

iLab: Marketing Sector Strategy

Context

System Snapshot

In their analysis, SOBA sectors team have noted that:

- Farmers lack trust and information on which seed and fertilizers to buy
- Food processing sales are depressed due to consumers dis-trust of Sierra Leonean brands
 - o They are doubtful that companies follow sanitation and health regulations and procedures in manufacturing
- Potential solar users are confused by the array of options

While ag-input companies, food processors, and renewable energy distributors could address some of these concerns through improved positioning, branding, communication, and advertising, they have not invested resources and staff for marketing. Some of the reasons include:

- Companies lack information on their customers
 - o What is the current profile of customers that buy their products?
 - o What kinds of customers would buy their products?
 - o What unfulfilled needs do their customers have?
 - o What are their customer's willingness to pay?
- Companies considering "marketing" as advertising primarily
- Companies don't trust marketers as the results of their work can be seen as intangible and firms are mostly new to market with little word of mouth testimonials
- Companies marketing is an activity performed at the end of the product development and release phase, so primarily invest in operations and distribution instead

Marketing service companies / agencies that would normally educate businesses on the value-add of marketing, provide insights on customers, design appropriate strategies for reaching target customers, deploy branding/advertising/communication to reach customers, and provide businesses with the data on the success of their marketing efforts are new in Sierra Leone. Given the resources needed to run a marketing firm, these organization have primarily targeted corporates, government, and NGOs for work instead of SMEs seeking to take business from overseas suppliers.

SOBA has trialed marketing interventions with partners such as TJAL, Bennimix, Leecon, Seed Tech, BBOX, & Easy Solar. However, the costs and the accessibility of the marketing services and support provided to date are of questionable fit for these and other small and growing businesses.

As part of SOBA's scale-up efforts, we will

- 1. Facilitate the emergence of a self-sustaining and profitable marketing service sector that actively targets and partners with SMEs in Sierra Leone;**
- 2. Facilitate increased SME value and capacity to leverage the marketing process to increase their revenues.**

Ultimately, improved SME performance and growing sales – particularly for target SOBA sectors – will result in increased incomes for suppliers, workers, and traders linked to SMEs.

Constraints

Through a series of interviews with marketing experts, SOBA sector experts, and entrepreneurs, several constraints have been identified:

- **Human Capital:** Marketing service firms cannot find the level of talent in Sierra Leone to match the demands of their current customers and rely on employees outside Sierra Leone to fulfill contracts. This drives costs and grows lead time.
 - o Quantity and quality of marketing graduates from universities are low
 - o Limited examples of successful marketing
- **Lack of Information:** No marketing firm has prepared a needs assessment of SMEs in Sierra Leone to understand what services they could be offering, nor validated the fit of the services that they do now offer.
- **Low Value Attribution:** As marketing services are perceived as advertising activities primarily and SMEs lack data analytics to judge the success of their marketing efforts, SMEs limit their investment in marketing activities to select activities that they feel comfortable will result in leads
- **High Costs:** Marketing firms report a long sales and development cycle requiring trust-building to secure contracts and long-term relationships to recoup the time commitment to strategy design work. This increases acquisition costs and the costs to serve leading them to target companies with high abilities to pay. Most marketing materials are expensive as quality items need to be imported.
- **No Standards and Lack of Communication:** There is no marketing association in Sierra Leone, so the learning curve for each organization is long and expensive as efforts are repeated.

Strategy

SOBA seeks to address the constraints in the marketing sector by:

Improving marketing firm/sector appreciation of and fit for SMEs in Sierra Leone

1- Reduce costs: Streamline the talent development and acquisition process

- a. Invest in an association and/or partner-driven rapid talent selection and skill development programs
 - i. Trained and certified marketers will be placed with SMEs, corporates, or marketing firms

2- Develop services that appropriately target and service SMEs

- a. Complete industry research on the marketing attitudes and needs of SMEs in partnership with a marketing firm
- b. New business models (listed below)

Increasing customer value perceptions

- 1- Develop role models to showcase the value of marketing integration/use

- a. Increase visibility of marketing firm's value-add through targeted events, such as advertising campaign, industry research distributed online and in FT Insight, and marketing/media-focused Pitch Night
 - b. Develop and showcase high performing firms that grew through sharp integration of marketing process
- 2- Trial new, transparent offerings and showcase value – such as:
- a. Payment on performance: Marketing firms and corporates will set sales improvement targets together. Only if success is achieved with the marketing firm be paid.
 - b. De-bundled services: Ala-carte offering for Logo Creation, Facebook/Website creation, Social Media Campaign Management
 - c. Set Menu Pricing: Published list of services to increase visibility and trust
 - d. Sliding-scale pricing: Pricing depends on number of employees or revenues

Reducing Customer Acquisition Costs

- Aiding the development of co-working spaces / business centers where interested SMEs can easily connect with marketing experts
 - o Pilot marketing service office-hours during business clinics to understand entrepreneur needs and marketers' availability
 - o Support development of permanent spaces in Sierra Leone where entrepreneurs know they can connect with experts

Increasing the Flow of Communication and Pace of response and innovation

- Aiding in the formation of a marketing association
- Increasing communication between firms, customers, corporates, and universities by sponsoring roundtables

Interventions

- 1) Create and launch in partnership with the private sector a rapid selection and skill development program that fulfill both corporate and marketing agency demands for talent**
 - a. Hire marketing, training, and/or HR expert(s) to design the program including outreach plan, selection criteria, lesson plans, testing methods, advancement criteria
 - b. Partner with marketing agency to market and run program on a cost-share basis
 - i. SOBA funds initial round of program
 - ii. Agency required to fund second round from placement fees
- 2) Commission and publish SME marketing needs assessment to increase demand for marketing services**
 - a. Contract with marketing research agencies to conduct research on needs and attitudes of SMEs towards marketing
 - b. Publish sector-specific reports and distribute to business leaders in each industry (Ag Inputs, Renewable Energy, Food Processing, Agribusiness, Light Manufacturing, Tourism)
 - c. Measure increased interest for marketing services from intervention and share data broadly within marketing community

- 3) **Design new value propositions in partnership with multiple marketing partners to increase usage of marketing services by SMEs**
 - a. Leverage research data and customer interviews to design marketing offers that have aligned incentives with SMEs and consider their financial restrictions
 - b. Consider pricing changes (ie: pay on performance, de-bundled services, set menu pricing, sliding scale pricing) as well as adjusted go-to-market strategies (ie: highlighting case studies, analytics over advertising, in-person sales, referral programs)
- 4) **Development of a communications and marketing strategy for the marketing sector to increase the awareness of the full suite of marketing services (research, strategy, positioning, branding, execution, and analytics)**
 - a. Sponsor a marketing pitch night to highlight Sierra Leonean marketing services
 - b. Collaboratively develop a marketing strategy for the sector with marketing services firms
 - c. Fund the creation and distribution marketing sector informational pieces published in FT Insight, in the newspaper, on the radio, and online
- 5) **Provide marketing consulting services at locations where SMEs are more likely to frequent to increase connectivity that lead to future business relationships**
 - a. Trial marketing consulting services at SOBA Business Clinics to understand the needs of both marketers and SMEs
 - b. Work with incubation and co-working spaces to provide permanent space for marketing services to connect with SMEs
- 6) **Develop and execute a calendar of marketing sector specific trainings and events to foster collaboration and increase the flow of information between firms**
 - a. Sponsor series of marketing roundtables pulling in marketing experts from firms, corporates, and universities
 - b. Sponsor a marketing conference
 - c. Advocate the creation of a marketing association and help guide creation

Intervention Risks

- Only partnering with 2 firms exposed SOBA to a high risk of partner non-compliance at any point during the relationship
- Partner firms may be given an unfair advantage against competitors resulting in market distortions, especially for the large-scale training intervention

Partnership Plans

SOBA has identified two innovative partners to work with to fulfill the listed interventions: *Skytech Media* and *Elixir Marketing and Media*.

Skytech Media

Skytech is a new entrant to the marketing services industry in Sierra Leone. They are providing marketing strategy, design work, and media buying for SMEs.

Given Skytech's relative limited capacity as a start-up themselves, we would like to trial new value propositions together to attract and retain SMEs.

In this effort, SOBA will:

- Collaboratively design new pricing and go-to-market strategies
- Provide financial guarantees for performance-based contracts to reduce risk to Skytech's profit margins
- Potentially cost-share the salary of a sales agent to market Skytech's services

The partner will:

- Collaboratively design new pricing and go-to-market strategies
- Market and sell new offerings to SMEs
- Potentially cost-share the salary of a sales agent to market Skytech's services

A successful partnership will be defined as:

- At least 4 new business models brought to market
- At least 2 new relationships using new business models

As part of our partnership, partner will also agree to make time available for business clinics, incubation center office hours, roundtables, pitch nights, and iLab trainings at no cost. Partner will also participate in the development of an industry-wide campaign for the marketing sector. In exchange, SOBA will provide marketing and sponsorship credits to the partner for these events.

Elixir Marketing and Media

Elixir Marketing and Media is a Freetown-based marketing services company that advised and implements research, branding, PR, advertising, design services and event management. Their client list includes the British Chamber of Commerce, Afrigas, Sierra Rutile, and British Airways.

SOBA and Elixir has shared visions to increase the marketing talent available in-country and expand the market for marketing services to SMEs. We will partner on a market needs assessment and trial of new value propositions to attract and retain SMEs.

To achieve these results, SOBA will:

- Cost-share the development of SME market research
 - o SOBA to fund research and partner to fund distribution of reports
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- Business relationships with at least 2 of the recipients of the sector-specific research reports

Additional Partners

SOBA will open a bid for the development of a training program. This program may be facilitated by a recruiting agency, a marketing agency, educational facility, marketing association, or other set of players.

To achieve these results, SOBA will:

- Cost-share the development of the training program
 - o SOBA to fund program creation and first round of training
 - o Partner to fund second round of training

The partner will:

- Cost-share the development of the training program
 - o SOBA to fund program creation and first round of training
 - o Partner to fund second round of training
- Secure placement for finalists from the training program

A successful partnership will be defined as:

- At least 5 marketers from training program placed at companies on a part-time or full-time basis

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