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## Manhandling a Market

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***"When the going gets tough, the tough change the rules."***

The Unholy Grail of strategy within marketing cliques is to change the rules of the game. When a marketer needs to overcome a leading competitor, or when a leading competitor needs to choke the financial life out of lower caste vendors, they often seek to change the rules – to alter the very fabric of the market.

The secret of this lies in mind control.

Markets are composed of many finite things – potential volume, expendable dollars, and shady sales people. The only infinite element and the only one that can be readily manipulated by big and small vendors alike is the minds of buyers. This one huge variable means that markets are not static – they change to meet the whims and beliefs of the buyers. Manhandling a market requires changing those minds.

Naturally, a huge company with billions in the bank can buy mindshare. Market leaders often cause market lunges with little more than a press release. But smaller firms can manhandle markets without cash, market position or even manpower.

SUSE Linux faced such a situation in North America.

Silicon Strategies Marketing engaged SUSE's North American division late in 2002. In a little over a year, SUSE revenues in North America went from flat to over a 5,000% growth. SUSE earned the undisputed 2nd place in a crowded market, and was then acquired by Novell for over six times revenues.

Not bad for a quirky little German company with no brand equity anywhere in the western hemisphere.

To make such sea changes, marketers need to examine several aspects of their market and set stepping stones from their current market position to their desired status. Some (but not all) of those steps include:

- Mapping the perceptions in the market
- Changing perceptions one step ahead of the market
- Monitoring the minds of influencers

## Mapping the perceptions in the market

*“You can’t get there from here.”*

It is essential to know and document where you or your products are in a market before planning on a position to which you can change, let alone planning how you will get there.

SUSE had no real market position in good shape in North America. Though it was the most popular Linux distribution in Europe – commanding over 80% of the market – it caused nary a blip on the American radar screen.

The media routinely lumped SUSE in with the pack of “also rans.” A typical blurb in InfoWorld would read “. . . market leader Red Hat, along with SUSE, TurboLinux, Caldera and. . . .” In short, the media and the market believed that the world of Linux was all Red Hat, and that there was no challenger to the throne.

**Rule #1:** Don’t believe your own hype. If you are not honest with yourself about where in the market you reside, you will never see the path to the next level.

Our branding investigations for SUSE showed an equally troubling situation. Though most techies agreed that SUSE was the better distribution, and superior due to easier administration, they viewed the company as a “quirky German engineering firm – great products, but no traction.”

This dichotomy is not as odd as it sounds. Red Hat had earned the trust of the techie caste by giving away their distributions. Any geek with a broadband connection could download Red Hat Linux and initiate a skunk-works project at their office, or a Linux lab at home.

Familiarity breeds more of the same.

Among IT managers and executives, SUSE scored no brand recognition whatsoever. IT staffs with job titles above systems admin were blissfully ignorant about competing Linux distributions features and benefits. They gladly accepted whichever Linux distribution their staff recommended if the executives recognized the business benefits Linux promised (lower cost, commoditization of server hardware, etc.).

So, let’s recap this set of market impressions by genotype:

**Techies:** Aware of SUSE, but favored Red Hat through familiarity.

**IT Managers:** Unaware of SUSE, and didn’t understand the differentiations.

**Media:** Conscribed SUSE to a list of vendors battling for third place, with nobody claiming second.

The situation was grim. But as long as rules can be changed, then change can be made.

## Changing perceptions one step ahead of the market

*“Give me the patience to change the things I can . . .”*

Naturally, SUSE wanted to be the #1 Linux distribution in North America.

Well, this wasn't going to happen anytime soon, and it made no sense to set that objective. But it did make sense to take a baby step – to get to the next point between where SUSE was (fighting for 3rd place) to the next best place – the undisputed second favorite Linux distribution.

Why was a second place standing favorable?

- It eliminated competition from below.
- It raised SUSE's standing in the media.
- It made SUSE look like an equal instead of an also-ran.

With these factors combined, being proclaimed the second favorite Linux distribution gained market mindshare without the expense of challenging Red Hat's dominance.

To effect this change, the mind of the market had to be manhandled. This required guiding the minds of people in the market through gradual steps, all aimed at achieving the goal of being the undisputed rival to Red Hat.

At that point in Linux market evolution, the opinion of techies was all that mattered. Red Hat and others were brilliant in knowing that no IT manager with two or more functioning brain cells would risk adopting an operating system created by a vaporous band of international code hackers lacking any central vendor support. So Red Hat wooed techies, knowing they would sneak Linux in the back door. After a time, managers came to not fear Linux. The media – always looking for an exciting story – were proclaiming Red Hat the early winner in the Linux wars.

Looking at these three buying influences – techies, management, and media – we saw that techies were already committed and that the media would follow that story. But nobody was really paying attention to management, and by proxy the media wasn't really paying attention to what IT management thought about Linux.

This was an opening big enough to drive an armored division through. Given these elements, a strategy quickly developed which would be fought on three basic fronts: the “Avis” campaign, talking to management, and staying one step ahead of the competition in guiding market thinking.

### **Step #1 – The “Avis” campaign**

SUSE brought in a new Vice President of Public Relations with significant enterprise experience. Quickly, the new VP – who now works with consulting group Baker Communications Group – devised the “Avis” campaign (for younger marketers, the car rental company Avis made themselves famous through television advertisements claiming

“We’re #2, we try harder,” which made their second place status a selling point). PR’s primary objective was to get the media to not so much talk about SUSE, but to quit talking about the other Linux vendors like TurboLinux, Connectiva, and SCO (SCO was quite nicely removing itself from consideration through its bombastic and litigious ways).

The “Avis” campaign was specifically launched to convince reporters that there was little or no value in discussing the other competitors. Through direct and indirect means, SUSE gave the media reasons to believe that these other companies were not, nor would ever be, contenders in the North American market. Sometimes this process was overt (“Jim, why write about SCO since they are backing out of the Linux market”), and sometimes it was more subtle (“Jim, TurboLinux sure is a great choice for the Asian market since that is where they specialize”).

The end goal was well met. Within six months, the media quit using phrases like “Market leader Red Hat, as well as SUSE Connective and TurboLinux . . .” and started only writing “Red Hat and SUSE both . . .” This gave the market the impression that there was real competition between two equally matched vendors. SUSE earned parity with Red Hat without changing product, without spending on advertising, and without a whole lot of effort.

**Rule #2:** Market consolidation can be your friend, and it starts with making everyone else believe it first.

### **Step #2 – Talking to management**

Brighter readers have already learned that Red Hat talked mainly to techies and to the media. But aside from saying “Linux is cheap,” Red Hat said very little to IT management. This was an opening that SUSE could and did exploit.

SUSE was committed to writing a series of “success stories” – case studies that examined how customers in North America had used SUSE Linux. Silicon Strategies Marketing spearheaded this effort, and immediately disposed of the trite customer/problem/solution case study format, favoring instead a “news story” format that echoed what the customer was thinking and doing more than what SUSE products did.

We also insisted that IT executives participate in the interviews. It was a conscious objective to broadcast the concerns and goals of IT executives who had taken the Linux gamble and won. In short, we were exposing management’s business thinking as it concerned Linux and IT strategy. We had several objectives in mandating executive participation:

**Relevancy:** If SUSE was going to speak to IT managers, directly or through the media, we wanted our story to be told by IT managers. This bought instant credibility and relevancy to prospects.

**Rule #3:** If you can’t attack your opponent’s strengths, then go where they have not gone.

**Media fodder:** Reporters can only echo talking points for so long before they

go in search of a new story to tell. By interviewing IT executives, we gave the media something new and interesting to write about. This played well in both the traditional industry magazines and in business publications.

**Mapping the mind of the executives:** The last goal was to map the strategic thinking of IT executives as well as document their pain points. Their pain points fed field market messaging. Their strategic thinking fed SUSE's language in media relations, consultive selling, and trade show presentation – and it showed executives that we understood how they thought and what they were thinking. In some cases this strategic thinking was presented to prospect executives who had not yet deploying Linux, and gave them a deeper set of subjects to ponder.

This last aspect – documenting the strategic thinking behind Linux and Open Source adoption – proved to be a gold mine. Through our interviews, Silicon Strategies Marketing found several common themes expressed by almost every CIO and CTO. Few of these executives saw how their separate objectives had massively synergistic effects, or how they echoed trends in other parts of the IT market. Once we bound these objectives together and made the findings public, collective lights shone over the heads of IT execs and the media alike. Some of our findings are now standard fodder with IBM, one of SUSE's key partners. (See out white paper titled ***What CxOs Think About Linux***)

You may be asking why this assault on executives was important. Until SUSE started this initiative, executives blindly took the advice of their techies about which Linux distribution to use. Because they had wooed techies from day one, Red Hat didn't need to sell to management. SUSE was using top-down pressure to change the rules of engagement – to make executives our champion.

Management has veto power, and at very least will mandate a short-list of vendors to be considered. Before the SUSE assault, Red Hat was the only item on the Linux checklist, having been pre-selected by technicians. When SUSE told executives what they were thinking, and how Linux fit into their plans, and when the executive kept reading "Red Hat and SUSE" in every trade magazine, they insisted that SUSE be included in evaluations. SUSE was now being exposed to techies who before had little or no interest in evaluating a competing Linux distribution. And these same techies knew that management had a bias for SUSE since we were demonstrating an understanding of how SUSE Linux solved CxO business problems.

### ***Step #3 – Staying ahead through baby steps***

Good competitors adapt quickly. Once the SUSE "Avis" campaign was exposed (reporters are notorious for spreading gossip), the SUSE success stories and white papers were printed, and key accounts (like Ford) started to be won, we could be sure that Red Hat would mimic our ways. We were not disappointed.

The last part of SUSE's strategy was to be visibly one step ahead of market thinking,

and to do so in places where techies, IT managers and the media could engage us. We made sure that SUSE was talking not about what Linux meant today, but what it meant tomorrow – the point in time that executives were thinking about but not discussing aloud.

- While Red Hat was talking about Linux being inexpensive, SUSE was talking about Linux being the new strategic IT infrastructure.
- When Red Hat started talking about infrastructure, SUSE talked about application stack support.
- When Red Hat started discussing applications, SUSE started communicating skill set consolidation in IT.

In short, when people engaged Red Hat and SUSE at any turn, they saw two different companies – one that was old news and one that was forward-thinking. All other things being equal, who would you buy from?

Trade shows are very underutilized. Only at trade shows can you find or recruit a large cross section of buyers, influencers, thought leaders and media. SUSE utilized trade shows to refocus market discussions vis-à-vis Linux.

Take for example LinuxWorld in San Francisco in 2003. At that point in time, the market was fixated on how Linux could be the primary component of IT infrastructure (which was the message we let loose at the previous LinuxWorld Expo). Red Hat and other vendors were still lecturing attendees about using Linux for file and printer services, and maybe running small departmental applications (which was old news to attendees who were already doing this). If SUSE lectured on the same topic, we would be adding no value or leadership to the market. We needed to be one step ahead.

And this is an important point about marketing in general, and manhandling markets in particular. You can move too fast. You can discuss far distant futures, you can explain Xanadu-level integrations, and you can sell solutions that are seemingly futuristic. But if the market is struggling to complete tasks A, B and C, then discussing solutions X, Y and Z will alienate them. Manhandling a market requires you push market thinking ahead one stepping stone at a time. Try to intellectually leap across the river and your customers will stay on their side of the stream.

At this particular LinuxWorld, we concluded that the next question executives would ask themselves about Linux was, “Can this be used for mission critical applications?” We knew Linux could handle these apps because SUSE had numerous customers who had asked that same question, and had started pilot projects.

**Rule #4:** Change perceptions slowly. Nobody would believe Exxon was “environmentally concerned” the day after a tanker spill.

For this LinuxWorld we had to demonstrate that we knew this question was on the minds of attendees and that we were ready to serve them. SUSE invited partners to pay for the privilege of co-branding in the SUSE booth, and give presentations about

how their products were being used (mainly by early adopters) for mission critical applications. At this show we spent less time talking about SUSE products than at any time prior.

The objective was to make sure that SUSE was not perceived as an “also ran.” We moved to make techies and managers alike think about their next step with Linux – to think about things not quite yet on their planning list. Red Hat could talk about cheap X86 infrastructure all day – SUSE talked about Linux as the foundation for ERP, CRM, and whatever TLA was appropriate.

We could have talked about this in 2001, but nobody would have listened. It was too much, too soon. When manhandling a market, do it slowly as the market is much bigger than you and will always move much more slowly.



This photo from LinuxWorld shows both the co-branded banner with partners (upper right), but also the show workers rolling up the aisle carpets as we held the audience on the last day of the show.

## Monitoring the minds of influencers

Measuring the effects of any marketing effort is important. But measuring market manhandling changes is tricky and often expensive.

The traditional approach would be to survey buyers and influencers in the market before and after each action. But this can be expensive, and SUSE was still moaning daily about its “burn rate.” Any measurements had to be taken indirectly.

The simplest measurement was for the “Avis” project. SUSE’s PR team clipped reports and monitored the shift in language, and the exclusion of mention for the smaller Linux companies. Within six months the media all but quit mentioning the lower-level competitors, and always mentioned SUSE when they talked about Red Hat.

Measuring other campaign elements was not simple. CxO are notoriously close mouthed when you seek agreement with market messages, and direct sales staffs cannot always be counted on to carry complex marketing messages to CxO. Interpreting reactions to messaging used during engagements is purely subjective and thus dangerous.

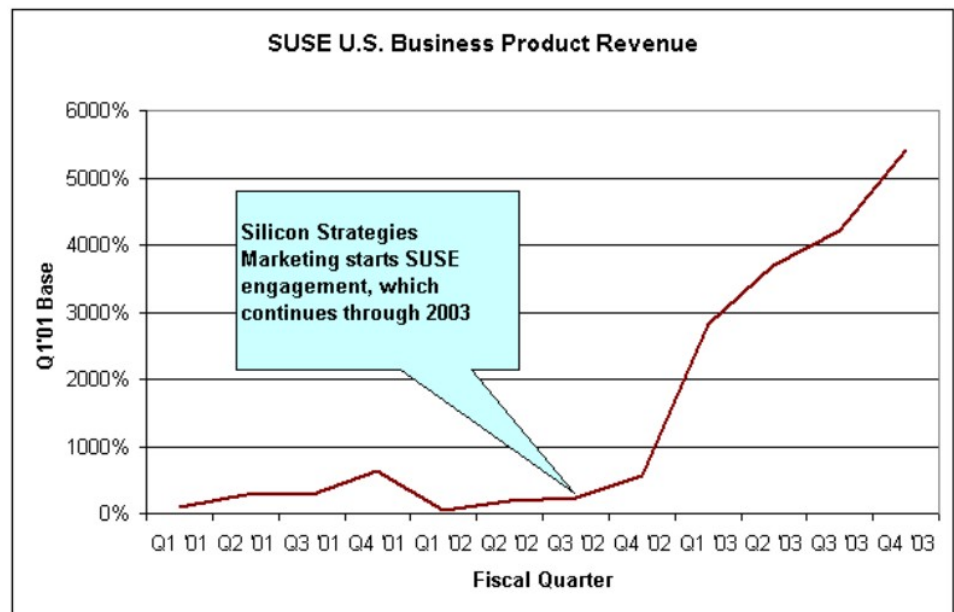
But the number of on-site direct CxO encounters could be measured. This was a reasonably direct reflection on brand awareness and relevancy our messages had with that buyer genotype. Since this information was captured in the CRM system, it was easy to track.

More indirect, though just as important, was to see who was repeating the CxO strategy story. Partners were the first to adopt the language as they had a vested interest in communicating with their customers. This made SUSE partners our indirect sales force and a viable point of market mindshare measurement.

But revenues – as usual – offered the best indirect measure. In less than a year and a half, revenues for SUSE North America followed a near hockey-stick curve after years of no growth.

## Changing the rules

Our success with SUSE is not a classic case of changing the rules, if such a thing could exist. Our campaign was not instantly earth shattering, nor did it place such high barriers to competition that they no longer exist. Very few market manhandling strategies can be all these things.



But the various efforts did change the mind of the market, and that changed the rules. Linux companies now competed differently because what the market believed had changed. The market now believed:

- That only two Linux vendors mattered
- There were strategic, management-based reasons for adopting Linux
- SUSE was ahead of the market in strategic thinking
- SUSE partners were agreed on this new strategic thinking

And the best part was that it was all true. This last tidbit must be remembered by marketers everywhere: You can not manhandle a market with false or irrelevant information for it will quickly be exposed. But you can lead, amplify valid information, and speak past your competitors to their customers.



***Guy Smith heads Silicon Strategies Marketing, a marketing consultancy devoted to helping high-technology vendors dominate their markets. He has consulted with technology firms in such diverse fields as high-availability software, interactive television, wireless messaging middleware, pure e-commerce plays, and Collaborative Software Development suites. Smith focuses on guiding his clients through the rigors of developing precise market strategies and educating his clients on both the theory and tactical necessities of their strategic implementations. His marketing expertise is matched by more than 20 years as a technologist specializing in high-availability IT processing.***