
Strategic Marketing: Your Untapped Source of Competitive Advantage

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Customers say that the relative performance of technology products is no longer different or compelling enough to drive their purchase decisions. Marketers need to respond with a strategy that Sales can use to fight increasingly competitive battles.

Look back five, ten, even thirty years to the beginning moments at your company and you'll see the same business model that persists to this day. The company started with a few developers and a great product idea. After a year or two, some salespeople were added and then, great news, the customers came along. Want to grow faster? Just add more features to the product or develop a new one. Need to expand the customer base? Hire more salespeople. In the last few years, acquisitions may have contributed to the supply of products, customers, and developers. But the company's fundamental "modus operandi" hasn't changed much over the years—it still looks to the developers, sales people, and current customers when it needs a new idea.

Somewhere along this timeline the company added someone like you to the team—a product manager or other marketing role—but it's unlikely that your job is about market analysis and strategy development. Instead, marketing people are typically overwhelmed with urgent requests to support sales and development. This is from a software company job posting I saw this week:

We require an extremely talented and motivated Product Manager. Key activities include web-based and on-site customer demonstrations, implementations and training.

At least this company reveals what is expected. Most marketers are attracted to a job they believe will be strategic and only belatedly learn that tactical demands will dominate their days.

It isn't hard to see why technology companies have this focus. After the start-up phase, thousands of companies survived, even thrived, without looking at the broader market issues. As business customers awakened to the power of technology during the 80s and 90s, they were willing to purchase endless new products. Major advances in hardware platforms and networking infrastructures contributed to the frenzy as companies migrated from mainframes to distributed computing and then the Internet. Amid endless demand for new products and capabilities, competitive battles were won by the companies with the best features, salespeople and customer support.

The customers have spoken: The product isn't enough anymore

While these competencies are still vital, the competitive situation has changed significantly. The business customers that emerged from the "dot bomb" era with millions invested in unimplemented, ineffective, and/or underutilized technology don't care about the latest product features. These financially astute business people want to hear about the business value they can expect. Combine the change in customer attitude with a host of well-funded technology vendors, plus the absence of a radically new communications or hardware infrastructure, and you've got a much more competitive marketplace than we've seen in the last thirty years.

The customers have spoken: the relative performance of technology products is no longer compelling enough to drive purchase decisions. Marketers need to respond by providing strategic tools and programs that will help sales fight these competitive battles. To create the right tools for the job, however, we must relinquish our product-oriented views and consider what matters most to this new breed of customers. It is time for marketing to become an expert on the business value of the company's technology.

On the path to strategic

If you've read this far you are probably wondering what you can do to change your company's attitude towards strategic marketing. The first step is to understand that this change won't be fast or easy. The old model worked for a long time, and it is human nature to cling to that which is proven. This is probably why the best examples of strategic marketing can be found in younger, entrepreneurial companies. But the bigger obstacle to change concerns the scope of the work that is needed.

As one of my developer friends used to say during product roadmap meetings, the idea sounds great, but the effort needed to achieve it is "non-trivial." I always responded, "but we can't ignore what the customers are telling us."

I was reassured that changes are underway when Microsoft® CEO Steve Ballmer identified a ten-year initiative to invest in marketing excellence, confirming the scope of the effort while surprising me with his candor. In a June 2005 *CMO Magazine* article aptly titled "The Ultimate Bug Fix," Ballmer noted that "the old Microsoft marketing style was that you did an event, and then you waited for the next product release, and then you did another event." According to the article, this Microsoft "bug fix" focuses on training marketing people to understand and communicate business value.

Forrester also took a step towards defining the strategic marketing role in its May 2005 report, "Left-Brain Marketing Planning." Forrester says that marketers need to step out of their old tactical roles and adopt "a data-driven planning approach that allocates resources based on a holistic view of the customer across all points in the buying process from awareness to post-purchase."

First, let's evaluate the concept of "a data-driven planning approach." How much data is available to you as you begin your planning for a launch, campaign or annual plan? In our experience, the typical marketer initiates a plan without tools or a structured process for decisions. These plans simply recycle last year's list of tactical activities, influenced only by the author's imagination or a suggestion from management or the salespeople. If you extend your tactical plans without data or process, it is only by chance that you can identify something that will have a measurable impact on strategy.

So what data do you need? At the top of the list is real insight into what's important to the buyers you want to influence. The concept of "buyer persona profiling" gives you a deep understanding of your potential buyers, including their most critical business problems, reasons that they might resist your solutions, plus the quantifiable metrics that your buyers will use to measure their success.

A data-driven planning approach will also give you insight into your internal audiences and processes, including:

- Management goals that strategic marketing can impact, including revenue growth, customer retention, and positioning awareness
- Measures of results achieved by prior marketing programs
- Understanding of sales processes and conversion rates

The next part of the Forrester prescription says that marketers need to “allocate resources based on a holistic view of the customer.” In the buyer persona profiling process, you can learn where buyers will look for new ideas and information, often revealing opportunities to invest in previously unconsidered strategies and programs. It also helps you to avoid investments in useless programs and sales tools, providing the confidence and data to support high-impact marketing investments.

Your corporate culture likely supports the premise that the salespeople know the customer and should be the source of this input. But salespeople aren’t focused on markets full of customers; they are focused on individual deals. While helpful, their information will fall short of answering the important questions that drive market strategy: What’s going on in the companies that aren’t in the sales process and why haven’t they purchased from us?

The problems that derive from relying on sales for market data are most apparent when the company wants to tackle new market segments or introduce products to a new type of buyer. But the company will always miss market opportunities and fall short of its potential when it relies on salespeople as the source of market data. It is unlikely that you currently know the market better than your salespeople, which is precisely why this is an untapped opportunity. When you are your company’s leading expert about markets full of buyers, you will have the knowledge and credibility to define the strategies, messages, and resource allocations that will generate competitive advantage.

The third and final part of the Forrester recommendation is for marketing to evaluate “all points in the buying process from awareness to post-purchase.” With very few exceptions, winning new business customers involves decisions and input from several different types of buyers and influencers. The customer’s senior

management is now involved in approving a lot of these deals. Yet most marketing is focused on one or two audiences, usually the technical or user buyer. Do you have a holistic view of all the people who influence the buying process for your solution? Do you understand their needs for information at each step in the process so that you can identify strategies and messages that resonate with them at just the right place and time? Without this insight, you will produce programs and tools that are product-focused, failing to communicate with the real buyers and falling short of what’s needed to make your company more competitive.

Management wants more from Marketing: Step up and give it to them

A 2005 joint study by the Association of National Advertisers and Booz Allen Hamilton confirms the importance of marketing to senior management, reporting that “marketing’s potential appears underscored by the organizational attention it is receiving.” While the study was cross-industry, it singled us out, noting that “restructuring was most likely at technology and telecommunications companies—at nearly 85 percent—where competition is raging and new product innovation is quickly matched in the marketplace.”

As a witness to countless of these reorganizations over many, many years, I wonder whether we’re solving the problem or merely moving it around. Some sales executives, frustrated with the marketing organization, are creating their own quasi-marketing groups under the guise of sales operations or field marketing. This should scare you to death if you’re a marketer! While the organizational debate rages on, marketers need to see what underlies all of the activity and find a way to support management’s real agenda. It’s time for marketing to master the processes and skills that will be your company’s source of competitive advantage. ■

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