

# Burn your brochures

Part One: Marketing fundamentals for B2B technology marketers

## **BURN YOUR BROCHURES**

### **Part One: Marketing fundamentals for B2B technology marketers**

#### **Contents**

MARKETING 101 FOR TECHNOLOGY EXPORTERS.	2
Focus on the basics	3
Some fundamental questions	4
What do Kiwi technology marketers need to do?	6
FOCUS YOUR MARKETING EFFORTS	8
A basic rule of marketing	8
Why is focus so important?	10
How do you start to focus?	11
How do you go about selecting a market to focus on?	12
Ready to focus?	13
KNOWLEDGE IS POWER IN MARKETING.	14

# 1.

## Marketing 101 for technology exporters.

Here's some free marketing advice for technology companies. Trash your twitter, burn your brochures and axe your advertising. Ignore the hype about 'marketing' and take a cold, hard look at some fundamental questions.

Who actually wants to buy your product and how can you sell it to them at a profit?

Trash your twitter, burn your brochures and axe your advertising. Ignore the hype about 'marketing' and take a cold, hard look at some fundamental questions.

Social media is actually a very exciting development for Kiwi exporters, with its ability to cost-effectively reach and develop direct relationships with potential customers. But how often have you blogged, spent money on Google Adwords or posted an online video with the uneasy feeling that you have little idea of whether it is actually helping? That's because without a strong understanding of your marketing fundamentals it is hard to know.

### Focus on the basics

**Market Measures**, a study of the sales and marketing approach of Kiwi tech companies, published by Concentrate and PricewaterhouseCoopers, identified this lack of focus on the basics as a problem.

*“... while investment (in sales and marketing) is significant, companies lack targeted marketing strategies which would allow them to develop new domestic and international markets and help them grow into larger-scale enterprises,” concluded Owen Gibson, Partner - Private Client Services, PricewaterhouseCoopers.*

A big challenge for New Zealand technology exporters is facing the realisation that marketing is probably the greatest threat to their success.

## A big challenge is facing the realisation that marketing is probably the greatest threat to success.

Products are not the problem, our brilliant engineers and inventors seem capable of solving almost any problem. The challenge is finding and exploiting profitable markets.

Effective technology export marketing is not a mysterious thing you have to pay enormous sums to an advertising agency to achieve. It is actually about applying the same discipline and intellectual rigour to marketing that is applied to engineering problems. Building what I call a ‘marketing foundation’ is crucial.

This foundation is created from understanding and quantifying your market, determining what's important to this market and how to express it powerfully, and then how to go about securing and satisfying customers in this market. The foundation is critical before you progress to building the structure on top – the promotional strategy, the distribution network, product development and pricing.

### Some fundamental questions

Being able to answer these kinds of questions gives you enormous power to make good marketing decisions:

- What customer need (ie the main contribution you make to their business) does your product fulfil, and how do you currently meet that need? In what market is that need most intense?
- What is unique about the way you meet that need ie what's your value proposition? Have you tested the credibility, relevance, attractiveness and believability of your story (your value proposition) with customers?
- How attached are your prospects to their current solution and what is the cost (financial, operational, emotional) of changing to yours? What evidence do customers require for your solution to be credible?
- What are the key characteristics of your target market (how big is it, its structure, current trends, etc), what business issues do they face, who are they and can you build a detailed list of them?
- Who constitutes the market's value chain ie the string of companies working together to provide the final solution to the end customer, and the value each one provides?
- What is the buying process – how long, who are the decision-makers and the decision influencers?
- What proportion of prospects in that target market are aware of you and of those that are, what do they currently think of you?
- What is the quantifiable value they should see in your solution?

- How do potential customers find out about new offerings, and what communication channels do they use - tradeshows, online and offline media, networks etc?

Knowing the answers to these questions makes your marketing that much easier. It is obvious what to sell, to whom, how to reach them, with what promotion and at what price.

Of course life is not that simple, and having the complete picture is hard to achieve. The point remains that the more information you have about your market the more obvious the strategy becomes. You are not punting on someone somewhere reading your tweets.

## What do Kiwi technology marketers need to do?

### *1. Stop just doing the easy stuff.*

---

We know that we can build anything. Kiwis are incredibly resourceful and inventive - we've had to be in our isolated nation. The risky part is trying to get someone to buy the thing.

### *2. Accept that the technology does not sell itself.*

---

There are exceptions, but the world is still littered with the best technologies that never made it on the world stage. Finding and satisfying a customer need takes a lot more than a smart product. Become a marketing-driven business.

### *3. Understand and start with who is going to 'buy the damn thing' and use that as the core of your business and all of its activities.*

---

The first and crucial step in becoming market-driven is choosing and focusing on a market. 'Australia', or 'the US' are not markets. A market you can focus on is a specific set of prospects you have identified, analysed and quantified.

A market is something quite specific. For example 396 companies you have identified in a vertical market niche, in a defined geographic area, that are likely to buy in the next 12 months. They are also connected enough for one sale to serve as a good reference for the others.

Focusing on that market is one of the hardest marketing decisions you'll make. But all companies have limited resources and these resources need to be 100 percent focused on a specific market to achieve the maximum gain. You can then aim everything at a particular group of customers – the sales process, the advertising activity, the support process, the product, the promotion etc. You save time, effort and money. Focus makes things happen.

***In the next chapter we will look at how exporters can research and find the most profitable markets. In the meantime, hold off on that Twitter account.***

## 2.

### Focus your marketing efforts

Recently, one of the fittest men in the world went up against the world's greatest bicycle racer in an impromptu cycle race in Hawaii. Chris Lieto, the USA's top ironman triathlete and regarded as one of the world's top performers in his sport, raced Tour De France legend Lance Armstrong in a time trial over 18 kms.

Armstrong won of course. How could Lieto, an athlete focusing on three disciplines (swimming, cycling and running), no matter how fit, beat an elite specialist in a single sport.

#### **A basic rule of marketing**

**Focusing on a market is one of the most important decisions any exporter can make.**

When it comes to export marketing, too many companies fail to observe this basic law of focus, and struggle to gain momentum because of it. Focusing on a market is one of the most important decisions any exporter can make, especially those selling complex products business-to-business.

Markets are sets of customers with similar needs, typically a group of people or organisations connected in some way. They have issues and motivations in common, and can be reached through the same industry associations, distributors, trade events, online and offline media.

'We are focused,' we hear people say, 'we're selling into US healthcare.' Healthcare in the US is a vast group of entities with an annual spend of over \$2 trillion (i.e. roughly 20 times the size of the whole New Zealand economy). 'If we only get 0.005 percent of this market we'll be rich,' they say.

That kind of thinking is seductive but misleading.

It is not the size of a market that is relevant, but how many customers in those markets that actually have a need for your product and are willing to part with cash to buy it. By looking at it from the customer's perspective - their needs, economic pressures, regulatory restrictions, buying cycle, competitive offerings etc – it is easy to see how a billion-dollar market can quickly shrink.

## To be successful you must have the courage to focus.

New Zealand culture is by necessity jack-of-all-trades - being able to meet the needs of any customer. That flexibility and innovation is one of our strengths and works well in the domestic market, but can hamstring us when it comes to marketing internationally. Being all things to all people simply doesn't work, or at least not for very long, when you are trying to penetrate large offshore markets. To be successful you must have the courage to focus.

Market expansion and diversification is a key to growth at a certain stage of a company's development, but spreading your focus too widely too early results in stalled growth. What some companies fail to realise is that selling a product into four different markets requires the same effort as selling four different products.

### **Why is focus so important?**

Focus increases your marketing intensity. The more you focus on a particular group of customers, the higher the probability they will focus on you and buy your product.

Imagine you go to a party with 100 guests. Over the night it would be hard to get to know everyone there, and for them to know and like you. But if you chose four or five people to get to know, a much stronger relationship would be likely. The more you focus on a group of people the more likely they are to focus on you. Marketing is no different.

You only have scarce resources in a white-hot competitive environment where everyone is bigger and stronger. There is no way you can realistically cut through in a \$2 trillion market, whereas a sector worth a few hundred million is more realistic.

With focus, 'US healthcare' becomes something far tighter and more connected. For example, surgical hospitals in the Pacific Northwest with more than 250 beds and annual budgets of over \$30 million. That's a market you can focus on, and realistically target in a systematic and measurable way.

In simple terms it just makes it easier. You get to know your market, their issues, buying cycles, media channels, language. Your cost of sale drops, and the sales process becomes more efficient. Soon you identify new opportunities for complementary products and services.

### How do you start to focus?

In the text books companies deeply research customer needs in a tightly defined niche and then create a solution to fit. Business doesn't work like that very often.

Technology products are typically invented in New Zealand for local customers before large markets have even been clearly identified. The critical next stage is to just get someone actually using it. Use that customer experience to truly understand what the customer need is and the benefits they see in your product.

**In the text books companies deeply research customer needs in a tightly defined niche and then create a solution to fit. Business doesn't work like that very often.**

Picking a market straight away is not essential - it is a critical call for your business and needs to be done carefully. Sometimes you might narrow it down to several market segments, start selling in all of them and evaluate the outcomes. The crucial thing is to eventually select and commit to one.

You don't even need to find the best market opportunity; it is actually more important just to focus on one. That doesn't mean playing in one market for ever more, but concentrating on a single market at a time. Once you have achieved your goals in that segment, move to the next.

## How do you go about selecting a market to focus on?

### *1. Clarifying what the customer needs:*

---

At a fundamental level the process starts with looking at your product or service features and understanding them from the perspective of the customer's needs. For example, an accounting software product may be 'the need to make faster business decisions'. What are the problems keeping customers up at night and how does your product fit?

The next question then is to establish some sort of priority amongst those people with a need, i.e. which segments wants to make 'faster business decisions' the most.

### *2. Market attractiveness:*

---

Having prioritised some market opportunities, you can begin the real work on whether or not a market fits your business. You need to establish how attractive that market is – it's size, where it is located, how competitive it is and what barriers to entry exist.

### 3. *Company capability:*

---

The attractiveness of a market needs to be balanced against your firm's capability

What sort of skills you have available, where your sales team/channels are located, what reference sites you have in this market and what resources are required to the market need.

#### **Ready to focus?**

## Say no to a sales prospect outside your priority market.

There are a couple of simple tests.

- One, if you are selling B2B you should know your target segment well enough to build a complete list of all companies in that market.
- Two, you should have said no to a sales prospect outside your priority market.

This sort of focus and discipline is a key to becoming a marketing ironman. Lance Armstrong is rumoured to be considering a career in Ironman after his cycling comeback is complete. With focus he will no doubt be a champion performer.

### 3.

## Knowledge is power in marketing.

Ever had to buy a birthday present for your mother-in-law? Flowers, chocolate or a book voucher was it? What if you knew she loved Brahms, watched every episode of Emmerdale Farm and was a passionate bird-watcher. Now could you buy a gift that would make you the number one in-law?

Many business people remain suspicious of investing in something that merely confirms what they already know or presents mounds of irrelevant information.

How many times have you tried to buy for someone when you didn't know enough about them, their background, their interests, what values were important to them? You end up buying yet another book voucher, when, with a little knowledge of your 'market', you could buy them something they really want.

Market research does have something of a bad reputation. Many business people remain suspicious of investing in something that merely confirms what they already know, or even worse, presents them with mounds of irrelevant information.

One of the issues is that we can lack objectivity when gathering data. As US writer Gregg Easterbrook puts it “Torture numbers, and they’ll confess anything.”

Instead of getting real insights we really just try and fit information to our existing prejudices. Objectivity is crucial.

Another problem is that researching is simply too easy. Plugging "monitoring software, Europe" into Google yields more than 2.4 million sites. I can get information on anything from how to monitor fraudulent staff expense claims to the latest in neonatal monitoring technology. It is easy to assemble a 100 page report from the internet on your market - but you can still be no closer to answering your questions.

**As exporters you have to make marketing decisions every day. The more you know about your target markets the easier those choices become.**

The right sort of knowledge can give you a lot of marketing power.

As exporters you have to make marketing decisions every day, from the insignificant to the momentous. The more you know about your target markets the easier and more obvious those choices become. How do I price this, should I

use the web as a channel, is this conference worthwhile? All decisions you might make now with your gut you could make with your head.

How do you get the right marketing information? The key is having a research strategy, where you start with the end in mind.

### *1. Starting at the end*

---

Using research effectively starts at the end point. You need a very clear understanding of what decisions you actually want to make with the research information.

Are you trying to change your pricing approach? Deciding on the best channel to market? Confirming the positioning of your product against competitors? Unless you have specific decisions in mind, asking the right questions of your customers is difficult.

Of course you have to be prepared to act on the information. Finding out from the market that you are perceived as providing poor customer support doesn't mean you should mount an advertising campaign saying how good your customer support is, it means actually trying to fix the problem.

### *2. What information is therefore needed?*

---

If you have a clear understanding of the decisions you want to make, you can work out what sort of information will be needed to support those decisions.

For example, you may want to decide what promotional strategy to use, so the information you need is how your customers typically gather information, what kind of channels they prefer, what style suits them etc. The value of your research hangs on knowing the right questions to ask.

### *3. The best ways to gather the data*

---

There are many different ways of gathering data from customers - the method doesn't have to be formal, expensive market research.

With the right frame of reference the Internet can be a powerful research tool. We've found anything from the number of buses plying suburban Sydney streets (down to their size, make, year of manufacture, cc rating, capacity and typical routes), the number of commercial bakeries in the US state of New Jersey (there's 55), even the profit and loss statements for a client's competitor located in the UK.

There are many different ways of gathering data from customers - the method doesn't have to be formal, expensive market research.

New Zealand Trade and Enterprise has a lot of useful resources available online, from step-by-step guides to doing research, to a range of country reports.

Research can be as simple as ringing up a dozen customers, telephone or online surveys, mystery shopper reviews, interviewing your own customer service staff, internet research, even talking to people in the bar on a Friday night - they're all valid options.

The key is being focused on what decisions you want to make.

#### 4. Who to talk to

---

The last step is working out exactly who you should be researching. Map out the different audiences in your value chain - who uses your product, who buys it, who supports it, who is your channel partner, who is the end customer.

All will have a distinct perspective on your products and they need to be seen in context.

Using this framework you can ensure the market information you gather really aids your decision making. So what kind of data is actually useful?

Defining the nature and shape of the market is a good first step. The number of companies in the market, the shape of that market (eg is it dominated by a small group of large companies or characterised by many small firms?), the overall value, what customers typically pay for your product type, how often they purchase it, where customers are located and so on.

**With the right focus researching your market can be a powerful tool for any exporter.**

People are another important source of information. Who is involved in the buying decision (who influences, who signs the purchase order, who approves), how do they normally decide purchases, what criteria do they use for buying (e.g. cost benefit analysis, brand values), how much do they have to spend and when, what do they think of your product today, and what outside advice do they look for when making buying decisions?

It is crucial to know how other companies might meet the customer need you have identified within your market. Who are these firms, what are their offerings, what market share do they have, how do they pitch themselves, how are they perceived by customers?

Finally, knowing who you can work with to sell your product is equally important. Find out what other companies service your market, what they offer and how it might complement your product, their market share and what sort of reputation they have.

With the right focus researching your market can be a powerful tool for any exporter. It gives you the clarity to make some of those tough marketing decisions. It might even help with mother-in-law relations.

***Check out our website for next Concentrate ebook, in which we take a look at some of the other fundamentals behind high tech marketing success.***

## About Concentrate

Every day you make marketing decisions, from the insignificant to the momentous. Concentrate has the tools and experience to help you gain clarity around your market. This allows you to make marketing decisions that will realise the potential of your product or service.

Since 2004 Concentrate has been helping technology-based companies accelerate their growth by successfully marketing their products.

Concentrate has been partnering with PricewaterhouseCoopers since 2008 to conduct Market Measures, the first sales and marketing benchmarking study of the New Zealand technology sector.

## Contacts

Owen Scott  
Managing Director  
[owen@concentrate.co.nz](mailto:owen@concentrate.co.nz)

Greg Williamson  
Director  
[greg@concentrate.co.nz](mailto:greg@concentrate.co.nz)

Concentrate Limited  
PO Box 452  
Christchurch  
Phone 03 3658774  
[www.concentrate.co.nz](http://www.concentrate.co.nz)

### **Disclaimer**

This document is intended as a guide only. Readers are advised that before acting on any matter arising from this document, they should consult a Concentrate Advisor.

© 2010 Concentrate Limited. All rights reserved.