

CATALYST

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CHANNEL COLLABORATION

by Tom Marx, June 2005

In the last issue of Catalyst, our **Tip of the Month** was:

"How do you develop a more collaborative marketing effort? Ask your channel partners what they need to help successfully market your products or services. Have your marketing people talk directly to their marketing people. Why guess when you can ask?"

Collaboration between trading partners is so **fundamentally important**, we decided to devote this entire issue to that subject. Specifically, we'll focus on the marketing relationship between manufacturers and their distributors.

Marketing Needs to Talk to Marketing

This first step may seem obvious, however, countless times we have seen the manufacturer's sales team intervene between the marketing people internally or at the distributor. Sales folks seem to have a reluctance to have the marketing people talk with each other, as if it would damage the relationship between the two firms. In fact, recently we witnessed a sales VP at a manufacturer decline the support from his marketing VP, saying "I'd rather do it myself than risk bringing a new person to our customer."

Our belief is that this fear is ungrounded. Marketing people are magical when they collaborate with each other. Great ideas are born out of the partnership – and the marketing programs that result are usually more effective and efficient. Marketing people are just as committed to closing the sale as are sales people.

What there is to do, from BOTH sales and marketing, is to approach the relationship from the perspective of being PARTNERS with the other firm. Working together as a team, toward the same goals of increasing sales and profits, can only make the players that much stronger.

Exponential Effectiveness

One key result of the collaboration between trading partners is that their marketing programs are enhanced and enriched exponentially, whether it's promotions, lead generation or sales incentive programs. Here are some case stories:

Promotions

The success of this promotion depended upon the manufacturer gaining access to their distributors' customer list. Due to the complexity of the promotion, the distributor needed to provide a complete database to the manufacturer and the manufacturer was to mail the co-branded promotion directly to the distributors' customers.

We were able to measure the success of this promotion by the number of the distributors' customers that registered online to win a trip-for-two to a major motorsports event.

Many of the distributors were concerned about releasing their customer's information, however, since the marketing people at both companies were collaborating on the program, trust was very high. With 10-25% response rates, both parties were pleased with the program, and as a result, made the promotion into an annual event.

Lead Generation

We have found that often distributors don't have sophisticated marketing departments, especially when compared to manufacturers. Conversely, we have found that distributors often have a more intimate relationship with their customers than do the manufacturers. A lead generation program may be the perfect collaborative tool.

In this instance, the marketing teams of both firms sat down together and co-developed the messaging and creative development of the lead generation campaign. The manufacturer provided most of the funding and the distributor provided much of the labor.

The manufacturer outsourced a telesales specialist to do the initial qualifying calls and the first round of follow-up calls after the mailers were dropped. Once the prospect became a lead, the distributor's sales team took over the sales process.

This ongoing program has been highly successful because, due to the collaboration between the two marketing departments, the messaging was spot-on. The work load was also shared between the two firms.

Sales Incentive Programs

One of the more successful sales incentive programs we have done is also an excellent example of the positive results that can come from a well-designed marketing program that is executed in partnership between firms. The incentive: a sales person who realized an increase in sales to existing customers and had the greatest increase in sales among the distributor's sales team, won an overseas vacation.

To qualify, the sales person would need to show a year-to-year increase and their customer would need to do the same. Qualifiers were accumulated and winners chosen by random drawing. In the 6-month period that this program ran, sales for the manufacturer's product increased by 34%!

This type of program could never have been so successful if it weren't for the partnership that developed between the marketing teams of both firms.

Non- Industry Specific

No matter what industry you are in, be it auto parts, refrigerators, fertilizer or books, in order to realize successful marketing efforts such as in the examples above, the fundamental principles of collaboration apply. Plus, you and your trading partners will be able to enjoy those intangible, but highly valuable, benefits: trust, loyalty and partnership.

Finally, to all marketers, be sure the sales team is included in your plans. To all sales teams, please include the marketing departments, from both sides of the fence.

"Tom's Tip"

Manufacturers: Set yourself a goal to be in communication with five distributors this month.

Distributors: Set yourself a goal to be in communication with five manufacturers this month.

Start the ball rolling. Find out what programs are available and how to best leverage your mutual assets and talents. Have your sales force be advocates of the collaboration.