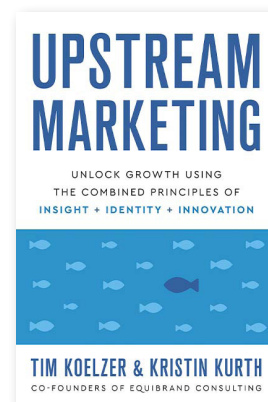


# Upstream Marketing

Unlock Growth Using the Combined Principles of Insight, Identity, and Innovation

by **Tim Koelzer and Kristin Kurth**



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## THE SUMMARY IN BRIEF

*Upstream Marketing* is a book centered on the best practices, research, case studies, and analysis informed by more than twenty years of experience from its authors in helping transform client brands and businesses through their work at EquiBrand Consulting, a top management consultancy. It represents a deep dive into the fundamentals of upstream marketing, or the process of identifying and fulfilling customer needs through insight, identity, and innovation.

This summary of *Upstream Marketing* introduces the concept of upstream marketing, defines it, and establishes a new framework to drive growth, drawing on core principles of insight, identity, and innovation. Whether you are an executive at an established company, a small business owner, on the board of a nonprofit organization, a student of marketing, or just interested in understanding the concept of upstream marketing, you can benefit from *Upstream Marketing*.

## IN THIS SUMMARY, YOU WILL LEARN:

- How 7 leading companies innovate, find insights, and establish their identity—and how it has led to their success.
- How to identify and fulfil customer needs through the strategic implementation of insight, identity, and innovation.
- The 7-step marketing framework that's made hundreds of companies successful.
- How upstream marketing, applied correctly, can impact the health, growth, and success of any organization.

## Introduction

Most organizations search for growth in all the wrong places. They believe an ad campaign, refreshed website, digital marketing funnel, more content, social media, sales promotion, or similar effort is going to drive sustainable growth.

Many CEOs, business leaders, and marketing managers see their playing field as largely fixed and overemphasize downstream marketing, failing to embrace the power of upstream marketing to build strong brands and transform their business. In some cases, they've surrendered the foundational principles of marketing to the digital era, including an over reliance on marketing push tactics.

The purpose of this summary is to change the perspective and provide the principles, tools, and techniques to redefine the playing field and unlock growth.

Research and experience indicates that the root cause of moderate or stalled growth is an overreliance on downstream marketing. Going upstream offers the opportunity for sustainable brand and business growth. Effective execution, though, involves doing many things well. It requires that the entire organization understand, adopt, and adhere to three universal principles and six best practices.

## Principle 1: Insight

Ask a half-dozen marketers to define the term 'marketing' and you'll likely get a dozen or more answers. Most will agree marketing is a broad topic, involves both art and science, and covers a wide range of activities in growing a business.

While there are literally hundreds of definitions of marketing, here's a simple one that fits our purposes: Marketing is meeting wants and needs profitably.

Of course, to meet needs, you have to understand them first, and that is the role of insight. As we see in the next couple of sections, insight promotes clarity. The more clearly you define your organization's purpose and understand your customers, the better success you'll have.

Asking the right questions in the right sequence results in better, faster, and cheaper answers. The next two sections show you how.

### Maniacally Focus on the End Customer

Perform an online search for 'top global brands' or 'most innovative companies' and you'll see a variety of annual

published rankings. The same companies are often at the top, including a subset of the profile companies. Yet, in a principles-based approach to growth, insight, identity, and innovation are equally important. Where, then is the published list of insight leaders? It doesn't exist, at least not on paper.

Insight is an often overlooked principle, mainly because it lacks tangibility. It's relatively easy to quantify innovation and brand identity strength. New product revenues, market share, stock price, and statistical surveys can be evaluated.

Not so with insight. But just because you can't quantify it doesn't mean it's not important. Work from leading upstream marketers indicates it is the underlying, driving component to their success. Along with defining the organization's purpose and high-level growth strategy, insight is the first step. An outside-in perspective is required to counteract the bias of internal focus.

Insight is the ability to understand something in a very clear way by gaining an almost intuitive understanding of the situation. It goes beyond knowledge and understanding to uncover the why and strategic implications.

### Define Your Purpose— To Whom? For What?

Starbucks nurtures the human spirit, one cup at a time. Google makes information universally accessible. Southwest connects people to what's important in their lives. Amazon strives to be the most customer-centric company in the world. Nike seeks to unite the world through sport. Apple simplifies technology. Disney makes people happy through magical family entertainment.

These companies are all well known for their strong brands and innovative products. What drives their performance, though, is an aspirational purpose and a commitment to customer-centricity. They begin with why— using internal clarity to define their organization's aspirations— then leverage deep customer insight to chart new growth strategies.

The idea of beginning with why is described in Simon Sinek's famous TED talk and in his book *Start with Why: How Great Leaders Inspire Everyone to Take Action*. Says Sinek, "People don't buy what you do; they buy why you do it. And what you do simply proves what you believe." He continues, "Very few people or companies can clearly articulate why they do what they do. By why I mean your purpose, cause, or belief— Why does your company exist? Why do you get out of bed every morning? And why should anyone care?"

Beginning with why inspires employees and helps solidify emotional connections with consumers and other stakeholders. The power of why is amplified when it links with to-whom and for-what insight.

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### Principle 2: Identity

What comes to mind when you think of the world's most successful and iconic companies?

The best companies create strong, winning identities, both with employees and customers. That identity then shapes how the company operates and distinguishes its brand from competitors. Product patents, technical know-how, and barriers to entry can be fleeting. A brand is one of the few things a company can own forever.

First, intentionally define what you want to become, including a deep and shared understanding of the customer and your organization's purpose. Next, develop value propositions that embody that identity. Finally, build a strong brand that communicates that identity and value proposition internally and externally.

#### Design and Align Value Propositions

You may find customers are willing to pay more than you initially thought for a combination of unique value elements. Use strategic pricing to deliver enhanced value through a good, better, best pricing model, for example.

Programs like subscription services, extended warranties, and money-back guarantees can provide value perceptions that outweigh the cost of service. Ultimately, a cost-benefit analysis needs to be performed, though by elevating value perceptions, you can often obtain better pricing and higher margins.

Developing value propositions and making customers aware of them are related but separate concepts. It's possible to have a strong offering that is poorly communicated and nobody knows about. In this case, a value proposition is like a light under a bushel—it cannot offer benefits if no one is aware it's there.

#### Build and Extend the Brand

The strongest, most enduring brands result from the disciplined alignment of brand strategies and plans with customer requirements. Like value propositions, branding can occur at multiple levels—corporate, division, product, and so forth. In this way, a company like Walt Disney may have thousands of branded assets, each representing

individual value propositions.

There are numerous ways to define a brand, but start by asking yourself some of these questions to see where you stand in relation to developing an effective brand strategy:

Is brand strategy a senior-level, boardroom topic at your organization?

Have you clearly established a relevant and differentiated brand positioning?

Are you making it easy for customers to buy from you, including aligning brand touchpoints with the customer decision process?

Do the various brands and products fit together in a way that makes it clear to customers what you offer?

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### Principle 3: Innovation

With innovation, focus shifts to driving growth through a continuous stream of new business models, value propositions, products, and services.

Innovation is a broad topic that can take many forms. We define it this way: Innovation is creating and capturing value in a new way. Creating and capturing value links to value propositions. In a new way involves expanding beyond existing offerings to focus on new ways to grow.

Research and experience indicate that successful innovation requires two things: strategy and analytics provide focus and promote efficiency while dynamic practices help you respond to new opportunities flexibly. The tricky part is that stability and flexibility need to occur at the same time.

#### Create, Test, and Learn (Strategy and Process)

A deep dive into high-innovation companies reveals that each has its own innovation strategy and process, which makes sense considering they operate in different industries. But across them all, they share the following five end-insight sub-principles:

- Focus innovation on strategic opportunity areas
- Generate ideas through creative problem solving
- Develop and optimize concepts iteratively
- Determine “What would have to be true?” for success
- Use a portfolio and pipeline approach to manage innovation

Is there an innovation strategy that aligns with your corporate strategy and promotes a continuous stream of new products? Look for a confirmed list of strategic opportunity areas to focus on in your organization. If there isn't one, it's time to create one. Is there internal commitment to experimentation and concept iteration as ways to achieve growth? If not, it may be time to revamp your company's culture and attitudes towards strategic and focused innovation.

### Aim 'Em, Don't Tame 'Em (Creativity and Culture)

While best practice innovators focus on business results, they also emphasize creativity and culture that is anything but paint by numbers. They are driven by facts, figures, and process discipline, but also embrace creativity, develop culture, and challenge conventional thinking.

Of course, the best innovation strategy and process in the world won't make a difference if the culture isn't there to drive it. The culture needs to recognize and support the paradoxical nature of growth and innovation—the need to aim 'em, don't tame 'em—which exists on multiple levels.

At the highest level, strategy, analytics, and process discipline need to balance with creativity and flexibility. The company should be strategically aimed, but not so tamed that it loses its agility.

Innovative cultures are paradoxical. The lines between the points of aiming creatives without taming their creative impulses are thin, and managing those nuances can be the difference between innovation success and failure.

is broken into two phases. Phase one, the first three steps, defines where to play, including direction setting, segmentation, and strategic opportunity selection. The second phase defines how to win, including deep dives, ideation, concept development, and launch & learn. “What would have to be true?” is asked throughout, consistent with the create-test-and-learn approach. Companies may have multiple upstream marketing cycles going on at the same time, with the approach modified across a portfolio of opportunities.

Here's how the 7-step approach looks at a glance.

#### Phase 1

- Set Strategic Direction
- Create the Customer Framework
- Select Opportunity Areas

#### Phase 2

- Do the Deep Dive
- Conduct Focused Ideation
- Optimize Concepts
- Finalize, Launch, and Learn

As the process unfolds, you may find some things require specific attention. The Level 3 customer framework may need to be hypothesized first, then quantified later. Similarly, brand strategy concepts can be drafted now and refined over time.

## Upstream Marketing 7-Step Approach

The seven-step approach to jump start upstream marketing



**Tim Koelzer** is the leading authority on and practitioner of upstream marketing and the three underlying principles of insight, identity, and innovation. As the co-founder of EquiBrand Consulting, Tim leads client engagements in helping companies grow strong brands and businesses.

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