

# Burn your brochures

Part Two: B2B Technology Marketing Execution

## BURN YOUR BROCHURES

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# 1.

## STANDING OUT FROM THE CROWD

### *Building a brand in the intense noise of competitive export markets*

Guess which famous tech entrepreneur said this: *"It's a very noisy, complicated world. We're not going to get much of a chance to get anyone to remember much about us. We have to be really clear about what we want them to know."*

It was Steve Jobs, speaking at an Apple reseller convention several years ago. If Jobs thinks that about Apple, the world's 17<sup>th</sup> most valuable brand, how important it is for you to have a strong, clear brand?

**Tech exporters can effectively differentiate by having a compelling story and telling it well.**

How can you build this positioning? The first step is to understand what a brand is, and the role it plays in achieving sales.

### The brand thing

So what is this brand thing? 'Branding' is often thought of as the visual elements of your company's communications – name, logo, signs, the colours you use, advertisements and so on. While these elements are important parts of your marketing, they are only the tip of the brand iceberg.

## A brand is the picture a customer holds in their head about a 'thing' – a product, a company, a person, a service etc.

It is formed from a complicated mix of interactions you have with that 'thing'. Brands are important for businesses because they help people choose in increasingly competitive markets – the more favourable that picture in customers heads the more likely they are to choose your offering.

Imagine you are going to buy a new car. How you perceive a particular type of car is not simply built from their logo or glossy magazine advertisements. It is built from the many, many experiences you have of the brand – seeing the car on the road, what kind of people drive them, what your friends say about that kind of car, what advertisements you see, what the car yard is like that sells them, how they smell inside, what colours they use. Your mind computes all of these experiences, positive and negative, and comes out with a score. That score is the brand.

As an exporter you obviously can't control this process, but you can influence it. The first step in doing this effectively is building a clear, consistent and compelling story around what you have to offer.

This story is not mission statement mumbo-jumbo but the simple, powerful promise your product makes to the customer. Once you have distilled that concept, it is something that you need to try and express in every one of the brand-building experiences your customer has.

## Developing a story about your product that really resonates with customers is a marketing fundamental.

It's not just something that forms the basis of marketing communications (advertising, public relations, publications, web etc), but something that influences many other aspects of your business.

Once you have a compelling story, you can use creative agencies to come up with clever ways to verbally and graphically express it. But you shouldn't hand responsibility over until you have this platform; it's simply too important.

## Building a great story

### 1. *What you really do for a customer*

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A starter is working out the purpose your product serves in the life of your customer. People don't buy your product for what it is, but what it does for them. So you're not really in the electric blanket business but the warm bed business. You're not really in the finance business but the realising the dream business.

Too many businesses talk about their firm, their products, their people, their achievements. But the customer wants to quickly understand what you can do for them, not try and interpret this from descriptions of what your product is.

Ask yourself what is the main customer issue your product addresses.

### 2. *What is special about your product?*

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Once you've determined what the customer sees as the purpose of your product, you can work out its 'value proposition' to them. A proposition is the promise you make to them about your product every time they experience it.

If this promise is strong, you don't need hype. Imagine your product is a formula for alchemy. "Turns stuff to gold" is a pretty strong proposition. You don't need a lot of hype and nonsense around that. The same is true for your product; if you can dig down to that strong, clear and unique (i.e. different to your competitors) promise to the customer, you can really connect with them.

Be careful that your proposition isn't just built around the functional and financial advantages of what you offer, but also the emotional benefits.

Emotion is crucially important in marketing, no matter how technical and complex your product. It is much more difficult to connect with your target market, i.e. to get them to choose your product over the competitors, unless you appeal to the emotional benefits your product gives them.

### ***3. Packaging the story***

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The final part of the story is the packaging, or the way your story should be told. This is not the bit where you introduce hype to the product story, but where you work how to express a brand story appropriately to your audience. A story to sell a large, complex product to finance managers needs to be packaged quite differently from a service for the teen market.

Once you have this 'storybook' you have a powerful marketing tool. You know what to communicate and how to do it in a way that customers can quickly grasp and understand. Best of all you can get rid of meaningless hype and buzzwords and connect with customers using a powerful, plain-English story.

A story that will help you stand for something in crowded, competitive export markets.

## 2.

### THE WAY TO PROMOTE YOUR BRAND – BE BORING!

#### *Boring yourself can actually be an asset when it comes to your marketing promotion*

What would you do if your board authorised a \$50,000 promotional budget tomorrow? Take an advertisement in a trade magazine, produce a brochure or case study, run a sales promotion, deploy a social media campaign, or a combination of these? How would you decide what tactics to use and how to use them?

#### **The basics first**

You can't use promotional tactics effectively until you have a marketing 'foundation'. That means understanding what customer need your product fulfils, selecting the most appropriate markets in which to operate, and articulating a compelling story about what value your product delivers.

The other fundamental is an understanding of the role of promotion in your marketing. Promotion is about communicating with your prospective customers, wherever they are in the sales cycle. That doesn't mean simply pumping out marketing messages to an unsuspecting market.

A good way to think about promotion is to see it as a solution. Like any solution it is of little use without a good understanding of the problem it has been designed to solve.

### **Defining the promotional problem**

How do you define your communication problems and develop effective solutions?

The first step is the logical one – identifying your audience and their main characteristics. For example, if your main audience is finance managers, then it will be important to use factual, evidence-based approaches. If it is human resource managers, then you need to think of more people-based, emotional style of communications.

Next is establishing what they know and perceive of your product. They could be anywhere on a scale from knowing absolutely nothing to being an established, repeat customer. Identifying this defines the communications task at hand – whether you are trying to simply build awareness, call a customer to action or reinforcing the purchase of a loyal customer.

### Three keys: repeat, repeat, repeat

It's easy to underestimate how hard it is to get through to the people you want to buy your product. A good rule of thumb is that no matter how hard you think it might be, it is probably exponentially more difficult.

So no matter how clever your method of communication, and how powerful your message, you are still competing with thousands of other stories being told.

But it's worse than that. Even if you get through to the poor embattled consumer, they are only likely to take real notice if the timing is right.

So not only are your prospective customers bombarded with so many messages they typically tune most of them out, if you do somehow get through there is only a small chance they are actually in buying mode.

That makes a 'single-threaded' approach to marketing so senseless. Expecting a single advertisement, email newsletter, blog post or tradeshow exhibit to yield any real results is naive. People will blame a one-off advertisement for not working, when they were dropping the equivalent of a small pebble in a large ocean and expecting the world to cry 'Tsunami'.

However hard you think it might be to promote your product effectively, it is infinitely harder. Some people make the mistake of thinking they can magically hit a home run with a promotional tactic – the clever social media campaign, a stunning piece of publicity, the tradeshow to end all tradeshows. Of course, like most things, there is no magical solution. The reality is that promotion is a hard, relentless task that needs to be done with focus and dedication.

Successfully getting through to a potential customer is about boring repetition. Not boring to them, because they are not taking any notice most of the time, but boring to you. Repeating your message in a consistent and compelling way across as many appropriate mediums as often as you can.

### **Promotion on a small budget**

Fine advice for the big brands, with deep pockets and an army of marketers, but how can someone with a more modest promotional budget achieve this?

The answer is focus. All companies have limited resources and these resources need to be 100% focused on a specific market to achieve the maximum gain. The tighter that focus, the greater intensity you can achieve with your marketing activity, the more likely you are to be able to break through the noise and strike someone interested in buying.

The final task before unleashing your promotional creativity, or that of an agency, is to look at what category of promotional tactics suit your market, given all of the thinking you have done. Are online or offline tactics most appropriate, or a combination? Should they be largely personal (direct mail, site visits) or largely public (advertising, web), or somewhere in between (tradeshows, seminars)?

After your promotion has been implemented comes the most crucial part of the process - evaluation. What real effect did the communication have?

It is too easy to simply send promotion out there and convince yourself it was a success. Whether it is regular customer research, or more crude measurements such as unique visits to a website, visits to a retail outlet, calls to your customer service staff, even sales numbers, promotion without measurement is pointless.

So how can you get through the noise and reach those people who might be ready to buy? Some key steps:

- ✚ Define your market as tightly as possible. Of course it has to be big enough to deliver good returns, but the more defined the greater the intensity you can achieve.
- ✚ Where and how can you touch your customers? What mediums and methods will work most effectively?
- ✚ Repeat, repeat, repeat. Build a programme of activities over 6-12 months and consistently implement them.

Part of what constitutes great marketing is being a bore, but only to yourself. Repeat your message until you are completely tired of it. By that time a few prospective customers may have actually noticed you.

### 3.

## THE \$5 BILLION WEAKLING – USING PARTNERS TO GROW

### *More Kiwi tech exporters could employ a channel strategy to increase their growth*

In their 2009 financial year, Microsoft spent almost \$NZ18 billion on sales and marketing. According to the Technology Investment Network, the entire value of New Zealand's technology exports is little more than a margin note in Microsoft's annual report, earning \$5 billion in the same period.

The scale of our export markets, and the companies playing in them, is mind-boggling. New Zealand is dominated by small (on world standards) companies that often lack the reach, resource and capital to take their products to market. Typically we need to establish relationships with international players to succeed, so why aren't more Kiwi companies, especially from the technology sector, using distribution channels?

Results from the 2010 Market Measures survey, conducted by Concentrate and PricewaterhouseCoopers, showed that only 25% of Kiwi technology companies are selling indirectly in export markets. Over 60% were slogging it out direct selling.

### **What are channels?**

What does selling indirectly mean? The main method is through resellers who typically handle the physical distribution, sales and implementation of a product. Licensing is another indirect option, where a company can use your product, or a part of it, as their own branded product is an

increasingly common approach for number of successful technology exporters. And there are many variations on these themes (New Zealand Trade and Enterprise provides useful information on these options in their online export guide).

Can Kiwi technology companies not succeed without a giant international partner? Of course they can. There are lots of examples of companies who are doing well selling their products directly. SLI Systems is growing fast by marketing their software primarily direct to the US market, and Software of Excellence has managed to exploit the UK market well. But to do this companies need to be focussed and willing to invest significantly in developing their chosen markets.

Cracking the US, European or Asian markets is a huge challenge for any budding New Zealand exporter. Using New Zealand dollar cash flow to fund a direct international sales force is daunting. An obvious alternative is developing channel partners, companies who can resell or distribute your product within targeted export markets. Contrary to the belief of some budding exporters this is not the easy solution – in fact doing it effectively can be harder than simply selling direct.

### **Focus on the fundamentals**

It's not about securing resellers and sitting back and watching the money roll in. The fundamentals of marketing exist whether you are selling directly or indirectly. Unless you understand the needs of the ultimate user of your product, and determine which of these have the greatest need and therefore are likely to be the most profitable to target, how can you even know which resellers will be effective?

Once you've decided on a channel approach, selecting partners is the next challenge. In most new markets you enter it is a relatively simple exercise to locate and even sign up new business

partners. It is infinitely more difficult to get them producing on-going, profitable revenue for you. A partner is just an extension of your company, so you should give as much thought and attention to recruiting partners as you would to finding and looking after key staff.

## You can't even begin to know where to look until you know what market you are targeting.

For example, if you have worked out that you have a software product that is particularly suited to the needs of commercial farms in the South-West of the United States, then you can start looking for partners with a good reach and reputation in that market. They don't need to be software resellers – it could be suppliers of agricultural machinery looking to recruit new customers by offering an added value service. Unless you look at it from the end-customer's point of view it is hard to know.

One of the biggest mistakes technology companies make is to assume a distribution partner would be interested in their technology per se. They are motivated not by the brilliance of our technology but the ability to use it to protect their revenues, keep out competitors, retain customers etc. Understanding those drivers is the key to securing a distribution partner.

The effort in setting up some sort of reseller partner is not less than selling directly, it's just the return can be better. An effective channel provides more scale, reach and networks and helps with the sale – what you hopefully achieve is more sales with the same resource. And that is the kind of reach Kiwi companies need.

### Doing it right

Stellar tech exporter Fisher & Paykel Healthcare (FPH) is a great example.

Their highly effective channel strategy is built on a strong foundation of product development. They have 250 engineering, scientific and medical staff spending 6.5% of their operating revenue on research and development. Patents pour out of the place, with 79 secured in the US and 73 pending, 292 in other jurisdictions and 212 still going through the process.

To get these innovations to market they have built a huge distribution capability. They sell directly to hospitals and home care dealers; have over 100 distributors and also supply components to other manufacturers of respiratory devices. This enormous reach means FPH products help patients in 120 countries.

A secret to their channel success has been investing in their own network of staff in key markets, selling directly and working closely with distributors. The 500 FPH staff who work in 30 countries will help the company to reach the expected \$500 million in annual revenue in the 2010 financial year, and secure 7% of the fast growing obstructive sleep apnoea market.

Too often companies make the mistake of establishing distribution networks and thinking the job is done. Any successful distribution relationship takes a huge amount of time and effort invested from the manufacturer to make it work – deals are easy to sign but very hard to make work.

FPH's achievements should be an inspiration to any aspiring technology exporter. New Zealand may be incredibly small, but if we are smart about using channels we can succeed in the toughest export markets.

## 4.

### THE LIST - YOUR SECRET B2B MARKETING WEAPON

*Something remarkably simple can have a huge impact on the effectiveness of your sales*

They are heroes of New Zealand's export economy. That hardy band of sales people who travel the globe selling our wares, often alone and battling aggressive and well-funded competition.

The contribution of export sales people is often underestimated, as is the potential to turbo-charge their efforts with smart marketing.

If sales are the engine of a typical export business, then marketing provides both the fuel to power it and the oil to reduce friction. Marketing is often seen as simply the 'promotion' part of getting the sale, something superfluous if you don't have the time or money. But it is a far more powerful weapon in your sales strategy.

The more your marketing team helps you understand the needs of your customer and design your product to fit, the less resistance you will experience in the sales process.

## Your selling effort will be least when the gap between customer needs and your product benefits is smallest.

If you already have a product, then marketing's job is to find the customers with the highest need. If you were digging for oil you would complete some early exploration and tests before setting up your expensive drilling rig. The same goes for putting in some rigorous market analysis before letting an expensive sales force loose.

### **The ultimate tool**

It follows that the ultimate tool an export marketer selling business-to-business (B2B) can support their sales force with is a well-defined list of potential customers. It may sound ridiculously basic, but it is astonishing how many B2B marketers don't have one. Agreeing on a market and building a list of all companies in your target market can transform a company's sales.

That's because a list gives your marketing greater clarity and intensity.

It provides clarity around who specifically to target and confidence in the most effective tactics to reach them. Intensity because you focus your limited resources on a defined group of potential customers, therefore wasting less marketing dollars on people who are never likely to buy your product.

Having the list gives a lot more certainty around marketing decisions and the associated investments.

Tradeshows for example, can be horrendously expensive for the typical exporter. Compare the previous year's attendance register against your list. If a reasonable percentage of your list is attending it is a worthwhile investment.

What about when that pesky advertising sales person calls every month, can his publication reach enough of your list to be cost-effective? What mix of social media channels will work best?

## For many Kiwi companies, a list is the best possible way to tackle a big new market.

It makes tackling the US or the UK conceptually and financially achievable. Rather than wallowing around amongst tens of thousands of companies spread many kilometres apart, you can focus your activities on an achievable number.

### How can you build 'the list'?

Start with defining your market. Saying 'the mining sector in Australia' is not good enough. You need to understand your product and the potential market well enough to be a lot more specific. Defining what makes a market attractive (e.g. ease of access, openness to foreign products, short buying cycle) and your ability to execute (e.g. sales staff in country, existing brand awareness, support capability) in that market are a good place to start.

Once you have done some work to understand the market opportunity you can become more specific. 'Locally owned mining contractors with an annual turnover of more than AU\$200,000 in Queensland and Western Australia,' is a better place to start. Armed with that definition you can:

- ✚ Size your market – use the statistics department and other sources to at least understand how many companies you are looking at.
- ✚ Populate your list – look at associations on the internet, industry organisations or buy a list.
- ✚ Assemble contact information – over time start to collect a database of information about the companies – key people, major issues, potential partners, annual turnover etc.

## Driving your marketing

You can then make this list your marketing world, focussing all of your time and effort on improving the efficiency of the sales process. This efficiency is gained by focussing on the buying process.

Conversing with your market long before the salesman knocks on the door is crucial. Buyers go through a process: from having no knowledge of your product, to becoming aware, to an appreciation of its benefits and so on. The aim of promotion is to lay the groundwork for your sales force.

Companies often look at sales as an event, not as an important part of a bigger buying process. They put all their effort into the sales transaction without looking at what happens before the sale takes place. Taking this wider view can help accelerate how many products go out your door each day.

Do the work to understand how your buyers “buy”. What process do they go through to buy your product, what decision-makers are involved, how do they compare, evaluate, decide and so on? Think about how you can help them through this process. Think about what can you provide or do to make this process easier and simpler.

What requires the most effort for your buyers? If it is cost-justification, then provide a cost-justification tool. If it's seeing and touching the product, then perhaps provide a trial version. If it is approval by a third party, then you may need to promote to that group. Remember to start with a clear understanding of the buying process first, rather than simply arming your sales person with 'stuff'.

Right along the buying continuum people need information. They want data on all the alternatives, the benefits, the possible ways to purchase, other users and support options. They want to build up a rational list of information but also a 'gut feel' – more of an emotional gauge of the alternatives.

## Once a customer has enough information they can move along the continuum far enough to buy.

Unless your brand is being considered along the buying process – at that broad ideas stage, at the time your customers refine their options, at the time they are ready to purchase – your chance of being successful when the time for the sales transaction comes is much slimmer.

It is the 'ka-ching' of the theoretical cash register that drives your sales force. Marketers can grease the sales engine by having a clearly defined list and doing everything they can to help companies on that list buy your products.

## 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.

In 2008, Concentrate partnered with PricewaterhouseCoopers to conduct Market Measures, the first sales and marketing benchmarking study of the New Zealand technology sector.

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