How to Grow Your Brand

Marketing Strategies for Mid-Market Companies

A Mailchimp Report

INTUIT mailchimp

EVIDENZA

No one wonders how big, established brands grow. Built on decades or often centuries of equity and fame, they pull from their arsenals of cash to develop products, hire agencies, and pay celebrities to execute wildly original, splashy, and effective marketing campaigns. They are growth machines.

And while learning from these masters of craft can be inspiring and educational for brand leaders and marketers at small and mid-market businesses, it often leads to budget envy, wishful thinking, and maybe even a frustrated eye roll. Large, established brands can cast an equally large shadow on smaller brands. This report aims to shine light into the shadows and delve into a set of transformative strategies written by some of the brightest minds in the marketing effectiveness field.

These strategies are evergreen and based on principles you should pursue year-round, but we've chosen this critical time of year to put them in your hands. As you gear up for the holiday season and the peak sales that follow, this report will be your comprehensive guide to growth. We've broken the report into chapters with a subject matter expert authoring each one. They can be digested in pieces, but the whole report also tells a full story.

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LinkedIn
Website

The Big and the Small of It by Les Binet
Emphasizing the custom approaches that brands can use to grow—whether they are new, niche, expensive, under-funded, or in a small market.

The Two Small Upsides by Dr. Mark Ritson
Highlighting how you can exploit your size as a strategic advantage by taking a "Versus Position" or mining niches.

Winning the Underdog Game by Ty Heath
Introducing the 95-5 Rule and explaining why building a memorable brand is essential for long-term success.

Grow with Zero-Party Data by Jamal Miller
Exploring why zero-party data is a competitive advantage for personalization, especially during peak season, and providing five tips on how to build a robust zero-party data strategy.

AI Is the Big Breakthrough for Small Brands by Peter Weinberg and Jon Lombardo
Demonstrating how AI can help you develop and launch effective marketing plans quickly and affordably.

If you work at Apple, Nike, Coca-Cola, P&G, Frito-Lay, Meta, or a similar global powerhouse brand, put this report down; it's not for you. This guide to growth was written for performance-obsessed marketers at mid-market companies and small businesses, for founders at start-ups and scale-ups, and for anyone growing a brand who has ever asked, "Where do I go from here?"

We hope this report offers you a useful roadmap for your brand's growth. By embracing the latest thinking in marketing effectiveness, leveraging the benefits of your size, and harnessing the power of personalization and AI, brands like yours can not only survive, but thrive in today's competitive landscape.

CHAPTER 01

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THE BIG AND SMALL OF IT

Why grow?

How can small brands grow? Before we think about that question, it's worth asking another one. Why should small brands want to grow?

To many people in business, that probably sounds like a dumb question. Big business is where the big bucks are. Growth is dynamic and exciting, and it's the only way to make serious money.

And there's a lot of truth in that point of view. Big companies and big brands have all sorts of advantages over little ones.

Big brands find it easier to acquire customers because people find them easier to remember and easier to buy. And because people tend to be more receptive to big, familiar brands, they convert prospects into customers more easily than their smaller rivals—without having to compete quite as hard on price.

Big brands have more customers than small brands, and those customers tend to be more loyal.[1] And that gives big brands more scope for cross-selling.

And in some categories, size is inherently attractive. Search engines, ride-hailing services, social media, and dating sites are all examples where network effects favor big players over small ones.

There are economies of scale on the supply side, too. Big firms find it easier to hire people and invest in them. They can negotiate better deals with suppliers and distributors. They can borrow money more easily and at lower rates.

With fatter margins and deeper pockets, big firms can spend more on marketing than their smaller rivals, and their marketing tends to be more efficient.

No wonder, then, that firms with higher market share tend to make much bigger profits, both in absolute terms and relative to their size. Big is where the money is.

Conversely, smaller firms and brands suffer from a host of corresponding disadvantages: fewer customers, lower loyalty rates, weaker pricing power, higher unit costs, less efficient marketing, and so on. As a result, they mostly tend to have lower profit margins.

Growth not only offers a path to higher profitability, but it also has benefits in itself. Growth gives a firm momentum. It gets you and your company noticed. It attracts customers, talent, and capital. It makes for happier staff and happier investors. Growth is where the fame and the fun are.

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[1] This may not seem obvious, but it's true. Decades of research shows that big brands have both higher penetration and stronger brand loyalty. Read "How Brands Grow" by Professor Byron Sharp.

What are your ambitions?

But before you go hell-for-leather after growth, it's worth asking yourself exactly what your ambitions are.

How big do you really want to be? Do you want to end up running a gigantic corporation? Or would you be happier running something on a more human scale? Do you enjoy the challenges of managing people and money? Or is it the craft itself that motivates you? Growth may make you rich, but if it takes you away from the things you love, it might also make you and your colleagues miserable.

How fast do you want to grow? Sometimes, rapid growth is essential. When Uber entered the UK market, they knew they had to move fast to establish dominance before their rivals. But "move fast and break things" is not everyone's cup of tea. Years ago, I worked at a tech startup that expanded 30-fold in 9 months. It was chaotic, stressful, and unpleasant. Slow, steady growth may be more rewarding.

Do you want to be the biggest, or do you want to be the best? Sometimes there's tension between those two. If you had to choose, which would you prefer?

Do you want to create a high-volume business, or are you more interested in high margins? For some firms, growth is more about charging higher prices than selling more units.

How soon do you want to reap the financial rewards? Are you prepared to wait years before the business starts making serious money, or do you need profits right now?

How and when will you leave the business? An IPO? Being acquired by a bigger player? Selling the business or passing it on to an heir? Or just a nice, comfortable retirement? Different exit strategies require different growth plans.

How can you grow?

Over the last 60 years or so, academic researchers have learned a lot about how brands grow. It turns out that there really are some iron rules that you need to follow, and you would be well-advised to learn about them. If there's one book to read, it's "How Brands Grow" by Professor Byron Sharp, which sums up the relevant research in one short, readable text. If you have a bit more room on your shelf, you might consider "The Long and the Short of It" by myself and Peter Field, which explains how marketing communications work over the short and long term, and our more recent book, "Effectiveness in Context," which looks at how the rules vary in different situations (including those faced by small brands).

Some of these rules, which are supported by decades' worth of data from many categories and markets, may surprise you. Here are three broad lessons for smaller and mid-market brands:

1. **Expand your customer base**

The main way brands grow is by expanding their customer base, and the main way they do that is by increasing the rate of acquisition. This is true for all brands, but it's particularly true for small ones, which have fewer customers to start with. So, gaining more customers should always be your primary marketing objective.

2. **Improve brand loyalty**

Having acquired more customers, the secondary task is to extract more value from them. Loyalty marketing, aimed at retaining customers and getting them to spend more, has a role to play here. Smaller brands tend to like loyalty marketing because it's relatively cheap. But contrary to what many believe, brand loyalty is a weak influence on growth and is influenced much more by customer experience than CRM.

3. **Think carefully about prices**

Pricing is really, really important. The easiest way to sell more products and services is to give the customer more value for their money. Trouble is, that may also be the best way to destroy your margins. Price cuts and promotions (which are really just price cuts in disguise) are a notorious vice of marketing. They give you a short-term high, but the long-term effects can be ruinous. Use them sparingly, and, if possible, try to grow without discounting. Yes, it can be done!

The next question to ask yourself is, "Why aren't you a global powerhouse?" You'll usually find that this boils down to a small customer base, but why? There are several common reasons:

- Your brand is new
- Yours is a "niche" brand
- Your brand operates in a small category or market
- Your brand is limited by supply constraints
- Your brand is expensive
- There has been a lack of investment

Each situation requires a slightly different approach. Let's look at each in turn.

Getting started: How to grow new brands

New brands are the easiest ones to grow. When you first enter the market, you have novelty on your side, and the only way is up.

Remember that marketing new products involves more than just advertising. Use all four marketing “Ps” in this order:

“Offering low prices is an easy way to gain market share in the early phase, but you may find it condemns you to years of low margins and small profits.”

1. Product

Sadly, a high proportion of brand launches end in failure, usually because the product itself is not up to scratch. Make sure your products and services are right for the market before you start promoting them, otherwise you'll just fail faster.

2. Price

Think very carefully about your pricing. Go too high, and you'll put potential customers off. Go too low, and you won't make any money. Think about your long-term pricing strategy. Offering low prices is an easy way to gain market share in the early phase, but you may find it condemns you to years of low margins and small profits.

3. Place

Once you get your products and prices right, the next step is to make them easy for people to buy. Traditionally, this meant getting distribution via places such as shops, offices, restaurants, or vending machines, and spaces in the media—direct marketing via newspapers, magazines, leaflets, telesales, and so on. These days, a lot of the important places are where people buy online.

Remember that competition is fierce, and people are lazy. If your brand is not easy to find and buy right now, people will choose something else. Try to ensure that whenever your brand is needed, it's only an arm's length or a couple of clicks away.

4. Promotion

Or, to put it another way, marketing communications. Remember, this is the last step in launching a brand. It's pointless to spend money on comms if the product is bad (you'll just fail faster), the price is wrong (your comms won't pay back), or the product is hard to find and buy (ditto). Get the other three Ps right first, then use marketing media to promote your product.

I'm not an expert in new product development, pricing, or distribution logistics, but I do know a thing or two about advertising and other marketing communications, so let me expand on that area.

How much should you spend on marketing communications?

New brands have a tremendous advantage when it comes to promoting themselves. People find new things interesting, so it's much easier to get attention. And in some categories, like food or fashion, people actively seek novelty.

So, new product advertising tends to be highly efficient, and new brands don't need to spend as much as established brands.

What's more, if your product is good and your prices are attractive, word gets around. People who discover the brand tell their friends, and they tell their friends, and so on. If you can get a chain reaction going, then your marketing spend will go even further.

In fact, great innovators can get away with spending very little on advertising at first. "Build it, and they will come," as they say.

But sooner or later, even the most innovative brands find that growth slows down. At this point, you need to turn the advertising engines on to keep powering forward.

And if you want really fast growth, you should start advertising early, because that accelerates things. Working out how much to spend on advertising is hard, especially for new brands. But, there is one useful benchmark: the advertising-to-sales ratio. This is simply the size of your advertising budget divided by your gross sales revenue.

If you set your A/S ratio above the average for your category, sales growth should accelerate.[2] And the more you punch above your weight, the faster you'll grow.

If you have good intelligence on your competitors, you may be able to estimate their A/S ratios. If so, go higher. Otherwise, you'll just need to experiment until you find the A/S level that gets you the growth rate you need.

But brace yourself—the advertising-to-sales rule means that you'll need to keep increasing your ad budget as you grow. Advertising is not just for launch, it's for life.

[2] For those familiar with Share of Voice theory, this is equivalent to setting share of voice above market share.

How should you spend your budget?

Having set your budget, decide where to spend it.

If you've got a big budget and/or a clever media agency, do some research. Segment and prioritize potential audiences according to how much they cost to reach, how responsive they are, and how much they spend.

Alternatively, test and learn directly. Try different things. Turn them on and off. See what works and what doesn't. Measure the effects.

If you've got a tiny budget, spend it on those audiences and media that give you the highest ROI. That usually means focusing on people who are in the market right now, using cheap, direct-response media.

But the pool of active shoppers is small—maybe 5% of the market—and saturates quickly. So, as you dial up your budget, go broader. Start talking to the wider market—the people who are not actively shopping right now but may enter the market soon. These people are harder to reach and convert but represent a much bigger prize.

It helps to divide your media budget into two broad pots, which Peter Field, my co-author, and I call "brand" and "activation." Activation is targeted at active shoppers to generate immediate sales. Brand reaches out to the wider market and prepares them to buy your brand later, when they are ready. Our book, "The Long and the Short of It," explains why you need both short-term activation and long-term brand building—and how to get the best out of each.

We found that activation needs to be tightly targeted and works best when it is rational and functional. This is the world of performance marketing. Think SEO, paid search, personalized emails, shopper marketing, and so on.

"As you dial up your budget, go broader. Start talking to the wider market—the people who are not actively shopping right now but may enter the market soon. These people are harder to reach and convert but represent a much bigger prize."

Brand advertising works differently. It requires broader reach media (often a mix of online and offline) and a more creative approach to get people to pay attention and remember your brand when they eventually come to market.

Our follow-up book, "Effectiveness in Context," shows how to tweak the brand/activation balance to suit your brand and category. At launch, activation is usually the priority (typically 65% of the budget). But as you grow, you'll need to dial up the brand budget. Mature brands typically need to spend 60% or more on brand advertising and only 40% on activation.

What should you say in your ads?

Whatever kind of advertising you're doing, it should always be obvious who you are, what you are selling, and how it meets people's needs. Those three rules sound blindingly obvious, but big firms often lose sight of them.

Make sure everything you do is clearly branded. Branding means more than adding a big logo. It covers everything from the colors and fonts you use to the slogans, characters, and music in your ads. Develop a distinctive style and personality for your brand, and use it consistently across everything you do.

Make it clear what you are selling. You're new to the market, so don't assume people know anything about your products and services.

Put yourself in the customer's shoes. Show how your products and services fit into their lives. Focus on their needs and desires, not on yourself. These three rules apply to all advertising, regardless of who you are talking to. But how you apply them depends on whether you are doing brand or activation.

Brand advertising is aimed at the broad pool of people who are not in the market for your product right now, but will be one day. You can't assume those people will be interested in you, your product, or what you have to say, so you have to work hard to get their attention.

And because they are unlikely to respond straight away, you need to make sure they remember you. So, brand advertising needs to be interesting, attention-grabbing, and memorable.

Don't fill your brand ads with facts and figures because people won't remember them. Use brand ads to announce who you are and what you do, and to make people feel you are worth checking out when they need you.

Then, when they do come to market, hit them with your activation. This is a much more rational, functional business. Focus on giving them the information they need, removing barriers to purchase and closing the deal. But use your branding to evoke the feelings and memories you planted earlier with your brand ads.

How to grow niche brands

If you follow those rules, your new brand should grow. But sometimes you hit a wall before you make it big.

This may be because you have limited yourself to a small target market. Have you become a big fish in a small pool? If so, it may be time to break out.

Many marketers believe that the way to make big money is to own a specific niche in the market. They focus their marketing on one particular group of people or one particular purchase occasion, rather than spending more and going broader.

In fact, successful niche brands are quite rare. Most so-called niche brands are just brands that have failed to reach their full potential. They're not particularly profitable, and their tightly targeted approach is simply holding them back.

So, when growth starts to slow, ask whether you've imposed limits on yourself. Could you sell to a wider pool of people? Could you address a wider range of customer needs? You may have started as a clothing brand for skaters, say, but once you've saturated that niche, think about going broader. You'll need to spend more, but you'll have the potential to make more money, too.

But if you do decide to specialize, focus on increasing price rather than volume. The only niche brands that are reliably profitable are those that charge premium prices.

It goes without saying that you need outstanding product quality to justify a price premium. But brand advertising also has a role to play. It's hard to get people to pay higher prices with rational arguments. The emotions, feelings, and associations that creative advertising evokes are far more powerful. That's why premium brands tend to spend more on brand ads than budget brands.

Don't think that niche marketing means you can get away with low budgets. If you find a profitable niche, bigger brands will want to enter it. You'll need to keep spending to defend yourself against new entrants, albeit in a tightly targeted way. Building strong relationships with your niche audiences will help, too.

How to grow small categories and markets

Even if you aren't a niche brand, you may be limited by the size of the category or market that you play in. If so, my advice is pretty much the same as before. Think about how you can break out and go broader, and, if you can't, think about charging higher prices.

What about trying to expand the market? That's rarely a successful strategy, unless you're the leader in a new category. Marketing tends to increase market share rather than market size. Better to think about broadening the range of products and services you sell and entering adjacent categories.

Similarly, if you have a big share in a small region, think about marketing further afield. If you're a local brand, could you extend across your region? If you're a national brand, could you sell abroad?

As before, you will have to increase your marketing budget. And you'll probably need to shift from tightly focused, local media to broader reach channels. But if you want to keep growing, that's the price you'll have to pay.

And if you can't extend, shift your focus from volume to price. You run the best restaurant in town? You've got a line around the block? You can't or won't open more locations? Then it's time to raise your prices, in which case you need a strong brand.

Brand advertising may not be the right place to start. Make sure your products and services really are up to scratch first. Think carefully about design and customer experience. How do your emails look? How does shopping in your store feel? Every contact you have with the public should signal quality if you want to charge more. Consider brand ads if you want to send those quality signals to a wider audience.

How to grow capacity-constrained brands

Innovate, advertise, and reach as many potential customers as possible—this is great advice for smaller and medium-sized brands with big ambitions. But the vast majority of small firms are really small, with less than 10 employees. And often the thing holding them back is not lack of demand, it's tight supply.

Picture the local cheese store's husband and wife team who just can't make enough of their delicious artisanal gouda cheese, the restaurateur whose establishment is full every night, and the interior design company that's booked up months in advance. How can tiny businesses with limited capacity make big money?

The answer is obvious to anyone who has studied economics: price. Price is the single most powerful force in marketing. Price effects are big and work quickly. Changing prices is quick, easy, and almost costless. That's why price promotions are so common—cutting prices is the easiest way to drum up extra business.

But if demand exceeds supply, you need to increase your prices, and that can be scary. What if you lose valuable customers? What if the phone stops ringing? What if you price yourself out of the market?

Increasing your prices does require a certain amount of nerve, but once you get the hang of it, you'll be pleasantly surprised by the difference it makes. And there are some useful tricks. Resist the urge to draw people in with low prices—if you're at capacity, new customers should pay more.

Each time you pitch for a new bit of business, try a slightly higher price. Build annual price rises into your contracts, and make sure they're higher than inflation. Launch premium variants of your products and services—they'll make your standard offering look cheap, and if they sell well, you can phase out the old ones.

Above all, be prepared to turn work down. You can't negotiate hard on price unless you're prepared to walk away. Only cut your price if you get something valuable in return or there's less work involved.

If you get your pricing right, you will have more money and more time. Don't run your operation at full tilt—you need a bit of slack. You need time to think, plan, and develop. That will help you grow further.

Now think about ways to expand supply. If you've got the ambition and the guts, you'll probably realize there are plenty of ways to grow. Hire more staff and delegate more. Open more outlets. Consider outsourcing, licensing, or franchising. Most businesses can expand if they really want to. Even sole traders who can't (or won't) delegate can find ways to reach more people if they think creatively.

Imagine you are a troubadour in medieval Europe. Everyone loves your songs, and they ply you with gold to hear you sing them. But there's only one of you, and there's a limit to how many people you can sing to at once. Your business does not scale.

Over the centuries, a series of technological advances has solved that problem. The ability to publish, record, and broadcast means that musicians do not need to be physically present to reach an audience. Huge video screens and powerful sound systems mean concert audiences can be much bigger. And the success of "ABBA Voyage" suggests that some musicians may be able to keep performing long after they've retired.

Continued on the next page

How to grow capacity-constrained brands (continued)

I'm not suggesting you become a pop star, but maybe you could use technology to reach more people. Could you automate or outsource some part of what you do? Could you deliver your services online? Could you deliver your services en masse? If you run your yoga class online, there's no limit to the number of people you can teach. It has never been easier for private individuals to reach mass audiences and markets than it is now.

The downside is that there's never been more competition. Everybody has a podcast. Everybody has a blog. Everybody has a YouTube channel.

Once again, the music industry teaches us a lesson. These days, a teenager with a basic kit can record an album in her bedroom and release it globally for next to nothing. There are more bands and albums competing for our ears than ever before, and very few of them make money. But the top stars are making more money than ever before. Taylor Swift is earning around $100 million a year.

The miracle ingredient that enables top musicians, actors, and athletes to earn obscene amounts of money is fame. When everyone knows you and everyone wants you, you can name your price. What's more, personal fame opens the door to more scalable ways of making money. That's why celebrities end up launching fragrances or sportswear brands.

Now, just because you're small, it doesn't mean you can't be famous.[3] Maybe not as famous as Taylor Swift. Not even as famous as Jamie Oliver or Robert Winston or that woman on the telly who advises people on how to train their pets. But if you're good at what you do, you have a talent for publicity, and you're prepared to hustle, you can become a "name" in your field. And that can be very profitable.

You will need to constantly promote yourself. If you're always in demand and constantly turning down work, it's easy to think that you don't need to advertise. Wrong. If you want to be famous, stay famous, and keep charging high prices, then you need to keep your name at the forefront of people's minds. You need to reserve time and money for self-promotion, whether it's social media or huge billboards. Don't worry about getting too much work—you can always use price to manage demand. Keep promoting, even when you're busy. Otherwise, one day, the work will dry up.

[3] My personal philosophy.

How to grow expensive brands

As I explained earlier, most niche brands are really small, unprofitable brands that have failed to achieve their full potential. But there is one niche that can be very profitable indeed: the luxury sector. Smaller and mid-sized brands that command very high prices can make serious money.

But how to grow bigger? The market for luxury goods is inherently small. There are only so many people willing to spend $1,000 on a bottle of booze or $10,000 on a handbag.

So, think global. Premium pricing may restrict you to a tiny share of each market, but if your market is the world, you can still become a big brand.

What about pricing? Straightforward price cuts are usually a bad idea. Strong luxury brands tend to have low price elasticities, which means that price cuts reduce profits, sometimes catastrophically. But some luxury brands manage to broaden their appeal through artful, tiered pricing strategies.

Imagine you're a dressmaker. You love making clothes and have an eye for color and design. Right from the start, you refuse to compromise on quality. You stick to couture fashion, keeping volumes small and prices high. You make a name for yourself. People pay top dollar for your work. How do you grow further?

A common solution is tiered pricing. Couture sits at the top, available only to a tiny fraction of the market. Below that sits the premium ready-to-wear products—still expensive, but accessible to the mass affluent. Below that, there may be a more reasonably priced diffusion brand. Think smaller items like gloves, belts, wallets, and keyrings.

This tiered approach is common in the luxury sector.[4] A quick Google search reveals 118 variants of Johnnie Walker whiskey available here in the UK, priced from £19.99 a bottle to £15,999.95. And rumor has it that, if you're willing to go to Singapore, there's a $200,000 Diamond Jubilee edition on sale there.

You don't have to go that extreme, but tiered pricing can be powerful. But proceed with caution. If you launch a diffusion brand, make sure it doesn't cannibalize on your more expensive products. Design, distribute, and promote them in different ways, so that the cognoscenti feel that it's worth paying extra for the real thing.

What about advertising? Why do exclusive brands like Gucci and Prada "waste" money on mass media? There are several reasons. Firstly, more people buy luxury brands than you might think. People who are normally very sensible with their money may splash out on a luxury treat once in a blue moon. Secondly, high margins mean that luxury brands get a high ROI from their advertising, even if a lot of it is "wasted." Thirdly, that "waste" serves a purpose. Odious as it may seem, one reason people buy luxury brands is to signal their status, so it's important that people who can't afford to buy them know what they stand for. My agency once ran press ads for Bentley that said, "Just turn the page, young man."

[4] Brands can also use it to increase prices, but this is often harder.

How to grow under-invested brands

What if you've been at it for years, and you're still a smaller brand?

Be frank with yourself about what's holding you back. Is your product up to scratch? Do you have a distribution problem? Is your pricing right? Have you limited yourself by focusing on a small category or market? Do you have capacity constraints? If so, read the later sections for some tips on how to reignite growth.

But if you've addressed all those issues, you probably just need to spend more on marketing.

Take a good, hard look at your comms budget. Is your advertising-to-sales ratio low compared to your competitors? If your share of voice is low for your market share, use the budget-setting techniques described earlier to work out how much you need to spend to get your brand growing again.

And ask yourself whether you're spending the money efficiently. Smaller and mid-market businesses often spend too much of their budget on bottom-of-funnel activation and not enough on top-of-funnel brand advertising. As I said earlier, brands can get away with that when they first launch, but mature small brands need a different approach. Typically, they should spend about 75% of their budget on brand ads and only 25% on activation.

If you're prepared to invest at a high enough level—and stick with it—you can transform a dusty little brand into a big one. But it's not for the faint-hearted.

Neglected little brands have all the disadvantages of being small, and none of the advantages that accrue from being new, niche, or premium. They tend to have low advertising efficiency, low margins, and low ROI. Escaping the small brand trap can take years.

But there are some success stories. Let me tell you about Felix Cat Food. Back in 1989, Felix was a small, cheap UK brand. It hadn't been advertised for at least 40 years and was in danger of being delisted by the big supermarkets. The owners decided to give it one last shot. They freshened up the packaging, launched a few new flavors, and, crucially, commissioned an ad campaign from my agency, BMP.

At first, Felix's owners could only afford cheap black-and-white ads in a handful of newspapers. These showed Felix, the cat from the side of the tin, getting into all sorts of misadventures. Think cat memes in cartoon form.

As soon as the ads appeared, sales started to grow again. Cat owners really loved the cheeky little character we created, and that made them like the brand.

Pretty soon, the client was able to afford TV ads as well. Felix's adventures continued in animated form, with music that the public came to love and recognize. Budgets increased. Market share rose.

Ten years later, the Felix campaign was still going, and the brand had been transformed. No longer a small, cheap brand, Felix was vying with Whiskas for the No. 1 slot and was able to charge premium prices. No longer limited to the UK market, Felix extended across the whole of Europe.

It took a long time, and a lot of investment, but the financial payback was huge. Today Felix is a big, profitable, multinational brand.

Not every neglected brand can "do a Felix." But if you're prepared to invest consistently in brand ads over a decent period and have great media and creative agencies on your side, you can do amazing things. You can break out of the small brand trap and become a big brand.

Conclusion: Attacking Goliath

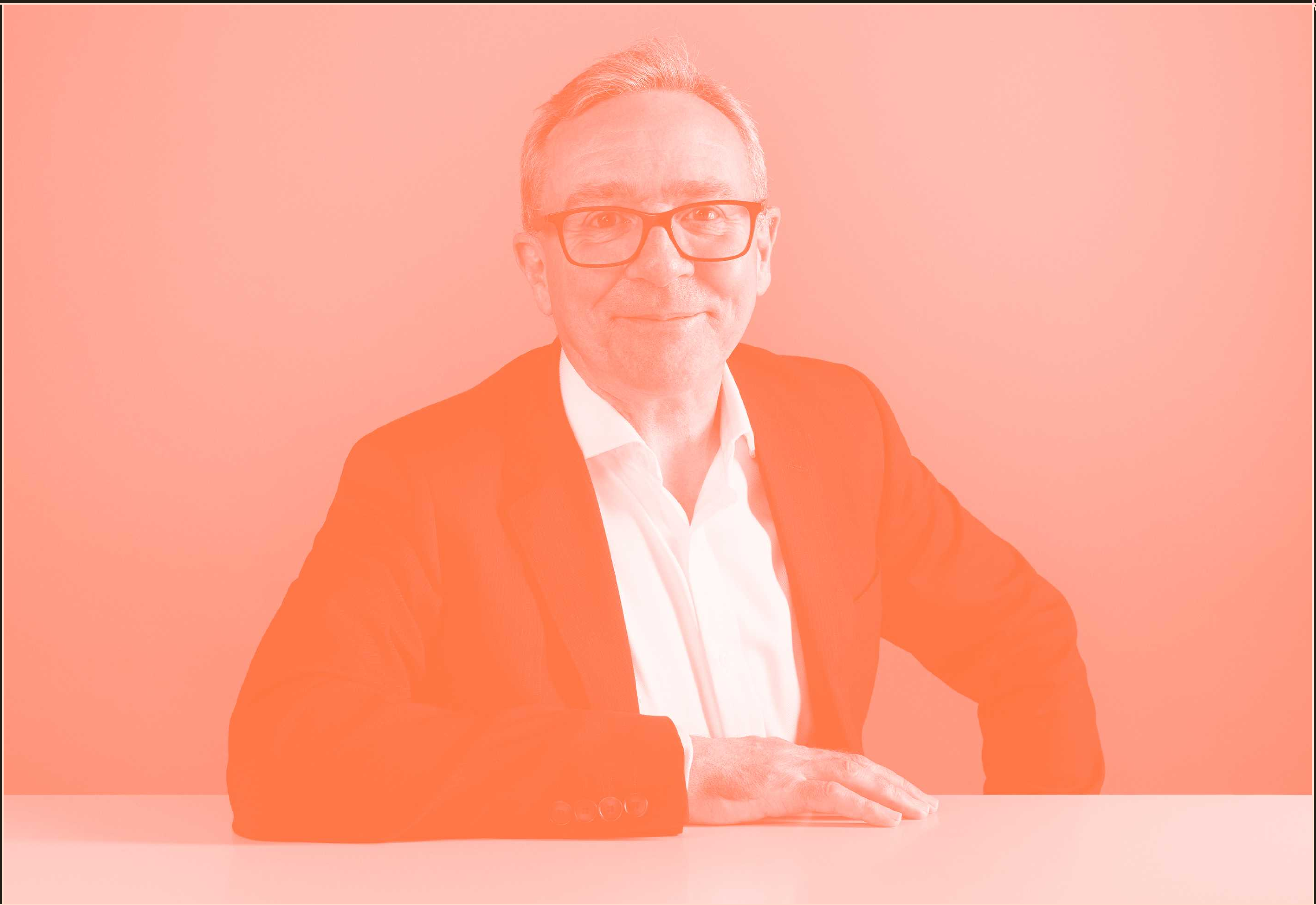
As I said at the start, big brands have huge advantages over small brands, and challenging them is hard. But they have weaknesses, too.

They may be wedded to old ways of doing things. That can make them vulnerable to disruptive new firms that have less baggage. Think of how Amazon took on traditional brick-and-mortar retailers, or how Uber stole business from taxi firms. Big brands may have aging customers and a dusty image, allowing younger, more fashionable brands to move onto their territory. Above all, big brands can become complacent.

Once a brand reaches a certain size, it can become really difficult to keep growing, even with heavy investment in marketing. At this point, advertising and other marketing activities mostly serve to maintain market share and high margins, rather than increase them.

When growth slows, brand owners often make the mistake of thinking that marketing is no longer working and, therefore, cut budgets.
That opens the door to challenger brands like you.

Seize the opportunity, and you may become a big brand yourself.



Les Binet is a world-renowned expert in marketing effectiveness and evaluation and has probably won more awards in this field than anyone else. In 2014, the Institute of Practitioners in Advertising awarded him The President's Medal, the highest honor it can bestow, in recognition of these achievements. As well as his many journal articles and case studies, he has published six books, several of which are now regarded as required reading for marketers.

The opinions expressed are those of the author and not necessarily those of Intuit Mailchimp.

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NEXT:
THE TWO SMALL UPSIDES

CHAPTER 02

DR. MARK RITSON

THE TWO SMALL UPSIDES

It's hard to be small. Despite all the David vs. Goliath nonsense about agility and underdogs, the odds are very much against you. Not only do you lack scale Not only do you lack distribution. Not only are your pockets shallow and empty. According to the famous statistician Paul Dyson, the biggest driver of advertising profitability is size. Look at it any which way and it's clear that marketing is a game rigged in favor of the big guys.

So, what are the upsides of smallness? Is there a judo move that enables smaller players to enjoy some advantages over the big boys and girls of the category? Well, I know of two, but only two, such advantages.

The versus position

The traditional approach to positioning, the big brand way, is all about making clear what you stand for directly to your target customer. However, there is an alternative method that calls for playing the angles and positioning against something or someone that the target customer already dislikes. By taking on an enemy, a marketer can position very clearly what they stand for, often in a manner that is quicker to grab attention and more persuasive than trying to state it directly.

Marketers are usually too gentle to countenance such a move. They are more than happy to mine their company's advantages for positioning fodder, and are comfortable trying to understand and then exceed customer needs. But when it comes to competitors, there is a reticence to call out rivals and openly slight them.

That's a real pity, because for smaller brands this can be a winning approach. Big brands cannot focus on rivals because it makes them look like bullies and because, for the most part, the attention they would share with that rival is bad for business. But these caveats do not apply to smaller brands who can't look like a bully and who don't mind any form of attention being thrown their way.

In the versus approach to positioning, we still focus on what the customer wants. But to communicate the message, we pick out a specific competitor and position our brand against them as overtly and aggressively as possible to garner as much shadow salience as possible and highlight our benefits by way of comparison.

The prototypical example of the versus school of positioning is Avis. Avis is everywhere today, but when Warren Avis set up his car rental business in the 1940s, he did so by focusing on an unusual niche: offering rental cars at airports. Hertz, which had been established three decades earlier at the beginning of the automotive era, had traditionally offered its rental cars within the downtown locations of most cities.

Eventually, as air travel increased, Hertz matched the Avis strategy and infringed on its rival's airport territory with its own airport locations. The combination of both downtown and airport locations meant that Hertz became the more successful brand, enjoying double the market share of Avis. Throughout the '50s, Avis struggled, losing millions, stuck behind its far bigger rival.

That is until one fateful afternoon in 1962 when Avis walked into the New York City headquarters of legendary advertising agency Doyle Dane Bernbach. At a loss as to how to position Avis successfully in a market that was dominated by Hertz, the company agreed to run any campaign that DDB recommended.

A young copywriter, Paula Green, came up with the slogan that reversed the traditional logic that bigger was always better. Her line, "We Try Harder," pioneered "underdog advertising," became the most famous slogan in advertising history, and, more importantly, enabled Avis to turn an annual loss into a profit the following year. The success of the campaign was not the result of spending megabucks—executions ran as billboards and in print—but stemmed from a creative idea that resonated with the target audience.

Over on the other side of town, advertising guru David Ogilvy called it a piece of "diabolical positioning," and indeed it was. By positioning directly against Hertz and its number-one status, Avis had immediately turned the marketing tables on its greatest rival. Over the next five years, the "We Try Harder" campaign saw Avis gradually close the gap on Hertz until the paradoxical moment was reached where the campaign had been so successful it was no longer relevant.

Avis became the number one brand in the market.

The niche play

The other judo move only available to the smaller brand is the direct result of not being big. Large brands must dominate their category; they must opt for penetration, deploy big marketing budgets, seek economies of scale, and be all things to all people in order to maintain their enormous revenue streams and investor expectations.

But smaller brands have the luxury of choosing their growth opportunities. They work from a small base, enabling them to focus in a manner the big boys and girls simply cannot match. This focus can be directed in one of two ways: either at a small bunch of customers or a small corner of the category. Let me examine both.

These days, most marketers accept the idea that penetration is the route to all happiness, and you need to reach as many consumers as possible. That may be true. But only eventually true. While you are small and your resources and expectations are modest, you have time to focus on an underserved segment of the market and build your business there. First, the irony is that the best route to mass marketing might be via segment focus.

Lululemon is a great example. These days, it targets pretty much anyone with a pulse anywhere on the planet. But when it began back in 1998, it was specifically aimed at female Canadian yoga fanatics. It does not get much more niche than that.

But, the point of the niche—and I am saying it in French with the soft ending and not the American way that rhymes with ditch—is that it provides a rich, safe place to grow and scale before attempting the broader, bigger mass market.

The better you understand your target consumer, the more relevant and personal your marketing can be. Conquer one segment, move on, and target the next.

“Starting small and with a focus enables you to grow safely and then attack with scale and the comfort of knowing a different way of doing business.”

The other niche that small brands should consider is a sub-category opportunity. Rather than focusing on a smaller bunch of consumers, look at a mature category and seek out a smaller, newer part of its geography. Find a corner of the market that is growing and currently underserved by all the bigger players.

Yogurt was pretty much a busted flush until, as a new start-up, Chobani went hard at the Greek sub-category, for example. Enterprise did a similar thing in car rentals by focusing on the inner-city rental market when it began, not the traditional heartland of airports.

These sub-categories operate very much like market segments, a safe niche where you can grow and scale in the comfort of your own specialist business. In both cases, your ultimate goal is to take on the mass market and eventually win the whole category. But starting small and with a focus enables you to grow safely and then attack with scale and the comfort of knowing a different way of doing business.

Being smaller will always be difficult. My two suggestions don’t turn the tables on the big brands. It will always be better to be big. But they do offer a sliver of hope that, while being small is an incredible impediment, there are some strategic advantages to be had.

Dr. Mark Ritson is one of the world's most respected marketing and branding strategists. Mark teaches the Mini MBA in Marketing, which inspires businesses to cut through the hype and hysteria surrounding marketing today and return to irrefutable principles and practices that work. He has a PhD in Marketing and has been a marketing professor at Melbourne Business School, London Business School, MIT Sloan (visiting), and the University of Minnesota.

The opinions expressed are those of the author and not necessarily those of Intuit Mailchimp.

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NEXT:
WINNING THE UNDERDOG GAME

CHAPTER 03

TY HEATH

WINNING THE UNDERDOG GAME

Everyone loves a good underdog story. From “Rocky” to “The Karate Kid,” “Bend It Like Beckham” to “Hidden Figures” and “Erin Brockovich,” these tales celebrate tenacity, hard work, and clever strategy over brute force. They resonate because they tap into our innate love for ingenuity and problem-solving.

In the marketing world, small brands are the ultimate underdogs, and marketing has its own inspiring underdog stories: Warby Parker, Airbnb, and, yes, Mailchimp. These brands defied the odds, showing how small players can succeed in the marketing game. What they lacked in size, they made up for in bold creativity and thoughtful marketing strategy.

Marketing is a competitive sport where smaller brands go head-to-head with established giants, all vying to capture attention, loyalty, and market share. It’s no easy feat. Smaller brands face numerous challenges, such as limited resources and economies of scale. But the biggest hurdle from a marketing perspective? Reaching “in-market” customers during their fleeting window of opportunity.

The solution? Remembering that share of memory leads to share of market. In-market customers primarily rely on their memories to choose brands, not demand generation ads. So, as we move into the holiday season, it is worth keeping some basic rules of marketing in mind.

The importance of the 95-5 Rule

The 95-5 Rule highlights this perfectly: in any given quarter, only a small percentage of people are actively researching or shopping your category, maybe as few as 5% of all potential buyers. Most potential shoppers are “out of market,” not currently considering your product, and likely to overlook your direct-response ads. That is the 95%. Focusing solely on the 5% can be a pitfall for smaller brands. To truly succeed, you must strike a balance. While demand generation ads play a role, building a memorable brand that resonates with potential customers is the key to long-term growth.

Direct response has its limits

Many startups fall into the trap of overspending on demand generation ads. Although helpful in the early stages, this strategy can stifle long-term growth. It’s especially dangerous for smaller brands aiming for profitability because demand generation ads target only a small pool of customers actively looking to buy now, and this approach can be very costly, particularly as your business grows and must reach out to new customer segments. Overreliance on demand generation can render your brand invisible to a broader audience, making it harder to build the brand recognition essential for sustainable growth.

Let’s think about the upcoming holiday season in the context of e-commerce. Which strategy is going to be most productive?

1. Competing with hundreds of other brands to target time-pressed shoppers and divert them to your site, *or,*
2. Making your brand the obvious choice when people first start shopping?

Here’s a clue: all the evidence suggests the latter strategy is the most effective. Whether it is a timely email, TikTok influencer video, or Facebook ad, making your brand the obvious choice is a winning strategy. As Les Binet suggested in the first chapter, this is not an either/or. You still need to capture a good share of in-market shoppers, and that opportunity will expand during peak sales season. But doing so will be far easier if they start the shopping process with your brand in mind.

Use the “Laws of Marketing” to compete effectively

For small and mid-market brands, the “Laws of Marketing” developed by the Ehrenberg-Bass Institute (EBI) offer a competitive edge. These principles reveal essential truths about marketing effectiveness, relevant to B2C and B2B, D2C and e-commerce brands, and product and service brands, enabling smaller brands to compete more effectively with their larger competitors.

Building a strong brand is not like flipping a switch; it's a muscle that needs years of consistent exercise to grow. Imagine trying to do a pull-up without any training—yikes, it's simply not possible. Similarly, neglecting brand building early on can leave you unprepared for the scaling stage of growth.
As Senator Dianne Feinstein wisely said, “You have to learn the rules of the game. And then you have to play better than anyone else.”

Game for the underdogs: The Laws of Marketing

The Laws	The Game	The Move
The Law of Double Jeopardy: Brands grow primarily by acquiring new customers, not just by trying to retain existing customers.	Prioritize increasing brand awareness and acquiring new customers. While retaining existing customers is important, investing in strategies that boost brand recognition will naturally enhance customer loyalty over time.	Reach as many potential customers as your budget allows to boost brand recall and sales. Consistent, year-round marketing communications maintain brand visibility, avoiding the risk of being forgotten. Choose the right marketing activities to reach and influence potential buyers, and prioritize effectiveness over efficiency to achieve business goals.
The Duplication of Purchase Law: Brands grow by primarily acquiring new customers from category leaders at a higher rate than they lose existing customers.	Instead of trying to stand out as completely unique, smaller brands should focus on building brand recognition and familiarity, as customers often see brands in the same category as similar. The key is to be remembered and available when customers need something in your category, ensuring they choose you over others.	Invest in distinctive brand assets linked with common, credible, and competitive buying situations. Go bold. Great content can be 10-20 times more effective at driving sales than mediocre content. This means that creativity is the most powerful tool in a marketer's toolkit. Even with a small budget, effective and creative content can have a big impact.
The Law of Buying Frequencies: Brands grow by acquiring all types of new customers; they will mostly have light buyers and very few heavy buyers.	Successful companies attract a diverse range of customers, so smaller brands should focus on expanding their customer base and building brand recognition to ensure they come to mind when a customer is ready to buy. This means you must serve even light spenders profitably by optimizing operations. Pricing strategy is also essential for sustainable growth.	Enhance customer value and cost efficiency through improved service, product innovation, strong branding, and effective CRM. Streamlining operations to boost productivity enhances cost efficiency and profit margins, ensuring sustained growth and competitiveness.

The Law of Double Jeopardy

The Law of Double Jeopardy shows that brand growth relies more on attracting new customers than just keeping the ones you have. Here's the deal: loyalty is closely tied to brand awareness. The more people recognize your brand, the more likely they are to stick with you. Smaller brands face a double whammy—they have fewer customers to start with, and those customers tend to be less loyal. In contrast, bigger brands benefit from higher recognition, leading to better customer retention. This means that as brand awareness grows, so does loyalty.

For mid-market brands, this means focusing on acquiring new customers. While keeping current customers happy is important, it's not enough for long-term growth. Investing in strategies that boost brand awareness and attract new customers is crucial. Don't rely solely on having a great product—it's vital, but it won't build loyalty by itself. You need to make sure people know about your brand so that new customers think of you first. Building brand awareness doesn't have to mean expensive advertising. Look for creative, budget-friendly options that give you underpriced attention. For smaller brands, maximizing ad reach efficiently is crucial to boost brand recall and sales. Here's where cost per reach comes in. This metric helps you understand how efficiently your budget is being used to reach the right audience.

Do not take loyalty for granted

The Law of Double Jeopardy states that as the number of customers grows, so does loyalty. But no brand can afford to take that fact for granted because every customer you keep is one less that you must acquire. Once people have bought from you, make sure that you keep them engaged. Once people sign up for your mailing list, segment that audience so you can send them relevant, engaging, and timely content to help keep your brand top of mind.

Tastemakers Niko Dafkos and Paul Firmin use email to deepen relationships with longtime customers and new ones alike. Their business, Earl of East, started as a stall at their local London market and grew into a lifestyle brand that sells everything from vintage home goods to their own line of sustainably made candles and apothecary items. Unique, value-added email content, such as sharing their favorite neighborhood spots and things to do around London, as well as tips for hosting, cooking, and gifting, helped sustain customer relationships through the pandemic and beyond. In an interview for Mailchimp, Niko describes the benefits of a value-add email campaign as follows,

“I can't expect anyone to shop twice a week with a lifestyle retailer. But when we look at the lifecycle of a customer, our return rate is pretty high for our industry. People come back and shop repeatedly with us.”

The takeaway

Focus on increasing brand awareness and acquiring new customers, while keeping as many customers as you can. As you do this, you'll naturally see an improvement in loyalty metrics too, provided your product meets expectations and your CRM is effective.

Do this by maximizing the reach of your marketing communications to boost brand recall and sales. Consistent, year-round communication maintains brand visibility, avoiding the risk of being forgotten during peak sales season. And efficient digital media ensures every dollar spent contributes effectively to business goals, supporting smart competition in the market.

The Duplication of Purchase Law

Imagine the challenge mid-market brands face with the Duplication of Purchase Law: customers often choose multiple brands within the same category. Sigh. Where's the loyalty?! Smaller brands not only compete among themselves but also with larger, more established companies.

Traditional advice suggests smaller brands should differentiate themselves, but Ehrenberg-Bass Institute research shows customers see most brands within a category as similar. While some brands have unique features, familiarity within the category is what matters most for most customers. Instead of spending resources trying to convince people you're completely different, focus on building brand recognition.

The takeaway

The Duplication of Purchase Law highlights the importance of being recognized. Even with an excellent product, customers may overlook a brand they aren't familiar with. By building and sustaining brand awareness, and ensuring your brand comes readily to mind when a need arises, you increase your chances of being the brand people choose first. Customers with a brand in mind are less receptive to new information, so building brand awareness early allows you to influence their decision-making process quickly. This way, you become a viable choice for buyers who might otherwise go with established competitors.

Do this by investing in distinctive brand assets and with messages linked to common, credible, and competitive buying situations, also known as Category Entry Points. Creative content can be 10-20 times more effective at driving sales than mediocre content. This means that creativity is the most powerful tool in a marketer's toolkit. Even with a tight budget, effective and creative messaging connected with relevant buying situations can have a big impact.

"Even with an excellent product, customers may overlook a brand they aren't familiar with. By building and sustaining brand awareness, and ensuring your brand comes readily to mind when a need arises, you increase your chances of being the brand people choose first."

The Law of Buying Frequencies

The Law of Buying Frequencies reveals a key insight: growth comes from acquiring all types of customers, not just focusing on heavy spenders. Here's why this matters. Most buyers spend modestly—whatever the product or service, there are fewer big spenders than you might think. This isn't random; it's a predictable pattern where different consumer segments purchase at different rates. Successful companies attract a diverse range of customers, not just heavy spenders.

For smaller brands, this means not putting all your focus on upselling. While increasing sales to existing customers is important, it's equally crucial to diversify your customer base. Aim to attract all types of new customers, not just those who might spend the most. Building a broad base of customers is essential for sustainable growth.

Profitability is key, too. Since many customers will be light spenders, it's important to serve them profitably. Optimize your operations and pricing strategies to ensure every customer contributes positively to your business. Building a strong brand creates value. It drives long-term sales, lets you charge higher prices, opens new growth opportunities, attracts top talent, builds investor confidence, and more. In essence, it creates a protective moat that gives your business an edge over competitors.

The takeaway

Focus on acquiring a diverse range of customers. Optimize your operations and pricing strategies to ensure every customer contributes positively to your business. Our research shows that great marketing correlates to more leads, more influenced e-commerce outcomes, and more influenced hires. You'll naturally improve loyalty and ensure sustainable growth. Do this by enhancing customer value and cost efficiency through improved service, product innovation, good customer data management, and strong branding.

"Since many customers will be light spenders, it's important to serve them profitably. Optimize your operations and pricing strategies to ensure every customer contributes positively to your business."

Conclusion

Small and mid-sized brands must bootstrap themselves to growth. However, to grow, they must consistently attract new customers. Start building brand awareness early to gain a competitive edge—it helps you reach a broader audience and resonate with potential future clients. A strong brand naturally attracts customers, reducing the need for expensive advertising and lowering acquisition costs. Embrace the underdog spirit—it's what makes the competition exciting.

Cheers to the underdogs who make the marketing world more interesting!

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NEXT:
GROW WITH ZERO-PARTY DATA

CHAPTER 04

JAMAL MILLER

GROW WITH ZERO-PARTY DATA

Consumers in our data-driven, algorithmically-obsessed world have come to expect highly personalized experiences that are tailored to their specific wants and needs.

They want to be approached with the right offers at the right moments, not when it's convenient for a brand's marketing calendar. This is especially true during the holiday shopping season, when retail spending surges.

This is your busiest and most important time of year. And with good reason: your revenue goals are highest, and so is the opportunity to capture new customers. Last year, the top 100 performers on the Mailchimp platform saw a 325% spike in their daily order value during the Black Friday Cyber Monday (BFCM) weekend compared to their average daily order value. And 65% of orders that Mailchimp customers with connected stores received were from new customers.

It is also the time when inboxes become most crowded. In 2023, the volume of emails sent in November on the Mailchimp platform was 18% higher than the average send volume between January and October.

Ahead of what is expected to be another fiercely competitive holiday season, the best online retailers are leaning into personalization efforts to deliver relevant, engaging experiences tailored to individuals' unique needs and preferences. And they're doing it with a secret weapon: zero-party data.

With the uncertainty around the deprecation of third-party cookies and Apple's AppTracking-Transparency initiative, e-commerce businesses have been searching for new avenues to collect data to provide better, more personalized experiences for their customers. Zero-party data offers an effective—and privacy-centric—solution.

In contrast to third-party data, which is passively collected from cookies and used by companies to make inferences about broad demographic segments of people, zero-party data is intentionally and proactively shared directly by individual consumers. And marketers have more control to ensure any zero-party data is collected, stored, and maintained, in compliance with applicable privacy and data protection laws.

To be sure, while zero-party data collection is not the most novel marketing tactic, it is becoming increasingly prevalent. Consider two compelling data points that support zero-party data's rise in importance for marketers:

- Roughly 3 in 10 consumers in the US, UK, Canada, and Australia who have signed up for an email mailing list have participated in surveys or given feedback, according to our February 2024 Science of Loyalty report.

- Personalized content is expected—and it leads to better email marketing performance. According to our 2023 survey with Edelman, 69% of consumers in the US and UK want to receive more personalized content, and 87% are more likely to read an email and click into an email if the content is personalized to them.

With the holiday season being such a critical time for retailers, accounting for a significant portion of annual revenue, retailers must go beyond generic promotions and deliver personalized experiences that resonate with individual customers. Zero-party data can be a key to achieving this.

When combined with first-party data (an individual's site-wide, app-wide, email behaviors, and on-page behaviors, such as hovering, scrolling, and active time spent on a website), zero-party data can be a competitive differentiator.

However, successful adoption and integration of zero-party data relies on five critical success factors that companies should consider to bolster their consumer data strategy:

1. Expand the scope of your zero-party data

While surveying your customers about their preferences has always been an important way to better understand them, this holiday season, consider how you might expand your current approach. Many brands have begun using mechanisms such as polls, games, quizzes, sweepstakes, questionnaires, or interactive social media stories to collect explicitly opt-in data that provides highly specific insights into consumer preferences. You can ask them how often they would prefer to receive emails, what types of content or products they are most interested in, and even ask specific questions to better understand their shopping and spending habits during the holiday season.

This type of data collection is a win-win: It offers customers greater control and transparency into exactly what data is being collected, while giving companies access to much more useful information that enables them to target personalized offers much more effectively.

When auditing your approach to customer surveys, it's important to remember that the problem with cookies isn't personalization—it's a lack of respect for consumer privacy, and an approach to personalization that often doesn't actually deliver useful information to the customer or the company. Consumers are increasingly interested in personalized offers, and zero-party data makes it possible to offer much better personalization than cookies ever could (without the privacy issues).

2. Give customers control over the types of data they share

Of course, there are certain types of data that are more sensitive than others. Perhaps a customer is comfortable sharing their name and date of birth, but would rather not share their home address or mobile phone number. Putting the customer in control and providing flexibility in the types of data they are able to share makes it far more likely that they will offer up at least some personal information.

Survey your customers to gauge their preferences for personalization versus privacy. Ask about their expectations for use of the data and their data-sharing comfort levels. Use this feedback to balance personalization and privacy, crafting campaigns that respect boundaries while delivering desired experiences. This approach builds trust, strengthens relationships, and fosters loyalty.

3. Build customer profiles

As you collect zero-party data, you can use it to augment your email performance data to build and regularly update detailed customer profiles. A customer profile is a description of an ideal customer based on data and characteristics like demographics, buying behavior, consumer pain points, and interests. It is essentially a snapshot of a segment of customers that you want to target.

Customer profiles help you understand and anticipate customer needs, personalize their journeys, and deliver relevant content throughout their experience.

4. Connect your data

With consumer data being a must for successful personalization efforts, companies need a clear, coherent strategy to collect the right data in a regulatory-compliant manner. At the same time, companies also need the right tools and capabilities to make sense of collected data—either zero-party or first-party—and apply it across use cases and channels in a manner that is secure and legally compliant yet sufficiently personalized to deliver an enriching experience to the right consumer at the right moment.

One way to connect all your disparate data is by integrating your various platforms, particularly your e-commerce tools and email service provider. This will provide you with a single view of your customer data that can then be segmented in nearly endless ways to create more personalized marketing campaigns.

Recent research we conducted with Ipsos found that marketers who saw an annual growth of revenue of 15% or more were more likely to have their systems integrated than marketers without that caliber of revenue growth. Only 39% of Baseline Marketers integrate their systems, while 49% of Revenue Leaders in our survey were using connected systems to drive better data-sharing functionality, contributing to stronger revenue results.

5. Test and optimize (and learn)

Boost engagement by analyzing performance, using predictive analytics, and testing different timings and channels. Split your audience to compare message effectiveness and refine your approach based on real-time data. This helps optimize campaigns, enhance audience connection, and drive better results.

Ultimately, zero-party data isn't just a new way to do targeted ads or email campaigns—it's about transforming how companies engage with (and demonstrate respect for) their most valuable stakeholders: their customers.

"Ultimately, zero-party data isn't just a new way to do targeted ads or email campaigns — it's about transforming how companies engage with (and demonstrate respect for) their most valuable stakeholders: their customers."

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NEXT:
AI IS THE BIG BREAKTHROUGH FOR SMALL BRANDS

CHAPTER 05

PETER WEINBERG AND
JON LOMBARDO

AI IS THE BIG BREAKTHROUGH FOR SMALL BRANDS

The Generative AI Revolution has just begun. We know how the story begins—with the launch of ChatGPT in November of 2022. Within two months, ChatGPT managed to acquire 100 million active users, making it one of the fastest-growing applications in history. But how will the story end?

Humans are notoriously bad at predicting the future. But we do have a talent for documenting the past, and history has a habit of repeating itself. And what history teaches us is that new technologies are the ultimate equalizers, democratizing access to resources once reserved for the few. The printing press brought books out of the monasteries and into the hands of the masses. The Industrial Revolution brought textiles and furniture out of the castles and into the cottages.

Marketing technology tends to follow a similar pattern.

Once upon a time, only the biggest brands could afford to advertise or break into retail. Social media and email made marketing accessible to smaller brands, and platforms like Amazon and Shopify let those brands secure a spot on an infinite digital shelf space.

AI is as disruptive, and perhaps more disruptive, than any of those breakthroughs. But history suggests that smaller brands will be the biggest beneficiaries of this efficiency revolution.

**The obvious AI opportunity:
Creative efficiency**

To date, the marketing industry has mostly been focused on the creative impact of AI. As Professor Ritson reminded us in Chapter 2, in 1962, you had to hire an agency like DDB to develop a winning creative campaign. In 2024, you can hire one of a thousand AI startups that promise to generate creative at a fraction of the cost and time. Will the creative be as good? Probably not, but the latest research suggests that ~70% of human-generated creative is not very good, either. Mediocre creative can still generate sales, assuming it is sufficiently well-branded and focused on the right buying situations. Great creative will work 10-20 times harder, but it's not a precondition for success. Machine-manufactured furniture may not match the quality of an artisanal, hand-whittled chair, but it sure beats sitting on the floor!

AI doesn't need to generate Cannes-winning video creative for it to be a useful tool for smaller brands, who could never afford to hire the fanciest creative agencies in the first place.

The less obvious AI opportunity: Strategic efficiency

While the creative applications of generative AI can be powerful (and should be used by brands of all sizes), the truth is that creative is a small part of the job of marketing. Marketers don't just write copy and design pretty pictures. Marketers represent the voice of the customer. Marketers decide who to target, what to say, where to say it, and how to measure and optimize performance.

These are the areas in which AI's impact will be most profound.

Take customer research as an example. Research is the foundation of an effective marketing strategy. But, surveying a statistically significant sample of buyers used to cost hundreds of thousands of dollars and could take as long as 12 months. At our startup, Evidenza, we survey AI-generated copies of customers. These synthetic samples can give the same answers as real humans, but in minutes instead of hours, and at a far more accessible price point.

Segmentation and targeting is yet another example. Mid-sized businesses often lack the resources and bandwidth to build out elaborate customer personas. AI, however, can identify all the potential buyers in a category, group those buyers into discrete segments, and leverage financial data like CLV to determine which segments to most profitably target. It was always possible to develop great creative on a shoestring budget (see: Dollar Shave Club). But it was never possible to develop a great segmentation on a shoestring budget—until now.

Or consider the case of physical availability. As Les Binet likes to say, marketers need their brands to be both easy to mind and easy to find. AI can help on both sides of the equation. Soon, every e-commerce website will have an AI-generated chatbot that can seamlessly guide potential buyers through the purchasing process and recommend product packages that are tailored to the customer's needs and budgets, articulated in natural language.

> "These sorts of advanced optimization techniques were once only available to the biggest players. Now they are available on demand to businesses of all shapes and sizes."

And once a customer has been acquired, AI tools can help those customers extract maximum value from their purchases. Mailchimp, as an example, has been incorporating generative AI technologies to enhance its services and help clients create more effective marketing and email campaigns. Mailchimp's AI tools can suggest content ideas that are likely to resonate with subscribers and then generate email subject lines, body copy, and even entire email templates to quickly produce engaging content and help improve open and click-through rates. These sorts of advanced optimization techniques were once only available to the biggest players. Now, they are available on demand to businesses of all shapes and sizes.

The AI opportunity is much bigger than creative. The big brands are myopically focused on the creative use case, and that opens up an opportunity for smaller brands who can infuse AI into their end-to-end marketing process, from diagnosis to strategy to execution to measurement. AI changes the calculus and brings big brand marketing to the masses.

Peter Weinberg and Jon Lombardo are co-founders of Evidenza, a synthetic research platform. Prior to Evidenza, they worked at LinkedIn for 10 years, founding its B2B Institute, a think tank. Their research and ideas have been referenced and adopted by thousands of B2B marketers all across the world and covered in publications like Marketing Week, WARC, and The Drum.

The opinions expressed are those of the authors and not necessarily those of Intuit Mailchimp.

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Intuit Mailchimp

Intuit Mailchimp is an email and marketing automations platform for growing businesses. We empower millions of customers around the world to start and grow their businesses with world-class marketing technology, award-winning customer support, and inspiring content. Mailchimp puts data-backed recommendations at the heart of your marketing, so you can find and engage customers across email, social media, landing pages, and advertising—automatically and with the power of AI.

Grow with Mailchimp

Evidenza

Evidenza is the world's first synthetic research platform. We help you make smarter, faster go-to-market decisions by interviewing and surveying AI-generated copies of your customers. Our platform delivers evidence-based sales, marketing, and communication plans, transforming the way businesses understand and interact with their markets. By leveraging advanced AI, Evidenza offers in-depth insights in hours, not months, enabling businesses to make informed decisions rapidly.

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