

Value perceptions expected to change, says TLC Marketing Worldwide

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Companies should revisit their promise of value, says Preneshen Munian, Agency Director of TLC Marketing Worldwide South Africa.



Preneshen Munian

"As the economy shifts into a lower gear, many companies are moving from advertising glitz and product features to talking about value. We see marketing campaigns speak of 'more for your money' or 'cost plus 3%', but often those campaigns fail to move the sales needle," says Munian.

Munian, who has significant experience in the telecommunications industry, is acutely aware that a company needs sales volumes to counteract the drop in margins that many of these "value campaigns" call for. This exposes the company to greater financial risk if sales do not materialise.

"Competition in an industry such as telecommunications can be fierce and companies will invest heavily in marketing and retail assistance to reach their sales volume targets. Unfortunately their campaigns are soon mimicked by competitors, leaving the market in the same position, but now with lower margins.

"In contrast one can offer a unique benefit to the customer, as we have done in campaigns with companies such as 8ta and Autopage Cellular, and stay clear of the fierce competition and margin pressures," says Munian.

Munian's views are mirrored by that of Derek Miller, MD of TLC Marketing Worldwide South Africa: "A good example is the auto industry. Dealers and manufacturers are slashing prices or using traditional sales incentives such as prize draws to sell vehicles, while sales in most segments are plummeting. The marketing cost per unit sold creeps higher and this puts pressure on other departments such as vehicle servicing to make a profit."

TLC Marketing Worldwide was born nearly 60 years ago amidst tough economic circumstances with the aim of finding a better answer to customer value. From the first customer research came the luncheon voucher, which offered companies a way of incentivising staff by offering them a meal at a local restaurant, rather than a meal in the company canteen. The idea quickly took off and soon TLC was serving more than 28,000 companies and partnering with more than 27,000 restaurants.



Derek Miller

"Our team studies customers to best understand what they perceive as value. To a teenager a discount-voucher on a mobile phone may not have the same impact as free movie tickets for a year, while a tired homemaker may appreciate a spa treatment much more than a lucky draw entry," says Munian.

Miller, Munian and the TLC team then builds an incentive campaign that offers true value, while considering volume sales and perceived value implications to protect the customer's profit margin. The company negotiates significant discounts with its partners and can then offer the reward at a fraction of the cost of its market value, while it carries the risk of non-fulfilment.

"A customer sees a guaranteed reward - which is fulfilled by our concierge team - as a more immediate and more tangible representation of value than an intangible prize entry or price discount. With this in mind we expect a change in marketing

incentives as our market adjusts to lower economic growth and competition becomes more fierce," says Miller.

TLC Marketing Worldwide this month celebrates the opening of a new office in Sandton, which will serve the South African and African markets. With offices in 14 regions serving over 50 countries, TLC Marketing Worldwide is the world leader in creating bespoke reward campaigns. It has conceptualised campaigns for hundreds of top companies ranging from Unilever VW, MacDonald's and illy to Samsung, Altech and Edcon to Diesel.

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