

progressing business



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The Changing Role of Marketing Communications Channels

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(Excerpt from "B2B Marketing – a Radical New Approach for Business-to-Business Marketers", Financial Times/Prentice Hall, 2002, ISBN 0-273-65425-X, website; www.business-minds.com)

Traditionally, companies have tried to control the channels via which they communicate and transact business with their customers. Current developments are changing this; customers now have much more choice – including channel selection. Business-to-business marketers surveying this new 'media spectrum' should focus on the trade press – the 'marriage market' of B2B brand loyalty.

Companies are going to have to change the way they manage channels. Traditionally companies have asked themselves 'what is the best mix of channels for our products and markets?'

The goal was to use the fewest channels while obtaining the maximum coverage. The idea of trying to use them all was generally perceived as unattractive because of the expense involved and because it was believed it would cause confusion both to customers and within the organisation. Another big objection was the conflicts which the simultaneous use of (in effect) 'competing' channels might give rise to, eg, between the sales force and dealerships or between e-commerce and distributors.

TRADITIONAL CHANNEL MANAGEMENT

Traditionally, prospects and customers have been allocated to particular channels according to the following criteria;

- size of the business involved
- customer's geographic location
- the area of business which the customer operates in
- the products which are being sold
- the 'first bite' principle, ie whichever channel made first contact with the customer

The general rules of conventional wisdom were:

- to keep channels apart in order to reduce conflicts,
- to use a minimum number of channels and (applying rules above)
- to allocate customers to 'appropriate' channels.

THE NEW CHANNEL REALITIES

But the old rules of channel management no longer work because; customers today refuse to be allocated to a single particular channel and technology has now made it very easy for them to switch between channels.

These new realities require companies to offer customers lots of channel choice and make it easy to switch between them. The 'average' customer who uses only one channel is also disappearing. Customers want more channels and easier migration across channels; consequently, it's now a competitive edge to have more channels available to your customers. Now, it's not only what you sell but also how you sell it. The rules of this new reality can be summarised as follows;

- provide lots of channels
- enable easy movement between them
- let customers choose the channels they want to use themselves
- the Web (in this context) is just another channel
- enable customers to do more things for themselves within the channels
- integrate as many channels as possible with each other, for example Schwab has tried to integrate all its various channels such as branches, advisers, website, etc
- managing channels is now part of customer relationship management

All this encourages new ways of using channels in combination, for example;

- **'Channel hand-off'** - for example, suspects could be first contacted by a tele-sales team, then, as interested prospects, they can be handed on either to the sales force for personal visits or referred to a website where they can select and purchase products themselves.
- **'Channel-splicing'** - simultaneously employing two channels, eg, asking the potential customer to view a website during a tele-sales call or a personal sales visit.
- **'Webalogs'** - putting the old channel of a printed catalogue onto your website so that customers can select and purchase products direct from the site.

Much of this new approach of customer-channel-selection relies on a polarisation of customer attitudes to the transaction. Neil Rackham calls this, 'the eroding middle'; the idea here is that such attitudes can be located along a spectrum which has 'transactional' business, where customers know exactly what sort of product they want, at one end and 'consultative' business, where customers need advice about the solution they are seeking and want an interactive relationship with the supplier, at the other.

According to Rackham, up till about 1998 most customers were in the middle of this spectrum. Now however this middle group is disappearing - making channel choice for customers easier.

THE MEDIA SPECTRUM

Turning now to other media channels, the more traditional media can be located along a spectrum according to the media-consumer's motive. Analysing these would certainly seem to suggest that for B2B companies, the trade press is the most effective of the conventional media channels: reading the trade press is generally regarded as a task which is done at work. Many of its readers will be either professional buyers for their organisation or people at work who are now, or will be, looking for information on which to base an industrial purchase, ie, many of the readers of the trade press are in 'professional buying mode'. To invoke a 'marriage analogy', this means that the trade press is a potential 'marriage market' for B2B Brand loyalty - it's the place the unattached turn to in order to find the sort of partners they would like to have.

Word-of-mouth for B2B buyers can be strongly influenced by the trade press. This emanates from people who have high status within the relevant industry and/or organisation, eg, top managers, consultants, technical experts, etc who are likely to be the heaviest consumers of the trade press within their particular business area. Consequently, if your objective is to influence them, then trade press editorial is the channel to use. In addition, opinion leaders may well use trade press editorial to influence others, by for example circulating copies of articles which have interested them.

The trade press has two other features which support this 'relationship exchange' role: firstly, in contrast to most other media, the trade press operates on the basis of a tripartite mutual interest, given that; its editors want to publish information about relevant companies and their products, companies want to have this information published and readers want to consume it. Again in contrast to other media, this information is generally 'good news' (hence the mutual interest), eg, technological advances and new projects.

The second support for the trade press as the 'marriage

market' for brand loyalty is the whole apparatus of reader enquiry management, which most trade journals operate. This enables interested potential partners to make contact easily and effectively through the medium of the trade press.

SPlicing CHANNELS; THE SALES FORCE & THE TRADE PRESS

Getting material, particularly feature articles, published in the trade press can also help to overcome the problem of 'perceived objectivity' encountered by sales people: this is simply the notion that customers and prospects tend to treat what sales people say about their own company and products with scepticism. To overcome this, sales people can use trade press material - an example of 'channel splicing': a sales person can give a prospect a copy of a published article dealing with the particular product that the sales person is trying to sell to him or her. Ideally the article should be a case story based on a similar application to that of the potential customer and should contain direct quotations from the customer in the case story explaining how the product has solved problems from which he suffered previously. In this way customers from reported cases can make 'word-of-mouth' recommendations globally.

Looking for a moment at the more 'glamorous end' of the media spectrum, ie, what we called above the 'not-specifically-for-business' media (eg, radio, TV, daily press, etc) we can note several points of contrast with the trade press. We can assume that the same individual, who reads relevant trade journals at work, will also be consuming 'not-specifically-for-business' media at home. However, the motivations are likely to be different: at work this individual may be specifically searching for a solution and/or a reliable business partner. At home this motivation will be absent, or at least latent. If 'business interest' is triggered at all, it's likely to be in the form of an 'alert' that a particular company should be avoided. This stems from the fact that the majority of editorial coverage in these media consists of 'bad news'. Consequently companies generally end up in them because they've made a mistake, are involved in a scandal or have some other sort of major problem.

The financial press can be an exception here - but only if the company in question has good figures to report and even in this case this is likely to influence the behaviour of investors rather than customers. Certainly good financial

performance may have some positive influence on brand loyalty (the negative is almost certainly true) but this functions only as a passive qualification rather than anything that will lead a customer to commit to a company.

THE INTERNET AS MEDIA CHANNEL

Finally on the subject of media channels, (as opposed to sales channels) we need to consider the Internet. Since we're recommending that B2B companies concentrate on the trade press, the best approach here is to look at the current situation in terms of the 'trade press presence' on the web. This can be summarized in three categories;

Established print journals – most of these now have at least simple websites which promote their journal, as other companies promote their products.

Some of these 'print-journal' sites include a version of their current print edition, usually in a very 'cut-down' form, with summaries of the feature articles, etc.

A newer phenomenon is the appearance of 'pure-web' journals which are published only on the web and have no print equivalent. These are still fairly rare, though growing rapidly as a category.

In terms of influencing mass readerships, therefore, the current position of the internet could be summed up in the phrase 'great potential - but not quite yet'. There are several explanations for this: universal participation, even for B2B customers, is still not total, both in the sense of physical connection but also regarding patterns of habitual usage. Maybe more important is the issue of reading convenience; currently available technologies which provide access to the internet do not provide the same level of convenience as print media; for example, ease of reading on planes, trains and buses. (Though, this, it seems clear, is only a matter of time.)

On the other hand, editors are now browsing the net in search of editorial material and these are the people (rather than the readers of the trade press) for whom it is already an effective channel: a website can be used to promote articles available for publication to editors and the full texts of articles can be emailed to them and then transferred directly into their publishing programs. Though for companies to use their own websites for this purpose is certainly sub-

optimal; not even the most dedicated editor is going to spend days trawling through hundreds of company websites searching for publishable articles. The solution is the global placement agency (of which Minett Media is an example). It rationalises this function by providing the editorial production of many companies via a 'one-stop' site, which editors learn to rely on as a source of high-quality, 'editor-friendly' articles.

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Is it for Real?

Editor

A follow up on the article Is It for Real?, Peter Burgess, Progressing Business eZine, Vol 3, No 3, April, 2011, p3.

In an article *Can China go Green?*, Bill McKibben, National Geographic, June 2011, p120, Australia does not get a mention in world terms for greenhouse gas emissions (see figure 1).

He noted that China's predicted emissions would not peak before 2030 and no-one in China can see how that date can be moved forward.

Perhaps Burgess's question *Is it for Real?* begs an explanation for the reason that Australia has to have a price on carbon. One could ask what the big 10 (see figure 1) are doing. Why should Australia have a tax when most of them do not?

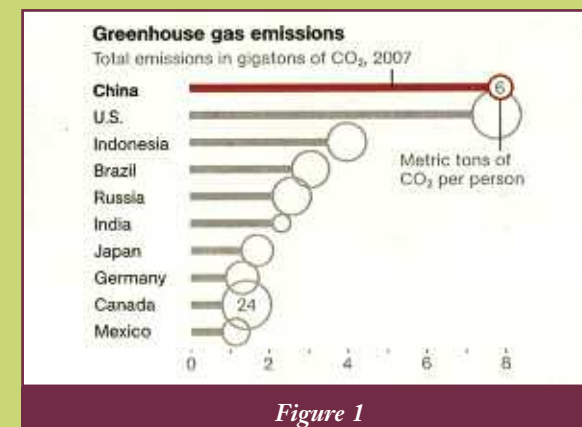


Figure 1



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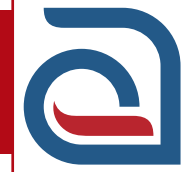
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