teaches you to reason from first principles rather than by analogy.

- Elon Musk -

quoteparrot.com

Applying first principles to Marketing, we ask, what is marketing at its core?

Firstly, we know that marketing is not sales. While there will be crossover, we know that sales is about selling, converting a prospect into a sale. Marketing is usually a step before this, that is more about generating these prospects.

In fact, Peter Drucker the famous management consultant said that *“The aim of marketing is to know and understand the customer so well that the product or service fits her and sells itself. Ideally, marketing should result in a customer who is ready to buy.”* (Drucker 1973, Management: Tasks, Responsibilities, Practices, pp. 64–65)

What did Drucker mean when he says that the aim of marketing is to *‘know and understand’ the customer?* Seth Godin put it well when he said, *“A marketer is curious about other people. She wonders about what others are struggling with, what makes them tick. She’s fascinated by their dreams and their beliefs....we choose people based on what they dream of, believe and want.”* (Seth Godin - This is marketing) According to Godin, fundamentally marketing is about deeply understanding what others want.

Based on this way of looking at marketing, we can say that marketing is about

- a) Deeply understanding and defining your audience based on their needs.
- b) Position the brand/product to target and be relevant to this audience

However, the above 2 aspects are not enough. We also need to:

- c) Communicate effectively and persuasively with the audience.

Defining Marketing

With this definition as a starting point, 'doing' marketing can be broken down into three core components:

1. **Identify Target Market:** Identifying who the target market is and generating customer profiles. We need a thorough understanding of the total potential market and then we are able to divide it up into segments and choose our target segment. This includes an understanding of the marketplace and competitors that operate in each segment. The outcome of this research can be presented as customer personas including information on each persona's demographics and psychographics - their needs, wants and motivations.
2. **Positioning:** Once we know who we are targeting, positioning is about making sure we are addressing the needs & pain points of our target market by portraying the right message. Positioning involves branding and creating key selling points (KSP's). Does our target market want convenience, ease of use or low cost? We also use positioning to differentiate from competitors.
3. **Communicate & Persuade:** This covers the delivery of the message. Where do we communicate, what platforms do we use, what message is sent and how do we convey this message? It's not enough to simply communicate the message, it needs to create some effect, it needs to persuade.

Defining Marketing Strategy

Understanding what 'Marketing' is in a general sense, makes it easier to understand the difference between Market Research, Marketing Strategy & Marketing Tactics.

What Strategy is Not

There is confusion and argument about what marketing strategy actually is. This is because the term strategy is thrown around loosely to mean planning or theory. We often hear people talk about an SEO strategy or a digital marketing strategy which is understood in context to mean a plan of action to achieve certain results. The problem is that it causes confusion when we are looking for a technical definition for marketing strategy and this goes some way to explain why there is so much confusion among marketers.

Another reason for the confusion comes down to a lack of market orientation. Meaning that marketers are marketing-driven rather than market-driven "When you're marketing-driven, you're focused on the latest Facebook data hacks, the design of your new logo, and your

Canadian pricing model. On the other hand, when you're market-driven you think a lot about the hopes and dreams of your customers and friends" (Seth Godin – This is marketing) - market orientation is about listening to the market.

To be clear, tactics / execution, (which is what many marketers are technically great at today), are activities like running a Google Ads campaign or setting up an email nurture. We must have the strategy in place before we can start executing.

Here are some descriptions of 'Marketing Strategy' that I have seen which I believe have the definition wrong.

[This article from wordstream](#), defines 'The 11 Best Marketing Strategies'. However, when we look at these strategies such as 'using SMS chat', they are in fact all tactics!

Another article from [Forbes](#), describes marketing strategy as 'Any culmination of activities, whether online or offline, that helps a business to move closer to its short term or long-term strategic sales goals are part of its marketing strategy'. While this is better it is still far too broad and talks about activities as strategy. We argue that activities are separate from strategy, they are the next step after defining strategy.

Another [article from Hubspot](#) says 'A digital marketing strategy is a plan that helps your business achieve specific digital goals through carefully selected online marketing channels such as paid, earned, and owned media.' This definition also misses the mark, there is no reference to defining target market and positioning. Again the definition of strategy jumps to defining channels.

What Strategy Is

The best working definition I have found, (which is also one of the simplest) is that marketing strategy consists of 3 things:

- 1) Defining a target segment: Researching, understanding and segmenting the market. Then selecting the right target segment.
- 2) Positioning: As discussed above, positioning the brand towards the target segment
- 3) Objectives: Once we know who we are targeting and how we are positioned we can then define our objectives. These objectives should be S.M.A.R.T.
- 4) I know I said 3, but I like to add a 4th as well, which is investment/budget, we need to know what we can invest to achieve these objectives.

A good analogy from Mark Ritson, is the idea of going to war. When we plan to win a war, before we do anything we need to send out scouts to survey the battle field and observe where all the enemy units are placed. The outcome of this research is segmentation. Our strategy will then consist of selecting which segments of the battle field we conquer with which units and at

what cost. This is our target segment, how we position for it and our objectives. The actual tactics and formations used are decided in the field by specialist captains. These require specific tactical knowledge and are subject to change with the environment. This is comparable to using Google Ads to run a specific campaign

The 4P's as the underpinnings

The 4P's concept was developed in the 1950's and has been a fundamental way to understand marketing ever since, every marketing course today covers them. The 4p's are Product, Price, Promotion and Place. Each one describes an essential component in marketing and they help us understand the needs of our target segment and consequently to position our brand appropriately. All four need to be understood keenly in order to create a great marketing strategy.

THE MARKETING MIX



Product

Theodore Levitt said 'People don't buy drills, they buy holes'. We need to gain a deep understanding of the product and the solution / value it provides. Is it a luxury or a staple, is it a product or service? Here we define the Unique Selling Points (USP's) of the product - what makes it different? Taking time to consider what is unique about the product and which audience types this will appeal to is too often overlooked.

Price

Pricing strategies consider the costs of the product as well as the perceived value of the product. Higher pricing can be used to convey perception of luxury products. Subscription models can be used to convey value at low price. Discounting can be used strategically, for

example we can discount or give away first products for free in order to retain customers into email marketing systems for further promotion.

Promotion

This is the way we bring the product in front of our audience. Promotion deals with the advertising channel and the type of media we use. This could be offline channels like radio or online channels like social media or search ads. We also determine the type of media to convey the message, for example video ads or text ads. For many digital marketers this is their whole world and the only P that gets any attention. Promotion is certainly a powerful aspect but it needs to be combined with the other P's in order to create a winning strategy.

Place

This is where customers can actually buy your product, it covers the way you deliver it to them. It can be confusing in the digital space to differentiate between Promotion and Place because Place can be Promotion. The key difference is that Promotion is where the product is advertised and Place is where it is actually purchased. Place could be your own ecommerce site or an Amazon Store, or it could be a physical store. Note that Amazon can also be used as Promotion, you might sell the product on Amazon but also run ads on the platform

Powers of Persuasion



Qui Gon Jin from Star Wars using a Jedi Mind trick to persuade

Persuasion is an effective tactic in the way we execute our marketing communication. A marketing campaign that doesn't move or convince an audience to a certain outcome would be deemed ineffective.

The best way to start using persuasive techniques in marketing is to study the great master Roberto Cialidini. [Cialidini defined 6 Powers of persuasion](#). They are: Reciprocity, Consistency, Social Proof, Liking, Authority & Scarcity. Each of these Powers can be used in different ways and can also fall within a different 'P'.



Image courtesy of:

<https://medium.com/better-marketing/how-to-build-a-100-automated-system-that-sells-while-you-sleep-128e72cb8b35>

Reciprocity

Humans will naturally return favours and pay back debts. If you provide someone a favour or a discount, they are likely to feel as if they owe you something back in return. Cialdini gives the example of the Hari Krishne, who stand at airports and provide free flowers to passers by and then ask for donations, he notes the simple act of providing the free flower tends to increase the size of donations. There are many applications of this today. For example, offering free content and resources on websites can be used to create a sense of indebtedness that value has been provided. Reciprocity ties in closely with the 'P' of Pricing. Providing a discount, free content or a free consultation appears to make the price cheaper and creates a sense of indebtedness to purchase the product or service. Therefore reciprocity would be a good persuasive tactic to implement if we decided to position the brand as low priced or offering high value for money.

Consistency / Commitment

Once we have committed to something, we are likely to fulfil that commitment. This is grounded in cognitive dissonance, we feel tension if our inner beliefs do not align with our actions. Marketers can use this technique to influence people's inner beliefs. By making small requests from people we can influence their actions gradually and over time their inner beliefs change to justify their actions. Cults and entry rituals use this principle, small gestures like attending a meeting build up in effort and beliefs change to align with action. Email marketers can use email as a promotional channel to take advantage of this technique. Emails are drip feed to subscribers and a simple email click is an easy first action to take to begin committing to a course or an event. Consistency / commitment may be an effective technique to use on certain market segments that are more susceptible to becoming involved with the brand

Social Proof

We do what other people do. If our colleagues tend to all be highly into exercising and fitness we are likely to be motivated to get fit ourselves. The effect is also larger if the people we observe are similar to us. Social proof is commonly employed on websites through testimonials. Reading about other's successful or happy reviews is likely to convince us of the product or service's worth. Said another way, this helps position the value and trust of the brand.

A great example of this is Book Depository's 'watch people shop'. They overlay real time data of users shopping and what books they are buying. Notice in the screenshot below how prominent this section is above the fold of the homepage to catch your attention so you see other people constantly purchasing while you shop.



Screenshot: Book Depository's 'watch people shop' feature

The consideration of Place, Promotion and Product (think back to the 4P's), can all come into play here. The Place where you sell the product and the channel media play can be used to convey social proof like testimonials. Also the way we think about what the product is itself can

be social proof, for example in the case of app's where the USP of the product is that all your friends are using the app.

Authority

We obey people in positions of power and people who are authoritative experts, like doctors. This holds true even if they are disagreeable, we still tend to listen to what they say. This is why Television adverts for pharmaceuticals show actors wearing lab coats or medical scrubs. Authority is about the way the product is conveyed in the advertising creative and falls usually under Promotion. Influencers, like fashion icons in the social media space can be considered Authorities and can also be considered a promotional channel.

Liking

One of the simplest principles, if someone likes you more they are more likely to be influenced by you. Familiarity, physical attractiveness and similar interests are all things that can affect likeability. Many companies try to increase likeability through their own websites, showing pictures of staff, conveying values they believe in and the good that they have done. Companies like Google do this well, by stipulating their values 'Don't do evil' and constantly communicating the causes they promote such as the Google Grants program. Strong customer service is also able to increase Liking, which usually happens at the 'Place' of purchase.

Scarcity

We are likely to purchase something if we believe there is little of it left. Messaging like 'don't miss out', or 'last one available' increase our desire to acquire something. Product and Price can be used strategically to convey this. We convey that the product itself is inherently rare or running out and reflect this in the pricing.

The Six Powers of Persuasion are extremely useful tools and understanding all six of them allows us to incorporate more persuasive techniques into our marketing strategies and convey a more effectively persuasive message.

SECTION 2: Defining Audience

Target Market Outcomes



The many characters of Star Wars, each with their own needs, wants and desires.

The cornerstone to any marketing strategy is to clearly identify and define the audience. The frameworks we discuss in the next section rely heavily on market research. Brand positioning, designing ads or selecting promotional channels without understanding the audience will be largely ineffective. Market Research is the first piece in our puzzle and will heavily influence how we define Product USP's, Promotional channels, Pricing and Place.

Market Segmentations & Generating Customer Profiles

In a broad sense, market research allows us to understand the market and the various customer segments in this market. Using this research we can then hone in on our target segment & generate customer profiles that we can position against. There are two sides to a customer profile. The first side is to understand who the audience is demographically and what they do. Questions we might ask are:

- **Demographic information:** Age, location and sex
- **Financial Status:** Job information (are they price sensitive)
- **Personality type**
- **Education**
- **Relationship Status:** Married or not, who do they live with and spend time with?

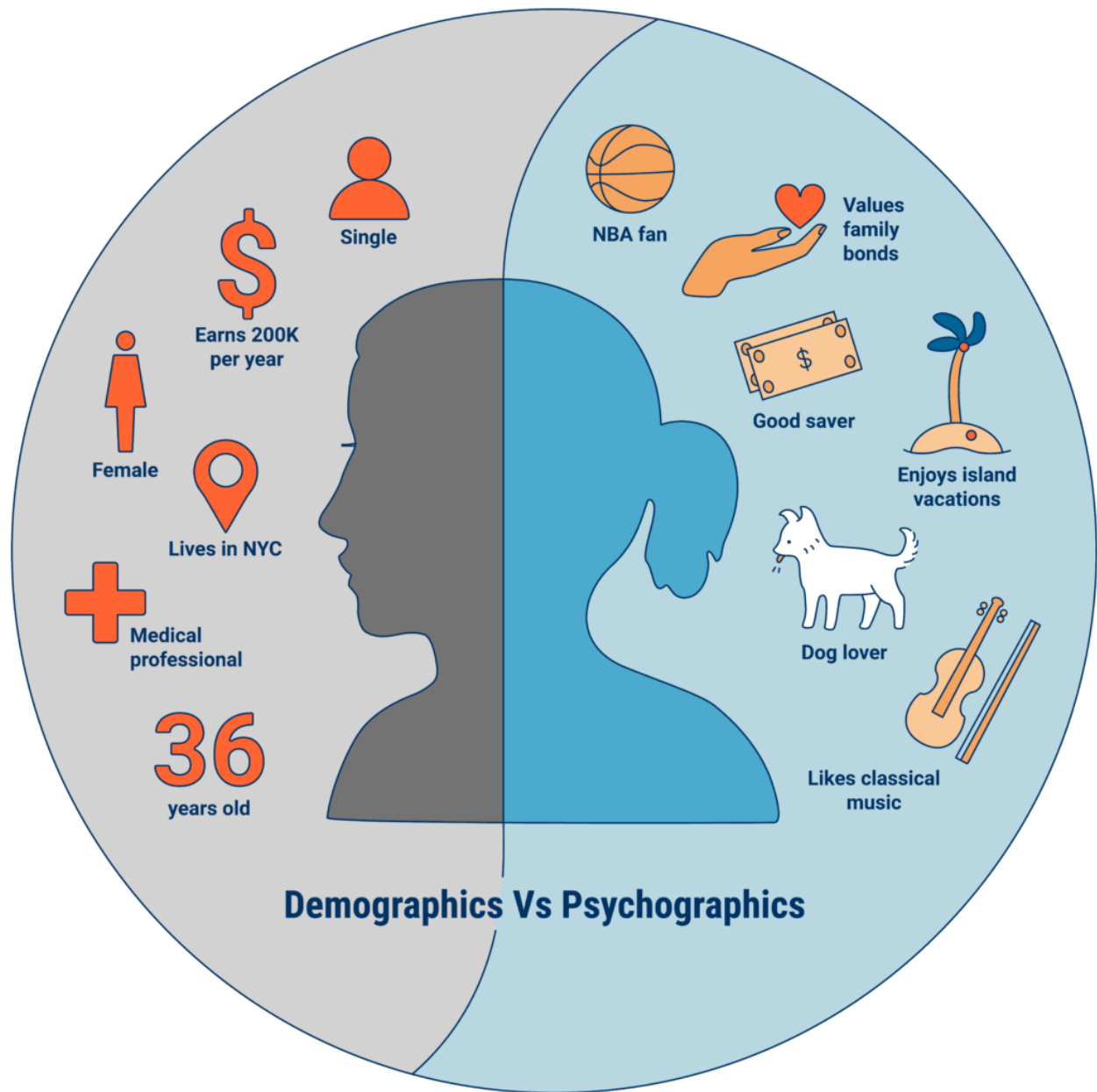
- **What do they spend their time on:** What do they do, where do they hang out, what apps do they use, where do they usually shop for things, how do they gather information? We are trying to understand their lifestyle.

The second side is what motivates them. We want to discover what they want and what they don't want and why they might be struggling with something. Questions we might ask:

- **What's important to you:** What do you value, what do you want?
- **What challenges do you have:** Discover what bothers them and what are their pain points?

We can break down psychographics into *attitudinal* and *behavioural* data, where attitudinal questions probe our customers attitude towards things while behavioural questions seek to understand how they act in the market and measure this, eg their activity

The difference between demographics and psychographics is illustrated in the below screenshot. Demographics describe who you are, while psychographics describe your beliefs, interests and activity.



Graphic source: CB Insights

Example Customer Profiles

Consider the case of a Travel Insurance company. Almost everyone that travels buys travel insurance and the product itself is standard and difficult to differentiate. A travel insurance company needs to differentiate itself through the service it offers around the product. After conducting research the business is able to hone in on relevant customer profiles and use this to later refine their market strategy.

They identified the following profiles: Nancy is 23 year old travelling during university holidays, she is looking for the cheapest option insurance that will cover extreme sporting activities, she's less than a week out from her trip, buying insurance is the last thing she forgot to do and she wants to manage it all online and not have to talk to anyone. She needs a way to get this quickly and last minute. *For Nancy the key motivators are price and speed she can't stand the thought of not being able to access her policy online quickly.*

Bob is married with 2 kids, he's pretty responsible and is looking for insurance for the family within the same time he's booking his flights, he wants a good deal and will shop around but wants to make sure he gets the right cover for his family. He's heading to Hawaii or Thailand for the summer holidays. *For Bob the main motivators are coverage and having peace of mind he gets frustrated with websites that don't clearly show what is included.*

Zelda is in her 60's and going on a cruise with her partner or daughter, she's booking her insurance early and wants to talk about it on the phone and know she has the right support behind her in case she has a medical issue. She doesn't mind paying extra as long as she knows she is covered, she's likely to call a few times before booking. *For Zelda the key motivator is convenience and support she would hate to be in a situation where she can't contact her insurer*

Market Research Tools

How do we go about acquiring this information? Market Research is an evolving field and is becoming increasingly sophisticated with more tools and techniques available to gather information about the way people behave online and offline.

Broadly speaking there are *primary* and *secondary* research tools that we can use at our disposal to gain insights. Secondary research involves using pre-existing data already gathered such as Google keyword research. Primary research involves gathering data directly from customers such as through a survey.

I've categorised a number of easy to access tools into 3 categories. These contain mostly secondary research tools, but also primary, they are:

1. Industry tools
2. Competitor Research Tools
3. Owned Profiles

In the next section we discuss these tools in more depth. I recommend starting out with secondary research tools, these are easier to access and provide strong insights into the market and are often free to use. After you have begun to form some ideas about the market and the

different segments we can use primary research tools and gain insight from existing customers and prospects to further hone our marketing personas.

It's also important to have some form of hypothesis in mind about who your customer segments are and are not, this can be formed during the secondary research stage and will allow you to ask better questions when conducting primary research surveys.

Industry Tools

Industry tools are widely available to all businesses. They are effective for new businesses with little existing owned data and also for businesses looking to reach new audiences. Examples of these tools include:

- **Digital Surveys & Polls** - Tools like [Survey Monkey](#) are relatively low cost and allow you to ask questions and poll a specific audience. Advertising platforms also allow you to run polls as ads. YouTube ads allow you to advertise surveys and polls to your audience to measure [brand lift](#) and Facebook offers [poll ads](#). These tools allow you to ask questions and learn more about a specific audience to help you define your audience personas. This is a primary research tool and is a direct way to gather qualitative and quantitative data about your audience. I would suggest using surveys after time has been spent reviewing secondary research data. This allows you to better develop hypotheses about who the target audience is and ask more pointed questions in the surveys. Every question that you ask should be deeply considered to ensure it is relevant and contributes to your answer. Another consideration here is sample size, there are online calculators you can use to work out the sample size of questionnaires that need to be sent out.
- **Keyword Research** - As the leading search giant, Google amasses data on what keywords people type into their Search Engine and provides us access to this data. We can use this secondary data to gain insight into what products and services receive more search volume and what products are more competitive with a higher Cost Per Click (CPC). The way people search is also insightful into understanding their intent and motivation. Are users searching for product information or do they already know what they want and looking at where to purchase? We can also reveal what bothers people by the questions they ask when they search. In order to use the [Google Keyword Planner tool](#) you need to have an active Google Ads account
- **Digital Trends** - Many of the major advertising platforms and businesses provide industry trends. The main one to look at is [Google trends](#).
- **Q&A forums** - Platforms like Quora, Reddit and Facebook host groups and forums where your audiences are likely already hanging out, asking and answering questions. Reviewing these questions and comments can provide insight into their pain points and what solutions they value. You can also ask your own questions to gather primary data.
- **Government & Statistical Data** - Government agencies have treasure troves of data that they gather on different industries. Search out government websites to access this information.

- **Market research companies** - Market research firms can assist you by conducting focus groups & offline surveys, telephone or mail. Hiring professionals will be costly though, but can provide well crafted primary research

Competitor Research

Competitor research tools provide insight into who competitors are targeting and how they are targeting them. By inference we can use this to understand who your target audience is and effective ways to market to them. The following are examples of competitor research tools:

- **Facebook Page Transparency** - Facebook has a feature for viewers of facebook pages which it calls 'Page Transparency'. This allows you to navigate to any of your competitors Facebook pages and view all of their in market ads. It's useful to review the ad message they are using and from this work backwards to understand who they are marketing towards and what issues they are focusing on. Below is the page transparency view from Nike's facebook page showing their current sponsored ads on facebook.

3 results

View: [All Ads](#) [Issue, Electoral or Political](#)

Filter By: [Countries](#) [Impressions by Recency](#) [Platform](#) [Sort by](#)

Launched May 2020

Active
Started running on May 10, 2020
ID: 259182025201320

Nike
Sponsored

Learn More

See Ad Details

Active
Started running on May 9, 2020
ID: 1141956546147153

Nike
Sponsored

Install Now

See Ad Details

Active
Started running on May 9, 2020
ID: 1355230174864425

Nike
Sponsored

Install Now

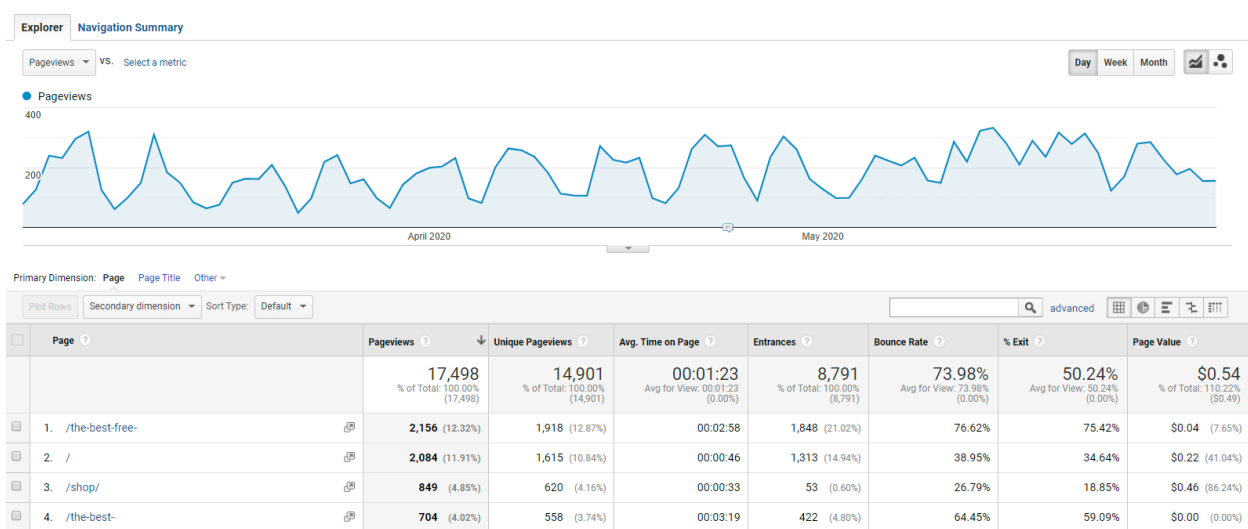
See Ad Details

- **SEO & PPC Competitor Research** - [SEMrush](#) and [ahrefs](#) are tools that offer insight into competitor SEO and PPC strategies. These tools provide reports into what keywords your competitors websites are ranking for, what search terms they are bidding on and which pages on competitor sites are attracting the most traffic. These tools are also useful for discovering who your competitors are and allow you to see the dominant players in an industry and what search terms they are dominating on. They can also be utilised to find potential gaps in competitor strategies that you can take advantage of.
- **Email Marketing Insights** - Similar to tracking SEO and PPC strategies, competitor email marketing campaigns also offer insight into the message being conveyed by competitor brands. [Sendview](#) is a good example of a tool that allows you to do this at scale and monitor your key competitors.

Owned Properties

Owned properties include any assets that your brand controls that are able to gather data on your users. Digital properties today are designed to be able to track who your users are and how they use your digital assets and can provide a wealth of information that can be leveraged to gain rich insights into your customer profiles. These tools include:

- **Website Tracking Software** - Website tracking allows you to understand who your website visitors are and how they interact with your site. The most widely used software today is Google Analytics. This software provides detailed reports on audience demographics, user locations, traffic channels and keywords used to reach your site. It allows you to see what content is viewed and has the strongest engagement, what content drives users away and where users spend the most time on site.



Screenshot from Google Analytics showing website pages and key stats

There are also other website tracking tools like [Quantcast Measure](#), that provide psychographic data around your audience and how they shop.

- **Facebook Audience Insights** - Google properties are excellent for providing rich information about intent, since Google has a wealth of keyword data and understands what people look for. However, facebook knows more about what people are interested in and what they like and dislike. Facebook gathers this information based on how users behave on their platforms. The [facebook Audience Insights](#) tool is available through the Facebook Ads Manager platform and allows you to see detailed insights about general facebook users and also about facebook users that are connected to your page. You can see age, sex and location of these users, what pages and topics they are interested in and job titles.

CREATE AUDIENCE

Location: + Country, region, or city

Age and Gender

Age: 18 — Any

Gender: All Men Women

Interests: + Interest

Connections: o v

Pages: o v

(New Audience) 5.2K people

People on Facebook

Demographics **Page Likes** Location Activity

Top Categories

1	College & University	International Institute of Technology RTO 21421
2	Business Service	Digital Pacific • MYOB
3	Car Rental	Redspot Car Rentals
4	Agriculture	Petuna
5	Airline Company	China Eastern Airlines
6	Real Estate Agent	Starr Partners

Screenshot from Facebook Audience Insights showing Liked Categories for a specific Facebook Page Audience.

- **CRM's** - Customer Relationship Management tools (CRM's) are designed to help companies manage their interactions with customers. These tools keep a wealth of information about interactions with customers including conversations and touch points that customers have with the business. They are also able to pull in background information about customers. All this data can be used by marketing departments to better understand who their audiences are and their needs and frustrations.
- **Internal programs** - Many of the systems that businesses set up to interact with customers today are digital and have some form of tracking built in. These include loyalty / reward programs, sales records and customer feedback programs like Net Promoter Scoring. All of these should be leveraged.
- **Internal Surveys** - The best way to find answers to what your customers want is sometimes to simply ask. Surveying employees and customers can be a great way to find out how you can improve your marketing strategy.

Market Segmentation - Needs Based

The goal of our market research has been to define segments in the market and ultimately choose our target segment. There are a number of ways to segment our market, which should become clearer during the research stage. Examples include segmenting by:

- Demographics: groupings by age, life stage, socio-economic status, geographic locations, family type, job title, etc...
- Psychographics: interests, beliefs & attitudes
- Business characteristics: company industry, size - this is for b2b marketing.

Let's consider our travel insurance client. We've created our persona's: Nancy, Bob & Zelda based on our research findings showing that people at distinct life-stages (demographic segments) want different things. We can then go deeper into each segment and carve out other segments like gender or interests. We found a distinct niche for males interested in extreme sports and females interested in ecotourism. Therefore we could end up with a target segment of single females under 30 interested in eco-tourism. Having such a clear picture of our target segment and persona helps us refine how to position the brand and which messages are likely to resonate well with them.

Needs Based Segmentation

Mark Ritson, [talks about](#) needs based segmentation. We are not looking to find distinct groupings of people based on characteristics, such as millennials vs baby boomers. Rather we are looking to find distinct categories of people that have different needs.

Godin says that we should look for the smallest possible viable market and we should 'begin by choosing people based on what they dream of, believe, and want, not based on what they look like. In other words, use psychographics instead of demographics... group people based on the stories they tell themselves'.

One example of this that I've come across is with SaaS products. In the b2b space when marketing to other companies, we often find there are 2 distinct levels of customer. One is the C-suite level that runs the business, the other is the technical executive, that will use the platform or software we are marketing, both of them are target segments. We found that C-suite will likely not use the product, but have a need to acquire the product to provide a competitive advantage to the business. They are interested in what the products will do on a big picture level. Whereas the executive, who will actually use the software such as an analyst, is more interested in the technical specifications of this software and how it will help them to do their job better. Therefore we segment these 2 target categories based on needs and we position the product differently to them.

Common needs based examples include: convenience, ease of use/simplicity, compatibility, reliability, value(pricing) etc...

Thinking Deeper about Needs

So how do we determine needs? This is an in depth topic in and of itself and moves more into the realm of psychology. This is where some of the best marketers are able to stand out, by digging deeper to understand what motivated consumers.

Seth Godin talks about 'people like us do things like this'...he describes the concept of conformity & our desire to fit in.. He explains that most of the things we do is driven by our need to fit into certain groups. In his book 'This is marketing' he explains that New York high society

charity events do extremely well - one person donates because that is what his society expects he does. This is what people like him or her do. It's the same reason we pay \$700 for a baby stroller that has no more utility than a \$50 stroller. People like us buy this brand. Why do we give diamond rings as engagement presents? Because everyone else does! So understanding the customer segment and the culture within it is vital to understanding our consumers needs/wants.

Step by Step Approach To Segmentation

An effective way to uncover these needs could be through 3rd party data such as search query analysis as well as a primary data questionnaire with qualitative questions to uncover different needs. Once we know the needs in the market we can move to a quantitative approach to understand which needs are the strongest and among which segments. Broken down in steps:

1. Review secondary data to get a big picture understanding of needs
2. Conduct primary research in the form of questionnaires with qualitative needs based questions.
3. Form hypotheses about these need based groups.
4. Gather quantitative demographic data about each needs based group - surveys, forums, internal data (sales teams interview), Analytics tracking, etc...
5. Develop personas of each segment with descriptive names.

As you can see, targeting is a lot about choosing what not to do! A lot of the work is about deciding who not to target until you are left with your target segment. Refining, refining and refining more until you come out with a gem.

Market segmentation and selecting the right target market is a key part of our strategy. Utilising the right model will heavily depend on who the target audience is and how they will behave through their purchase paths.

SECTION 3: Modern Day Models

Using Frameworks to Guide Strategy

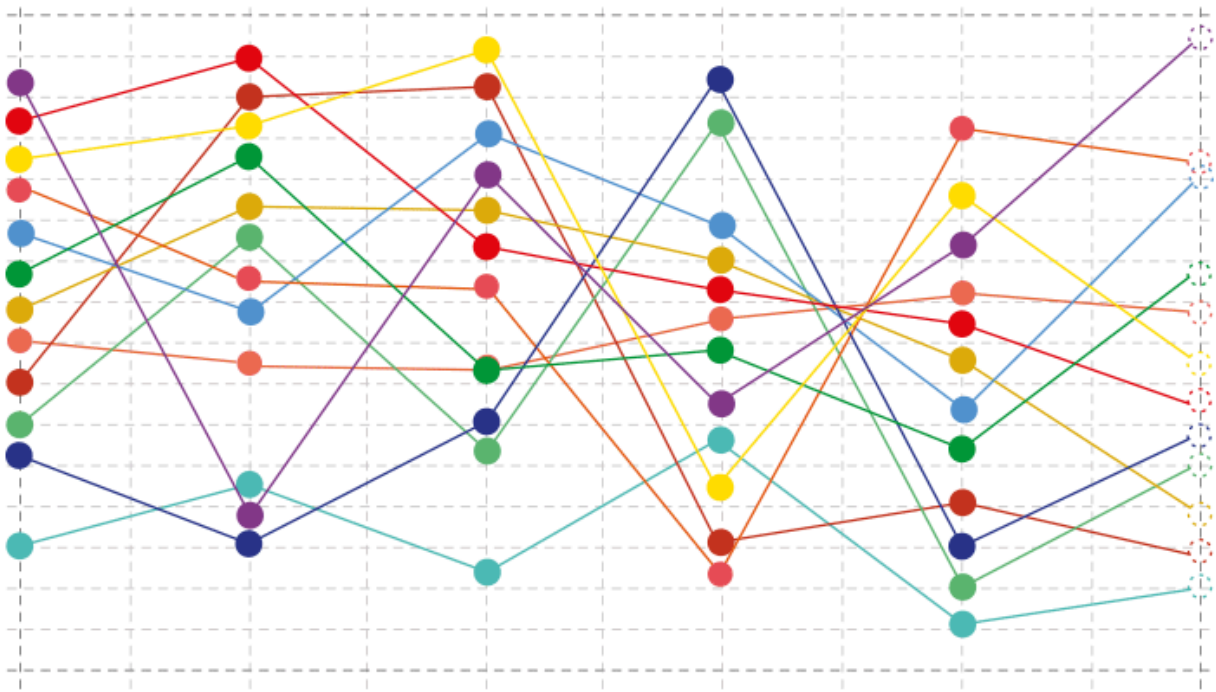


Image: Marketing Models help us put our fundamental principles into practice

The marketing principles we reviewed in Section 1 are fundamental and timeless. In Section 2 we maintained that market research is the bedrock for defining a marketing strategy. The tools we use to research & generate customer profiles today are largely digital tools and will continue to change and improve in sophistication. Up to this point, these sections were focused on understanding who our target segment is. The marketing models we discuss in this section give us more insight into each of these segments and how they behave. The frameworks aim to model customer purchase behaviour and the way consumers interact with today's omni channel environment which is in constant flux.

Frameworks help us model how consumers move through this environment, the steps they take before purchasing a product and how and where we should influence them. Once we understand **who** the target market is, the framework provides a view of **where** they are in the purchase journey and sequentially we can deduce **what** platforms they will be on. We can then work out **how** to hone our brand position by tailoring our message to them and **how** to persuade them.

The environment changes everything and our P's are a good starting point to help us understand the adjustments required in our marketing to better position against our target segment. **Place** might become your website or amazon store. **Promotion** widens to include Search Engines and social channels. **Pricing** is flipped on its head in a world where information is expected for free and free trials are commonplace, especially for SaaS products. The

Product itself may no longer be a physical product (or solely a physical product) and how we differentiate from competitors needs to change.

The Marketing Funnel - A launching Point for Discussion

The marketing funnel has been around since 1898 and is widely accepted by marketers. It forms an important starting point for understanding modern iterations which are influenced by it. The premise of the funnel is that a consumer moves sequentially through various phases of their purchase experience, narrowing down their options.

The AIDA model

In the basic version there are four phases: Awareness, Interest, Desire and Action, referred to as the AIDA model.

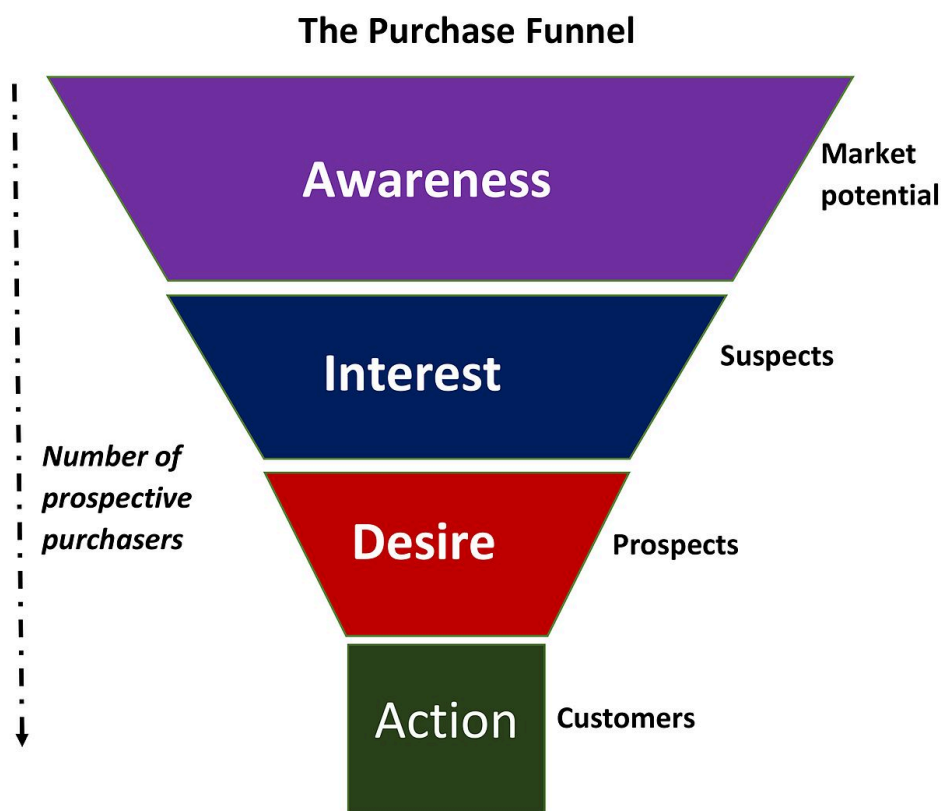


Image courtesy of wikipedia: [https://en.wikipedia.org/wiki/AIDA_\(marketing\)#/media/File:The_Purchase_Funnel.jpg](https://en.wikipedia.org/wiki/AIDA_(marketing)#/media/File:The_Purchase_Funnel.jpg)

There are many iterations of the marketing funnel but all of them when boiled down have three distinct stages: top, middle and bottom of funnel. Top of funnel (**TOFU**) is the awareness stage. At this stage prospects are unaware that the product exists or that there is a solution in the market.

Middle of the funnel (**MOFU**) is the consideration stage. Prospects at this stage are aware of the product or service and actively researching, comparing the product and the company.

Bottom of the funnel (**BOFU**) is the decision stage. At this stage most of the research has been done, alternatives considered. Prospects know what they want and are looking to make a final evaluation and purchase.

The marketing funnel enables marketers to take their target segment and further model their purchase journey, providing them a relevant message on the most adequate platform at each stage in the funnel. The ultimate goal is to nudge consumers downwards closer towards purchase.

4 P's in the Marketing Funnel

Each of our P's will be affected differently by the different stages in the funnel. The way we define our **Product** USP's at the TOFU to someone who has never heard of the product will likely explain how the product can help you, while at the BOFU to someone who is intently comparing features against a competitor the message will be about specific product features. **Price** is often a key consideration at the bottom of the funnel, where discounts and promotions might be more appropriate to nudge a customer across the line to purchase.

Promotional channels also widely differ for different stages of the funnel. The TOFU stages are about reaching a wider audience. The cost per reach an advertiser is willing to pay has to be much lower than the cost per reach for a prospect that is already in the market and actively interested in a product. Above the line (ATL) channels are designed for higher funnel activity and reaching a mass audience, which involves mass media like television and radio, while below the line (BTL) is appropriate for lower level funnel activities and includes more targeted promotional methods like PR, Search advertising and content marketing. [This infographic from Koozai explains in more detail the differences between ATL vs BTL.](#)

Some advertising platforms like Google Ads can be used to target multiple levels of the marketing funnel via display and search ads simultaneously. Refer to [this article](#) for a practical discussion of how this can be done. Choosing the right channel takes skill and experience, [this infographic outlines 19 acquisition](#) channels. Consider which one is the best way to reach your audience at the stage of the purchase cycle they are in.

First Profiles then Funnel

Each customer profile that we uncovered in the market research stage needs to be modelled through the marketing funnel differently. Consider again our customer profiles from our Travel Insurance company example. The marketing funnel for a senior citizen will be immensely

different to that of a college graduate. The **Promotional** channel might vary from a doctors pamphlet to an instagram ad.

The marketing funnel in its pure form is outdated for most businesses today because it does not model the behavior of the modern consumer. It does provide us a great starting point for thinking about more modern iterations, which we will review In the next sections.

A.R.E - a simplified birds eye view

It's easy to get lost in the detail of the marketing funnel, it can become complex to model multiple customer profiles through multiple acquisition stages. One criticism is that the marketing funnel focuses too heavily on these complex acquisition stages and it misses the big picture of the consumer journey which arguably occurs largely after acquisition.

The Three Stages of ARE

The [A.R.E model](#), which I've borrowed from Matt Treacy, is a simplified model which proposes that the stages after acquisition are just as important to the ones before. I was impressed by its simplicity and the perspective that it provides. In this model there are just three stages: Acquisition, Retention and Engagement.

Acquisition is the stage that the 'marketing funnel' covers. The A.R.E. model rolls this stage into one. In this model, the goal of acquisition is not to acquire a 'sale' but rather to acquire the customer, by nudging them towards the retention stage.

Retention is where the customer's information is retained. Typically as an email list. It is the technical process of storing this information

Engagement is where retained users are nurtured and the conversation continues. This retained data is used to help refine the acquisition stage.

4 Reasons to Focus on Retention

The whole model hinges on retaining customers, arguing that retention should be the key focus of your business today. Traditionally businesses obsess over and focus most investment in the acquisition stage because it brings in a constant stream of new customers. But there are a number of reasons that we should be at least as focused on retention.

1. It is five times as costly to bring in a new customer vs selling to an existing one (Lee Resources 2010), so investing in your own audience is more cost effective then acquisition.

2. Building your own audience provides you with control and email as a platform is the best way to 'own' your audience. Platforms like Facebook and Twitter allow you to build a following but limit the control you have, control remains with the platforms in how you communicate and re engage.
3. Retained audiences provide data that can help you the acquisition stage by refining your target market. Think lookalike audiences.
4. Possibly the most important point is the creation of brand ambassadors and word of mouth marketing. The best way to do this is by nurturing your own audience. This leads into the concept of referral which we will discuss in later models like the AARRR.

The model does not throw acquisition out the window, acquisition of new audiences is still necessary, but marketers are required to refocus time and investment to the retention stage, which will also refine the acquisition stages.

Build Your Own Promotional Channel

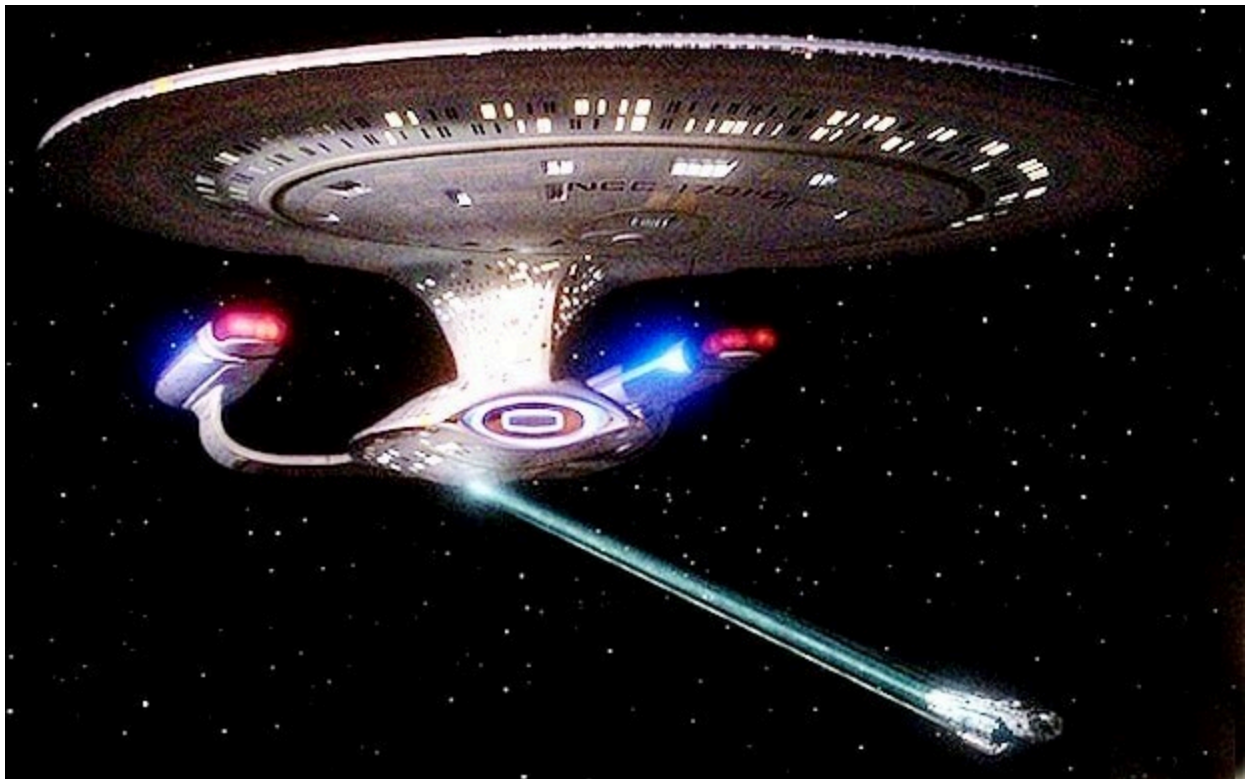


Image: Retention is like a tractor beam that allows you to hold your audience in

In the Execution stage of this model, nurturing an audience through automation sequences within your own email platforms creates control. For example, we can push out emails to users that have added a product to cart, or have visited certain sections of the site. In essence we are building our own '**Promotional**' channel within Email. We also need to consider heavily the '**Product**' message we present to this audience tailored to their previous engagement.

Reciprocity & Consistency with Email Marketing

Retention & Execution through email marketing can be optimised using persuasive techniques. We can utilise the concepts of reciprocity and consistency. Email is a perfect medium for drip feeding bits of free content to our audience over time making them feel indebted (reciprocity). Once users start to commit to trialing aspects of the product, it's easier to increase their commitment to using more of it or spending more time with it (consistency).

The A.R.E. model compels us to step back from the details of acquisition and take a broader view of the important marketing stages. Let's ensure we are investing in platforms for retaining and reengaging our audiences. Our deep conceptual marketing knowledge is needed for crafting targeted messages in new owned channels based on user flows. With these new promotional channels we can better control the way this message is conveyed.

AARRR - a more specific model for startups and digital businesses

AARRR is another adaption of the marketing funnel, this time geared towards startups and digital products that are looking for high growth. The AARRR model has 5 stages: Acquisition, Activation, Retention, Referral and Revenue.



Image from: <https://medium.com/@ginoarendsz/an-introduction-to-the-aarr-framework-b8570d6ae0d2>

Similar to the ARE model, AARRR has the Acquisition & Retention stages, but it also has more complexity built into it and some new novel ideas.

Novel Parts of the AARRR

The 'activation' stage is about providing a great user experience. The model proposes that the role of marketing extends to the user experience within the product. This is sometimes referred to as an Aha! moment where the prospect 'gets' the product. Since our environment is ultra competitive without that moment, prospects will quickly move onto competitors with better user experience. Remember that in designing these aha moments, we should be keeping in mind our target audience and activating for their specific personas. The notion of offering Products with freemium versions, free trials or even just free to use is about experience and will appeal to many. Think of examples like Spotify which are offered free and designed to provide a great listening experience, this is the activation. The model is then designed to push a premium version to listeners. The role of **Pricing** is cleverly worked into the marketing tactics.

A defining feature of the AARRR model is to drive its own growth through referral. The follow on effect of activation and providing a great experience is supposed to encourage referral between users. In this model we start to see how the system is designed to work in tandem to generate growth.

The One Metric That Matters

Another novel idea in the AARRR model is the concept of OMTM, 'the one metric that matters'. The idea being that at each stage in the model we should focus on one key metric specific to that stage. It's easy to get lost in the data and distractions and become derailed from the growth path, the OTM is designed to ensure you stay on track. For example, in the Activation stage, the goal is to create the best user experience, which could be tracked by a metric like user 'time on site', but in the Referral stage the metric would more likely be 'number of returning visitors' or 'coupon codes claimed'.

One of the great things about AARRR is its reliance on data and feedback loops. If metrics are not being achieved this means things have to change and change fast, like switching acquisition platforms. This is similar to the Silicon Valley mantra of 'fail fast and then pivot quickly' and when you have clear metrics and the ability to measure them, this gives you the power to grow fast.

Acquisition is a Small Part of It

Similar to the ARE model, we see that the focus on acquisition is pulled back. AARRR still includes acquisition, but it is only one function in the whole that marketers need to consider. Other models we see later have even less focus on acquisition.

The Right Business for AARRR

AARRR was developed for startups, apps and other digital subscription based businesses. The concepts of activation and user experience are relevant mostly for applications and products, since these can be tested, measured and improved. However there are examples of service based businesses that are moving towards models like this by productizing their services. An example is [LegalVision](#), who have managed to create a legal subscription product. They have managed to repackage legal services into an attractive low cost subscription product. In general looking for ways to productize services is a good idea, not least because of its scalability through marketing models like these. A full discussion on this topic is beyond the scope of this article.

AARRR and the 4P's

With digital applications and websites, the **Product** USP actually becomes the user experience itself. For example, In Australia, Xero has outpaced growth of other accounting software apps because it provides a far better experience. Similarly with social apps, the network itself or the audience is the Product. For free products like Gmail the traditional customer structure is inverted and the user is now the product while the advertiser is the customer. The audience is the product.

Promotion also vastly adapts when it comes to digital products. On a simple level the promotion channel might be the app store where you can download the app, this has spawned

the growth of services like app store optimisation (ASO). Other more sophisticated promotional channels can be a creative path for driving massive growth like word of mouth and self generated content. Think about the way Facebook and Tiktok are able to attract large amounts of new users through network effects. Other avenues include internal tools built into the products themselves to facilitate sharing. Think of Spotify and how they allow you to generate links to songs you want to share with your friends, through social media, chat messaging, email and more. Think of Netflix and how they invest in producing their own shows, the trailers of these are organically shared across the internet. We will discuss viral growth in more detail in the growth loop model.

Referral through Persuasion

The referral component of these strategies works well because of the Persuasive marketing techniques it relies upon, namely: reciprocity, commitment and social proof. When friends comment on my posts and share with me, I feel obligated to reciprocate this and the value of the network and the content within it multiplies. We see more people using the platform (social proof) and we join as well. Our initial commitment might be small, but this grows over time. Persuasive techniques are embedded within these digital products which is part of the success of their growth.

Customer Decision Journey (CDJ)

The [Consumer Decision Journey](#) was coined by Court & Colleagues 2009. They propose that for today's more sophisticated consumer, the funnel has failed to capture all the possible touch points and buying factors. These researchers claim that consumers rarely move linearly through the funnel, narrowing their choices systematically but rather the funnel is more complex and individualised. The process is less reductive and more iterative, like a tube that can expand and contract.

Four Stages of the CDJ

[Edelman](#) explains that there are four key stages in this journey, and they are not narrowed down like a funnel. These are: consider, evaluate, buy, and enjoy, advocate, bond. The consumer first considers an initial set of brands and then at the evaluate stage they actively add and subtract brands and products. This offers marketers the opportunity to shape choices. After purchase there is opportunity for the consumer to advocate and bond further with the brand based on their experience with the product. The CDJ is best understood with an example and I have gone into more detail in another article I wrote about the [CDJ here](#). There are a number insights I'd like to take out of it for our purposes:

The Consumer Journey is Unique in Each Industry

One of the main ideas behind the CDJ is that the way consumers interact and journey in each industry varies widely. There is no one size fits all model and **customer research** is vital to understand how consumers interact with touch points in their journey and where they are being the most influenced.

The Funnel Can Widen and Contract

The CDJ model argues that as consumers move through their decision journey they might actually widen their choices. These touch points where critical decisions are made are where brands need to be. Consider the effect of product reviews and how they influence consumer choices in the evaluate stage. If critical decisions are made by consumers after reading reviews, then this is where marketing budget should be invested, this could be the **Promotion** channel that is most effective. For each journey the critical points will be different and so the promotional vehicles will change.

Focus on 'Enjoy, Advocate, Bond' Stage

The model urges us to give more consideration to the last stage: 'enjoy, advocate, bond'. While 'Enjoy' sounds similar to the 'Activation' stage in the AARRR model, in the CDJ it's less about being an 'Aha' moment and more generally about customer attitude after using the product. For the CDJ, this post purchase experience is potentially where the greatest marketing opportunity exists. Consumers at this stage are using the product, reaching out to your team, looking for support. Creating a great customer experience with the brand is the **Product** and the support channels become the **Promotion** channels to exploit at this stage. Furthermore These customers will generate word of mouth and become brand ambassadors thus creating the strongest **Promotion** channel available. This is where marketing budgets should be diverted to.

Research Tools

To understand the CDJ in your industry and the touchpoints that exist, there is a heavy reliance on tools. Fortunately today these are low cost and easily accessible. Digital surveys are extremely useful and filling in colour, these can be provided by 3rd parties and within advertising platforms but also at the point of purchase itself. Analytics tools like Google Analytics allow us to visualise consumer pathways and digital touchpoints. In the screenshot below we can see all the top traffic sources consumers interact with before hitting our website.

MCF Channel Grouping Path ?		Conversions ?	↓
1.	Direct x 5	51	(32.48%)
2.	Organic Search → Direct x 4	40	(25.48%)
3.	Paid Search x 5	5	(3.18%)
4.	Direct → Organic Search → Direct x 3	5	(3.18%)
5.	Organic Search → Direct x 2 → Paid Search → Organic Search	4	(2.55%)
6.	Direct x 2 → Paid Search → Organic Search → Direct	3	(1.91%)
7.	Organic Search → Direct → Paid Search → Organic Search → Direct	3	(1.91%)

Experimentation - Test & Learn

We live in a Data Driven World

We live in a world where we have dramatically improved our ability to track our marketing efforts. This is largely due to more and more products and services being delivered online, but also marketing platforms themselves have become digital. The systems that we have built gather vast amounts of data on the way consumers interact and engage online. With more data comes more ability to test and improve.

Test & Learn strategies interpret and help us make decisions based on what the data is telling us to improve our marketing efforts. These strategies often challenge existing assumptions and intuitions we may have had about our audience and product.

Experimentation is a critical part of marketing strategy today. Any model we decide to implement must define success metrics at the outset and then be able to track performance against those metrics. Data allows us to constantly improve our performance by adjusting campaigns based on performance.

Incorporate Test & Learn Into Other Models To Refine Them

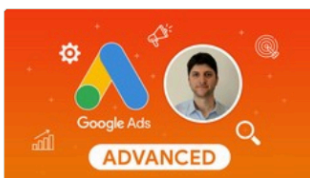
I believe that Test & Learn strategies cannot be relied upon as a complete marketing strategy in and of itself but rather it should be implemented as a strategic component within other strategies. Strategies should be built on thorough market research and grounded in marketing principles as we reiterated throughout this article. Experimentation plays an important role in challenging the assumptions of our strategies & tactics and could potentially help redefine an entire strategy over time through ongoing testing. We need to review the data as our campaigns develop, we might find insights like certain demographics are not engaging well with our message or that customer groups do not exist on certain platforms as we originally modelled.

In practice, test and learn should be used to adjust components of the strategy by creating feedback loops based on performance. Examples of experiments include: A/B testing specific advertising copy or A/B testing different audience demographic interactions or changing an element of a landing page. Note that this is different to the type of research mentioned above in the CDJ. The CDJ looks to model behaviour of complete individual user journeys & generate a bigger picture of how the consumer behaves.

Testing Marketing Fundamentals

Each one of our marketing fundamentals including the 4P's can and should be tested throughout the course of a marketing campaign. Firstly we should challenge our assumptions about our market research and who our key audience is. This could take the form of adjusting geographic marketing preferences. Tools like Facebook Ads allow us to easily compare the performance of an audience in two targeted geolocations.

We should be testing our assumptions about **Product**. Are our selected USP's resonating with our audience? Will we have better performance by matching a different message with a particular audience? Testing around **Pricing** is common in the market as well, the large digital course provider Udemy is constantly adjusting Prices and measuring results. I've seen two different prices for the same course on the same day! The below screenshot shows how they slash prices constantly to test results.



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Define Metrics

For successful testing, it's important to define the right success metrics specific to the goal. For example, if we are testing to find which Product USP resonates best with a particular audience we should look at a metric that measures engagement like Click Through Rates. Similarly, if we want to understand which landing pages elements work best, we should look at bounce rates on each version of the page.

Tools for Testing

There are a number of tools to implement test & learn strategies in the digital space. Paid advertising platforms like Google Ads & Facebook Ads have experiment frameworks built in. I have written about the [Google Ads experiments framework and how you can use it here](#). Landing page software like Unbounce allows you to AB test website landing pages. They have extremely easy to use drag and drop editors available. There are also dedicated AB testing tools like Google Optimize that allow for more broad campaign testing across many traffic sources. Another great tool is Hotjar which provides heat-mapping showing you where users spent time on the webpage.

20% Baseline for Testing

The assumptions we start out with and base our strategies on will likely have flaws in them and therefore every campaign should have elements of test and learn in them. We recommend dedicating 20% of any marketing budget to test and learn strategies. In this way you can build data driven strategies with feedback loops to constantly improve campaigns over time.

Growth / Acquisition Loops

A number of the models already discussed show hints of the concept of a growth loop. AARRR introduces the 'referral' component and the CDJ emphasises that businesses focus resources on the 'enjoy, advocate, bond' component at the end of the funnel. These models are emphasizing the importance of experiences that can turn customers into promotion channels. However, they are still very much funnels and follow a general linear path.

The Loop Innovation

The Growth Loop model was designed for products focused on growth. The model changes the funnel into a loop where each step in the model is designed to feed the next and drive growth, leveraging compounding effects. With funnel based strategies each component is siloed and has dedicated teams working on it and measuring its performance. But with a growth loop the focus is on the ultimate outcome, growth, so the whole business is built around the loop. All aspects of product development and marketing are focused towards the one goal.

The Stages of a Growth Loop

Growth loops can vary based on the business type and motivators involved, but generally the key stages are:

- User signs up/joins, triggered by content they saw built in the product.
- User is activated / engaged by the experience of the product.
- User is incentivised to take *action*, such as creating new content.
- The new content is shared externally on other platforms by the user or by the product.
- Other users see new content and are brought into the product.

Growth Loop Examples

Tik Tok, the popular video app is a great example of using growth loops to drive growth. They haven't invested any money into paid advertising but have had tremendous growth. The below image describes the acquisition loop that TikTok uses to drive growth. It shows two loops, on the left is a 'loop' for new users and on the right is a 'hook' for existing users. Both concurrently work together to engage new users and trigger the existing audience to constantly re-engage.

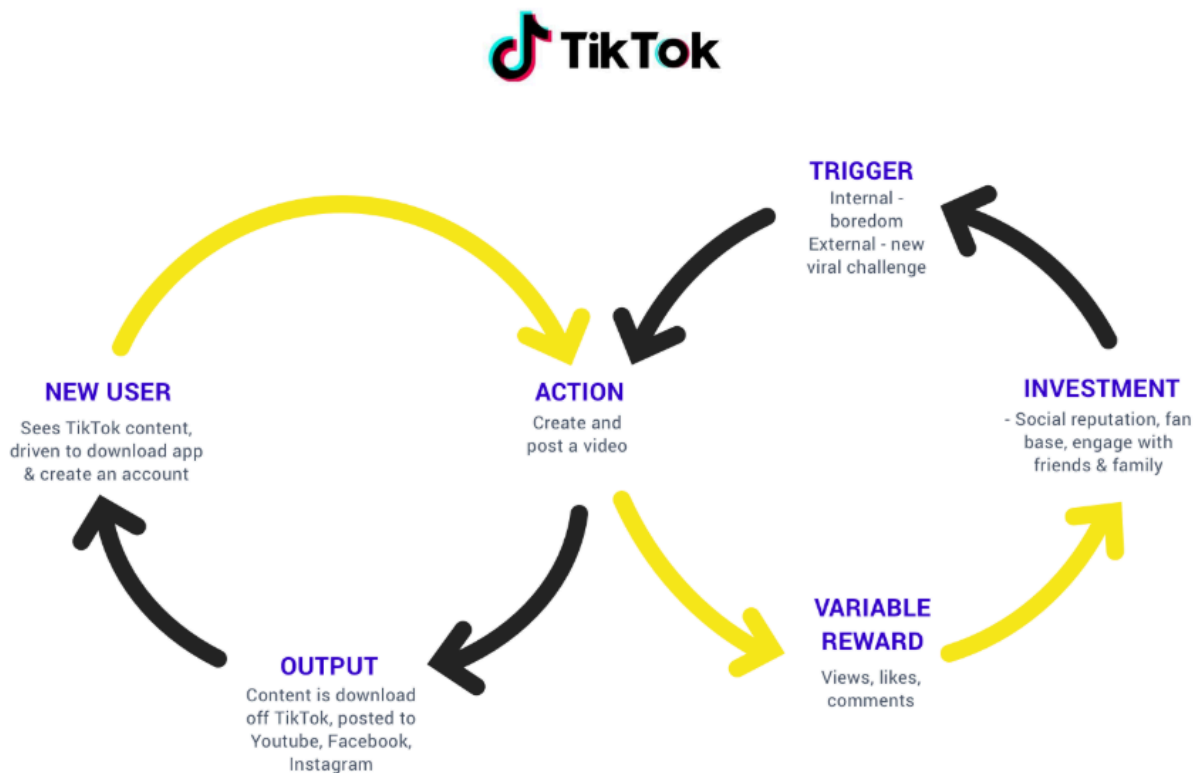


Image courtesy of <https://nogood.io/2019/10/01/growth-acquisition-loops-funnel/>

For Tik Tok, the focus of marketing the app is building a great experience and thereby generating an audience. Experience and audience are the **Product**.

Another great example where we can see a Growth Loop in play is Survey Monkey. In the image below we see that there are four key stages in Survey Monkey's growth loop:

See SM End Page

Those that finish surveys see SurveyMonkey branding and landing page.

New/Returning User

User who has taken a SurveyMonkey survey and seen branding signs up.

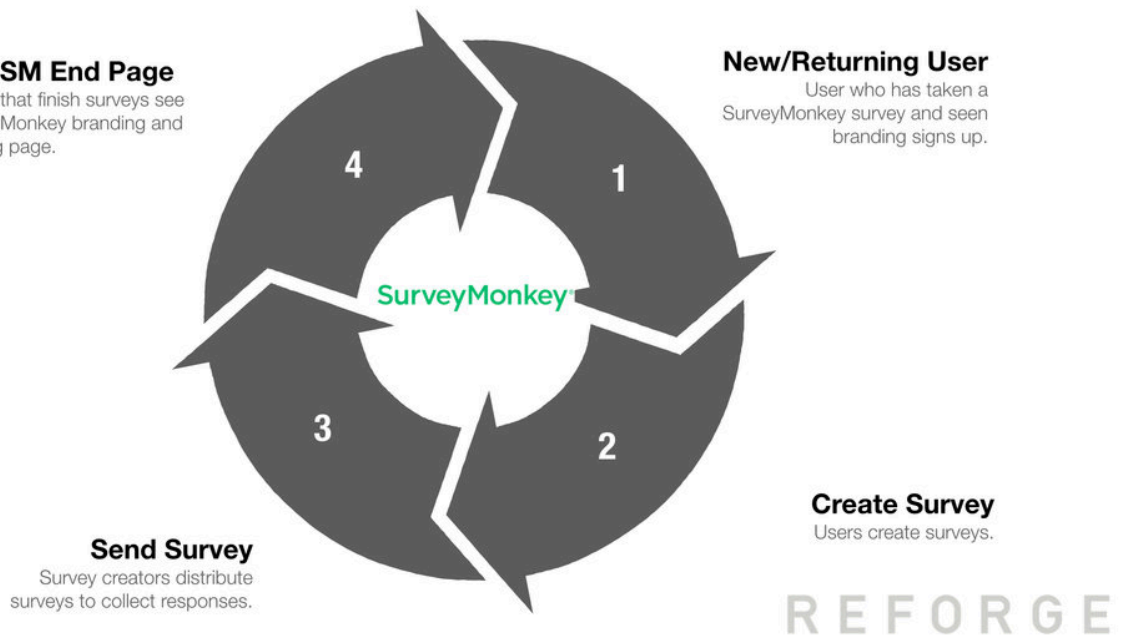


Image courtesy of <https://www.reforge.com/blog/growth-loops>

The brilliance of Survey Monkey is that the product is made to be so seamless and easy to use, so after you have this experience with it, the product simply suggests to you on the final page to try sending some surveys for yourself. It's a useful product that can provide value to your business, you've just had a great experience with it and they offer it for free in the beginning..



Want to create your own surveys?

Gather opinions from customers, employees, prospects, and more.
Use your insights to make better, data-driven decisions.

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Survey Monkeys Final Page after completing a survey

Other great examples of growth loops include:

- Workout/Diet apps that have scoring and social sharing options. Competitive scoring and challenges invites peers to compete.
- Pinterest: which allows users to generate beautiful visualisations and share via social media.
- Collaborative apps, such as document editors or file sharing apps like Dropbox where in order to use the product and collaborate you need to invite others to sign up. Peers then derive value from the product and share in turn.
- Money transfer applications like Paypal provide lower cost transactions for users that join the network. Sender and receiver both need to be on the platform, this generates growth with each new transaction.
- Buy Now Pay Later models like Afterpay incentivise growth through a B2B model that urges other businesses to sign up and develop a new sales channel.
- etc...

Types of Growth Loops Based on Motivators

Growth loops are designed around motivating users to take action and so there are different types of growth loops depending on different audience motivations. [Justin Scott of Growth Devil](#) defines four different types of viral loops: Savings, Goal, Value or Social Cause driven loops.

The most straightforward loop is a savings driven one, where both sharer and receiver can receive a discount coupon or deal of some sort. This is similar also to value driven loops where sharer and receiver might derive more value from a paid product via sharing. Goal driven loops are similar to what we saw with Survey Monkey in that using the product can help the business/user achieve a certain goal, such as do something quicker or at a higher quality. Goal driven could also be in the form of a dieting or workout app that allows you to share progress with friends and thereby incentivizing them to join.

It follows that to properly implement a growth loop we need to have a strong understanding of who our audience is and what motivates them. This can only be achieved with in depth research. Is our persona one that is primarily financially motivated? Are they looking for efficiency in their business or are Social Causes their main drive? Understanding these questions allows us to create the right incentives and rewards and also develop the right promotional channels to drive the growth loop. The reward for a workout app user is very different to that of a business efficiency tool like Google Docs. The rewards play a big role in defining the **Product**. One of the new **Promotional** Channels becomes the ability to share content from within the app.

Beyond Referral Programs

Referral programs in and of themselves are not quite growth loops because they are not embedded across the whole business and usually implemented as just an add-on. They may incentivise some financial reward but don't go much further. This means they are limited in their effectiveness and can also be easily copied. A real growth loop is engineered into their entire business function. Paypal's system, for example, is more than just a referral program, the scheme requires users to sign up in order to use the entire product, there is no way around it. Everyone then benefits from the network effects of rewards in the form of fast transfers and lowers fees as more members take up the solution.

Which Businesses can use Growth Loops

There are some business models that are suited better to work as growth loops. Product businesses are better candidates than service businesses. Products that rely on user generated content 'UGC's' and products that already involve collaboration will have a natural advantage.

But consider that part of the process towards creating a high growth product is to think creatively as to how you can convert your business to work as a growth loop. Service businesses can consider how they can convert their service into a product. Some examples of this include:

- turning a consulting model into a subscription model.
- Reworking your internal knowledge into a course program that can be bought and scaled.

- Convert existing products and services into collaborative versions in which other users need to join in order to use it.
- Generate reward point systems within your product or service which can be shared, this can work well for B2B businesses.

These are only a few examples and the truth is that this is a major undertaking for any business but can also be a path to significant growth. The key is to think creatively about implementing this across your business model by gathering a deep understanding of core marketing principles such as who your audience is and what motivates them.

Section 4: Modern Marketing Gurus

When you look at the writings and videos of some of today's most prominent marketing guru's, we don't see much discussion around target segmentation, marketing funnels, user journeys and acquisition stages in the purchase cycle. They tend to focus on **developing the brand** and communicating the essence of the brand through optimised content, attention capture and creating trust and connection. This could be one of the reasons that fundamental marketing strategy is so often overlooked in search of tactics and execution. In this section we look at the concepts of modern day marketing guru's and how we can blend this with what we know about marketing strategy.

Gary V

Build brand by providing free value and capturing attention

Gary Vaynerchuk is the founder/CEO of VaynerMedia. Gary's marketing ideas are focused on building 'brand', both business brands and personal brands. Gary puts out an immense amount of promotional content over social media channels but you will very rarely see him promote any products. It's not about driving customers towards a sale, rather everything he does is focused on building a brand.

He argues that to build a brand, businesses need to provide as much free value as possible, to capture attention over the long term. Attention is the main commodity that a brand (and marketers) should look to acquire and they should seek this out at the cheapest cost.

'Everything for you has to be about building a brand in places that are underpriced.'

Seek out Platforms where attention cost is low

The way to do this is through producing as much content as possible that provides value and leveraging platforms that provide more attention than content. Attention vs content is the supply

demand equation. *“Find the attention, bring value, and then everything else clicks.”* Over time, each platform will become saturated with content and the price of attention increases. Now is the time to capture this attention on platforms where the cost is low. He talks practically [how to create lots of content](#) using pillar content and creating micro-content.

Long Term approach

Finding attention at a low cost is the key in Gary’s strategy and therefore he is willing to take a long term approach. He says you need to consider that it will cost significantly more for a brand to capture attention on Facebook in two years time then it does now. Gary talks about advertising on Snapchat to 13 year olds because they will eventually grow up and brand loyalty has been built with them.

Finding the Right Attention

For Gary, the way to capture attention is through creating lots of content. And we can assume that Gary means we have to capture attention with the right audience, there is no point pushing content on Snapchat if you sell business loans. He talks a lot about experimenting and finding the right combinations of content, platform and audience and he also is not tied to any one platform, constantly seeking out opportunities on new platforms. Here we see that Gary believes in the importance of positioning (by way of content) with your target audience, however it seems to be something that is less planned as a strategy from the outset and more optimised on the fly. We see that, while Gary does tend to be very tools heavy, for him it is about finding the right mix of audience, platform and content, to capture attention.

Simon Sinek

Know ‘why’ your brand exists

Simon Sinek is another figure that speaks about the importance of brand in marketing strategy. Sinek, in his famous golden circle idea, states that ‘people don’t buy what you do, they buy **why** you do it’, people and companies need to ‘start with why’. We’ve already spoken at length about the failings of running campaigns without deeply understanding the product. Sinek is going further than this and saying it’s not enough even to know your product intimately, you need to know why you do what you do, what’s your purpose?.

Sinek would argue against Gary V, that providing free value to prospects in order to capture attention is not enough to really influence consumer feelings and build a brand. You first need to understand why the brand exists (outside of driving a profit) and then content and brand building should reflect this. [He says](#) *‘to truly inspire people to want to be a part of whatever it is you’re selling , that takes using the ‘why’*. This is how to influence people's feelings towards a

brand, at the 'why' level. All brands that do this are communicating a vision of the world that is different and showing why they do what they do.

Brand focused vs market focused

Sinek appears to take an opposing approach to marketing strategy then we have discussed in this article. He seems to say that we must first understand the value of the brand, understanding its 'why' and then communicate this to consumers. Our approach to marketing strategy has been the opposite, it has been market focused. We try to understand who the target consumer segment is, what their pain points are and then position towards that. Sinek comes along and tells us that we should look inwards at why we do what we do and then others will be inspired by this. This seems to be a fundamentally different approach.

Seth Godin

Make your brand matter, provide attention, trust and connection

Seth Godin would agree with Sinek in that conveying the value of the brand is the role of the marketer. He writes that *"If you're not making change happen, you're not doing anything productive."* However, Godin says that knowing your 'why' is important, but more so it is about 'seeing who we seek to serve and figuring out how to make things better for them'. Godin shifts the focus from understanding your own 'why' to looking at what can be done for the consumer. If we can keep making things better for the consumer then we earn trust and build a brand that matters regardless of what our 'why' is.

We can see that Godin is market focused which aligns well with our understanding of marketing strategy. Godin says 'Don't find customers for your products; find products for your customers'.

Quality of Content Over Quantity

Godin believes in the value of content and capturing attention, but appears to be more selective than Gary V in the type and quality of content brands should put out. *"Being known by lots of people isn't really the goal; it's a by-product of certain kinds of marketing for certain kinds of products. What you're really seeking is to be trusted, to be heard, to be talked about, and to matter."*

Rand Fishkin

Flywheels

Rand Fishkin is known in digital marketing for founding SEOmoz and his thinking on SEO and content marketing tactics. One of his ideas that stood out particularly in the context of this article was his discussion on Flywheels. He [defines a flywheel](#) as *'a continuously improving set of repeatable, tactical investments that scales with decreasing friction'*.

A marketing flywheel is designed to consistently implement repeatable tactics that can reach a large audience. Each loop in the flywheel decreases the cost to acquire new customers and is scalable. An example flywheel can be seen in this image:



In many ways this looks like the growth loop that we discussed above because it takes advantage of compounding effects with each iteration of the flywheel. Rand writes that *'You put in the same amount of work (or less) each time, and get more and more out of it the more you repeat it.'* There is no explicit 'Activation' step, but we assume that the 'engage & grow audience' is where activation occurs.

Fishkin states that a flywheel is how you build competitive advantage and it is vastly better than 'be-everywhere', 'content is king' and growth hacking strategies which can be overwhelming to implement and rely on short term and shallow returns. Fishkin explains that this was how he was able to boost brand affinity.

Both Gary and Fishkin are interested in finding opportunities to gain attention and audience at lower costs. Gary talks a lot about seeking out platforms where the attention cost is low, however Fishkin is more interested in the process of building the loop that iteratively builds the brand and the audience.

The New Awareness Marketing

As we've seen above the message from modern day marketing figures is mixed, but one thing in common is that marketers need to build a brand. There isn't much discussion of modelling consumer journeys and it seems that funnel concepts like 'consideration' and 'evaluate' are

impractical to model. The strategy espoused by these guru's is to generate attention and awareness rather than trying to understand the path that consumers move through.

We end up with a form of awareness based marketing, however this is not the same as traditional awareness based marketing. Godin says that awareness marketing, like running mass media campaigns on TV, doesn't work today and the same can't be simulated on the internet. The internet is actually a 'micro-medium' where consumers seek attention, trust & connection.

What's the ROI of Brand?

One of the arguments against this type of marketing is that it's hard to measure the value of brand. How can we measure the ROI of building a brand, or what's the ROI of a social media campaign? Gary V says this is like saying ['what's the ROI of your mother'](#). Even though you can't put a figure on it, you know that you are everything you are because of your mother. It's the same with running campaigns to build your brand, your brand is everything. Even so, while you can't measure directly the absolute value of the attention you gain, with advertising platforms today and the metrics we have you can still get a good estimate.

Conclusion

Today all you need is a credit card to open a Facebook account, select a target audience, write a quick ad and presto, you have a marketing campaign. Choosing to run a campaign on Facebook Ads rather than Google Ads **is not** a 'marketing strategy'. Digital platforms are promotional channels and should be one of the last pieces in a well thought out marketing strategy.

Marketing Strategy in essence consists of three key pieces: Targeting, positioning and goals. We've covered marketing foundations, defined key principles, discussed market research tools, explored models and reviewed some of the modern thinkers. We've covered the major aspects you need to know to build a modern day marketing strategy.

All businesses should endeavour to gain a deep understanding of their customer and embark on creating a digital marketing strategy. How they implement this into a marketing plan will differ and the relevant marketing model will be suited differently for different businesses.

TL;DR: Distilled down into they key points of the article:

- 1) Marketing Principles and Strategy is overlooked by many, not enough time is spent understanding basic marketing principles. Choosing a platform and writing some ads is not 'marketing'

- 2) Marketing has 3 core elements: identifying target market', 'defining positioning' and 'communicate / persuade'.
- 3) Define Strategy as 4 elements: 'Target marketing, 'positioning', 'objectives', 'investment'
- 4) Each of the 4P's fit into our strategy: Price, Promotion, Place and Product.
- 5) Cialidini's 'persuasive techniques' as marketing tactics.
- 6) Generate customer profiles with market research using three categories of digital tools. Understand both who your audience is and what motivates them.
- 7) Marketing principles remain true but frameworks adapt for the modern era. Models allow us to further refine our target segments and apply our principles to a world where customer behaviour has changed.
- 8) Modern Marketing Gurus tend to focus on building a brand over the long term through a profound understanding of the brand and acquiring attention opportunities.
- 9) Below is a summary of the models we covered:

Models	Direction	Best for	Key Idea	Role of Marketer
AIDA Funnel	linear	General Market	Consumers move through consecutive stages of the purchase funnel narrowing down choices. A good starting point to understand other models.	Choose relevant platforms and message at each stage
ARE	linear	General Market	Take a broader view of marketing, focus less on acquisition and more on retaining existing audiences and reengaging them which is more cost effective.	Build systems that can retain audience, build up owned audiences and re-engage them.
AARRR	linear	Startups	The activation and referral steps are novel. Create a great experience with users, they will come back and refer others. Also focus on the One metric that matters.	Focus on the one metric that matters in each stage of the process, a great experience is key.
CDJ	Custom	General Market	Consumers jump between stages, sometimes the funnel widens as more considerations occur. Each industry has a different journey which needs to be mapped out.	Focus on market research and understand how consumers interact in your industry, focus marketing investment where consumer decisions are made. Also Build advocacy with strong customer support
Experimentation	Loop	Integrate into other strategies	Invest, review data, adjust and improve. Incorporate testing into other strategies with 20% of budget	Use experimentation frameworks, analyse data and adjust strategy on the fly.
Growth Loop	Loop	Digital Products	Self generating systems where customers have a great experience, activated to create their own content and incentivised to share. Business teams integrated into the loop process.	Understand audience motivations, create great experiences and incentives for users to share.
Brand Building / Modern Gurus	Constant	Brands	Build brand over the long term. Understand why you or your company does what it does and build a brand that matters. Seek out attention at low cost by providing value.	Find platform opportunities and processes to acquire low cost attention, generate content that is valuable, communicate your "why".