

Incubation and How It Applies to Marketing

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As an entrepreneur or venture capitalist you're used to hearing the term "incubation" used to describe a business model in which a fledgling company is brought under the wing of a benevolent protector – often another company that provides low-rent space, management, legal, or financial help, or a combination of all of these. The incubator provides valuable support and assistance during a critical stage as the vulnerable young company develops its new product and gets ready to survive on its own.

But did you know that incubation also applies to marketing new products or services? In this case, incubation refers to the time it takes for a potential customer to act upon marketing and sales efforts. Remarkably, many companies don't consider incubation and how it affects the burn rate of their often limited marketing resources as they roll out new offerings. Instead, they wait expectantly for the phone to ring or the web site to light up with inquiries and orders. When that doesn't happen immediately frustration, even anger, set in. Blame for lack of leads and sales gets assigned reflexively, without thought or analysis. Almost inevitably, bad marketing decisions follow and further efforts suffer.

Often, the problem is simply not taking incubation into account. It's that period of time between when a marketing message reaches a potential customer and when they take action. Think about it – when was the last time you made an immediate decision on an important purchase? Probably never. Chances are you did some research, asked some questions, sought out other opinions. So how can you expect your potential customers to act any differently? Virtually every sale has an incubation period. For low-cost consumer goods it can be fairly short – a shopper looks at a particular product, decides "oh, I need this", maybe compares some prices, and buys it. However, a longer incubation period occurs for big-ticket capital sales, those involving a complicated or new technology, or

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sales in highly competitive markets with lots of choices. Studies have shown that seventy-five percent of corporate sales lead respondents with active buying intentions make purchases *six months* after initial contact. In fact, a solid fifty-eight percent actively involved in a purchasing decision take *over a year* to buy. What does all this mean?

Start your marketing activities early and often

As a rule, you can never start your marketing outreach efforts too early. This should include targeted, informative contact with trade editors (make sure you have press kits available, especially for trade shows); an easy-to-navigate, content-rich web site with links to appropriate industry portals and trade publications (hard copy and e-zines); and, if possible, some targeted advertising, particularly highlighting trade show participation. Practice what we call “outside in” thinking and develop your marketing communication messages to clearly and accurately position your product or service for the market, highlighting features and benefits in which the potential customer will be interested. Be aware that this may yield results that differ from what you initially thought were the most important attributes of your product or service. Put yourself in your customer’s shoes and develop your messaging and outreach accordingly.

As you begin these activities, remember the incubation period and reign in your early expectations. Be reasonable. Avoid knee-jerk reactions to any one particular effort or result, such as lack of response to a single print ad. It typically takes several exposures to a message before an impression is made and a response is initiated. Above all, avoid cancelling programs because a single article, direct mail piece, or ad didn’t yield immediate results. After all, you wouldn’t stop eating just because you had a meal you didn’t like, would you?

Rest easy in the knowledge that no matter how big or small your marketing program, incubation is going to happen. Plan your efforts, including sales projections and ROI analysis, to take that into account and you won’t be disappointed.

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