



November 2004 Issue

November's lead story- based on a new Booz Allen Hamilton report -points out that CMOs and CEOs are not in alignment on marketing and recommends five keys to success.

Editor's Cut

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November is the month many companies put the finishing touches on their plans and budgets for the new year and it looks like - judging from the reception the Council's MPM initiative received at the annual Summit this year - MPM will be at the top of the to-do list for many tech companies.

It could not come at a better time. Our lead article this month is excerpted from a new Booz Allen Hamilton report called "Marketing Department Priorities Often Differ From CEO's Agenda." The report based on a BAH study says that CMOs are gaining traction, but their emerging role is often poorly defined or defined in radically different ways. Worse, the BAH study found the corporate marketing function is not aligned with the CEO's agenda, which is at the heart of the findings presented in the Council's new MPM Report.

In the MPM Report's Implementer's Guidelines the first action item is to secure CEO and executive team sponsorship and buy-in. That means sitting down with the CEO first to determine his/her expectations for marketing. It is surprising that during our year of primary research we found few CMOs who had determined executive level expectations. We now know it is the critical first step.

MPM help is on the way with the formation of the CMO Council's MPM Insights Group, a team of consultants dedicated to helping council members and other technology firms develop MPM systems and capabilities. We cover this valuable resource in our article "Council Announces New MPM Support Programs and Services."

The Marketing Magnified managing editor and his two MPM initiative colleagues Bill Glazier and Don O'Sullivan form the core MPM Insights consulting team.

And for those of you who sometimes skip The Download column, you may want to check out the results of a Ziff-Davis roundtable recently conducted by Aaron Goldberg on IT marketing tips from top customers. Nice to know what we do really matters.

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CMOs and CEOs Not in Alignment on Marketing

Management consulting firm Booz Allen Hamilton, in conjunction with the Association of National Advertisers (ANA), recently studied over 100 companies to examine the increasing prominence of marketing and some new challenges created by the rise of the Chief Marketing Officer (CMO). The study found that even though more and more companies are appointing CMOs, their emerging role is often poorly defined or defined in radically different ways, being used for corporate and business unit positions in some companies and for staff and line positions in others.

The Rise of the CMO

The study found the CMO position gaining traction, with the addition of the CMO position an increasingly important element of reorganizations. Booz Allen noted 47 percent of Fortune 1000 companies now have a CMO position, although the CMO role lags such titles as Chief Executive Officer (98 percent), Chief Financial Officer (91 percent), Chief Human Resources Officer (83 percent), and Chief Information Officer (80 percent).

Out of Alignment

The Booz Allen/ ANA study also found the corporate marketing function is not aligned with the CEO's agenda - instead focusing on tactical issues such as maintaining branding guidelines, sharing best practices, and counseling divisions. And while marketing is increasingly important to corporate success - 75 percent of marketers and non-marketers agree that marketing is far more important to corporate success than it was five years ago - Booz Allen observed that CEO and marketing priorities are not aligned and marketing continues to remain disconnected from the CEO agenda. For instance, the top four CEO priorities are: 1) top line growth (52 percent); 2) speed, flexibility, and adaptability to change (42 percent); 3) customer loyalty and retention (41 percent); and, 4) stimulating innovation (31 percent). By comparison, the study showed marketing is focused more around tactical issues such as setting and maintaining branding guidelines (83 percent), counseling divisions (52 percent), and sharing best practices (52 percent) than it is with driving the CEO agenda (37 percent) and driving innovation (35 percent). Booz Allen also found that less than half of respondents indicated that the issues that keep CEOs awake at night are at the top of marketing's agenda.

Marketing Metrics

In spite of this non-alignment the study noted increasingly companies expect marketing to provide measurable outcomes, such as ROI. But current marketing metrics are not up to the task. Fifty-one percent of respondents said the difficulty in measuring performance is a key reason for pressure on the marketing department.

Competitive Pressure

Booz Allen found that increasing competition and the arrival of new products and ideas are the top two reasons for marketing's ascendancy, though there is substantial variation across industries. For instance, 79 percent of consumer packaged goods respondents felt that marketing is best positioned to orchestrate across corporate functions to create and promote new products and ideas. However, in the auto industry, just 44 percent of respondents felt that way. On the other hand 81 percent of respondents from the automotive sector cited fierce competition as the primary cause for marketing's emergence. BAH reported marketing is becoming increasingly important in industries where it has traditionally taken a back seat.

Five Keys to CMO Success

To foster a better alignment of CMO vision with CEO agenda, Booz Allen recommended five keys to success for successful CMOs and senior marketers:

- Clarifying roles. Know which of three potential CMO roles you will be expected to fulfill: Marketing Service Provider, Marketing Advisor, or Driver of Growth.
- Agreeing on expectations. It's vital to agree upon an expectations contract with the CEO and to not only do so from the beginning, but to continually check your progress against it.
- Developing organizational linkages. Develop organizational linkages at both the corporate and business unit levels and establish clear organizational structures and decision rights.
- Boosting marketing metrics: It's essential to drive the marketing capability agenda by renewing focus on capabilities such as ROI analytics and consumer insights and quickly make progress in areas such as innovation and ROI marketing that are key to the CEO agenda and critical to the ultimate success of the CMO.
- Taking risks and realizing rewards. Lastly, taking risks in pursuit of big ideas required that you sometimes have to be courageous. Without taking a risk you can't have a fundamental impact on a company's direction.

Booz Allen says the dynamic and rapidly evolving landscape demands that all marketers become more accountable, which is something CEOs have been living and breathing for years, during which they've been frustrated at the uncertainty of not knowing which half of their advertising dollar is wasted. To alleviate CEO concerns, CMOs and their marketing teams need to measure and convey their value in the same language and metrics their CEOs use.

More information on the Booz Allen Hamilton/Association of National Advertisers report, "Are CMOs Irrelevant?" can be found on www.boozallen.com or www.ana.net.

Council Announces New MPM Programs and Services

Moving quickly to follow-up on the success of the MPM Symposium at this year's annual Summit in Monterey and the high level of member interest in MPM, the CMO Council has rolled out a range of new MPM support programs and services.

The Council has created the MPM Insights Group to help council members and other technology firms develop MPM systems and capabilities. MPM Insights consultants led the development of the council's Marketing Performance Measurement initiative and were the authors of the groundbreaking, first-ever MPM Report, the definitive report on how companies should measure and quantify marketing performance. It can be purchased at www.cmocouncil.org.

The MPM Insights team will continue its primary research efforts and thought leadership in the area of MPM and will also conduct nine regional MPM Forums in the U.S. and Europe in the coming year.

The team will be available to help CMOs and senior marketers better understand the complexities of MPM, architect an MPM system, evaluate potential software platforms, and provide implementation assistance in rolling out an MPM program. Services include speaking engagements, workshops, MPM strategy and planning consultation, and MPM implementation consultation. MPM Insights will also assist solution providers to better understand customer needs and requirements for MPM. If you are interested in speaking to MPM Insights, please contact them at mpminsights@globalfluency.com.

The Council also has released a new webcast, "Marketing Performance Measurement: The New Strategic Imperative." The valuable and informative online video dialogue can be viewed on-demand and is aimed at giving technology marketers a better understanding of the challenges, drivers, and imperatives for deploying MPM systems inside their organizations.

Produced in cooperation with the leading on-demand webcast provider, Accela Communications and presented by Donovan Neale-May, Executive Director of the CMO Council, the 35-minute webcast discusses the fundamental change that is occurring at every level of the marketing function and how companies are approaching MPM as a strategic priority for demonstrating the business value of marketing spend.

The "Marketing Performance Measurement" webcast can be seen [here](#) and features key executives from leading MPM solution providers including You Mon Tsang, CMO at Biz360; Dave Laverty, SVP Global Marketing at Cognos; David Hirsch, Director of BtoB Vertical at Google; Carol Meyers, VP of Marketing at Unica; and, Brent Hieggelke, VP Marketing at WebTrends. There is also an interview with Bill Glazier, the editor-in-chief of the MPM Report.

From Every Tom, Dick, and Harry to Predictive Segmentation

Targeting every Tom, Dick, and Harry on your database is probably one of the most expensive decisions marketers make everyday. And yet, many of us marketers make it so regularly that it seems better to reach all the people some of the time than none of the people all of the time. It is fast becoming obvious, however, that with all the noise out there, simply reaching all the people means you may not be reaching any at all.

Are Tom, Dick and Harry on Your Radar?

If you believed the bigger your database, the better, you've probably ended up with many names that really had no intention to buy from you...ever. Furthermore, a database is almost organic. The farther the stem grows, the farther its surrounding ecosystem grows. As a result, more and more data is attached, tagged, or simply recorded on top and above the basic information you started with. I often wonder if the type of information collected in all the forms we fill-in really help marketers understand us better. What is the value of knowing my age if your products are not sold on that basis? What is the value of knowing what car I drive if that information does not help you increase your sales? As a consumer, I'd be willing to share personal information if I thought it would help you inform me about products I'm interested in. After all, I do not have enough time to shop around.

A simple clean-up using a tool that confirms the exact address will help, but that's still a big segment of ALL your customers and prospects. Starting to split your data along demographic or product lines will also help create more accurate, but still raw, segments.

Many companies are segmenting their customers based on their revenue or amount they buy, so nothing new there. This approach is useful but often product centric, and what happens if your customer is only buying once a year from you? There could be room to grow, but you won't be able to notice because they'll show right at the bottom of your self-defined value ladder. Segmentation has come a long way, but if I'm going to target Tom, Dick, and Harry, I better make sure that I've got the right Tom, Dick, and Harry.

Behavior: The Differentiator

There is one element of the segmentation equation that is often forgotten: behavior. Most companies would rather invest in market research to understand their customer better and yet quickly forget that they already accumulate huge amount of transactional data that, if used, could give them a deeper insight into their customer's minds. Market research data is useful, but often the person who is interviewed or analyzed will do two things. He or she will either tell you what you want to hear or tell you what makes them look good. This kind of behavior often bears no relationship with the actual "paying" behavior that consumers exercise. The concept of "voting with your feet," while an overly used cliché, states clearly that it is the consumer's behavior that counts, not what he or she says. You could interview a million people and find out that they will not buy your product or subscribe to your newsletter even though they claimed they would.

A consumer's word is only useful if backed-up by an actual transaction. Until then, it is only wishful thinking. Segmenting customers according to their existing and likely behavior is a powerful way to increase your revenue. There are two ways to look at it: Descriptive or historical behavior and predictive behavior.

Historical Behavior

Historical behavior focuses on understanding the past better using behavioral information that your organization captures. It is important to understand that there is a correlation between the simple act of paying for goods using your credit card repeatedly and the segment you belong to. In fact that simple act actually creates the segment that you will belong to. It paints a picture of

who you are and helps marketers cluster you, and fellow customers, into new segments that are a better reflection of what you need or desire. This is especially better than the traditional demographic grouping often based on our age, gender, or geographical location.

In a nutshell, data mining is the process of selecting, exploring, and modeling massive amounts of data to extract knowledge and uncover previously unknown patterns to improve decision making across your enterprise. To develop superior analytical depth, you need both the tools and know-how to leverage the power of decision trees, neural networks, auto-neural networks, memory-based reasoning, linear and logistic regression, clustering, associations, time series, and more in order to develop customer segments that are reflective of a person's behavior. You don't need to know the logic behind the tools but you need the knowledge to interpret the results and transfer that learning into measurable business terms.

Some of the most advanced organizations in that regard belong to the telecom and financials sectors where a contractual agreement and daily activities can be mined for patterns, behaviors, or profiles helping these organizations develop an accurate profile of our activities.

Predictive Behavior

Predicting the future is always a challenge. Many futurists have tried and few have truly succeeded, besides the occasional trend spotting. Thankfully, you do not need to be a seer to understand your future customer's behavior. All you need is to create predictive models, a rather high-end life form that mimics reality in order to extract forward-looking meaning. And here resides a fundamental precept of predictive behavior: If you measure it at one point in time to describe the future, all you know is what you get at that point in time. Nothing else. You need to be able to develop a moving goal where your point in the future is always pushed forward by updating your models daily with the latest data.

Mind you, it is not just about the technology behind the analytics. It's also about the access to the necessary data, the correct statistical models that can be matched against each other to ensure the highest level of confidence one can afford, the spreading of the knowledge to the right people in a timely manner, etc. The depth of your forward understanding is directly proportional to the depth of your data, as well as the quality. The further back you can go, the better your predictive capabilities will be.

So, if you are seriously considering doing predictive analytics, you need to take a good look at your data's relevance and quality. Another interesting side effect of predicting your customer's behavior in the near future is that it will impact your behavior today and in turn, it will impact the future when the latter becomes the present. In other words, if you know the future today and act on it, you will change this future. Just keep in mind that what you are trying to do is make more money by understanding your customer better.

As a note of caution, statistical models never truly represent the world 100 percent. As the saying goes, the map is not the territory. It is an instrument with a 95 percent degree of accuracy, ideally, that can help you make a wiser decision most of the time.

The Human Factor: Do You Have a Statistician on Your Marketing Team? Do You Need One?

The true value of predictive segmentation resides in the person or team that will both create and use the information to enhance its competitive position. I do not know how many marketers have an understanding of statistics, but I do know that if marketers do not start to look at analytics, their replacement will. You need to make sure that you have someone with the right analytical skills and tools to make sense of the data you collect and transfer that knowledge in marketing terms that your team can use.

It is important to realize that no form of segmentation will be useful if no one uses it. It is more relevant to have a fairly accurate segment that is used and tested rather than a perfect segment based on statistical modeling that no one uses.

Better Marketing Through Accurate Segmentation: Be Prepared to Challenge Your Assumptions

Understanding customers is more important than ever in today's competitive economy, where declining customer loyalty and high customer turnover continue to erode profit margins. However, implementing an effective segmentation strategy is a serious challenge since it is often difficult to make sense of the large volume of customer data that exists throughout the enterprise. Many companies also lack the ability to track changes in customer segments - such as changes in life stage or overall buying habits - leaving no way to evaluate the long-term success of their marketing efforts. Without accurate, verifiable segmentation of customers with respect to value, strategic decision makers cannot get the information they need to evaluate and execute strategies for improving customer profitability or to gauge the efficiency of marketing campaigns.

Developing deep segmentation goes beyond the use of demographic or geographic data. It includes using attitudinal and behavioral data available from across the enterprise or department to develop highly accurate segments based on relevant industry-specific variables, including current and future profitability. You should, however, start small to ensure that the solution actually matches your requirements.

This deeper understanding often challenges our misconceptions of who the customer is, his/her desires, his/her needs, etc. Once you agree with this new found knowledge, many benefits can be derived. In fact, for those who use data mining effectively, the payoffs can be huge.

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Managing Your Demand Chain: De-Fragment Your Touchpoints

This article is the third in a series of five articles by Mark Walton, Managing Partner at the consulting firm DemandEdge.

In the second of this series of five articles, we took a look at the value of thinking “demand chain” and how you need to integrate your partners into everything you do. In this third article, we’ll take a deeper look at how your demand chain is managed, from your customer touchpoints back to you.

When your goal is to create and convert demand for your products or services, you know that target customers may use several touchpoints to get more information as they go through your sales funnel. For example, if you are advertising a network storage device that you sell through VARs, your target customers can respond by calling your call center, requesting fax back information, visiting the local VAR’s Web site or yours or in any other way you make available to them.

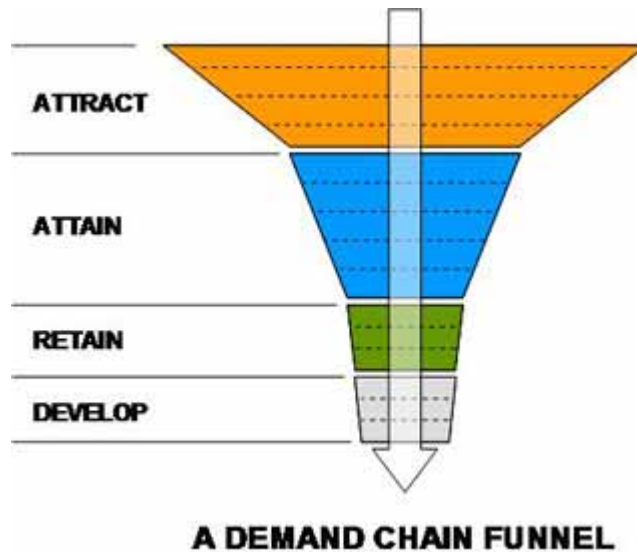
So, if you want to manage your demand chain efficiently and effectively, you need to fully understand what all of your customers’ touchpoints are and how they lead back to you. And, you need to fully understand how to integrate those touchpoints into all of your and your partners’ campaigns and tactics.

The Demand Chain Funnel

Let’s break that down into something more visual. Every campaign or tactic in a demand chain relates to - or should relate to - some step or steps in your demand chain funnel so that you know it is contributing in some way to the creation and conversion of demand for your products or services.

The key concept here is that a demand chain funnel goes beyond what most companies think of as a sales funnel to include all the marketing, service, and logistics activities in addition to the sales activities. The value of this approach is that it lets you think through how all tactics work together, sometimes across multiple steps in the funnel, to achieve the goal of selling more stuff to more customers. And, it eliminates one common limitation of the sales funnel, which is to think that the sales department alone is responsible for achieving the sales goal.

An important way to define a demand chain funnel is to think of it as consisting of four sections: 1) Attract, 2) Attain, 3) Retain and, 4) Develop - as shown in the following diagram:



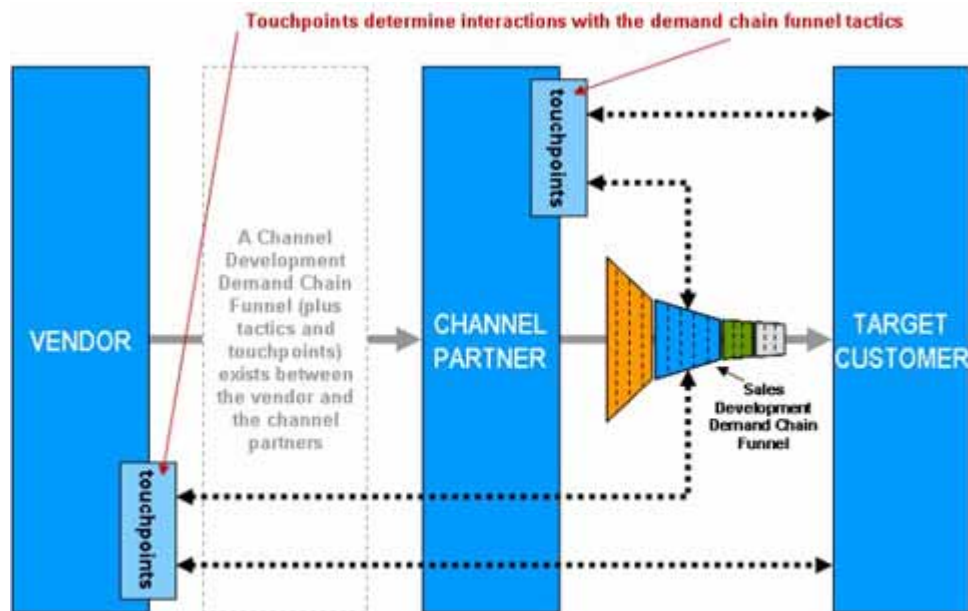
Each section can have one or many steps as follows:

- **Attract**
Commonly lumped under the label of awareness or lead generation, you often use many different types of tactics - advertising, public relations, events, direct marketing, etc. - to attract your target customers and begin to build your brand with them. Your brand is built across all tactics and all touchpoints. Whether you are selling routers with a direct sales force or a DVD player off a retail shelf, the goal is the same: to get your product on the short list of products a target customer is considering purchasing. You may achieve this in one step or it may take several steps, depending upon what you are selling and to whom and how measurable each step can be. For example, a generic no-name DVD player may achieve this goal simply by being on the shelf.
- **Attain**
This section of the demand chain funnel relates directly to the classic definition of a sales funnel. Leads or target customers who have you on their short list come in one end and sales are closed at the other end. Again, the number of steps depends on what you are selling and to whom. In a retail environment the steps might include evaluating your value proposition against competition, which a target customer does when they pick up two or three boxes, or talking to a sales associate, and getting consensus from key decision makers. In a direct selling environment the steps are typically better differentiated and take a lot more time. But your goal in the Attain section of the demand chain funnel is the same: you want to close a sale with some ever-increasing percentage of the target customers who come in as leads.
- **Retain**
This section of the demand chain funnel is all about not losing the sale once you've closed it. Again the steps and the tactics you use to drive your customers to a purchase decision will vary significantly from demand chain to demand chain. But once the purchase decision is made the goal remains the same: keep the sale closed. At retail the steps may include delivering the product, ensuring the product meets expectations, and beginning to build a personal relationship with the customer. In that case you'll focus on tactics such as ensuring inventory is available and the out-of-box-experience is excellent. With a larger direct enterprise sale, it may be all about installation, integration, and customization. But again, the goal remains the same: keep the sale closed and, ideally, eliminate the possibility of a return.
- **Develop**
Whether you use labels such as lifetime value or customer loyalty or any other, this

section of the sales funnel is all about getting your customer, once they've purchased something from you, to buy more. Whether your goal is to cross-sell or up-sell them, the bottom-line is to get more from someone who knows you, your brand, and has some preference for your products or services. Again, the steps and the tactics you use will vary according to your demand chain. The better job you do, the more revenue you can generate from your customers. And, if you do it badly, you will have little customer loyalty. Importantly, the next time they go looking for a product, similar to what you offer, you may not even be considered by them.

Back to Touchpoints

So how do demand chain funnels relate to touchpoints? In reality, the entire set of campaigns, programs, and tactics used in your demand chain funnel will use a variety of touchpoints. With products sold through channel partners, touchpoints will include your Web site, your partners' Web sites, call centers, sales people, customer service representatives, shelf-talkers, etc. Ideally, each touchpoint is capable of interacting with the target customer, consistently communicating the brand, and helping the target customer move to the next step in the demand chain funnel. The following diagram of a demand chain map illustrates how touchpoints relate to funnels:



A DEMAND CHAIN MAP INCLUDING FUNNELS AND TOUCHPOINTS

Ensuring that touchpoints are considered when demand chain funnel campaigns and tactics are developed is not difficult to accomplish. It just requires a plan - one that includes proper communication to the people whose job it is to manage those touchpoints. And, one that requires proper alignment of your campaigns to whichever segment of customers you are trying to sell at that point in time.

For example, if you want to sell more products to your SOHO segment you might be executing a campaign to increase sales through a specific office superstore chain. In that case, the tactics you use will fit into the Attract and Attain sections of your demand chain funnel. You may run online ads on SOHO-focused Web sites, and/or you may place an ad in your retailer's circular and on their Web site. You'd most likely get a detailer to ensure shelves are properly stocked and effective signage is in place. And, you'd make sure the right warehouses have enough inventory.

And that's where the touchpoints come into play. You need to have consistent communication of your campaign via your call center, Web site, email, etc. and your retailer, including their sales associates on the floor. If you do it all correctly, with everything aligned to the demographics and geographics of your target customers, you'll maximize your sales lift for that campaign.

Is it hard to do? Not with solid planning. Consumer firms such as Kraft and P&G have had this under control for years. They look at all the steps of their demand chain funnel and have a clear understanding of how their customers will respond - via a variety of touchpoints - to any campaign, which may include dozens of tactics.

Bottom-line, when you want to manage your demand chain as efficiently and effectively as possible, you have to break it down into manageable pieces. If you start by identifying customers' touchpoints with your channel partners, you can then develop a clear view of how those touchpoints interact with the campaigns and tactics you are executing across your demand chain funnels. That will help you do a much better job of aligning and synchronizing your marketing, sales, service, and logistics departments *and* your channel partners.

Of course, IT systems can help you automate some of that, and that is what we'll discuss in the next article in this series.

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The Irrelevance of Marketing

As the market comes back to life, the IT landscape has changed forever and marketing has failed to adapt. The irrelevance of marketing has snuck up on us. Enterprise technology companies face a completely different IT buying climate. As a result, the old way of marketing has become ineffective and no longer works with today's buyers. A new model is being called forth that creates executable strategies that bring clear differentiation and a breath of new life to our products and solutions.

Buyers Are No Longer Drinking the Kool-Aid

Brand awareness has become brand annoyance. The old model of mass broadcasting "geek-speak" and product-laden messages that take 20-slides and a market analyst to interpret, is a ridiculously expensive and ineffective way to form relationships with our buyers. Have any of those uninspired messages describing our solutions as "flexible, collaborative, and scalable" really brought any of our products to life or inspired our customers to get up off their chair and take action? A glazed look has set in with our buyers. They are not drinking the Kool-Aid anymore!

Marketing Must Adjust to the New Buying Climate

Today, enterprise technology companies are selling and marketing to customers that are experienced, savvy technology buyers that have been through multiple technology evaluations. Our customers are more risk-adverse and a new pragmatism and skepticism has set in. We are no longer in control. They are telling us how they want to buy and now control the sales process. They are buying smaller chunks of technology and demanding quick ROI. LOB owners now ride shotgun and top executives are involved more than ever in technology decisions. Lots of vendors are chasing too few projects and many software companies are finding themselves forced to "steal" budget from other IT projects. However, enterprise technology marketing remains stuck in the success of the past.

A New Mandate

What is being called for in this new era is a new mandate for marketing. A fresh wind is in the air and we are at the dawn of the next era. Our customers and the market have changed forever, and marketing must respond accordingly.

What is building strong, differentiated positions and accelerating traction in today's market is a strategy that shifts the fundamental marketing focus from a product-centric, general availability model to a sales stimulus model.

It's no longer all about the product and its cool IP, but a marketing strategy that places the company and its solution in the context of a business issue or problem. Companies become the provocative, informed source of information and solutions for this problem. The most effective marketing today articulates what the company or product does in terms of the problem they solve. a problem your target buyer deeply cares about.

The conversation shifts from the old model of "announcing release 1.5 with our flexible, scalable, network, on-demand, infrastructure" to a new model that announces an infrastructure solution that solves the fundamental problem of manufacturing lead times, customer returns, or security audits with these compelling features.

Four New Rules of the Game

The institution of this new model requires the adoption of four new rules. These rules are building strong, sustainable, and differentiated positions for technology companies, accelerating traction, and taking companies to their next level of revenues and valuation.

- **Rule One: Own a Corner of the Room**
Technology companies that market effectively “own a corner of the room” in their market category. The purpose of this strategy is to create a clear distinction for buyers between your products and the competing products in the category. In most technology markets, buyers have difficulty determining the difference between products. As a result, they will choose the brand name vendor or won’t make a buying decision - a disastrous result for all companies except the market leader.
Defining a corner in the market requires taking a stand as a solution for a specific strategic business problem, broken process, or challenge facing the target buyer. And, simultaneously, “boxing” the competition into other corners of the market category by characterizing their products as solutions to a different problem, yesterday’s problem, or a tactical problem.
- **Rule Two: Find the Funded Initiative**
However, it’s not enough in today’s IT climate to simply “own” a problem. Your product must be connected to a funded initiative in order to collapse sales cycles and accelerate traction. Many vendors are chasing fewer IT projects. Consequently, even for products that solve an easily identifiable business problem, sales cycles are elongated if a buyer must “steal” budget to fund your product. Effective positioning of products in today’s market must not only identify the specific problem, but be connected to a funded initiative.
- **Rule Three: Who is your “Mary”?**
Winning marketing strategists know their “Mary” or the profile of their target buyer and exclusively focus their positioning and marketing campaigns to this buyer. Most enterprise technology companies make the fatal mistake of believing the entire available market is the target market for their products. They waste a lot of time and money on a good portion of the market that will never buy from their company and the portion of the available market that will not buy their product today. Good marketing strategists craft their messages and campaigns on the singular segment of the market that will buy today and speak to the motivations, aspirations, and problems of these buyers.
- **Rule Four: Companies are Stories**
Successful marketing strategists engage their buyers by moving away from feature/function, “geek-speak” messages and bring their products alive by communicating through stories, metaphors, and analogies. Stories are much more engaging and a more effective way to articulate the value of solutions. In this model, a positioning story becomes the foundation of messaging. Stories need to answer three questions for buyers:
 1. Is this product for me?
 2. Why should I care?
 3. Why should I buy your product, now?

Compelling stories also speak to the aspirations of our buyers. Every technology company today has the logical conversation nailed: ROI, operational efficiency numbers, squeeze out costs numbers, the business value in terms of numbers, logic, and reason. But this story is no longer enough. It’s the status quo and just enough to get in the game. Differentiated positioning strategies not only communicate business value and benefit delivered by the cold, hard facts, but also speak to the emotional aspirations of their buyer and give them that!

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The Download

IT Marketing and the CIO: Tips from Top Customers

Successful IT marketing requires a coordination of knowledge and resources to build relationships with the decision makers who select vendors. To gauge chief information officers' opinions on effective IT marketing practices, Ziff-Davis sponsored a roundtable panel discussion at the Pebble Beach Ziff Davis Media Summit in September 2004 with CIOs representing a range of sectors that purchase IT products and services. Panelists were George Muller from Imperial Sugar, Steve Anderson from Roxio, and Bill Schlough from the San Francisco Giants, moderated by Ziff-Davis' Aaron Goldberg.

Key findings of the roundtable point to the importance of effective marketing communications and relationship development.

- **The CIO is Central to the Decision Process**
The CIO is a critical player in the decision making process when an organization undertakes IT initiatives. CIO panelists agree that whether on an ad hoc basis throughout the year or during the budget planning process, they are the point people for approving projects. This finding is validated by other Ziff-Davis CIO panels, which cite initiative coordination as a critical function of the chief information officer.
- **Key Staff Impact the Decision**
Include key staff in marketing efforts. CIOs delegate fundamental aspects of projects to managers and directors, including recommending vendors, selecting technology, and choosing standards.
- **CIOs Honor Professional Codes of Respect**
While CIOs don't mind, and at times even encourage marketers to speak to CFOs, CEOs and other high-level stake holders in the organization, they want to be a part of the conversation. Most CIOs say their C-level peers look out for their interests when vendors try to do an "end run" around them.
- **Advertising and Marketing Pays Off**
CIOs believe that a vendor's investment in advertising and marketing is a measure of their stability and commitment to the product or service. This is especially true for large vendors with broad product lines. Marketing communication ranks as high as existing relationships in factors CIOs consider when selecting a vendor. Advertising and editorial content that focus on benefits improve the likelihood that a CIO will consider using that product or service. Panelists also noted that companies who are "top of mind" have an advantage.
- **Spam, Voice Mail, and Un-requested Communication are Ignored**
Marketing via Spam, voice mail and un-requested, personally-oriented communication is ignored by CIOs. Furthermore, vendors identified with these techniques are unlikely to be invited to submit a bid.
- **Information from Objective Sources is Well Received**
While Spam and unsolicited calls are not welcomed by CIOs, information from independent sources is well received. Panelists said they appreciate emails from analyst firms such as Gartner as well as other communications from Webinars. CIOs welcome opportunities to learn about a product or service through an objective source, especially when they are gathering information about vendors. At this point, they want to collect information without being "sold to."
- **Improve Content to Make a Strong First Impression**
When IT initiates a project, they begin by researching the vendors under consideration. Third party information as well as content from each vendor's website, marketing materials, Webinar playbacks, and summaries of face-to-face roundtables support this effort. The panelists agree that the IT industry, overall, needs clear, concise content that describes the solutions vendors bring to situations.

- **References Count**

When CIOs talk about opinions they value the most, they name their peer CIOs. Marketers should cite key references -- such as featuring customers in a CIO Roundtable - to provide a valuable endorsement. Case studies are also a reference that tells potential customers how a product or service will work successfully for their business.

- **Wanted: Well-Trained Sales Teams**

IT sales reps that effectively demonstrate how a product or service works for a specific situation are welcomed by CIOs. Panelists want sales reps to have the training and background to present solutions that meet specific needs. Providing sales with more knowledge, relevant examples, and case studies will round out the marketing equation. The panelists also noted that they would respond more positively to organized sales structures; too often they receive multiple sales calls from larger companies for overlapping initiatives.

Online Research Drives Offline Spending

Online product research by consumers this past year was responsible for driving \$180.7 billion in offline spending, compared to \$106.5 billion in direct online consumer spending, according to The American Interactive Consumer Survey conducted by The Dieringer Research Group.

The new annual spending data indicate that at least \$1.70 is spent offline after doing online research for every consumer dollar spent directly online. In reality, the offline spending impact is far greater because many consumers also go online to research financial and insurance products that are not reflected in the retail spending total.

According to the new research, nearly 15 percent of total U.S. retail spending (excluding gasoline, food services and inventories) is currently influenced altogether by the Internet, a much higher ratio than is commonly cited. The study also found that Internet-influenced offline spending is now growing faster than direct online spending. Internet-influenced offline sales grew 31 percent last year and direct online sales grew 14 percent, while total U.S. retail spending grew only 5 percent during the comparable period.

The report said the data confirm that the Internet's role as a consumer product information utility is much larger than its role as a direct selling medium.