

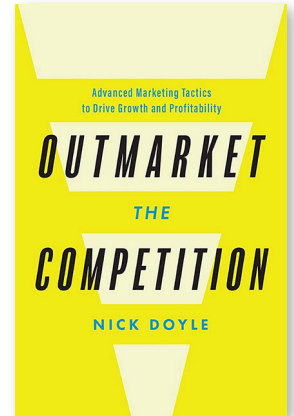


Executive Book Summaries[®]

Outmarket the Competition

Advanced Marketing Techniques to Drive Growth and Profitability

by **Nick Doyle**



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THE SUMMARY IN BRIEF

The sales plateau problem already has a solution. The strategies and tools exist, in our textbooks and the marketplace. These solutions may be advanced, they may be complex, but they are accessible to e-coms and traditional businesses alike. All that's needed is a system for unifying them — a system that is outlined in *Outmarket the Competition: Advanced Marketing Tactics to Drive Growth*. The “Five-Tactic Marketing Framework” synthesizes Brand and Performance Marketing, The Lifetime Value Framework, Understanding Your Customer, Integrated Campaigns, and Artificial Intelligence (AI).

This isn't a 101- course for learning best practices in multi-channel marketing or funnel design. This is an advanced, strategic guide for those who want to elevate their marketing to the 201 or 301 level. You won't learn what these strategies and tools are; instead, you'll learn how to implement them. How to put them in conversation. How to combine them in order to break past your sales plateau and resuscitate your multi-channel strategy.

IN THIS EXECUTIVE BOOK SUMMARY:

- Balance brand and performance marketing to drive both results and growth.
- Use the Lifetime Value Framework to align your marketing spend with profitability.
- Prioritize customer research and segmentation to deliver targeted, effective marketing.
- Build integrated, multi-channel campaigns to engage customers across their entire journey.

PART I: The Five Advanced Marketing Tactics

THE OPTIMAL BALANCE OF PERFORMANCE AND BRAND MARKETING

Marketing gets more complicated every year. But in another sense, marketing never changes. Marketing is still and always will be about understanding your customers and moving them to action and can be broken down into two major types.

Brand marketing:

Designed to increase mental availability—the likelihood that someone will think of your product when they are ready to buy.

Performance marketing:

Designed to get people to act now—to buy online, become a lead, download a piece of content, sign up for a webinar, etc. And, if required, to provide some contact information in return.

Here's the trouble: the two are usually studied in isolation. The highest-performing businesses unlock extraordinary opportunities when they unite all five tactics of SMB marketing.

You need both brand and performance marketing, in part because strong brand and brand marketing programs will make your performance marketing more effective. You should split your B2B marketing efforts roughly 50/50 between brand and performance.

THE VALUE OF A STRONG BRAND

Martin Kihn of Gartner writes, “The point of brand messages is to build brand value, which is directly related to profits. A brand's value is the premium consumers are willing to pay over a generic version of the same thing. Investing in brand advertising is a way to avoid competing only on price.”

While performance marketing can produce a rapid sales uplift, brand marketing reduces price sensitivity and improves margins, thereby generating higher profits. Building a brand is based on building strong memories, and that is generally done through emotional messages and experiences, not logical arguments and persuasion.

Performance ads are more efficient in the short run, but brand marketing has greater long-term effectiveness.

Note that, as AI grows more powerful and more accessible, brand marketing is only going to become more important.

HOW TO BUILD A BRAND

When a company's SOV (share of voice) is about the same as its SOM (share of market), it tends to not be outgrowing its competitors. To grow, be loud.

While size is the biggest multiplier of marketing, creative is the second biggest, and though small companies can't do much about the former, they can compete with better creative.

Your brand content will need to appeal to the different emotions of customers in different stages of their buyer's journey. The key here is building trust.

A company that wants to build its brand should work toward achieving salience among its potential customers.

Using Performance Marketing to Generate Rapid Results

For optimal growth, combine all five tactics of the Five-Tactic Marketing Framework.

The most important elements for performance campaign success are the following: Audience, Offers, and Creative.

MEASURING THE GROWTH OF YOUR BRAND

You must start with the channels and mediums that will have the greatest return the fastest. Broadly, this will mean starting with performance marketing and moving on to more brand-centric marketing, which will be more effective in the long run.

BRAND AND PERFORMANCE MARKETING ENABLED BY AI

AI is here to stay. Businesses that don't adapt and adopt will not survive.

Generative AI has the power to expand both the volume of creative work and its efficiency. It can develop customer personas, perform campaign ideation, and create campaign materials. Generative AI often performs imperfectly, but new tools don't need to be perfect to transform our industry.

AI tools can rapidly consider multiple attribution models and recommend the most pertinent ones. They can also improve the data that feeds our attribution models, helping us track engagements across browsers, devices, and usernames. AI can likewise study other kinds of data sets that are far beyond human capacity.

Businesses that don't tool up will not survive competition with AI-powered incumbents and disruptors.

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LIFETIME VALUE FRAMEWORK

If you want to maximize efficiency and optimize your marketing spend, you don't want to use a budget. You want to use profitability metrics.

The Lifetime Value Framework (LVF) uses customer lifetime value (CLV) to calculate how much total revenue any given customer brings into your business. Based on that number, the LVF reverse engineers a maximum allowable marketing spend for each stage of the funnel.

It's a five-step process that optimizes our marketing efforts, ensuring that we're never operating beyond our means or below our capacity. Here are the five steps:

1. Calculate CLV (customer lifetime value)
2. CAC Allowable (customer acquisition cost)
3. CPM Allowable (cost per thousand impressions)
4. CPL Allowable (cost per lead)
5. CPA Allowable (cost per acquisition)

NEVER LEAVE MONEY ON THE TABLE

Outperformers know that by putting more into a profitable program that is paying for itself they can be even more profitable. And it doesn't cost them anything because they've generated the sales and profits to fuel it.

IS THIS REALLY PROFITABLE?

You're never reducing your profits because every incremental sale is profitable. It is true that the last sales will be at a lower profit than the easier initial sales, but they're all adding dollars to your company's bottom line. And when they stop being profitable, you dial back your program to the point where they are profitable again.

BREAKING EVEN AND TURNING PROFITS

The Lifetime Value Framework is designed to ensure that we break even on customer acquisition. How do we transcend the LVF to turn a profit? By increasing lifetime value and turning a profit on post-conversion by renewal, upsell, or cross-sell.

1: CALCULATING THE CUSTOMER LIFETIME VALUE (CLV)

$CLV = \text{average duration that customer buys from company} \times \text{average order frequency per period} \times \text{average order value}$

2: CALCULATING THE CUSTOMER ACQUISITION COST (CAC) ALLOWABLE

$CAC \text{ allowable} = CLV \times \text{average net margin}$

It should be noted that CAC is not campaign specific.

To calculate CAC, we need the average net margin of the business.

Performance, Allowable, and Projection Metrics

Calculating the current CAC will give you an understanding of how much your business is spending today to acquire a customer. You should also compare the CAC allowable and the current overall CAC.

"Performance" metrics measure what your business looks like today.

"Allowables" measure how much you could safely spend. Ideally, you want your allowable and performance numbers to be the same, but they often won't be.

Alternatives to the Break-Even Model

You can make your CAC allowable anything you'd like—profitable or unprofitable. Some businesses may want to increase profitability by setting their CAC allowable below their current CLV. Meanwhile, others may want to spend a sum greater than their current CLV.

3: CALCULATING THE COST PER THOUSAND IMPRESSIONS (CPM) ALLOWABLE

The amount we can afford to pay when attracting new eyeballs to our brand or product.

$CPM \text{ allowable} = CAC \text{ allowable} \times \text{average impression conversion rate}$

This is probably the trickiest of all stages to calculate because they might not be designed to lead directly to leads or conversions but contribute to “incremental lift” across all other efforts.

4: CALCULATING THE COST PER LEAD (CPL) ALLOWABLE

Determine how much we can afford to pay for each lead.

$$\text{CPL allowable} = (\text{CAC allowable} - \text{CPM allowable}) \times \text{average lead conversion rate}$$

Many businesses don't want to spend every available dollar. They only want to spend on their top-tier, most efficient lead-gen channels. Once those channels are maxed out, these businesses stop spending. And that's a huge mistake.

Your allowable CPL may vary based on different factors. You should always be tweaking the dials to get the most from your lead generation campaigns, including testing new channels and initiatives.

5: CALCULATING THE COST PER ACQUISITION (CPA) ALLOWABLE

The amount we can afford to pay when converting a lead into a customer.

$$\text{CPA allowable} = \text{CAC allowable} - (\text{CPL allowable} + \text{CPM allowable})$$

Both CAC and CPA are “acquisition” allowables, but they interact with the funnel differently. Our allowable CAC governs spending across the entire acquisition section of the funnel. The allowable CPA specifically governs the conversion phase of the funnel.

CONNECTING THE METRICS

With the Lifetime Value Framework, if you're producing customers in the conversion stage at less than the allowable cost per acquisition (CPA), you can increase your spend up to the allowable and produce even more!

Campaign Time Frames and Other Relevant Considerations

Many of your performance campaigns will be digital, and people expect digital programs to have rapid results, but the LVF requires patience.

BIGGEST MISTAKES IN IMPLEMENTING THE LIFETIME VALUE FRAMEWORK

1. Bad data.
2. Internal assumptions.

3. Not open to experimentation.
4. Don't stick with the program long enough.
5. Strictly budget-driven.

AI USE CASES: LVF ENABLED BY AI

- Use AI to segment customers based on parameters such as purchase type, overall value, etc.
- Augment existing reporting automations.
- Put AI's number-crunching capabilities to work, aggregating historic data and calculating metrics such as CLV and CAC.

UNDERSTANDING YOUR CUSTOMER

All marketing work begins with knowing your customers. We need to understand their jobs and the demands on them, what their challenges are, and what might motivate them to be interested in our products, let alone buy them.

None of this will matter if you don't have product-market fit. That is the essential first step and no marketing will save you if you don't have it.

HOW TO DO COMPREHENSIVE MARKET RESEARCH

In market research, you want to answer questions like: How large is this market? How fast is it growing? What are typical profit rates? Who are the major competitors? What are their major differentiators or advantages? What are people in the industry talking about? Why do they buy? What are the hidden barriers to purchasing?

HOW TO DO COMPREHENSIVE CUSTOMER RESEARCH

When doing customer research it's important to question all of your assumptions. The first place to look for new insights is in customer data.

By reviewing the campaigns and ads that led to acquisitions and conversions in the past, you can get insights into which appeals, offers, language, and ads have been effective.

You need to talk directly with customers - and potential customers - to gain insight into what drives them.

After doing extensive research, you're ready to develop personas and segments.

After you create personas, you can build customer segments. Start by segmenting your current customers. Having

*You need to talk directly
with customers—and potential customers—to
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different segments for your customers based on lifetime value is a great place to start.

Your segments should be broad enough to support messaging that will appeal to everyone in them. But you should do basic personalization. There's a difference between helpful and creepy. It's important not to lose your bearings.

Based on your company's sales history, you may be able to create an ideal customer profile (ICP). You can use this and other data for your lead scoring, too.

THE NEED FOR INTEGRATED CAMPAIGNS AND MULTI-CHANNEL EXECUTION

Integrated campaigns are a subtype of marketing concerned with deploying a unified message across many channels so you can provide a range of messages and content that are more likely to engage your full market.

Even if your customer is not ready to buy, your multi-channel campaign will help build mental availability so that you are top of mind when they are.

Success in multi-channel performance marketing is based on:

- Targeting 40%—the target or list of a specific audience
- Offers 40%—the reason they should act
- Creative, etc. 20%

Remember that you're not marketing to yourself. Don't assume that your customers are where you are.

You'll want to build a multi-channel program with typically four to six channels for peak effectiveness. Some channels will be more efficient than others. Start with the channels that are speediest and most cost-effective and then add in the next most efficient ones.

Now comes the fun part: developing your creative and launching and optimizing your multi-channel performance marketing campaigns. To do this, you must tie your media plan to your funnel stages.

At a minimum, expect to run programs for six months for a reasonable trial.

Be sure that your marketing is always on. Turning it on and off seriously undermines its effectiveness.

Don't be guided by a philosophy. Think critically and figure out which combination of channels is likely to work best for your situation. And then test, test, test.

In traditional performance marketing, campaign half-life is a way to figure out when you have gotten roughly half the deals that you are likely to get from that campaign.

PART II Applying the Five-Tactic Marketing Framework

ACQUISITION

Acquisition is a challenging stage because you may be targeting prospects with different levels of buying intent: Little to no buying intent, limited intent, or high intent.

The key Lifetime Value Framework metrics in this stage are cost per thousand impressions (CPM) and cost per lead (CPL).

With buyers with little to no intent, you may be looking to increase the target's awareness of your company, and you'll be running campaigns designed to generate impressions and build your company's mental availability.

To get a customer to raise their hand and become a lead, you need to create superior offers and a better user experience using the knowledge about them that you gathered in your campaign research.

In the acquisition stage, your messaging and content will vary depending on how strong their buying intent is.

The acquisition stage is when you can build your own list of opt-in contacts with emails.

For those who demonstrate a strong intent to buy, take them right to your landing pages where they can close.

Don't lose sight of the Lifetime Value Framework. All this has to be done within your program's allowable cost per lead (CPL).

In the acquisition stage, the key LVF metric is cost per lead (CPL).

How many new customers do you need to close this year?

What percentage of leads on average or from a specific campaign will you convert into customers?

What percentage of the total addressable market (TAM), therefore, do you need to make leads, and what can you spend to do that?

Before creating content, start with a keyword analysis of your industry. What are the terms we would love to rank first for in order to convert more customers?

Gating content has advantages and disadvantages. How will we know if it's valuable enough to people to gate? We experiment.

The traditional sales mantra is ABC: Always Be Closing. For marketing, it should be ABT: Always Be Testing.

Cross-channel attribution—the ability to identify which channels are contributing to a sale and assigning a specific percentage of attribution and budget—is very challenging. But ZoomInfo says that effective attribution can improve your marketing efficiency by 15–30%.

CONVERSION

After a person or company becomes a lead, they enter the conversion stage. The single goal of the conversion stage is to make them a customer. This may take minutes, months, or years. And it will require all five tactics of our Five-Tactic Marketing Framework.

In the conversion stage, the key Lifetime Value Framework metric is cost per acquisition (CPA).

A key driver of conversion stage activities is the demonstrated intent of the customer. The very highest intent customer is one who has abandoned a shopping cart.

Conversion Rate Optimization (CRO) Strategies

This involves such factors as offers, wording, cadence of messages, landing page layout and design, and financing options.

Robert Cialdini describes six key principles of persuasion in his classic *Influence*: Reciprocity, commitment and consistency, social proof, liking, authority, scarcity.

Your landing page design can have a big impact on your results at no cost.

In addition to your language and offer, consider your cadence of messages.

It's all about understanding the customer. Outperformers approach multi-channel performance marketing with an attitude of experimentation and are prepared to be surprised.

BUILDING A GREAT CUSTOMER EXPERIENCE

The Five Es of Customer Experience are as follows: Entice, Enter, Engage, Exit, Extend

Some of the mistakes companies make include: Poor user interfaces (UI), poor user experience (UX), thinking that they are their customers, treating every lead the same, and insufficient urgency for high-intent leads.

As with acquisition, successful, reliable, high-performance conversion requires a five-tactic approach.

CUSTOMER RETENTION AND UPSELL

Once the prospect becomes a customer, you then have the opportunity to increase their customer lifetime value (CLV).

When you increase CLV, the higher profits not only drop to your bottom line, but you can also increase how much you spend to acquire leads and convert them into customers.

Organize retention and upsell offerings into three categories:

1. Pure value added;
2. Products and services that make the solution they bought even more valuable for them, and
3. New offerings.

Beyond retention, you want to turn your customers into champions who will refer and recommend you to potential customers. Outperformers treat all customers like potential advocates.

The best customer experiences are created through constant communication and partnership with your customers.

UPSELLING CUSTOMERS

Talk to your customers and find out what they most value.

SEGMENTING YOUR CUSTOMERS

For optimal results, you need to segment customers.

DOES A LOYALTY PROGRAM MAKE SENSE FOR YOUR COMPANY?

B2B loyalty programs often are focused on solving the business's pain points. To get people to participate, they need to understand why your program is valuable for them. Loyalty programs are a dangerous game.

They must be introduced, structured, and restructured with care. So think twice before you launch one.

INTEGRATED CAMPAIGNS FOR RETENTION AND GROWTH

Integrated, multi-channel marketing can be just as valuable in the retention and growth stages as it was in the acquisition and conversion stages.

Now it's easier: you have the customer's email address and their implicit permission to communicate with them. Use it; don't abuse it.

CONCLUSION: PUTTING IT ALL TOGETHER

Marketing success today requires more than isolated tactics—it demands a strategic, data-driven framework that connects brand and performance marketing, prioritizes customer understanding, and maximizes every dollar spent through the Lifetime Value Framework.

The businesses that win are those that commit to the long game, test relentlessly, and stay focused on building meaningful, profitable relationships.

This isn't easy. It's complicated, and it means that you'll have to out-work the competition. But as Tom Hanks's character says in *A League of Their Own*, "It's supposed to be hard. If it wasn't hard, everyone would do it."



Nick Doyle has spent his career building lean, profitable teams. He is currently an acquisition partner and Area President for Arthur J. Gallagher (NYSE: AJG), a Fortune 300 company and one of the largest insurance brokers worldwide. Prior to the acquisition, Nick was owner and CEO of Direct To Policy Holder, an e-commerce technology and marketing firm that managed growth campaigns for more than 20 discrete brands.

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