Marketing Partner Pro Webinar Series Transcript: Webinar 1, Marketing Foundations, the Core Elements of Focus and Value

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Welcome to the Partner Marketing Pros Webinar Series brought to you by the Microsoft Partner Network. This is a monthly program for marketers, marketing leaders and the leadership team to which you report. Designed to be simple, pragmatic, useful and doable, the series will cover all the essentials of a winning marketing strategy from core foundational pieces through digital and social strategies and tactics to customer lifetime value and beyond.

Hi, I’m Joanne Charley, Chief Marketing Officer at Neural Impact and during each of the 9 monthly webinars we’re going to explore how to organize and amplify your marketing activities to engage buyers more effectively and drive growth.

Each webinar will cover key marketing topics, we’ll share tips and tricks, practical ideas and how-tos, and provide exercises which will help you immediately apply the learnings. We even have the occasional exclusive offer where, if you complete the prescribed activity, you could be rewarded with some marketing services and assistance direct from the Microsoft Marketing Team.

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In this Webinar we will reflect on recent changes affecting marketing in the technology industry; we’ll look at IDC's Hierarchy of Customer Expectations and explore some key foundational marketing activities, specifically how to:

- Create competitive differentiation through focus in a cloud world; and to

- Define your Value proposition

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There is also a companion podcast to accompany each of these webinars which features a live interview with a top Microsoft marketing partner and allows you to hear about the practical experiences and best practices of other cloud marketing professionals like yourself and specific examples of how they are implementing and executing many of the recommendations and strategies we cover in this webinar.

You can find this on your favorite podcast app by following the Microsoft Partner Network Podcast and this Marketing Pros series is featured there. You can also link to the podcasts from the Smart Partner Marketing page on the Microsoft site at aka.ms/smartmarketing

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Marketing as a discipline has changed over the last 10 years yet the core principles remain the same. A strong strategic foundation is a constant -segmenting your market, defining the target market segment to pursue, positioning that is differentiated, having a compelling value proposition – these are still non negotiable.

What has changed is that we now operate in a highly fragmented media landscape...in additional to traditional channels we now have endless digital platforms to add to the mix. So the **Medium** has changed and we are now allocating more budget away from traditional mediums like direct mail, print ads to online strategies using digital and social networks.

Although social influence is not a new phenomenon, the ease, proliferation and instantaneous aspect of this type of medium has now made it critical to your marketing approach.

And the **Speed** with which your marketing messages now reach the buyer has shifted from months, like magazine placements, to seconds via email.

Also, the degree of **Feedback** we receive is in most cases today is Immediate and very precise….we know instantly who shows interest in an online offer, we can track analytics from all our digital properties, we can see thru heatmap tools where and how long a visitor lingers on a particular page….so this allows you to modify and change your marketing content based on real-time action. In the past, we had a long delay and had to rely on post event surveys to try to understand buying interest, preferences and behavior. Today marketing is more like a science experiment in which you get instant feedback and can immediately change your marketing accordingly to secure a better outcome.

So, with all these recent changes, the marketing discipline needs to fuse both “art”- the creativity - and “science”  - data and technology - to achieve the best results. Challenging us to need to balance the application of the 2.

2. Buyer behavior has definitely changed.. The Buyer 2.0 has emerged and they are changing fundamentally how they want to buy. They are highly informed and self-educating. They turn to their personal networks and publicly available information—increasingly via digital and social media channels—to self-diagnose their problems and form opinions about solutions. They want to remain as anonymous as possible for as long as possible. Research shows that vendor contact takes place between 60-85% of the way thru the decision-making process. The buyer wants more control of this process. They are more impatient, more demanding and more independent…they are savvy and they are allergic to overt sales and marketing. And they can effectively block out traditional outbound marketing.

3. We have also seen a change in the business model in the industry. Solutions are now offered on a subscription based purchasing model – software as a service, and has pivoted away from being an on-premises license model…this has shifted the economics of the industry and now the cost of customer acquisition while still high is not offset by the perpetual licenses revenue generated upfront. So many traditional technology companies vs born in the cloud solution companies are still marketing and selling using a high-cost old world financial model that can’t be sustained.

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And in exploring this changing buyer, we now operate in a world of constantly rising customer expectations, placing pressure on the marketing organization. Most of all, they demand a customer-centric approach to all facets of marketing.

We are being asked to be more nuanced and shift from a volume-based, mass marketing approach, to considering the value you offer in exchange for consent and information from your prospect and customer.

**Specifically, modern digital marketers are thinking about:**

Consent as a process in which increasingly valuable content is used to get increasingly valuable information. So trust is at the cornerstone of nurturing this interaction, so position your brand as a source of insight and trusted content. Furthermore, they need to trust you to protect their shared data and use it to their benefit. Its important to consider that each person may have a different reason for engaging with you and you need to discover and respond as respectfully and effectively as possible.

Once the buyer makes themselves known to you, by providing increasing levels of profiling detail for example, you can begin to personalize their buying journey by providing value added interactions and content based on verticalization, localization and personas. They expect interactions on their terms using the channel of their choice and the appropriate timing cadence.

With continued interaction, your buyers expectations rise and they expect that you integrate their previously expressed preferences into future actions...they expect you to anticipate their desired next steps, actions, content and navigate a path that makes sense for them.

As your relationship matures, you need to provide a seamless interface with your customer across all organizational touchpoints. So their data and history needs to move with them which means you need to address how that will work using common data models and standard field and attribute definitions.

And if you can provide continuous value and domain expertise you can be seen to be a trusted mentor versus a transactional vendor. You can educate and continue to partner with your client to have a positive impact in terms of meeting their business and also their personal career challenges. If you can reach this level in your relationship then you can create bonded customers for life.

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While the marketing environment has changed recently, there are some marketing essentially that are timeless…like the need to focus by choosing a target market.

Many partners today, especially smaller ones, persist with a horizontal strategy; one in which they target “everyone” with a “one-size-fits-all” message. …in the mistaken belief (often rooted in fear of missing out) that this is the best way to achieve revenue growth by not ignoring any opportunity that comes their way.

This  “scatter-gun” approach isn't going to work because you don’t have enough time, money and resources to effectively reach this big a market, nor will you be able to resonate with your prospect, as you can’t offer any relevance because you have an undifferentiated offering.

And if you can’t differentiate your offerings, then your margins come under pressure due to commodity based price competition. It’s difficult to add value during the sales cycle or speak to specific pains and challenges when you are selling into a different industry every day.  Additionally, it makes it nearly impossible to build IP that is repeatable and that can be monetized across customers.

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There are 2 ways to carve out a vertical go to market strategy…firstly, a “vertical” can be an “industry” which has unique business processes, needs and challenges and specific factors that are unique and disrupting that industry. Manufacturing is an industry under this definition and you could be even more laser-like in your focus by focusing on a  “micro industry” in that segment such as “discrete manufacturing” or “paper packaging manufacturing”.

The second way to verticalize is by  “workload” or business process. For example, specializing in helping franchises increase their operating efficiencies can be across multiple industries, including everything from pizza retailers to gardening services, but the business problem, workflow and challenges are similar in a franchise business model. For example you would need to manage royalties, IP protection, remote leadership communications and more.

It is important that you start focusing using this approach of industry or workload first and, once decided upon, then analyze the technology solution areas and the technical stacks and service offerings enabled therein as the next logical step. If you reverse these steps, then you risk developing a solution – perhaps a technically very clever one - that has no market, then resonates with no one. Sure its unique, never been done before but then you have to manufacture a market and search for interest rather than understanding the market first and developing what is disrupting and is urgent to that market.

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You can begin your verticalization journey by reviewing your current list of customers and categorize your revenue by industry. You might discover you have an “accidental” vertical. It begins with one customer, then referrals to similar customers and before you know it, you have a cluster of customers in a particular industry or who have similar business problems, business processes or needs. You may find that 80% of your revenues come from 3 or less industries. This approach may not require you to initially develop any specific IP or prod management…at the very least start by verticalizing your marketing and messaging…a simple vertical landing page speaking in the language of customers from that industry is a good start.

You could also choose to align with Microsoft’s strategy and target 3 of the verticals that Microsoft has identified as having the most potential.

Often industries that are undergoing disruption and facing intense competition are the best verticals to target. They have a greater sense of urgency and are eager to leverage technology to gain a competitive advantage.

Regardless of what verticals you choose to target, you want to carve out a segment that you can own and become an expert in this area. It might take some research and proactive thinking in the beginning, but over time you will reap many benefits.

You could also use the “helping hand” resource listed on the screen. Try this free online industry competitive assessment tool we have created for you and evaluate in which verticals you have a strong competitive advantage.

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Once you have identified and decided on your vertical you need to align your marketing and sales assets. Your messaging will achieve better results by moving away from being mass market, product and technology driven and move toward one that is market driven and leads with industry first.

Presenting your content with a one size fits all approach doesn’t engage. When you try to speak to everyone with the exact same message you end up resonating with no one.

This means that, for example, your website should reflect a vertical approach with imagery that is specific and reflective of that industry. And using vocabulary your target customer would use. For example, in this slide you can see from the imagery that the focus is the Construction Industry – with all the variations on the segment below. In speaking with a construction industry prospect it has more impact to say “we help construction project managers to track and control variations in real-time” versus a generic statement talking about increasing operational efficiencies and productivity in general.

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So now you are focused and have identified a target segment or prioritized a couple of strong verticals. You won’t be the only company pursuing this target so pause for a minute or two and answer the question…how are you different from your competitors? What do your clients love about your company? What problems keep them up at night that you have solved? Or maybe even reflect on deals you have lost and what did the prospect say was the key difference between the winning company and you?

Have a look at your website’s homepage and see what your prospects and customers read about you.

Then look at the websites of 2 competitors. How is their messaging different or the same?

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You might want to review how you articulate your competitive differentiation as communicated in your marketing to test whether you really are uniquely positioned. I’ve audited hundreds of partner websites around the world, nearly all use similar value propositions that are usually a combination of: you’ve been in business for many years – you are the safe choice, you are reliable and not going out of business anytime soon, you have a large installed base with highly satisfied customers, that you are local and have excellent technical resources and expertise, and you are Microsoft certified and have a number of awards. If all partners claim this to be their advantage, it is not unique nor a differentiator but instead a core basic requirement to compete effectively. Don’t get me wrong…they are all strengths, important to buyers during the sales cycle, but don't mistake them with differentiators.

In fact, they are called points of similarity or points of parity…these are the elements that your customer demands and expects from their vendor of choice. You absolutely need these to even compete in the category; in fact, that are the minimum barrier to entry. But they aren’t unique and you shouldn’t lead with these as you differentiator.

So what does strong differentiation look like? How do you do it and what will work?

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Most marketing experts will agree that there are really only four different types of value propositions for you to choose from. And this applies to all types of partners and all types of products and services offerings:

**The first one is Lowest Price value prop:** very few partners will be able to compete using this approach because unless you are incredibly large and can take advantage of economies of scale and the cheapest supply chain, then this approach is one that will be impossible to defend and sustain long term, as you likely don’t wield this type of power to control your inputs. And as soon as someone underbids you, you then have to lower your price which of course, drives down margins. While low cost is the easiest and most compelling value prop to explain to prospects, it is a risky position to take. So we recommend staying away from price competition and price wars.

**Secondly, is the Product leadership value prop:** This value proposition is based on your product or service being uniquely better, if not the best. My guess is that this is the value proposition many of you are trying to articulate. Microsoft can use this approach, but it is more difficult for many partners to adopt it., due to the high investment in R&D that it requires. But you can leverage the Microsoft best of breed technology position and because you are built on the Microsoft stack.

If you are going to use this value prop in its purest form then the key is that you need to consistently offer customers the best products/services and be able to both prove and defend that your product or service is unique. However, this position demands a commitment to non-stop innovation. It is an expensive value proposition that requires you constantly stay ahead of competitors. Make sure you have the capital needed to sustain this type of leadership value proposition.

**The third option you can use the convenience or “We make life easier for you” value prop:** This is value proposition that many partners have adopted…along the lines of we’re local, easy to do biz with – if your system goes down at 3am we can be there within minutes to rectify this. This convenience in terms of accessibility, location and response time, makes you easy to buy from BUT will you be able to deliver this with your cloud-based offerings? Customers will pay a premium to get things done quicker or more easily. Time is our most scarce resource and constraint in business. If you can tangibly save customers time and show it equates to money saved, this has a high-perceived value by your customer. This is a great value proposition that can differentiate your offering from competitors.

But it might be better to consider the **4th option as the one that offers the Microsoft partner community the most feasible and sustainable differentiation and that is customer intimacy:**This value proposition equates to a ‘we can do it for you better than you can do it yourself” position. Your customers are trying to streamline their business and focus on their core competencies. If you can position your company to be their strategic partner in one or more core areas of their business (which they aren’t experts in) you have a winning value proposition. You know how to solve this specific business problem area better than anyone else. However, you can only do this if you focus on one to three vertical industries or become experts in one or two business workload or process areas in addition to offering specialized high value-add products and domain specific differentiated services. You must not only know as much about your customer’s businesses as they do, but MORE.

The reason you know MORE is because they only do this once, for their own business, in this one environment, whereas you do this repeatedly in multiple and challenging environments and across diverse situations. You leverage what you have learnt from working with new customers, over and over again in the same industry or solving the same business problem. You can also start to benchmark your customer’s performance against competitors so they know how well they are or aren’t doing in key areas. This approach positions you firmly as a strategic partner, not just a commodity product or service provider. To offer this type of value proposition you must be razor sharp and strategic. It is essential that you become critical to their business and they need you to continue their growth and success. This value proposition is highly defensible and allows you to charge a premium and maintain high margins. You become so valuable to them that they can’t live without you. Horizontal, less strategic competitors don’t stand a chance against you and you will have VERY low churn rates, even at premium prices.

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So, lets start by defining what a value proposition isn’t….it’s not a slogan, a tag line, or catch phrase. It’s not a positioning statement (which is a subset of a value proposition). It’s a statement of the promise of value you are going to deliver to your customer…and it’s the main reason why they will buy from you and not a rival.

We would suggest that you invest some time to define your value proposition, as it is the foundation for all your sales and marketing material. You will use it to build sales decks, solution sheets, battlecards, and will form the basis of your content for marketing campaigns and your website.

When you craft this, pay special attention to the language and try to infuse it with as much emotional impact as you can. Contrary to long-held beliefs, the latest neuro-scientific research shows buying decisions are based on emotions more than logic, so infuse your language with emotional triggers.

So, let’s break down the elements of a value proposition and how to create it.

1. The key point is to identify how you solve your customer’s problem. How do you improve your customers situation; it is really talking about relevancy –it must resonate with prospects and that’s the most important first piece of the value prop. **Remember this is usually pain based which is very emotional, so think about the language you use to trigger this emotion**.

2. Second key point is to articulate specific benefits that your customer would receive …. the most compelling and motivating benefit that the brand can own in the hearts and minds of its target audience relative to the competition. – And give us a reason why we should believe it….quantify this if you can, - the most convincing proof that you deliver what you promise the more proof u can offer the better. This is about **Giving them the rationale and logic to substantiate their emotional bias towards you. Usually this quantification comes by way of social peer proof, remember safety is an emotional trigger.**

3. What are your points of difference…what do you offer that your rivals don’t. This is the differentiation piece of the value prop. But remember this difference has to be something that your customer values…it makes no sense to be unique for uniqueness sake. To be effective points of differentiation need to be a**) Desirable**; - differences that matter to customers b) they have to be deliverable – so feasible to achieve and c) differential needs to be high, offering something in a truly distinctive, superior way. **Points of Difference also have to be Favourable and Strong.**

4. And finally, the value prop should communicate what you do best, what you focus on, your domain expertise and competency. **This is an implication of safety and freedom from harm – again emotional…**

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The value proposition is going to be one of the first things visitors to your site will search out and read. Once you have drafted your value proposition, you should check for:

Clarity – if you confuse them you loose them…can you understand it in 5 seconds. Is it readable? So don’t be vague or wishy-washy, and avoid the meaningless.

Know and use the language of your customer … they way they describe solutions they are looking for might be very different to how you describe your offering.

Credible and believable so avoid hype or superlatives, guard against any jargon or techno-babble

Communicate the concrete results your customer will get from your solution and services.

Does it provide a clear, distinctive and meaningful picture of the brand that differentiates it from the competition? It must highlight your uniqueness – which needs to be something your customers actually care about.

While all the elements have to be there, you also need to consider the language you use…is it Memorable, motivating and focused to the core prospect?

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We have provided you a helping hand resource listed on the screen. Try this free online value prop generator we have created for you. It’s a simple tool that asks you a number of questions and in the end emails you a very long, wordy value prop statement that you can edit and fine tune. Often the first draft is always the hardest so this is a tool u can use in that difficult first step.

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Would you like to win a consultation with Microsoft?

Each quarter, the first 5 partners to complete the monthly webinar exercises will win a 1:1 consultation with the Microsoft Marketing Team. This month, you need to create a value proposition, all you have to do is:

1. Go to the value prop generator and develop a draft value proposition if you don’t have one today, then
2. Submit it to ptrmarketing@microsoft.com
3. Winners will be contacted directly

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In this webinar we reviewed the current conditions technology marketers face today and addressed the key marketing foundational pieces you need to get right. We looked at how to hone your market focus through a vertical or workload selection and how to craft a relevant and differentiated value proposition that resonates with your buyer. Be sure to listen to the companion podcast featuring Tim Wallis, CEO, Content and Code a UK-based partner. You can find this on your favorite podcast app by following the Microsoft Partner Network Podcast and this Marketing Pros podcast is featured there or link to it from the Smart Partner Marketing page on the Microsoft site.

The next webinar in this Series will address the topic of persona marketing and messaging and aligning this to the buyer journey as well as how to developing a nurture calendar so that your marketing efforts drive the growth you want.