

A REAL-WORLD GUIDE TO CHANNEL MARKETING FOR
BEGINNERS, PRACTITIONERS, AND EXECUTIVES.

MARKETING MULTIPLIED



Mike Moore + Peter Thomas

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Introduction

When we began writing this book, we had a specific audience in mind: the channel marketer. It was to be a book just for those who have found themselves in a channel marketing role within their companies. That's how it happens: You sort of "find" yourself in the role one day. Nobody goes to school for channel marketing, and the field isn't covered thoroughly, if at all, by most college marketing programs. The average person on the street doesn't even know what channel marketing is. Contrast that with "teacher" or "civil engineer." Those occupations come with standards in place. We can all agree on what it means to be a teacher or a civil engineer, but hardly any of us agree on what it means to be a channel marketer.

That's not surprising when you consider that within the field, there's no clear-cut definition of what channel marketing is. There isn't even a consensus on what to call the category; some call it "local marketing," others call it "partner marketing," "affiliate marketing," "alliance marketing," or other terms. We knew the need was there for a book that offered solid, real-world ideas that could benefit a channel marketer whether she was new to her role or had been in it for some time. The lack of useful information about our field was discouraging, and our goal was to rectify that.

But a funny thing happened as we began circulating early drafts to our colleagues. The overall sentiment seemed to be this: yes, this book would be useful to our chosen audience, but it could be just as helpful to others whose duties include working with channel marketers—company executives included. Channel marketing suffers from such a low profile, and there is so little available practical information, that the book might be valuable to people in the organization who *aren't* in channel marketing.

So if you're an executive reading this—a CMO, perhaps—thank you for taking the time to learn

more about an indispensable part of your organization. We're confident that your investment in reading this book will pay dividends and help you better engage your indirect marketing team.

If you're a channel marketer, rest assured we wrote this with you in mind, but the takeaway is this: there are others within your company who will benefit from the ideas and best practices we discuss. We don't expect that you'll be able to convince them to read along, but we're going to give you the tools you'll need to engage them to create better alignment. We're going to help you find ways to teach them to understand your unique needs.

If you're like many channel marketers, you can probably relate to Janet, a client of ours. Janet oversees channel marketing for her company, which happens to be a multibillion-dollar corporation with thousands of employees and thousands of channel partners. Janet is expected to create programs, run campaigns, and generate thousands of opportunities a year through these partners. The size of her department? Just Janet. Acting as a one-woman marketing agency, wrapped up in the day-to-day details of working with thousands of channel partners, Janet just doesn't have the time or the resources to create what she needs, which are programs that are scalable and repeatable. She needs to be able to develop reusable programs that can support the needs of thousands of channel partners.

Organizations that have a significant amount of channel business don't always staff the channel team or budget appropriately. So how do you overcome this? In our experience, having a methodology—the way in which you view and organize your world, and a framework that others can buy into and support—can give you the means to be successful no matter how outnumbered and underfunded you are. The key is in logically presenting all of this, which will help you secure a budget for it. We're going to give you the tools you'll need to be able to craft your plan and articulate your channel marketing strategy. Good companies want to invest in good plans, and you'll learn how to develop one you can be proud of.

The overarching fact is this: channel marketing teams are often stuck three to five years behind

the rest of the marketing field. Some of this, as we discuss, is because direct marketing is more on the front lines than indirect marketing, so they see the trends first. But some of it is because channel marketers often just don't have the resources and information to keep up. We're going to help you shorten that gap and help you accelerate your efforts. We're going to help you get unstuck.

This book represents a synthesis of best practices that we've learned over the years from both real-world experiences and by hundreds of conversations we've had with channel marketers about the problems they face. You'll learn of the four partner-marketing motions and how to successfully develop them, particularly in the context of the modern buyer's journey. You'll learn how to get your partners to engage, how to measure for success, how to troubleshoot your programs, how to hire and motivate channel marketers, and how to build your channel marketing toolbox.

Whether you're an experienced channel marketer looking to hone your craft, someone new to the field looking to deepen your understanding of it, or a seasoned marketing executive who knows there's untapped potential in your company's channel, we're grateful to have the opportunity to explore this challenging field with you.

We have three goals for this book.

1. We want to provide you with a framework to efficiently organize your marketing efforts.
2. We want to give you practical tools and resources you can apply to your business today, and refer to when stuck.
3. We want to extend the book experience into an online community that will help you with ideas and inspiration as the market changes.

Toward our final goal, you'll find all of the resources, frameworks, and examples at marketingmultiplied-book.com. Thanks for reading, and welcome to the start of what we know will be

an extraordinary journey.

—Mike and Peter

Chapter 1: What Is Channel Marketing?

In his groundbreaking book *Let's Get Real or Let's Not Play: Transforming the Buyer/Seller Relationship*, Mahan Khalsa wrote: “We often mistake fluency (in which we both use the words easily) with comprehension (when we both have the same meanings for the words).” The words “channel marketing” mean different things to different people, so we want to share our definition early. Channel marketing is a specialization within the overall discipline of marketing focused on communicating value *to, with, through, and for* channel partners.

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And who are channel partners? *Channel partners* are companies outside of your organization that sell, service, or refer your products, often bundling value-added services. They might be distributors, resellers, agents, alliance partners, independent hardware/software/cloud vendors, service providers, or any one of a multitude of third-party companies. And though we use the term “channel marketing” throughout this book, it’s important to understand that the principles are essentially the same across any indirect distribution model, including franchises and affinity businesses. And while many of our examples are from our experience in the technology industry, these concepts apply to all vertical industries. No matter the form of “partner,” you, as a channel marketer, are in a unique position to help them, and our goal is to teach you how.

The Power of Scale

What's the value of a strong partner network? A few years back, Mike was fortunate to work for Microsoft as part of an events team. They were executing several hundred events per year, and the events were successful in terms of attendance and driving sales pipeline. So successful, in fact, that the VP of Mike's business unit wondered aloud in a meeting one day how the company could unlock the potential of having the thousands of Microsoft partners do similar Microsoft-themed events, too. This inspired Mike to create a program that helped, supported, and encouraged Microsoft's channel partners to hold technical summits, seminars, webinars, and workshops. Within one year of the launch, Microsoft partners collectively delivered more than 5,000 events. Partners who participated in the program showed faster sales growth than partners who did not, and they reported higher satisfaction with their Microsoft partnership.

Mike was able to use the resources of Microsoft to produce a sustainable marketing program that was scalable across the entire partnership network. This is the difference between being mired in one-off solutions, and leveraging a repeatable solution for use by all of your channel partners. That difference can make a big impact on your company, and a bigger impact on your quality of life.

Lack of Recognition

But not every company is Microsoft. One challenge (which you might already have noticed if you've spent any time in this field) is a certain degree of unfamiliarity on the part of the marketing departments of many organizations when it comes to the channel. Some companies go to market almost exclusively through the channel, and in those cases, the channel receives more visibility, but others employ a hybrid direct/indirect route to market. For those, the lack of recognition of the importance of channel enablement can equate to a lack of perceived value by executives and sales teams.

The Effectiveness of Your Channel Partners

Even in organizations that recognize the importance of channel marketing, we still find there's disagreement on the ideal partner profile, what to measure, the content mix or "right" amount of content, or even what doing "a good job" means. There's no guide for how much or how little market development funds (MDF) to give to partners, or how to measure the effectiveness of an MDF program.¹ While there is broad agreement that sales incentives can be motivational for partners, the optimal mix of these incentives remains debatable. And so there's a kind of paralysis which results in missed opportunities and doing just enough to get by. But proactive companies forge ahead regardless, creating programs to reach and activate channel partners in highly scalable ways. These are the companies that benefit from the sales and marketing capacity of those channel partners.

At its core, the success of a channel program depends on the effectiveness of your partners. Your job is to help *them* succeed with *your* product or service. Just because someone agrees to be your partner, it doesn't mean they're going to bring your product to market proactively. When it comes to your channel partners, you should ask and answer two critical questions: what's in it for them, and why should they care? In other words, of all the vendors whose products your partners could sell² (including your competitors), why should your partners pick *you*? Remember the very first part of our definition: channel marketing is about communicating value *to* your partners. The *with*, *through*, and *for* will follow.

¹We'll examine the topic of MDF in Chapter 8.

²We'll use the term "sell" loosely throughout this book. By this, we mean any value-added activity a partner combines with your product or service.

The Four Partner-Marketing Motions and the Modern Buyer

As this book unfolds, we'll talk about *to*, *with*, *through*, and *for* within the context of the four actions that are required to obtain happy customers: attract, convert, close, and delight.³ We'll share a channel marketing methodology that maps to the modern buyer's journey. And we're going to put a heavy emphasis on *learning* content, the most critical and overlooked element of many integrated campaigns.

Regarding the "modern" buyer: What you'll read in the following chapters represents our response to the idea that, in addition to the lack of definition, channel marketing as a discipline is woefully behind the times. Many of the tactics in use are outdated and they don't properly align with how people buy today. Much has been said and written about the digital disruption and how buying behavior has changed over the past twenty years. We're in a buyer's economy, yet many companies still don't understand this and are being left behind. If your channel partners are relying on the same tired outbound marketing tactics like mass emailing and telemarketing, they're missing out.

There's a disconnect between the way most businesses look to sell their products or services and the way today's prospects want to buy. Channel marketers must be cognizant of this disconnect and help their partners overcome it. As a channel marketer, you know the pressure you're under to enable your partners to produce leads (qualified leads, no less) from executives, sales teams, field marketing, and partners. They may ask in different ways, but for your internal stakeholders and channel partners, it almost always boils down to the same request: *Give me more leads*.

Here's how it usually sounds:

³ As first outlined by Brian Halligan and Dharmesh Shah of Hubspot in their seminal work, *Inbound Marketing* (Wiley, 2009). We'll use slightly different nomenclature, as you'll see.

- Executive: “How many leads did we generate this [month, quarter, year]?”
- Field Marketing: “I need content that works in my region so my partners can generate leads.”
- Field Sales: “The leads you’re giving me are useless. Give me better leads for a change.”
- Partners: “Give me leads that are ready to buy.”

For the prospects at the receiving end of your marketing, however, the story is different. They just want you (and your partners) to chill out. They’ll find you when they’re ready!

When was the last time you answered a cold call? And if you did, were you happy to talk to the salesperson on the other end of the line? How much spam do you get each day? When was the last time you opened one of those emails, let alone clicked the call to action? How about those blow-in flyers from your bank that come with your monthly statement? Do you even catch a glimpse of the offer as you’re recycling the flyer?

That’s how your prospects feel. They don’t care about phone calls, emails, or direct mail because they’re just not ready. Consider your behavior as a consumer. When you sit down to make your next big purchase or plan your next vacation, where are you going to start? Google, of course, or, in the case of a vacation, TripAdvisor. That’s where we all start. Fifteen years ago this wouldn’t have been true. Back then the salesperson was in control of the sale. They were the gatekeeper of the information, and if you wanted to know something, you had to talk with them.

Modern buyers exhibit three fundamental behaviors: learning, shopping, and buying. Successful marketing today aligns the seller’s actions to the buyer’s behavior. Carried out correctly, the buyer learns from the seller over time, develops a level of trust in the seller’s subject matter authority, and ultimately trusts the seller with their dollars. **Learn, shop, buy.** Once a customer, they share their satisfaction with others and **recommend** the product/solution to friends and colleagues, which is the

fourth (and arguably most important) behavior of buyers.

With fifty-seven percent of the buyer's decision made before he or she makes contact with a company to buy the product,⁴ it's critically important to allow prospective buyers access to your information on their terms. Most importantly, that means no sales pitch! Successful alignment results in a teaching moment (think of those 5,000 Microsoft events), which breeds both credibility and loyalty. *In the modern economy, those that teach earn the right to sell.* When it's time to buy, it's you the prospect remembers.

Easier Said than Done

You probably know all of this, at least on some level, and we know what you're facing. Most marketers carry a quota, typically marketing qualified leads, or MQLs. There is pressure to deliver on those numbers quarter after quarter, and there's also a finite amount of budget for campaigns and activities. Year over year the quota increases and the budget decreases. Even if the marketer knows that the right thing to do is to execute a teaching campaign that drives awareness and never pitches a product, there's a risk. The prospect may learn something from them and buy from someone else, in which case the marketer risks not hitting the quota. What if the campaign successfully teaches but generates no leads?

Wanting to mitigate the risk, the marketer then doubles down on shopping and buying content, pitching away.⁵ But you can't just show up on someone's door and propose marriage; it takes time to build trust. So the numbers are bleak, but they're enough to make the quota, so no one loses their job.

The numbers are weak because most of the prospects the marketer wants to reach won't trust

⁴ "Customer Purchase Research Survey," CEB, 2011.

⁵ We'll cover more on this topic in Chapter 3.

them since the prospects have received nothing of value that would establish trust. Today's buyers are savvier (even more cynical) than ever before. They can smell a sales pitch from a mile away, and it's a big turn-off.

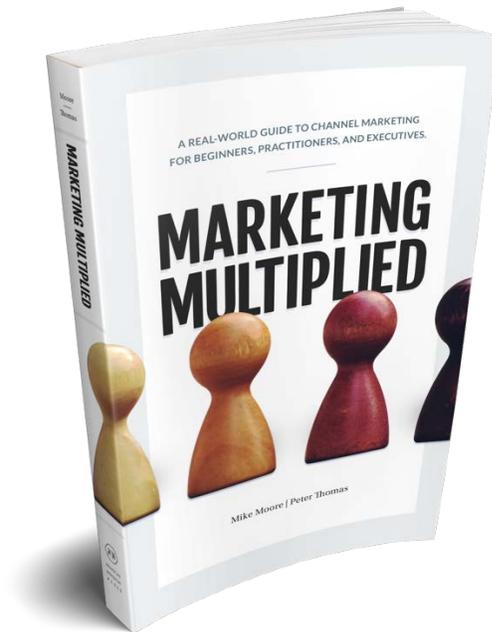
If this sounds like your company and your channel, we understand. You're not alone. We're going to give you a framework that helps you align your partners around the modern buyer's journey. Change won't happen overnight because you won't be able to get everyone on board at once. But that's okay; there will be short-term goals and long-term goals, and only you know how much and how fast you can push to make things happen within your organization. In the short term, we'll recommend you keep doing what you've been doing because that generates the leads that feed the machine, and eventually, your long plays will catch up, and you'll have enough leads to supply the entire organization and your partners.

We hope you find the possibilities exciting. There's a lot of work to do, but we're going to break it all down—for you, your organization, and your channel. We're going to explore the nuances of the channel and help you find ways to unleash its potential.

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- **Meaghan Sullivan**
Vice President, Global Channel Marketing
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