



## September 2005 Issue

This month's lineup is chock full of news you can use: MarketingSherpa's Anne Holland makes the case *against* email in "Lead Nurturing"; Gal Borenstein makes timely suggestions for IT solutions in the wake of Katrina and Rita; a revealing IT brand study from Wunderman; from CMO Council partner Google, a white paper illuminates the power of search engine marketing; and more.

### [Editor's Cut](#)

With the summer coming to an end...

### [Lead Nurturing: Why Marketers Should Stop Relying on House List Email in 2006](#)

For the past couple of years, business-to-business marketing budgets have been focused almost solely on lead generation...

### [Today's Global, 24/7 Business Landscape to Spark On Demand Dialogues at CMO Council Summit](#)

Who's who of tech marketers to speak on critical issues of real-time visibility, customer requirements and insights, marketing spend, business outcomes and more...

### [Fed Focus: Hurricanes Could Be the Green Light for IT Solutions Beyond Homeland Security & Financial Management](#)

Recent hurricanes Katrina and Rita have exposed more than logistical problems...

### [From \*The Economist\*: Technology's Mr. Predictable](#)

As technology executives go, Michael Dell is not, you might say, as colourful...

### [Get to Know: Lauren Flaherty, VP of On Demand Marketing at IBM](#)

In her 25 years at IBM, Lauren Flaherty has worked in marketing for virtually every business unit...

### [Channel Chat: Helping Partners Accelerate Sales Cycles](#)

Helping your partners accelerate their sales cycles takes a clear understanding of how they deal with their end customers' needs..

### [From Google: Download the Whitepaper](#)

Understand how search engine advertising can fit into your overall marketing mix...

### [B-to-B IT Brand Study Reveals Dissatisfaction, Low Trust for IT Suppliers](#)

Information technology companies are losing big in the battle for trust and customer goodwill from corporate America...

### [From eMarketer: Open and Shut Mystery](#)

The e-mail marketing open rate declined to a new low...

### **The Download**

The idea of building a truly customer-focused business, or "customer-centricity" as it's often called, has received considerable attention...

## Editor's Cut



With the summer coming to an end, it's time to get back to work—not that we've had much time for rest and relaxation in the last few months.

For us, the end of summer means focusing our full attention on the CMO Council's flagship event, CMO Summit 2005, to be held Oct. 27-28 in Monterey, Calif. This year the Summit features a hugely relevant theme, *Delivering On-Demand™*, a top-flight group of name brand presenters—including keynotes by Visa USA CEO Carl Pascarella and Dell's VP of Global Branding, Shawn Dennis—plus more interactivity than Halo 2. Check out the details in the article below. Last year over 200 marketers attended

the Summit, and this year we hope to make or break the 300 mark. To register, go to:

<http://www.cmosummit.org/register.asp?user=new>.

In keeping with On Demand, one of this year's Summit presenters is Lauren Flaherty, VP of On Demand Marketing at IBM. In speaking with Lauren, I discovered she plays a very interesting marketing role at Big Blue, a major part of it is tracking their customers' success in implementation of IBM's On Demand solutions. You could say that Lauren runs her own analytics company within IBM. You can read more about her in the "Get to Know" Q&A.

The summer's end also marks the release of a Council survey report, "Define What's Valued Online," which explores online technology content usage and its influence on IT buying. The report's results are valuable, because while it shows that IT researchers readily embrace free downloadable vendor white papers, case studies, product brochures, etc., they have some beefs with what's in that content and how it's presented. If you haven't been giving this content much attention, you will after reading this report. To download it, [click here](#).

Other CMO Council studies are chugging along. "Renovate to Innovate: Building Performance-Driven Marketing Organizations," is in the home stretch, with the results to be presented at the Summit by Jan Soderstrom, CMO Council Advisory Board Chair and leader of the Renovate task force. From marketers' comments in qualitative interviews and the data collected so far from the quantitative audit, this promises to be a hard-hitting study. If you haven't taken the survey, please do so at <http://www.surveymonkey.com/s.asp?u=722051240059>.

We encourage you to go to our site and check out other CMO Council programs in formation or already underway. Your involvement is important.

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## Lead Nurturing: Why Marketers Should Stop Relying on House List Email in 2006

For the past couple of years, business-to-business marketing budgets have been focused almost solely on lead generation in many organizations. This fall, as so many CMOs enter their budgetary process for 2006, I'd like to issue a call for dramatic realignment.

MarketingSherpa research, based on Case Study interviews with hundreds of marketers and fielded survey responses from thousands of marketers, indicates marketers' projected 2006 budget increases are often mainly for new lead generation outreach tactics.

However, typically only 10-15% of sales leads generated by a business-to-business marketing department are truly "sales ready" at the moment the leads come in. Another 15-20% are completely unqualified.

Our main concern for 2006 is: what happens to the remaining 70% of leads in the gray area?

These are leads which are qualified to buy ... someday. Sadly, sales cycles are lengthening in many industries. On average, that "someday" has stretched out from under six months in 2004, to more than six months (and sometimes more than a year) in 2005.

Naturally, field sales are less interested in those 70% of "someday-leads" now more than ever. Long-term lead nurturing isn't a priority in their world of tough monthly and quarterly sales goals.

So, increasingly the nurturing role has come under the wing of marketing. Except for initial telemarketing campaigns to qualify and rate leads, email newsletters and offer alerts have become the central (and sometimes the only) part of marketers' lead nurturing programs. To that end, 40% of surveyed CMOs told MarketingSherpa they plan to increase house email budgets significantly for 2006.

Unfortunately, that increasing lead nurturing budget is still a tiny slice of the overall pie. In the 80/20 world, 80% of spent on generating leads and growing brand buzz, 20% on nurturing the house prospect database. While we don't recommend this be flipped, a ratio of 60/40 might lead to far higher ROI.

While the sales team may demand "more leads" and CEOs may expect marketing to report success primarily by way of total leads generated, the organization's overarching goal is more leads that close.

If you can show you've increased house lead ROI, and incidentally prove more marketing "touches" during the sales cycle assisted in closing more sales, marketing becomes a hero again ... instead of a cost center. Then, the key marketing metric in 2006 won't be cost per lead. 2006 will be about lead ROI.

Our top recommendation in this regard is to *stop* relying on email as the main or solitary method of communication with your house list. Email absolutely works for some of your prospects, and email is notably cost effective. However, don't let these successes blind you to email's inherent flaws:

### **Flaw #1. Email isn't always delivered.**

Roughly 40% of broadcast email sent to an at-work address is not delivered, due to corporate and personal filters. (This is double the rate of B-to-C email addresses.) Typical delivery reports

do not reveal the true extent of non-delivery because they only report on messages bounced, versus messages filtered.

If you rely on email as your main communication channel to your house database, you are almost certainly guaranteed to be not reaching roughly 40% of names mailed.

**Flaw #2. Email is not every prospect's chosen communication medium.**

As you know from personal experience, some people will read and respond eagerly to email. However, many executives prefer phone, or printed memo, or a meeting. Some will never respond to email at all.

The rush to embrace email was driven initially by cost efficiencies. While email is the most effective channel to reach some of the people some of the time, it's never been the most effective medium to reach all the people all the time.

**Flaw #3. Email is virtual.**

For quick notes, offers, and news, email is a great medium. For building a warm, lasting relationship, you must engage other senses. The sound of a human voice, the touch of a human hand, a direct eye-to-eye glance ... these are all more profoundly engaging than a visual message in an already crowded in-box.

This gut-level relationship building is one of areas you rely on the field sales force to accomplish. But, you can't (nor should you) depend on field sales to handle this for those 70% of "someday" prospects. Instead, we strongly recommend using a wider range of media channels to touch these prospects.

For the human voice, consider investing in more business radio PR, podcasting, and trade show speeches. For the sense of touch, start sending physical mail again. That's right -- instead of white paper PDFs and email newsletters, send snail mail printed pieces to top prospects. For eye-to-eye encounters, change your trade show and road show focus from lead generation to lead nurturing. For example, instead of a bigger booth, invest in an intimate "best prospects-only" show brunch or dinner party. (To which, by the way, don't rely on email alone to invite people!)

Consider this: Your house list is the most valuable media you will ever market to. Your house list should be more responsive and more qualified than any other list, bar none. So, why not invest more in it than any other list?

This fall, as you plan the 2006 budget, why not give your marketing team a challenge? Ask each marketing director, marketing manager, and product manager, to include a newly expanded line item: lead nurturing outside the email box.

*Anne Holland is President of MarketingSherpa, a research firm publishing benchmark data and Case Studies for marketing, advertising and PR professionals. You can meet her in person at this fall's B-to-B Lead Generation Summit to be held in Boston and San Francisco. More information at <http://www.LeadGenSummit.com>.*

## Today's Global, 24/7 Business Landscape to Spark On Demand Dialogues at CMO Council Summit 2005

### Who's Who of Tech Marketers to Speak on Critical Issues of Real-Time Visibility, Customer Requirements and Insights, Marketing Spend, Business Outcomes and more.

A high-energy group of top marketers from name-brand companies will articulate the importance of efficient and accountable marketing systems and best practices at the [CMO Council Summit 2005](#), to be held October 27-28 in Monterey, California.

The CMO Summit is the premier networking and thought leadership event for the CMO Council, an organization of more than 1,500 senior marketing decision makers in the technology and telecom industries. CMO Council members control more than \$45 billion in combined annual marketing expenditures and represent most major global brands. The Summit is headline sponsored by Akamai, the global leader in distributed computing solutions and services, market intelligence specialist Biz360, and security and information integrity leader Symantec.

CMO Summit 2005, titled *Delivering On-Demand™*, will focus on the adoption and implementation of optimal marketing systems and practices to better serve channel and internal sales constituencies; further the delivery, availability and control of marketing content and digital assets; expedite go-to-market programs and streamline marketing processes; as well as introduce greater operational visibility, accountability and governance into the marketing organization. A variety of [topics](#) will be covered, headlined by some of the most respected [voices](#) in the marketing community. Highlights include:

- In "Building Performance-Driven Marketing Organizations," Lauren Flaherty, VP of On Demand Marketing at IBM, will spotlight her groups' move from product selling to problem solving, utilizing a metrics driven analytical process that comprehensively tracks the on demand successes of IBM's clients.
- Gary Elliott, VP of Brand Marketing at HP, will share his wealth of experience with measurement and spend allocation while managing numerous programs to promote multiple products in a global market in "Allocating and Adapting Spend to Address Market Dynamics."
- As current CMO of Symantec and formerly a top marketer at HP, Janice Chaffin will give insights into the challenges of customer engagements from both the B2C and B2B perspectives at two of the world's largest technology companies in "Enabling Strategic Customer Engagement and Value Selling."

Other CMO Summit 2005 [sessions](#) include:

- IT Partnerships that Scale the Value of Marketing
- Brand Integrity and Message Management in Global Markets
- Powering Channel and Field Effectiveness Online
- Pipeline Priming and Visibility from Contact to Closure
- Using Real-Time Marketing Intelligence to Improve Campaign Outcome
- Instituting Process Disciplines and Deliverables in Global Teams

These presentations will be preceded by the results of the important CMO Council thought leadership initiative, "Renovate to Innovate," presented by CMO Council chair Jan Soderstrom; and the keynote speeches by Carl Pascarella, CEO at Visa USA, and Shawn Dennis, VP of Global Branding at Dell.

CMO Summit 2005 will utilize wireless-based interactive systems to engage the audience and enable peer-level invention discussions around summit agenda topics, facilitated by Alliance Tech.

Content from these roundtable discussions will be captured in real time and posted on the CMO Summit Web site during the sessions.

Hospitality events at the CMO Summit will be underwritten by USA TODAY, Tech Confidential/The Deal.com, and Red Envelope. Interactive technology and multimedia presentation services will be provisioned by Alliance Tech, Cornerstone Technologies, Envision Media, and Alliant Event Services. For more information on 2005 CMO Summit sponsorship download: [http://www.cmosummit.org/PDF/CMOSummit\\_Sponsorship.pdf](http://www.cmosummit.org/PDF/CMOSummit_Sponsorship.pdf).

## Fed Focus: Hurricanes Katrina, Rita Could Be the Green Light for IT Solutions Beyond Homeland Security & Financial Management

By Gal Borenstein



Recent hurricanes Katrina and Rita have exposed more than logistical problems in coordinating relief efforts by our Federal Government. In fact, it has exposed a pivotal opportunity for the business community to provide thought leadership and true support to federal agencies that are struggling with the ever increasing need to connect the dots.

Driven by compliance and burdened by procurement regulations and congressional oversight, the traditional federal agency, not just FEMA, could become a promising audience for technology leaders who can identify, teach, nurture and develop the strategic management skill sets that are required to deal with large-scale logistical-operational-managerial efforts. Sadly, like most laws, no one puts up a traffic light or stop sign until somebody dies in a car accident.

The 'Katrina Car Accident' has exposed the need for federal agencies to implement the following technology applications.

- **First Responder Executive Dashboarding** . Most current marketers are focused on implementing financial-oriented dashboards for more visible accountability for the financial managers. This has become a governmental priority during the Bush administration and part of the presidential management agenda (PMA). But what about dashboards for people who make decisions that lives depend upon? What about dashboards for managers that control the supply-chain of welfare? The decision support application is staring us in the face. Limiting our collective imagination of "Homeland Security" to "Fire/Rescue/Recovery" is truly underestimating the need for federal agencies to think like an efficient CEO.
- **Business Intelligence (BI) Applications** . How meaningful is the data that is being collected and reported to the current 'dashboard'? Government agencies are so decentralized that the Hub and Spoke do not share the same information in an efficient manner. It is common knowledge that in many agencies, the mothership runs a sophisticated Oracle/Peoplesoft/SAP type solution, but the field offices are still running on Excel. As a result, the BI that federal managers have access to in the field is limited, or limiting at best. Savvy technology marketers are reviewing the structures of these agencies and are pondering the best solutions to offer them.
- **Wireless Telecommunications Networks** . A federal agency that relied on the traditional ways and means of communications has exposed the need to seek and implement alternative data communications choices. In 2005, Katrina showed that cell phones could not save the day. Information was not readily available. And there was no backup. New wireless telecommunications networks could potentially provide federal agencies with a backup plan, especially in rural areas.

I am suggesting that just as 9/11 has exposed the need for government to increase information security and collaboration between different agencies, we should look at this seminal storm season as an opportunity to help federal agencies use technologies and thought processes that have been used for years in private sector.

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*marketing, advertising, public relations, and strategic planning in the business communications arena. Mr. Borenstein is in charge of setting the vision for the growth of the agency in niche markets such as telecommunications, information technology, financial services, and government. For more information visit [www.borenstein-online.com](http://www.borenstein-online.com).*

## **From the Economist: Technology's Mr. Predictable**

### **Michael Dell's money-making machine has further scope for growth**

As technology executives go, Michael Dell is not, you might say, as colourful as some of his peers. Larry Ellison of Oracle has his huge new yacht and his fighter jet; Jeff Bezos of Amazon is funding a space-rocket start-up; Bill Gates of Microsoft has his enormous, high-tech house and a penchant for Leonardo manuscripts; Steve Jobs of Apple somehow combines counter-cultural cool with business smarts and a second job as a movie mogul. What about Mr Dell? He has four kids, a wife and three dogs, he shrugs. And no, he does not invest in rockets. His company, the world's largest maker of personal computers, is fashioned in Mr Dell's own forthright, no-nonsense image. It does not make sexy products—but, thanks to its straightforward direct-sales model, its brutally efficient lean-manufacturing approach and its unrivalled expertise in logistics and supply-chain management, it does make an enormous amount of money.

The way Dell makes and sells PCs is, in fact, the antithesis of the way Apple makes and sells its iPod music-players, which are arguably the sexiest technological devices around at the moment. Dell's PCs are based on industry-standard technologies. They are sold direct, through Dell's website. And the company's efficiency allows it to offer low prices, squeezing out less competitive rivals while still making a profit. The iPod, by contrast, is based on proprietary standards, is sold through Apple's glitzy chain of retail stores, and is priced at a premium to rival players. This week Dell launched a new music-player, the DJ Ditty (yes, really), as a challenge to Apple. As you would expect, it is cheap, powerful, but not terribly exciting. "Tape-backup drives are a far bigger business for us, or LCD projectors," says Mr Dell. Such products, along with storage-area networks, servers and other bits of corporate-computing gear—only 15% of Dell's sales are to consumers—may not be as glamorous, but are far more lucrative.

Dell's ability to churn out profits in a predictable and reliable manner has made it a favourite among investors. Look at the last ten years of sales data in the firm's 15 biggest markets—a total of 150 data points—and you will find that it increased its market share in 144 cases, says Mr Dell. That is strong evidence, he says, that his firm's business model "works everywhere, in a multitude of market conditions".

But might the Dell machine be in danger of running out of steam? Last month, Dell announced that, despite record earnings, its second-quarter sales had grown by a mere 14.7%, rather than the 16-18% it had forecast, and that sales in the current quarter would also be slightly lower than expected. Its share price immediately fell by nearly 10%, and has since declined further.

The case against Dell was made most strongly by Laura Conigliaro, an analyst at Goldman Sachs, who downgraded Dell from "outperform" to "neutral" in a report entitled "A Miss With Much Wider Implications". Dell is unlikely to return to reliable double-digit revenue growth in future, she argues. It faces increasing competition from Asian vendors such as Acer and Lenovo, and a widening gap between unit growth and revenue growth. And it is a far less nimble company than it used to be. "The company has now come up short of revenue expectations four quarters in a row, with each quarter's miss caused by a different combination of market conditions and execution miscues," she wrote. In short, Dell is a victim of its own success: its scale means it is running out of room for growth, cannot respond quickly to changing market conditions, and no longer deserves to be valued at a premium to its rivals. Really?

### **Room for growth, outside America**

Mr Dell says he has heard all this before, "maybe ten thousand or twenty thousand times". Back in the 1990s, he recalls, critics claimed there were limits to the firm's direct-sales model, and suggested that Dell would never be able to make laptops or servers. "People say the sky has

fallen, that it's the beginning of the end," he says. "I don't agree. There are lots of markets with room to grow." This week Kevin Rollins, who took over from Mr Dell as chief executive officer in 2004, said the company hopes to double or even triple its market share in Europe, which is around 13%, compared with 32% in America. Sales in the Netherlands, for example, are growing by 40% a year.

Dell's worldwide market share of around 19% means there is also room for growth in other regions, notably Asia. But won't low-cost Asian vendors be difficult for Dell to elbow aside? No, says Mr Dell. The firm is, in effect, an Asian vendor itself, with factories in China and Malaysia. Dell is more efficient than Lenovo, he says, and more profitable, thanks to its direct-sales model. Other growth areas are printers, storage systems and services. In printing, profit margins are unusually high, notes Mr Dell. "We'll fix that," he says, just as the company did when it undercut the high-margin incumbents in the server business. Dell's services arm, meanwhile, which installs and manages computers for large companies, now represents 10% of its business, and is growing twice as fast as its PC division.

What of the charge that Dell's size means it is less responsive to shifts in demand? Mr Dell makes a point of making regular visits to the company's call-centres—and even takes a few calls himself—to make sure that he still understands consumer demand. On one of these visits, the deluge of calls received convinced him that the company had gone too far in slashing the prices of its consumer PCs—a move that had compensated for slowing demand from the American government, but hurt the firm's margins. Mr Dell enjoys his spells in the call-centre—they are, he says with relish, "lots of fun".

Evidently Mr Dell's idea of fun is different from that of his peers, with their yachts, planes and spaceships. Like his firm, he is predictable rather than glamorous. But that is the way investors like it, and he intends to keep things that way.

*Originally published in the The Economist print edition, September 22, 2005.*

## Get to Know: Lauren Flaherty, VP of On-Demand Business Marketing at IBM



In her 25 years at IBM, Lauren Flaherty has worked in marketing for virtually every business unit, starting in communications, PR, marcom activities and eventually advertising, which she focused on for 10 years. Flaherty, who will be a presenter at the CMO Council Summit 2005 next month, recently spoke with Marketing Magnified about her current position as VP of On Demand Business marketing, a kind of “Special Ops” unit at IBM.

**Marketing Magnified: Your current position sounds very interesting—tell us about it.**

Lauren Flaherty: As you know, the “On Demand Business” strategy is overarching to the entire company. Our chairman, Sam Palmisano, has set up a small team of folks responsible for the sales and marketing aspects of on demand—one person focused on sales, while I’m focused on the marketing. I’m leading the on demand strategy horizontally across the company to make sure the value proposition comes alive through the totality of what we do in all of our marketing efforts.

**For many this could be a dream position. Is it for you?**

It’s a great experience, not only in marketing terms, but also in working within the corporate matrix of IBM. Everyone has a resource that you want to tap in to in terms of business strategy. The on demand group is specific to the company’s growth objectives, and it’s what we need to differentiate IBM in the marketplace. When the chairman needs folks to go cross-company and drive horizontal strategy, he’ll put people on point to do that, but it’s not the kind of job you’d do for more than a year.

**How has IBM’s marketing organization changed over the years?**

When I first joined IBM, which was right after college, marketing was structured very differently. You had multiple marketing units, about 15, that were entirely independent groups, each supported externally by their own full-service agencies. Now we’re down to seven business units and our marketing efforts are much more integrated and aligned.

Our marketing is changing in another way: Ten years ago, marketing was about rationalizing the marketing investments, ensuring that we had an appropriate agency structure, ensuring we had talent on the team that had professional capability. It was very focused on marketing as a function and as a community. What I’m seeing in the last two years is more of a mandate to broaden our marketing, or extend outward, in a different way. It’s less interesting today to talk about the metrics of a campaign than to demonstrate the value of what IBM can deliver to a client via a new business model. So the metrics we focus on are increasingly pointed at quantifying the value we’re delivering to our clients.

**Which brings us to an interesting component of the on demand group—tracking your clients successes.**

For the last year we’ve been tracking companies who have created on demand capability versus others who don’t have those capabilities. We’re creating a view of how these companies are performing financially. In this way we are giving both marketing and sales the tools they need to show clients that our value proposition leads to compelling business benefits. This strategy is a major shift.

**What is the biggest challenge with the new strategy?**

It's identifying what metrics are going to be most compelling to the client. When you're in a product-centric organization, the benefit is about the product--it's an inward metric. When you become more solution-based, all the metrics change. When it comes to solution selling, the value proposition you have to deliver is a very different kind of task. We're looking at how a client achieves greatest value by having a business process aligned with an on demand infrastructure; so a metric such as 'associated productivity with revenue gain' comes into play. In order to establish new metrics, we need to understand more about our clients' process requirements at an industry specific level. The PWC acquisition has brought a tremendous intelligence pool for this goal.

**What are your goals going into 2006?**

Customer satisfaction and the ability to demonstrate client impact; innovation in how we deliver value, and innovation in how we market; and generate revenue growth!

## Channel Chat: Helping Partners Accelerate Sales Cycles

By Toni Clayton Hine



Helping your partners accelerate their sales cycles takes a clear understanding of how they deal with their end customers' needs. It also involves knowing when, and when not to insert yourself into the sales process. Here are five questions that you should ask to assess your partner's sales performance, and five useful tips for helping them speed up their ability to close more deals that include more of your products.

- Does your partner Identify and prioritize the end customers most urgent requirements?
- Does your partner deliver incremental value to a business leader within 90 days?
- Does your partner create some leverageable asset, and then build upon that asset?
- Is your partner able to show his customers' measurable success?

If you answered "no" to any of the questions above, here are some suggestions for helping them accelerate their sales cycles.

### 1. Show Partners How to Sell Your Products as Part of a Total Solution

People respond most immediately to what they understand most easily. In the case of your partners who are selling solutions, work with them to define business benefits that relate to their end customers needs. Give your partners concrete examples of how their customers can increase revenues or decrease spending in specific areas using your technology or products. Show them how solutions that include your products help them get to market faster so they can sustain a competitive advantage.

Most likely one of the reasons you chose to partner with a solution provider firm is because they have a unique ability deliver a solid "solution." And you are probably aware that any given solution includes multiple products from multiple vendors. Therefore, you have to arm your partners with solid reasons to include your products in the mix. Your partner should be able to attach solutions to priorities before products are ever scoped.

Focusing on business outcomes and not (product) inputs gives your partner the opportunity to emphasize how results matter more than the actual tactics for getting them. Products exist only for the purpose of achieving an objective; solutions exist because they provide value, and that's what end customers are willing to pay for.

### 2. Give Them Tools for Communicating with Business Decision Makers

Make it easy for your partner to appeal to and speak the language of their end customer audiences. A business leader looks at ways he can leverage technology solutions across multiple business units. He measures output, not input—business results, not technology functions. On the other hand, a technology leader may be more concerned with how new technologies can integrate transparently into the organization without interfering with the everyday business operations.

Help your partners answer the question, "What's in it for the end customer?" by giving them a list of the types of questions they can use to determine what issues are driving a customer's purchasing decision. Does your partner know where the budgets are coming from and is he able

to spend time with people who can actually buy? When your partner understands the real requirements and measurements of the business decision maker, they can more accurately communicate how their solutions help them achieve their objectives.

### **3. Help Them Uncover Ways to Leverage Existing Technology Assets**

End customers feel better about spending when they can maximize the value and performance of previous technology investments. It validates ROI for earlier business purchases. For your solution provider partners, it can accelerate the adoption of new initiatives.

Provide your partners with tools that allow them to conduct assessments of their end-customers existing environment. Help your partner uncover ways to give end customers more from what they already have. By leveraging existing technology assets, your partner may be able to increase the attach rates to more some of your more profitable products.

### **4. Define Fast, Phased Implementations**

Twelve-month technology implementation cycles are rare these days, and for small businesses practically non-existent. By defining fast, phased product implementations you create a shared sense of urgency with your partner and you can help them accelerate time to revenue. Use time to define product scope so your partners can track measurable progress. While partners relate to the big picture, breaking down a project into manageable phases helps them gauge results. At each phase define specific and measurable functionality. Within the first 90 days their customers should be experiencing benefits.

### **5. Provide Measurable (and Measured) Business Benefits**

If a partner can hold you accountable for a success, it is likely that you have proved your value and together you can win future opportunities. Products should be matched with solutions that have a built-in mechanism that allows the end customer to understand improvements and measure them against his or her expectations.

- Help your partner define solutions according to countable business metrics.
- Between you and the partner, and their end customer's expectations, determine how progress and results will be measured—and who will do the measuring.
- Make sure your partners are equipped to stay integrated with the decision makers throughout the process.

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**From Google: Download the Whitepaper**

### **Demystifying Search Advertising in the Technology BtoB Space**

Understand how search engine advertising can fit into your overall marketing mix. Learn best practices that can help you achieve the best possible results. This paper highlights recent independent research by Millward Brown, commissioned by Google, with analysis of how business technology influencers are using search throughout the purchase process, and what messages and keywords are most likely to be clicked on. It also includes a case study that details how a technology company is finding success through strong campaign set-up.

To read the whitepaper, click on: [http://services.google.com/events/techb2b\\_wp](http://services.google.com/events/techb2b_wp)

**B-to-B IT Brand Study Reveals Dissatisfaction, Low Trust for IT Suppliers**  
**Research Shows IT Brands Have Long Way to Go to Improve Experiences with Customers**  
 By Barry Kessel

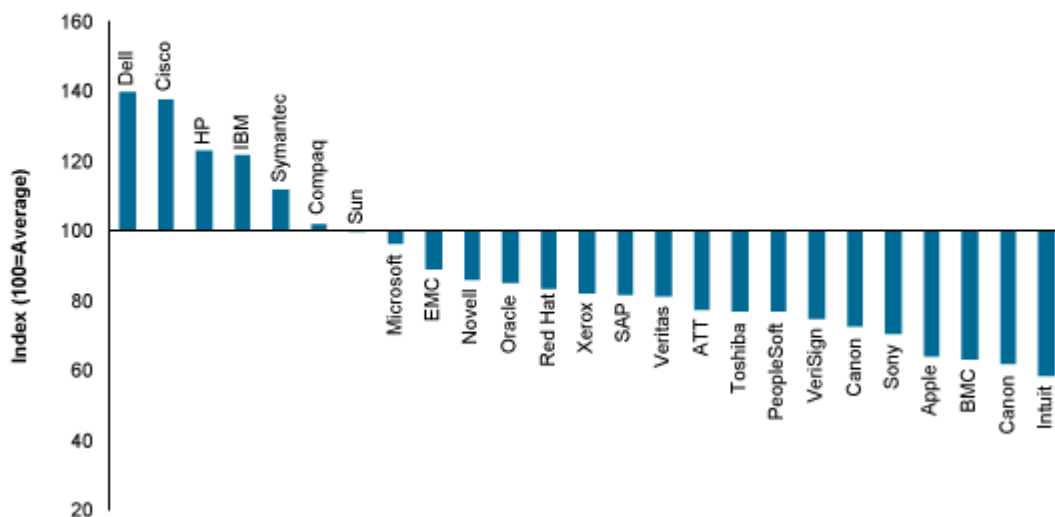
Information technology companies are losing big in the battle for trust and customer goodwill from corporate America, according to a survey of IT purchasers recently released by Wunderman. The results have implications for B-to-B technology marketers looking to understand how to improve their brand experience among IT buyers.

The survey results are part of the Wunderman Brand Experience/Scorecard®, which captures the brand experience that plays in the B-to-B consideration and purchase process. It analyzed more than 800 IT decision makers' experiences with virtually every IT supplier including HP, Microsoft, Dell, IBM, Sun, EMC, Oracle, Sybase, Symantec and SAP. Answers to a bank of questions were analyzed and grouped into categories, revealing four general areas of importance: Industry Leadership, Trusted Supplier, Service and Support, and Customer Centricity. The total results make up the complete "Brand Experience" ratings for each brand.

The number one insight from the survey is that IT decision makers are remarkably dissatisfied and unimpressed with IT providers in general. The results were based on real experiences that IT professionals had when dealing with these companies, not just their perceptions or attitudes about brands.

Despite low ratings in trustworthiness among IT brands in general, the survey shows that Dell beats Cisco in delivering the best overall experience. It also shows Cisco and Microsoft having much stronger industry leadership attributes compared to Dell, but Dell had the top overall rating for "service and support" among all of the IT brands.

**IT Brand Experience Score**



Other insights from the survey include the following:

- **The most important pillar of the brand experience is trust** . The survey found that “trust” was the most important pillar of brand experience among respondents, but overall performance in this area could be improved. The average trust score based on rankings of the top 50 IT suppliers was just over 50 out of 100 points.
- **IT suppliers have a long way to go to be perceived as “customer centric.”** Only one quarter of respondents rank IT supplier experience as customer centric. According to the responses, it seems old-line companies have a lot to learn from new-age, more customer-focused companies like Dell and Amazon.
- **Industry Leadership is important, but shouldn’t be the primary focus.** The survey showed that the perception of Industry Leadership of IT brands accounts for only about 15 percent of the total Brand Experience score. Innovation and industry foresight aren’t as important as attributes that determine “what you are doing for me today.”
- **Achieving sole sourcing is a hard sell, and it’s still an uphill battle to be preferred at all.** Only 1 in 5 customers singles out an IT supplier as preferred, and 4 in 10 rank their suppliers as one of several they’d buy from. It’s absolutely vital to break down the walls between buyer and seller, and provide customized products to meet customer needs.
- **You get what you believe in.** Decision makers who don’t believe in the value of IT as a driver of success are less satisfied with their experiences with IT suppliers than decision makers who do. In particular, they are less likely to feel the IT supplier is working with them to address their specific needs and help their business move forward. Marketers’ success at building deep relationships with customers who don’t believe in IT as a strategic asset will be limited. First you must convince them of IT value -- then work to convert them to loyal customers.

The study focused on senior IT decision makers in mid-market and large enterprise companies in a cross-section of private and public sectors in the United States only. The “pillars” of brand experience hold true across mid-sized and large enterprise firms, as well as across industry vertical markets.

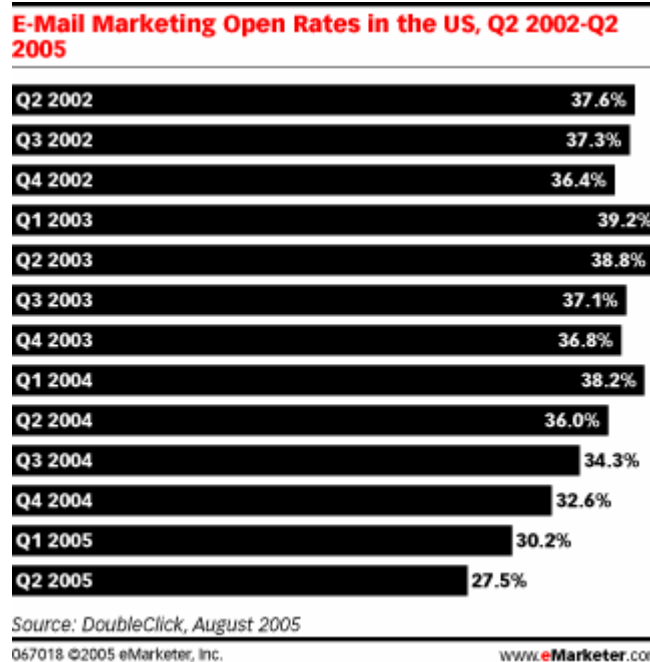
The low scores for many brands show there is much room for improvement among IT suppliers and their marketing partners. In addition, the survey shows there is money in improving the brand experience. Improved brand experiences result in more highly committed customers – those who exhibit stronger preference to the IT supplier. And commitment drives perceptions of value, which helps IT decision makers view the supplier’s offerings as being worth a premium.

*Barry Kessel is Chief Client Development Officer for Wunderman ([www.wunderman.com](http://www.wunderman.com)), one of the largest, most experienced customer-focused marketing communications companies in the world, with 78 offices in 36 countries. Wunderman’s focus is simple: acquire, keep and offer value to consumers in the most creative ways possible. Wunderman is part of Young & Rubicam Brands and a member of the WPP Group (NASDAQ: WPPGY).*

### From eMarketer: Open and Shut Mystery

DoubleClick's quarterly e-mail marketing report finds that while most e-mail marketing metrics are improving, open rates continue to decline.

The e-mail marketing open rate declined to a new low of 27.5% in the second quarter, according to DoubleClick's latest report on e-mail marketing. The slide occurred even though, by other measures such as bounce rates and click-to-purchase rates, the effectiveness of e-mail marketing is on the rise.



In its commentary on the latest data, DoubleClick suggests a number of factors are at play. DoubleClick calculates open rates by tracking how often a 1-pixel image embedded in the e-mail is accessed. Many e-mail programs now use image-blocking technology, meaning that messages may be opened but not counted as opened. But DoubleClick said this may not be a major factor, noting that e-mail addresses at AOL.com have shown no consistent decline in open rates, despite AOL's use of image blocking.

A second factor is the phenomenon of file aging. The longer names are on mailing lists, the less productive they become. Over time, the less productive e-mail addresses become a larger part of a marketer's list.

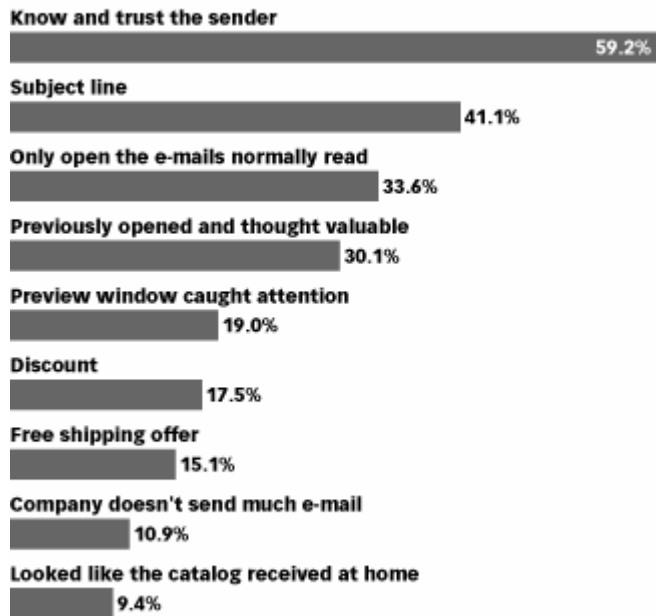
Finally, consumer behavior has been shifting. Users are checking their e-mail more often, and receiving more messages. As a result, they may be less likely to open each e-mail they receive, and more likely only to open those that are relevant at that moment.

A study by Return Path, an e-mail marketing services provider, suggests that e-mail users are more likely to open messages based on familiarity with the sender. Nearly 60% said that knowing and trusting the sender of an e-mail is a factor when deciding whether to open a message.

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**Factors that Influenced US Consumers' Choice of E-Mail to Open and Read during the Holiday Season, December 2004 (as a % of respondents)**

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*Note: n=723 consumers between the ages of 18 and 54; respondents could select more than one answer*  
*Source: Return Path, January 2005*

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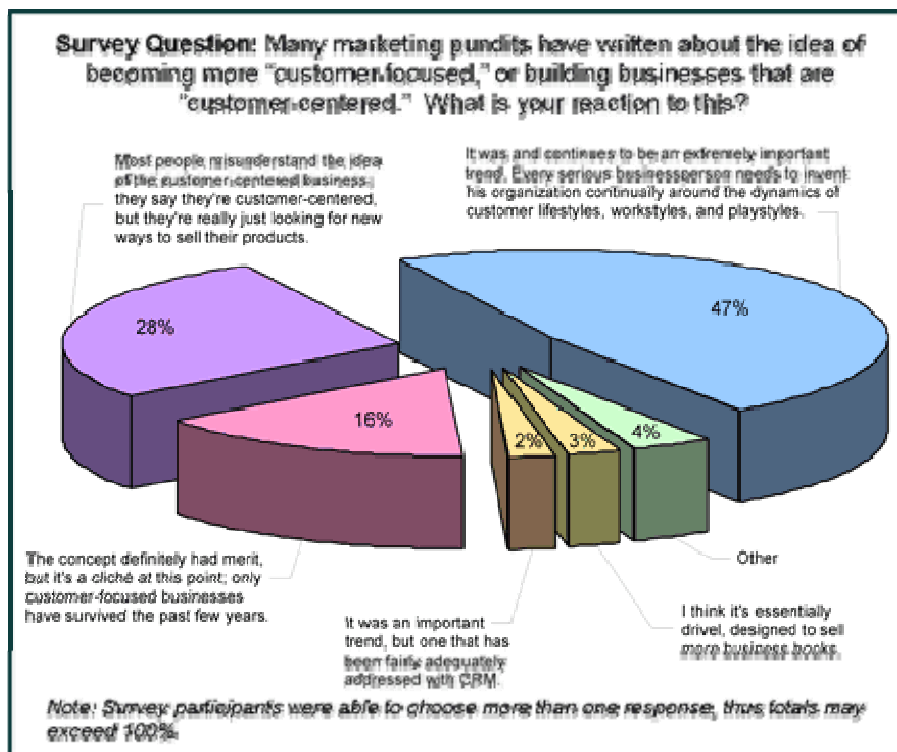
Need in-depth information and statistics on e-mail marketing? Purchase a copy of eMarketer's report, [E-Mail Marketing: How to Improve ROI](#).

## The Download: Seeing the World Through the Customer's Eyes

The idea of building a truly customer-focused business, or "customer-centricity" as it's often called, has received considerable attention over the past decade or so. But how many organizations have honestly rebuilt themselves to provide an all-inclusive and completely appealing customer experience?

Not too many, according to a survey of 135 marketers conducted by NOVO 1 in April 2005. NOVO 1 asked its online community of marketing professionals to complete a short, Web-based survey on the subject. Participating were representatives of Siemens, Merrill Lynch, IBM, Adobe Systems, Caterpillar, Penske Logistics and Lockheed Martin, as well as those of much smaller enterprises.

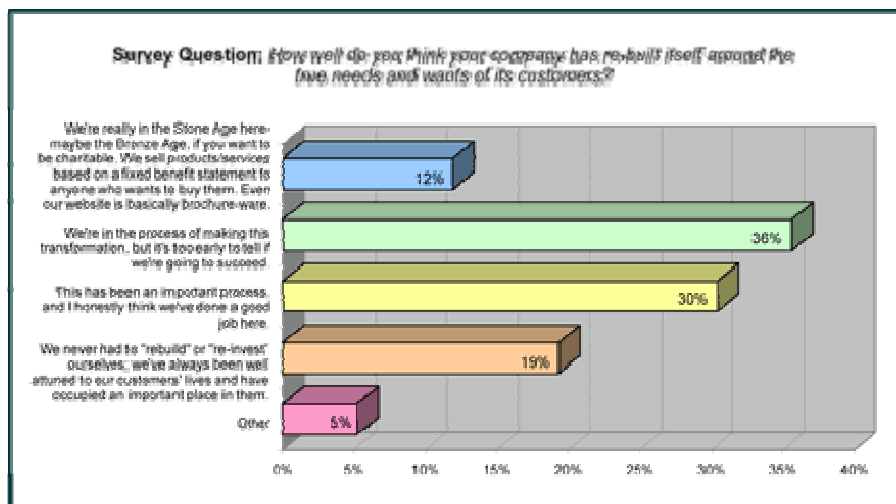
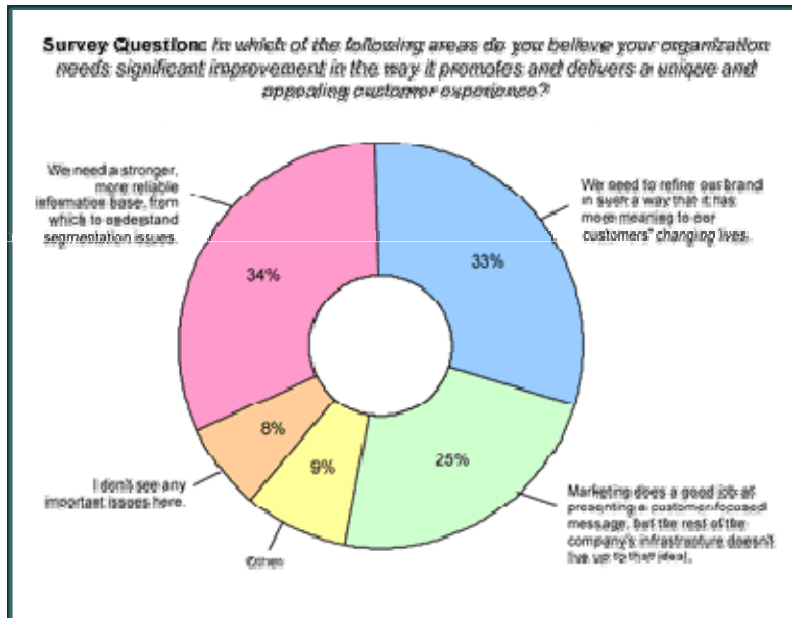
Craig Shields, one of NOVO 1's senior marketing consultants and author of the survey, notes: "True, most people admit that their organizations have failed to effect a transition to a full customer-focused business. But they most certainly respect the idea's importance." Shields points out that about half of those interviewed agreed that "customer-focus was and continues to be an extremely important trend." And further, "Every serious businessperson needs to invent his organization continually around the dynamics of customer lifestyles, work-styles, and play-styles."



*Click on image to enlarge*

Yet most of those interviewed believe they have a long way to go. About half of those interviewed believe that they have yet to make a serious attempt at dealing with this issue, or that it is too early to tell if their fledgling efforts will succeed. A full 83 percent believe there are important issues they'll need to address before they can be completely comfortable with the customer-facing business they've built. The most commonly voiced areas of needed improvement are the

brand and its meaning (or lack thereof) to customers' changing lives, and acquiring a stronger, more reliable information base about customer issues.



*Click on image to enlarge*

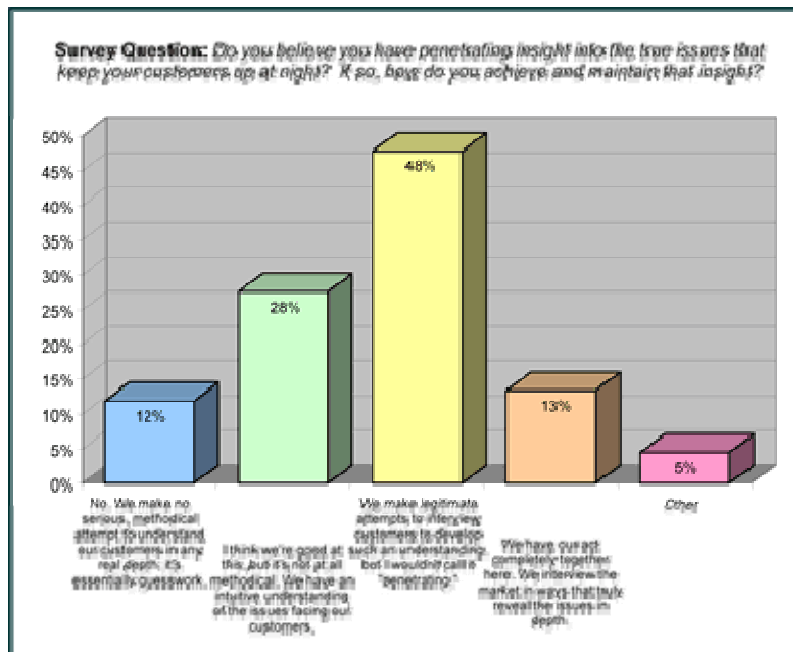
### Opinions Vary – Even Within an Organization

As one might expect, many survey respondents point out that the transition to a customer-focused organization is impeded by old-line people who cling to outmoded ways of thinking about the business. Over one-quarter of those interviewed believe that “marketing does a good job at presenting a customer-focused message, but the rest of the company's infrastructure doesn't live up to that ideal.” The VP Marketing Communications of an electronics manufacturing company remarks, “I think some of us are really focused on the customers, but senior management is still in the ‘it's all about us' phase.”

Complicating this further is the fact that there is no common definition of exactly what constitutes “customer-focused.” Over one-third of respondents believe that “most people misunderstand the idea of the customer-centered business; they say they’re customer-centered, but they’re really just looking for new ways to sell their products.”

### Developing a Profound Insight into Customers’ Lives

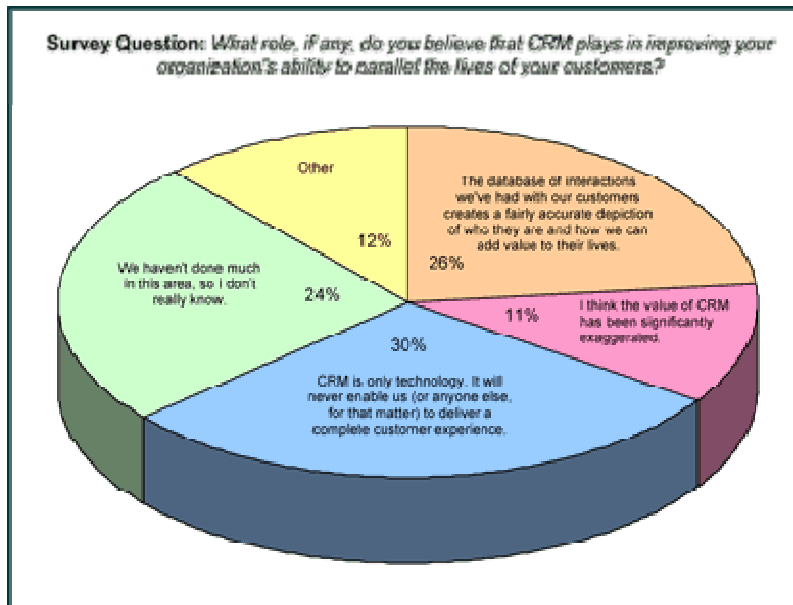
Those interviewed have a good sense of the importance of understanding the customer base and the nuances of feeling that may exist in different market segments. And, yes, a few believe that they “have their acts totally together.” But most candidly admit that their approach here lacks the true rigor necessary to nail the issues that are fundamental to building a truly customer-centered business.



*Click on image to enlarge*

### CRM – At Best, an Incomplete Answer

There is a great deal of skepticism about the efficacy of customer relationship management (CRM) in dealing with real-world customer issues. Though some see CRM as an important technology, most feel that, at best, it is just an ingredient in an overall campaign to build a customer-focused business. Typical of many respondents' viewpoints is the CEO of a fast-growing business services concern, who points out: “My biggest challenge is avoiding 'handing over' CRM practices to technology. CRM is a human solution; technology adds depth, but cannot replace the personal touch.”



*Click image to enlarge*

Because humans are not machines, we have a natural repugnance to being approached by machines. Automated processes for dealing with people usually communicate the exact opposite attitude to that which would be most effective; instead of making us feel like we are talking with a trusted friend and advisor, they tend to make us feel dehumanized and degraded.

Attempts to get close to the customer should be real—rooted in genuine concern and the need to deepen our understanding of the customer. Otherwise, customers perceive such efforts as tawdry and self-serving, and ultimately repulsive, just as we resent the people in our lives who call us only when they *want* something from us.

### **Matching the Company's Brand to its Customers' Self-Expression**

What we've learned from hundreds of research projects for our clients through the years is how to understand a target market's "self-concept." In general, people like themselves; they're impressed with who they are and how they think. And they manifest this self-concept in every aspect of their behavior—including their purchasing.

NOVO 1's Craig Shields continues: "I ask people to accept a simple challenge: write down a few of the values that are at the core of your own self-concept—the beliefs that make you who you really are. I think you'll find that the car you drive, the clothes you wear, the books you read, etc., are all a very direct reflection of those values."

The lesson here is simple: reorganizing your company around your customers and their lifestyles requires penetrating insight into their self-concept. From there, your task is to fashion a company whose brand reflects this self-concept, and enables them to express it through their interaction with your company.

### **Reorganizing Around the Customer Experience**

Yet Corporate America is still in large measure busy promoting itself and its latest products. In general, there is insufficient effort to become an organization that is solidly based on customer issues—customers' hopes, frustrations, aspirations, and pain points.

The imperative? Take immediate action. You cannot expect the target market to get too excited about your products. Fortunately, however, the market DOES get excited about solving problems associated with the highest-level expression of its dreams, and its points of pain.

Ultimately, of course, this becomes more than simply a marketing issue. The entire company should be reorganized to reflect this change in approach. Examine every aspect of the company from this customer-centric perspective, e.g.,

- How and where customers learn about you and come to establish the value you offer to their lives
- Which mergers and acquisitions to seek, and partnerships put into place, to round out the complete customer experience
- How customers buy and receive support, and come to trust you as a friend and advisor
- How solutions packages/new products are developed around the changing needs of customer segments

It's hard work. But ten years from now, when only truly customer-focused businesses have survived these tough times, you'll be glad you put in the effort.

*Based in Southern California, NOVO 1 ([www.novo1b2b.com](http://www.novo1b2b.com)) provides a full range of marketing services to high-technology and other business-to-business clients. NOVO 1's client list includes Hewlett-Packard, Pioneer Electronics, AT&T, Unisys, Fujitsu, Penske, Nortel Networks, IBM, Philips Electronics, Silicon Graphics, National Semiconductor, CSC, and 3M. Craig Shields, the author of the report, has served as NOVO 1's chief strategist for more than two decades. He can be reached at [craig@novo1b2b.com](mailto:craig@novo1b2b.com) or 818-871-1888.*

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