



Technology Marketing in Troubled Times

by Guy Smith

Silicon Strategies Marketing

www.SiliconStrat.com

Who stole the silver lining?

“You could sell anything in the '90s,” said the young, impressionable, and high misinformed marketing graduate. “If it was digital, someone would buy it. Now we can't move our software.”

I avoided dashing the youngster's illusions by pointing out the serious defects in his product, marketing plan, and his general attitude. There was too much to repair for one afternoon of pro bono consulting.

But this lad did have one valid point: The party is over. The gluttonous technology buyers of the 90's are on strict diets and are not stopping by our candy stores anymore. Selling technology will require nothing less than completely refocusing your marketing efforts and adapting to leaner customer appetites.

What has changed

There is an old Chinese curse that says, “may you live in interesting times.”

One cannot begin to list everything that has changed in enterprise technology spending (and for now I won't elaborate on government technology spending aside from saying that making things that go 'boom' seems to be a thriving market at present). Financial markets – a primary source for internal funding – are down almost 75% from their recent highs, unemployment is chocking consumer spending, and corporations are not investing much beyond their manufacturing needs.

Interesting times indeed.

All told, these influences are driving key changes in the technology diets of enterprise buyers. The most severe changes to their consumption habits are:

Spending cuts: Most IT and R&D departments are under orders to trim costs along with the rest of the organization. Only highly progressive R&D groups and IT departments with clear competitive missions are immune. Good luck finding either and expect to spoon feed them during the sales process.

Organizations are refocusing on key advantages: Every organization is undergoing painful self-evaluations of their markets and their core competencies. If they have money to invest in technology, they will do so only in those areas that reinforce their primary business mission and internal disciplines. Your customers now have highly specialized nutritional needs.

Spending only where there is a definable benefit toward a specific goal: The only exception

to spending on core competencies is where organizations have clearly identified technologies that will provide them significant comparative advantages whether these be internal or external functions. Oddly enough, this often is driven by the core competency issues above. High protein, low fat and no room for dessert defines the new technology diet.

Pressure, customer types, and missions

The current economy is creating a new set of pressures on enterprises. Each organization will likely respond to these pressures by doing what they do best – by reinforcing their particular market discipline, the one trait that makes them more successful than their competitors.

In their book “The Discipline of Market Leaders,” Michael Treacy and Fred Wiersema detailed three types of business disciplines that create highly successful companies:

Operational excellence: These firms manage their internal operations to create highly efficient organizations that drive down costs. Think Wal-Mart or McDonalds.

Product excellence: Innovative firms that are constantly challenging the market with the latest in product innovations or which create disruptive technologies. Think Sony and Macromedia.

Customer intimacy: These firms become intimate with their partners and customers. They know the other companies business and work to improve it. Think Airborne Express and IBM.

I’m going to propose a forth discipline for this list – one that is more common in technology markets than in others. Let’s call it the discipline of the *Trusted Expert*. These firms display a particular expertise in a subject, and use their guru persona to propel the sales of their product. The products may not be the best of breed, but by demonstrating a mastery of subjects in which their customers are interested, they establish immediate product credibility. Rational Software has perfected this art in terms of understanding software development processes and Siebel has done so in the expanding fields of automated relationship management.

So what does this have to do with marketing technology in a tight market? Just about everything. When economic times are difficult, customers reinforce their particular disciplines. *Selling technology that reinforces these disciplines become critical to your success because selling anything else will be ignored.* Try selling ice cream to someone committed to losing weight – they won’t buy, though you might tempt them with low fat frozen yogurt.

Let’s look at some of the pressures companies face in the new millennia and compare these issues to the three disciplines into which corporations typically fall.

Cut costs (operational discipline): All organizations are under pressure to cut costs. Most will establish broad targets for cost cutting such as mandatory 10% across the board reductions. But firms that have operational excellence as their defining discipline will go further than others. Their internal dictates for cost cutting will be severe, and any investment made by these firms must be justified by greatly improving their internal operations.

Streamline operations (operational discipline): Akin to cost cutting is the notion of streamlining. While cutting costs focuses on reducing expenses, streamlining focuses on working bet-

ter or smarter. The end result is reduced costs or the slowing of escalating costs. You need to learn the different language of each type of operationally excellent company (and they may use both).

Get new products out (product discipline): Product leaders force customers to part with their cash by making their new products irresistible, be they digital cameras or enterprise software platforms. Accelerating product development provides these companies with a competitive advantage – being first to market with the Next New Thing.

Create new markets (product discipline): Some firms must survive by creating new markets. This can be through product extensions or by creating new product categories with unique new items. Anyone leering at the internet as a means to distribute multimedia content is such a company.

Improve customer relations/ CRM (intimacy discipline): Numerous studies have shown that customers like being taken care of. This was, and remains, a major driver behind CRM efforts (and do note that CRM is

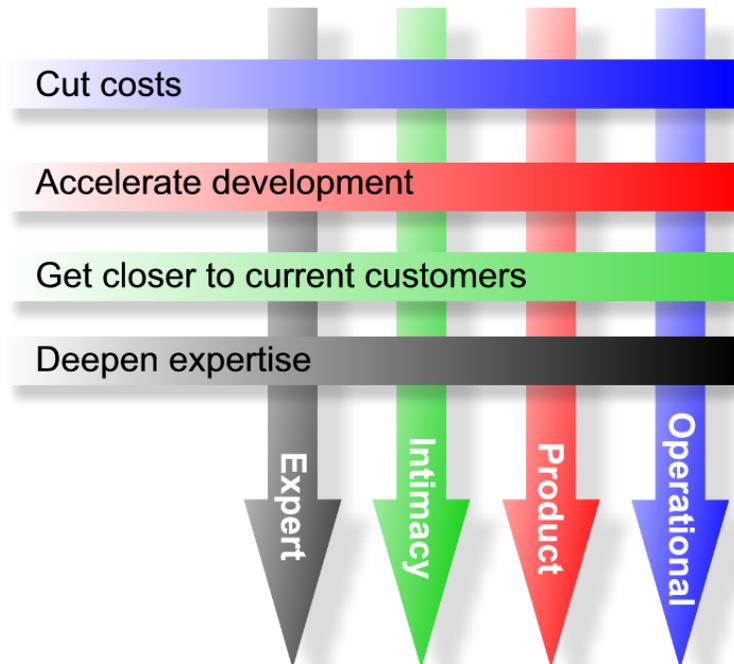
more than software – it must be a corporate wide attitude). Organizations that define themselves through being intimate with their customers will likely not buy any technology that does not deepen and improve their customer relationships.

Integrate customer business operations (intimacy discipline): Many corporations are now functionally intertwined. It is common for organizations with a customer intimacy discipline to have employees and computers in their customers' offices, or to have their mainframe applications sharing transactions with those belonging to their customers. There is human intimacy (CRM) and there is corporate intimacy (xEAI), and these are not always mutually dependant.

Market discipline and the magic intersections

Marketing executives must understand the varieties of corporate disciplines to understand the motivations of their prospects. Appealing to functional and emotive motivators, linked to your customer's market discipline and current overwhelming pressure, is essential to initiating a sale and is reflected in your product and corporate messaging, brochure design, sales campaigns, and even how your receptionist answers the telephone.

The starting point is to list the pressures your prospects most often face and what their primary market discipline is. If your target market segments are homogeneous and buyers genotypes are highly similar, then you can renew your marketing strategy broadly across your organization.



Otherwise, you need to create a guidebook for your sales staff detailing those customer disciplines and economic motivators at play.

The key to rapidly identifying, qualifying and selling is to find the intersection of the market discipline of your customer and their most pressing issues. The figure presented here is merely an example, and you will want to add more motivating factor rows to the matrix. Find the matrix points that are most relevant to your customers and refocus your marketing strategy and market messages on those points. This will lead you quickly to the most motivated buyers.

Part of refocusing your marketing strategy may require revising your branding. When you begin to evaluate your products and the matrix points that concern your best customers, you may discover that your branding presents the wrong impression. Indeed, you may discover that there are harmful contradictions (i.e., selling a product to facilitate customer intimacy while presenting your products as being entirely feature driven). Borrow your customer's brain and think about business in terms of their market discipline, then think about your brand. If you don't have a spontaneous warm feeling about your brand, then neither will you prospects.

As Treacy and Wiersema noted, you need to be good at all three disciplines – operational, product and intimacy – but you have to be superb at one. The same applies to your customers. Your branding needs to be focused on the one discipline that is mutually understood and cherished by both organizations.

“So, if you want to sell to me . . .you’ve got to understand my business, how I make my money and what my problems are.” - Roger Krone, VP & GM of Boeing Rotorcraft

From famine to feast

Unless your firm is one of the few lucky ones to be in exactly the right market at exactly the right time, then you must change your strategy and change your diet. You can survive and prosper in this lean economy, but it will require you to think like your customers, understand their old disciplines and new pressures, and to change your strategy and branding to meet their limited appetites.

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.