

20/20 Vision for Marketing Breakthroughs

Technology Marketing: A Different Paradigm

Plus: QDI's Technology Marketing Audit



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For over 15 years Mr. Bassill and Mr. Barr have lead QDI to help companies develop channel strategies that build market power.

The rate of change in technology and marketing technology are forcing marketers to adopt a new channel marketing paradigm

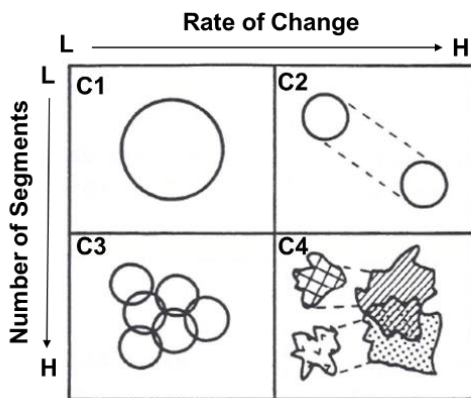
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Historically manufacturers have taken the leadership role in directing how their products are marketed. This classic leadership role, comprised of defining target markets, value propositions, pricing, and programs, is a key responsibility for leading firms in their respective industries.

Manufacturers have been very good in this role in slow changing markets. They had the time to learn what worked and then to translate that into channel marketing programs, even programs as structured as franchise operations guides. However, over the last several years both product and marketing technology have been moving faster than manufacturers and channels know how to integrate into their businesses.

The table below shows the challenges marketers face as both the rate of change and the number of segments increase.

Market Dynamics Decision Model



The four cells of the table, $C_1 - C_4$, represent different marketing scenarios. In C_1 , there is little change and only one market segment to address. In this scenario, the marketer plays a strong role leader, setting the rules of operations for his channels. As the number of segments increases in C_3 , the marketer can continue to play the market leader role, but has to devote the resources necessary to do this in multiple market segments.

Cells 2 and 4 represent the challenges of rapidly changing technology. In C_2 the manager can play the role leader as long

as he can focus on one technology application and market at a time. To be successful, he has to understand the application and be able to teach his channels to successfully capture and serve this segment. John Deere's use of technology for the specific application of precision planting is an example of how a marketer can focus its resources to gain market leadership and teach its channels how to succeed in the application.

C_4 is the most complicated space. Here the technology is impacting multiple market segments at the same time and in different ways. As a result, learning becomes much more difficult for manufacturers and they risk falling further and further behind the market learning curve. The internet of things falls into this space, as most marketers are struggling to figure out how to create value from all the data they are harvesting.

In cell C_4 , the result is that marketers are failing to effectively lead their channels. This in turn has led to tentative, faltering, and even stagnant technology adoption which is opening the door to new types of competition. These new competitors are disrupting markets and often weakening existing competitive positions in the market.

QDI's two recent white papers, "Are Your Channels Failing?" and "Are You Failing Your Channels?" address this same fundamental challenge.

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Product and marketing technology are moving faster than manufacturers and channels know how to integrate them into their businesses.

If you expect to be a winner in this space, then you need a different channel management model and need to apply a different learning model to these channels.

You can start by figuring out where you are. **QDI's Technology Marketing Audit** provides some key questions for you to start asking to assess where you are. It combines a look at your product and marketing technologies and determines how they are overlapping and working together or against each other in your business.

QDI's Technology Marketing Audit

➤ An assessment of "smart product technologies"

- What technologies are you marketing to make your products work smarter?
 - Controls, tracking / sensors for early warning maintenance / other?
- What business units and customer segments are most dependent on the successful adoption of these?

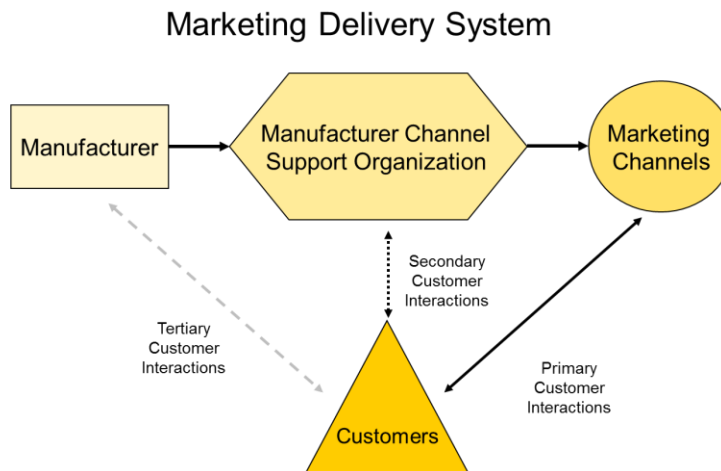
➤ An assessment of technology marketing

- What are you doing to develop the market for these technologies?
- How critical of a role do your distributors play in successful marketing and support of these technologies and why?
- What roles are your distributors expected to play?
 - Awareness
 - Education
 - Pre-sale technical support
 - Pre-sale commercial support
 - Transaction support
 - Delivery support
 - Post-sale support
 - Returns / warranty support
- What are your sales and marketing organizations doing to bring these technologies to market?
 - What resources are performing these activities?
 - Are these the same resources as used in the day-to-day business? Why?
 - How are you organized to support the existing business?
 - How does this differ?
 - Use QDI's "Marketing Deliver System Framework" below to compare how you are supporting the marketing of existing products versus your newer technologies.
- What financial models do you have for your distribution channels to help them make investment and operational decisions?

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- What prioritization do these activities have / impact on rewards / recognition and compensation?
- What are you doing to equip your dealers with the necessary skills and marketing models to sell and support these technologies?
- What are you doing to learn from your channel partners and transfer this knowledge to your channel network?
- How flexible are you in working with your channels in the marketing of these technologies?

QDI uses the “Marketing Delivery System Framework” as a way to organize your thinking about the strategies, resources, and initiatives that companies use to support their channels. The model, shown below, identifies the role of the “Manufacturer’s Channel Support Organization” as focus of organizing and executing channel marketing programs.



A look into the detail of these functions reveals the following activities that are roles for the channel support organization and the channels.

➔ **Manufacturer Channel Support Organization provides**

- Strategic direction - which channels to use, roles for each, policies, and metrics
- Channel development - select - recruit - sign-up and train
- Channel program development - value propositions - benefits - costs and required channel and customer investments
- Channel support - customer service - technical support - financing
- Channel management - line management of channel organizations

➔ **Channel functions**

- Product / service logistics
- Communications
- Education

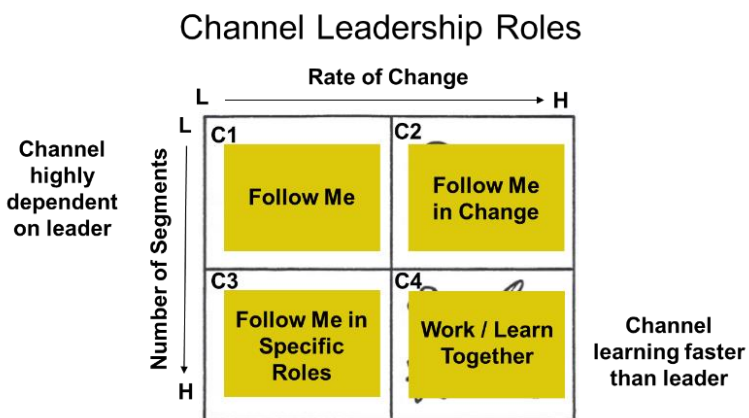
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- Sales
- Transactions and financing of customer sales
- Customer training and post-sales support

You can use this framework to compare how you use your channels to market today and how you support them versus how you are using and supporting your channels in the marketing of your new technologies.

Once you assess where you are relative to the marketing and use of technology in your business, you can then ask yourself which “Market Dynamics Decision” quadrant you are in. We expect many companies have portions of their business in all quadrants, but the technology concern is Quadrant C₄.

If you are in C₄, your leadership role has to change for you to be successful. Your channels are most likely learning faster than you. If you have a distribution network of 100 distributors around the world, they may have 100 different teams learning how to market your technologies or adopt new technologies to the market.



Typically, manufactures don't design their sales and support organizations to spend time learning from their channels, but instead have built an organization to teach their channels.

Many marketers have been accused of “developing products and throwing them over the wall to the sales force to see if anyone wants them.” We see these marketers as woefully understaffed to learn with their channels. As a result, the sharpest, most innovative channel members move ahead while the rest struggle and often abandon any serious investment in these new technologies. This opens the door to new competition.

What Can Marketers Do?

The only answer is to learn how to work with channels as learning partners. This requires a different relationship with the channel and some new rules of engagement.

- It will require much higher levels of information exchange, as you have to get closer to their efforts to innovate with your technologies. Consider creating learning teams that work with the channel members who are more aggressively investing in learning. Working closely with them on beta sites is a great starting point, but you need to go much further to understand the impact of the technologies on their businesses.
- It will require much more financial flexibility. Buying and reselling these new technology products makes little sense if the market isn't established. The investments

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on both sides need to be in learning, not inventory. As a marketer, you may have to fund much of the learning through special financing agreements. Assuming the channel partners can and will fund all of this on their own is risky.

- It will require much more tolerance. You don't know what will work, so accept approaches that are different than you would try. See what you learn and then course correct.
- Focus on customer satisfaction. What applications of technology are creating customer value?
- Focus on learning. Pause frequently to ask yourself, "What are we (our channel partners) doing, why are we doing it, and what's working and not working and why?"

Thus, as you move to segment C₄, your channel management practices have to change. You need to be a learner, a collaborator, more than a director (which you are in cells C₁, C₂, and even C₃ for technology applications you have mastered). Cell C₄ requires a learning organization... dynamically working with its channel members, collaborating, trying things, and learning what works and replicating it.

The more of your business, or your future, you find in C₄, the more you need to change how you market. If you want help, give us a call. We can help you build the channels and learning organization you need to succeed in this rapidly changing technology marketplace.

Where Clients Ask QDI for Help

New Products / New Markets	Develop market insight to <u>speed</u> launch and ramp-up while <u>reducing the risks</u>
Channel Issues	Provide <u>clarity</u> regarding conflict, performance, and go-to-market options
Share Growth	Discover market drivers and determine <u>strategy opportunities</u>

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