The Blur Age: Effective Communications in Today’s Changing Environment
Rudolph Magnani

The Reality of ROI: Dell’s Approach to Measurement
Marlene Bender
Art Zambianchi

Unlocking the Challenges of Professional Services Marketing
Jennifer D. Chrzastek
Cyndy Reid

Paint the Town Ted: Launching an Airline Using IMC Principles
Martin Wodarz

Back to Nature: Big Food Enters a Niche Market
Kristin McDaniel

Employee Bloggers: Turning a Potential Liability into Your Best Weapon
Christopher Hannegan
Sara Fisher

The Athens 2004 Olympic Games: An Event Study
George Spais, Ph.D.
George Filis, Ph.D.

Spinning Off Hospira: Shifting Communications Paradigms
Tareta Adams
Shannon Gore
Overcoming the Challenges of Professional Services Marketing

WHAT PROFESSIONAL SERVICE MARKETERS CAN LEARN FROM CONSUMER MARKETING

by Jennifer D. Chrzastek & Cyndy Reid

ABSTRACT
This article will explore how professional services marketing can apply best practices of IMC and consumer marketing to help differentiate offerings and convey value. It is posited that the following IMC/consumer marketing principles should be applied to successful professional services marketing strategies:

1. Institutionalize a client focus—Make the client the focus of every conversation and approach.
2. Segment target audiences and uncover customer insights—Reveal the unmet needs of clients or discern new marketplace opportunities with data mining. Relatively simple to more sophisticated methods can uncover unmet needs or marketplace opportunities.
3. Create a clear and distinct value proposition—Identify client needs, company assets, and competitive opportunity. Define a relevant and compelling value proposition based on the intersection of these components.
4. Craft a meaningful differentiation strategy.
5. Capitalize on communication channels—Employ the right distribution systems to reach the right audience. Determine which channels are most efficient for your target audience and maximize the opportunities based on an integrated campaign.
6. Harness the power of employees to embody and represent the brand—Every employee is a sales person. Capitalize on personal relationships and execution excellence to set your brand apart.

Introduction

PROFESSIONAL SERVICE FIRMS (PSFs) traditionally have invested less time and fewer resources in developing sophisticated marketing and selling efforts. Unlike their marketing counterparts in consumer companies, professional service marketers have yet to fully embrace the principles of integrated marketing communications (IMC). PSFs face challenges inherent to their business: partnership structures with entrepreneurial drive, compensation models, a brand delivered by individual behavior and execution, and few top-notch marketing role models. To help address these challenges, professional services marketers can elevate their practices by looking to their counterparts in the more mature consumer
marketing space. By applying the best practices of IMC and consumer marketing, the professional services industry can better differentiate offerings and convey value to clients.

**Institutionalize a client focus**

Successful consumer businesses understand the importance of selling to the customer. To get a message across in today’s marketing-cluttered world, you must prove why the product is valuable for your intended target to consider and try. As a result marketers have sharpened their strategy to adopt the customer’s point of view; understanding the customer situation, what is most important to the customer, and how their product might solve the customer’s needs. Savvy consumer marketers identify benefits to the customer, not just features of their product when creating sales messages. It is no wonder you hear the phrase, “the customer is king” associated with consumer companies.

On the contrary, many PSFs focus on selling themselves to the client. Often their sales and marketing orientation is grounded in presenting their capabilities instead of identifying the client’s needs and how they can solve the client’s problem. As a result, their marketing communications strategy overlooks the client’s needs and what is most important to the client. While a paradigm shift cannot happen overnight, making the client the focus of every conversation can help change behavior and outcomes. This orientation needs to extend beyond just marketing and permeate the DNA of the firm, infiltrating an organization’s business process, reward models, and values. PSFs that achieve customer focus have a huge advantage over their competitors in acquiring and retaining clients. Long-term relationships result from the perceived value of being an adviser that understands the client’s organization, its culture, and needs, as opposed to a broker selling a transactional service.

**Segment target audiences and uncover customer insights**

A low percentage of PSFs conduct formal data mining in order to reveal the unmet needs of their clients or to discern new marketplace opportunities. Data mining can deliver solid competitive results. Firms that practiced data mining were two to three times more likely to report effectiveness in attracting and retaining clients (Lowe, 2004). According to research conducted for Marketplace Masters, more than 70 percent of firms that use a contact database do so to automate traditional marketing tasks. Only 30 percent tap the database’s strategic potential for mining and using valuable data. PSFs’ data mining activities range from simple exercises such as measuring client revenues, or proposals won or lost, to more sophisticated means including the relationship between the firm’s business developer and its success on proposals, or clients’ price sensitivity thresholds.

Acting on this data can help with marketing resource allocation, program planning, and reporting effectiveness of sales strategies. In addition to mining captured quantitative data, PSFs can implement a qualitative customer insight program by conducting client research. At a modest level this initiative can be conducted by internal staff and can range from the clients’ view of the marketplace to selection criteria and emerging needs. A more formal approach can be implemented by hiring a market research firm to conduct interviews with current and former clients covering issues from client needs and decision-making processes to brand recognition and awareness.
Similar to sophisticated consumer companies, PSFs can increase their competitive effectiveness in the marketplace by harnessing their own data, just as consumer companies have done. For example: By noticing a decline in revenue on a long-time service offering, PSFs could take steps to create and or improve their new service development pipeline. In another situation, by determining their relative market share vis-à-vis their competitors, PSFs could begin working to build their “share of customer” by migrating existing customers or cross-selling services to clients.

Create a clear and distinct value proposition

Many PSFs have had the luxury of relying on past client work and reputations to speak for them. The clients that needed to know them did. In the face of increased competition, globalization, consolidation, and commoditization many PSFs are now forced to re-evaluate their branding and corporate positioning.

At its very core, a brand is a promise—the promise an organization makes to its customers. In articulating a brand strategy, many organizations seek to define their brand as the perceptual area they want to own. A distinctive brand provides multiple benefits including:

- A clearer voice in the marketplace when all employees are saying the same thing.
- Stronger recognition of the institutional brand to aid individual sales efforts.
- Established client qualifier to assist the sales force in identifying what kind of opportunities to pursue and turn down.
- A rallying cry for employees—increases acknowledgement of inter-connectedness within the organization.

Craft a meaningful differentiation strategy

In determining a differentiation strategy, consider and evaluate: 1) client needs, 2) competitive landscape, and 3) the
organization’s assets and values. The intersection of these three areas yields the “sweet spot” or area that the organization can dominate. A place to start is by leveraging client research to understand and identify what clients really want and value in your company. Next, review and examine the organization’s assets to determine what strengths it brings to the table. Review the list of assets to determine what are “must haves” for clients and which are truly distinct. Assets that other organizations bring to the table do not add to the differentiation strategy. Most successful and competitively advantageous differentiation strategies are grounded in a firm’s professionally-driven and culturally-supported processes, standards, and methods. PSFs have a number of areas they can stake out when determining their differentiation strategy: geographic focus and reach, service offerings, service delivery, value and benefits delivered, image, clients’ emotional “experience,” targets, and market position—if it’s first.

Last, conduct an audit to identify territory staked out by competitors. In addition to mapping out the competitive landscape, organizations should evaluate whether or not their competitors are delivering on the stated promise and whether or not opportunities exist to move in on a competitive area.

Once the perceptual territory that the organization feels it can credibly occupy and own is identified, it’s time to articulate the brand strategy. Positioning strategies come in three varieties: the what, the how, and the why.

Positioning strategies that focus on “why” and the benefits to the client are not only more focused but are often the most difficult to duplicate by competitors since they stem from professionally-driven and culturally-supported processes. Translating the organization’s unique capabilities and how these produce results for clients is the winning combination.

The Positioning Spectrum
consulting firm examples
Capitalize on communication channels

Just as consumer marketers do, professional service marketers should take advantage of the impact of an integrated campaign using multiple channels. Communication channels deal with the medium more than the message—it's the powerful combination of how you talk to your prospects coupled with what you tell them.

There are parallels between the channels and tactics that consumer marketers use and what professional service marketers could also do. A product sample of a new cereal is akin to a research report of new software. The message is the same: try it and you might like it.

Even though there are many channels to choose from—advertising, public relations, Web sites, direct mail, e-mail, personal communication—not all channels should be used equally. The marketing objective should dictate the communication strategy and appropriate channels.

Channel use of consumer packaged goods marketers:

- General Mills’ Big G wholegrain cereals: advertising, product packaging, Web site with health & fitness information

Channel use of professional service marketers:

- Accenture: global brand image advertising, conference sponsorships, Web marketing, e-mail push marketing, media relations
- KPMG: Web site, trade shows, e-mail marketing, advertising, conferences

Reaching the right audience at the right time requires an integrated communication strategy. Think of it as less of a marketing mix and more of “right-time” marketing. Determine which channels are most efficient for your target audience at their decision point. A consumer packaged good marketer uses various channels and tactics to move a consumer from prospect to loyalist. For example, a new product introduction could use these channels and tactics: sampling, price promotions in the form of coupons, and publicity in consumer magazines. As the consumer product gains market share, the channels and tactics are readjusted to reflect the marketplace dominance. Likewise, PSFs can also employ a similar strategy. For a new service offering, a professional service marketing strategy could employ advertising to gain awareness, news media article providing third-party credibility, trade show presence, and then follow up with e-mail marketing and personal communication to reinforce preference and loyalty.

Although personal relationships are integral to its business and a key marketing component, PSFs can use the benefits of an institutionalized marketing program to augment these personal relationships and identify untapped marketplace opportunities. Designing a strategy that takes advantage of the various channels, targeted messages, and prospects' consideration point, adds up to “right-time” marketing.
Harness the power of employees to embody and represent the brand

Employees are a critical component in delivering the brand for a professional services organization, since the brand is essentially delivered through behavior. In a sense, every employee is a sales person for the organization regardless of their title. The biggest driver of brand perception in a PSF is the quality of the people and the work they deliver. Identifying a distinctive strategic proposition is not enough. A successful brand is as much enabled by superior execution. A brand should be relevant, credible, distinctive, sustainable, and, most importantly, embraceable internally. Employees need to feel a bond and camaraderie in delivering the brand.

Internal communication is an important and often underutilized function in developing and communicating an organization’s brand strategy. A well-constructed plan to help employees understand the brand strategy; how their actions contribute to overall market perception of the brand and the organization; and, a clear understanding of where they have the opportunity to bring the brand to life can be a key enabler in helping set the organization apart from competitors. In addition to creating a program designed to develop an emotional connection to the brand, organizations should consider mapping out a set of guiding principles tied to the brand and business strategy that help employees live the brand on a daily basis in all of their client, colleague, and employee interactions. When employees take notice of the multiple client touch points they have in their day-to-day activities and truly live the brand on a regular basis, they are more efficient and effective in selling efforts.

Summary

By using IMC principles of focusing on the client, uncovering customer insights, creating a compelling value proposition, using “right-time” marketing, and harnessing the power of employees to embody and represent the brand, professional service marketers will take their programs to a higher level and deliver tangible value to their firms.

References


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