

# Channel Marketing: Helping # Channel Partners Understand IT Markets

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Effective channel partners have effective marketing programs. Partner managers and handlers are often working with technology-centric management that may not be particularly savvy when it comes to a strategic approach to market definition.

In fact, it's common for marketing programs to simply buy a list or use an existing in house list and get to work without any market definition due diligence. This channel marketing report provides an overview of market definition basics which can also be used as a short presentation for your channel partners.

There are three basic concepts that can help your channel partners broaden their thinking about marketing and focus in on more productive target markets:

***Believe in the 40/40/20 rule: Audience, Offer and Creative.***

***Four steps to a target market: Define, Size, Identify and Prioritize.***

***Four M's of a Marketing Campaign: Money, Media, Manpower and Market.***

**Believe in the 40/40/20 Rule: Audience, Offer and Creative.**

The 40/40/20 rule is a fundamental marketing tenet that suggests that 40% of a marketing campaigns success is based on the audience you market to, 40% is based on the offer you make, and 20% is the creative material you use.

The order of these three components is critical. If the first component, audience, is done wrong then the other two components are not likely to make the campaign a success. Selling supply chain software to a list of graphic artists, for example, will be a challenge.

The offer and creative components of the 40/40/20 rule are just as important. In fact, choosing the right audience may be impacted by the specific offer you have in mind. If you're selling a data center cleaning service you might want to target data center managers. If you're promoting a white paper on

the downtime associated with dirty data centers you might prefer to target CIOs. In this case, the offer will have an impact on the definition of the audience within the market.

Creative is obviously important, but should be last in line after audience and offer.

These simple concepts can help channel marketing professionals impress upon channel partners the importance of up front due diligence when it comes to defining markets, vetting marketing lists and market intelligence.

#### **Four Steps to a Target Market: Define, Size, Identify and Prioritize.**

This subject can be complicated and worthy of an entire book, but a good summary is all that's needed to help partners be more thoughtful about which IT markets to target.

- **Market definition:** This is clearly the most important step. Any given channel partner may have multiple markets they sell to, but each campaign will generally have a reasonable focus on a specific offer. It is the offer that should drive the market definition.

Defining the most appropriate types of organizations is of primary importance. Most marketers will define organizations based on revenue, employment, industry, and/or geography. However, in most cases IT markets are best defined using IT specific demographic characteristics such as number of users, number of IT employees, IT budget, number of servers, amount of storage, etc. This defines the market in context to the IT product or service offering. Most of this data is not available in marketing databases but can be estimated using IT industry averages and applied to most data sources. Techniques and statistics are available at [www.itmarketintelligence.com](http://www.itmarketintelligence.com).

As mentioned earlier, the type of people to be contacted will depend on the offer. An additional consideration is whether the focus should be on a single key decision maker, as opposed to multiple contacts in a circle of influence.

- **Market sizing:** Determining the overall size of the market is an important marketing activity to begin with but understanding the overall size of the market will be valuable when you evaluate various sources of data. Sizing may be done using conventional sources of market data, Census Bureau data, or third party market research data. There is not a single marketing data provider that offers complete market coverage or advanced segmentation to be a single source solution.
- **Market identification:** Once a market is defined and sized then the process of actually identifying the organizations and available contacts in that market can begin. In house data is almost always in the mix, but other data sources should be considered as well to assure complete market coverage.

Evaluate data accuracy from potential vendors before you purchase. 50-100 records should be called to achieve a reasonable level of statistical significance. You should have the option of requesting a selection of data that you choose, not the vendor.

The biggest challenge is assuring that you are not buying data you already have. This requires

a stepwise process where you might take in-house data and assure it is suppressed from a third party database where you can acquire data you do not already have. You might then integrate all the data you have and move on to a second data source for even more comprehensive market coverage. Many data companies don't provide this kind of service, but it can be done and doesn't have to be expensive either.

- **Market prioritization:** There are various ways market data can be prioritized. If there is more data available than can be reasonably used (perhaps for a calling campaign), or if the amount of data will be too costly, then the market definition needs to be further refined so the amount of data is within project constraints.

For some campaigns, like an event promotion, there may be an email campaign to everyone on the list but only enough time to call a select few of those contacts. A subset of the overall list should be thoughtfully identified as phone call targets. These phone call targets might represent some of the most key accounts or contacts that do not have email addresses.

#### **Four M's of a Marketing Campaign: Money, Media, Manpower and Market.**

These are the basic four components of a marketing campaign. When developing a campaign we don't generally list them out and addresses them in this type of an outline, but decisions are made based on these requirements. These subjects will come up before and during the market definition, sizing, identification and prioritization steps discussed above.

- **Money:** The budget component is pretty straight forward, there is always going to be a limited amount of money. The important thing to remember is that purchasing marketing data is cheap compared to what you'll spend using it. Price will always be a consideration, but if you're purchasing market data for really cheap you may get what you paid for and your campaign work will fall flat. Even if it seems like email marketing is inexpensive, poorly performing campaigns cost you time and sales in the short term. The *Time Value of Marketing* is getting it right the first time.
- **Media:** There are many media choices for marketing and whichever options you choose will impact how you approach market definition, identification and prioritization. Clearly email marketing is the preferred media for most marketers. The concern for this media is the lack of media coverage for email addresses. There is significant evidence that any give database will only cover email addresses for up to 40% of the market.
- **Manpower:** There needs to be enough people to support the before, during, and after activities of a marketing campaign. If invitation and email recruitment phone calls are planned there needs to be enough manpower to get them done.

This is also a good time to point out that you have to be realistic as well. Asking sales reps to get on the phone and execute the calls without an iron hand of accountability will likely result in poor call results. Recruit participants based on the knowledge that they are committed to perform without a doubt.

If you are offering a free evaluation or something similar there has to be adequate staff to

execute on the offer when it takes off.

- **Market:** In this context deciding on a market includes decisions like whether to market to existing customers or net new customers. There may also be other considerations like whether to focus on a specific vertical market which allows you to develop unique and focused message, or perhaps decide if it is time to expand your geographic coverage. These discussions will feed into the market definition, sizing, identification and prioritization process.

Simply having the discussion with key players about how important the target market is can make all the difference between success and failure. That success is the channel managers success too.

Power Point slide with presentation notes are available on request by emailing alan@acrhq.com. For more information on these subjects please contact Alan Howard at 800-234-2227 or alan@acrhq.com.

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