



## How the Right Technology Improves Channel Marketing Performance



## Why Read This Paper

Companies that sell through independent or quasi-independent channel partners (franchisees, value-added resellers, etc.) face a unique set of marketing challenges. It's exceptionally difficult to ensure consistent brand messaging and brand presentation when marketing programs are being run by numerous independent channel partners.

In addition, many channel partners are small organizations that lack the expertise to create effective marketing campaigns and/or the resources to run those programs on a frequent basis. These circumstances often cause both brand owners and their channel partners to miss significant revenue opportunities.

To address these problems, a growing number of channel-centric companies are implementing distributed marketing solutions that streamline and automate channel marketing operations and optimize the performance of their indirect sales channel.

## Why Channel Marketing Matters

Every day, thousands of companies around the world sell their products and services through networks of regional or local outlets. These outlets may be company-owned branches or retail stores, or they may be related but independent channel partners such as franchisees, independent agents, dealers, or value-added resellers.

Channel-based selling is a major feature of the US business landscape. The stereotypical example of a channel structure is a franchise network. In 2017, there were over 700,000 franchised business establishments in the United States, and these establishments produced \$769 billion in sales.<sup>1</sup> While franchising is the classic example of channel-based selling, many kinds of companies sell through independent or quasi-independent channel partners. For example:

- Insurance companies that sell through independent agents

### Learn about:

- Why effective channel marketing is critical for companies
- What makes channel marketing more difficult than “regular” marketing
- How distributed marketing solutions work
- What benefits distributed marketing solutions provide



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- Financial services firms that sell through independent financial advisors and/or broker-dealers
- Technology companies that sell through value-added resellers
- Manufacturing companies that sell through independent dealers, manufacturer's representatives, or retail stores

Not only are indirect channel sales a large component of the overall economy, many companies rely on channel sales for a significant portion of their total company revenues. Obviously, franchisors usually obtain most of their revenues from the fees that are based on sales made by franchisees. However, many other types of companies also depend heavily on channel sales. For example, many technology companies derive more than half of their total revenues from sales made by channel partners.<sup>2</sup>

Companies that obtain a large portion of their total revenues from channel sales are usually dependent on the marketing and sales capabilities of their channel partners. Most firms that sell through channel partners operate in a distributed marketing environment. Distributed marketing refers to a marketing model in which both a corporate marketing department and channel partners plan and execute marketing campaigns and programs.

The defining characteristic of a distributed marketing model is that the local marketing entities—i.e. channel partners—have autonomy when performing marketing functions. While the degree of autonomy can vary, many channel partners have complete (or nearly complete) marketing independence. As we'll demonstrate shortly, this autonomy is one of the primary reasons that channel marketing operations are more difficult to manage.

## What Makes Channel Marketing Difficult?

Companies that operate in distributed marketing environments face the same marketing challenges as everyone else. They must deal with a growing number of marketing channels, create and deliver marketing messages and materials that are relevant to individual prospects and customers,

and maximize the productivity of the marketing function. In addition, however, distributed marketing organizations face challenges that firms with centralized marketing operations don't typically encounter.

- **Different Marketing Objectives**—Corporate marketers and channel partners often have different perspectives on what's important and different marketing objectives. Corporate marketers tend to focus on creating and maintaining effective brand messaging and brand presentation. Channel partners want to focus on marketing programs that will drive leads and sales for their business.
- **Maintaining Brand Consistency**—In a company where a central marketing department manages all communications with customers and prospects, it is relatively easy to maintain consistent brand messaging. That changes dramatically when a company has dozens or hundreds of channel partners executing marketing programs. In a recent study by the Aberdeen Group, survey respondents said that maintaining brand consistency is the greatest challenge for distributed marketing organizations.<sup>3</sup>
- **Lack of Expertise/Resources**—Many channel partners are small organizations that don't have the in-house expertise or sufficient resources to run effective marketing programs on a frequent basis. In the Aberdeen study mentioned above, almost half (48%) of survey respondents identified lack of marketing expertise at the local level as one of the biggest challenges facing distributed marketing organizations.<sup>4</sup>
- **Inability to Measure Local Marketing Performance**—Companies with centralized marketing operations can use a variety of techniques to measure the performance of their marketing programs. Measuring the results produced by marketing programs run by channel partners is a different story. Many channel partners don't track the performance of their marketing efforts, and even when they do, the results may not be available to the brand owner. As a result, brand owners often have little visibility regarding the effectiveness of marketing programs run by their channel partners.



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- **Lack of Coordination**—In some cases, both brand owners and channel partners execute marketing programs that are directed at the same recipients. When these efforts aren't coordinated, the result can be inconsistent or even contradictory messaging, not to mention a greatly increased risk of alienating prospects or customers because of excessive contacts.

Because of these and other challenges, distributed marketing operations are often far less effective and efficient than they need to be. The results of these inefficiencies can include excessive costs, poor response rates to marketing programs, missed revenue opportunities, and low marketing ROI.

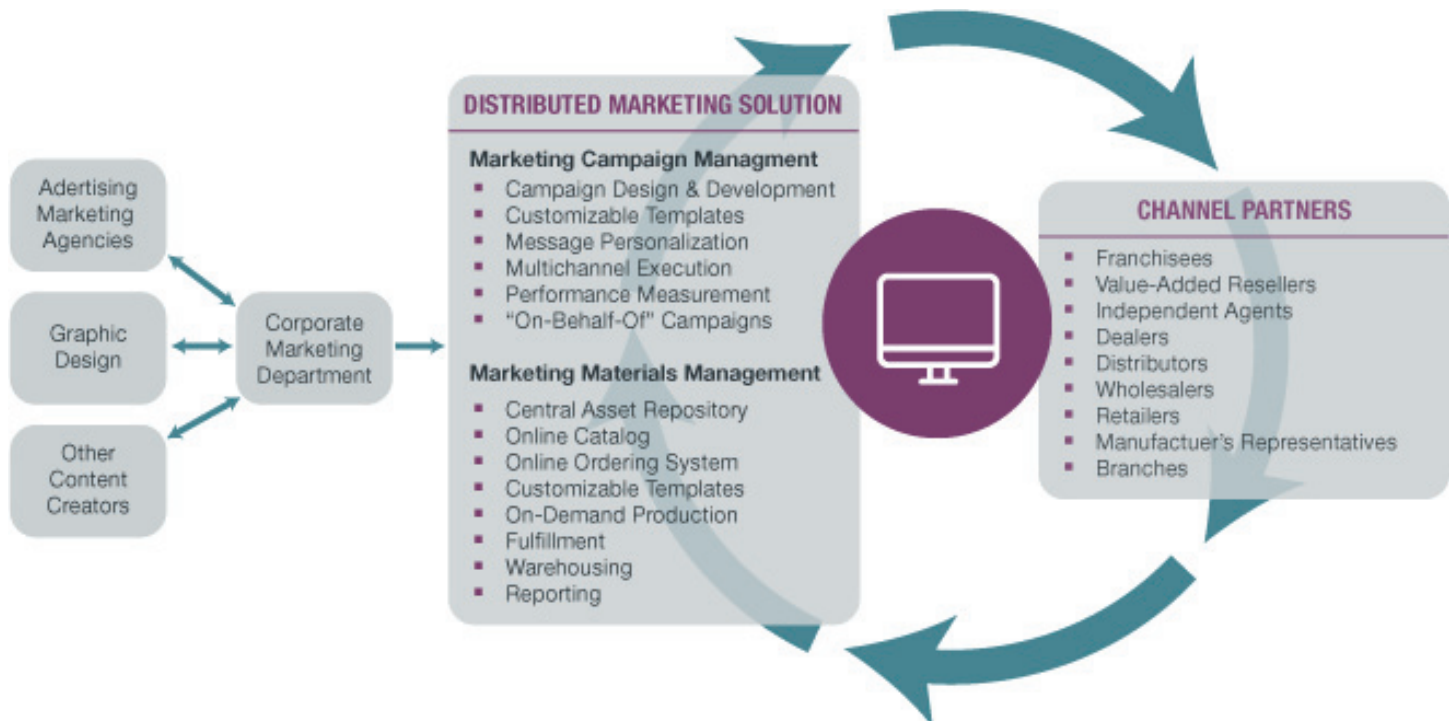
## How Distributed Marketing Solutions Work

To address the complexities of distributed marketing, a growing number of companies are turning to a relatively new category of marketing automation technologies. Several terms are used to describe these technologies, including marketing asset management, distributed marketing automation, distributed marketing management, and local marketing automation. In this white paper, we'll refer to these technologies as distributed marketing solutions.

A distributed marketing solution is a suite of technology tools that are designed to streamline and simplify marketing activities and processes for both channel partners and brand owners. Some solution providers focus exclusively on distributed marketing automation technologies, while others also offer print production capabilities, fulfillment services, and a variety of other marketing support services. In this white paper, we're describing distributed marketing solutions that include print production, warehousing, and fulfillment services.

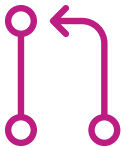
The diagram on the next page provides a high-level view of the major features of a distributed marketing solution and illustrates how a distributed marketing solution links your corporate marketing department with your network of channel partners. The central feature of a distributed marketing

solution is a secure online portal site that enables channel partners to manage and execute a variety of marketing activities. The technological capabilities included in a distributed marketing solution simplify and streamline both the creation and execution of marketing campaigns and the management of marketing materials.



## Campaign Management

A distributed marketing solution will provide channel partners customizable templates of campaign materials such as direct mail documents, e-mail messages, and advertisements for print publications. These templates identify which content elements can be modified and which cannot be changed. For those elements that can be customized, the template will usually contain a set of pre-approved customization options. To customize campaign materials, a channel partner simply selects a template and chooses the desired customization options.



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Most distributed marketing solutions also provide campaign execution capabilities. For e-mail campaigns, most solutions will enable channel partners to upload an e-mail address list and execute the campaign either directly or through integration with a third party e-mail service provider. For direct mail campaigns, distributed marketing solutions typically enable channel partners to upload mailing lists, and some solutions enable channel partners to purchase mailing lists from a third party list provider.

A distributed marketing solution will also include tools that enable channel partners to measure the performance of their marketing campaigns, and most solutions will provide brand owners access to this performance data. Some solutions also enable a channel partner to see the results obtained by other channel partners from particular campaigns, thus enabling “best practices” knowledge to be shared throughout the channel partner network.

Collectively, these capabilities make it easy for channel partners to create and execute marketing campaigns and track the results from those campaigns.

### **Marketing Materials Management**

A distributed marketing solution also makes it easy for channel partners to customize and obtain marketing materials such as marketing collateral documents, promotional items, and point-of-sale materials. It will provide a central repository for the marketing materials that a brand owner makes available to channel partners and an online catalog containing images of those materials. When a channel partner needs to order marketing materials, he or she simply selects the desired items from the catalog, specifies the desired quantity of each item, and submits an order.

As with marketing campaign materials, a distributed marketing solution uses dynamic templates to enable channel partners to customize marketing collateral documents, promotional items, and point-of-sale materials. If a channel partner needs to customize an item, he or she simply selects the appropriate template, chooses from a set of approved cus-



**A distributed marketing solutions will reduce compliance costs by streamlining the processes needed to keep marketing materials in line with legal/regulatory requirements.**

tomization options, approves an online proof of the item, and submits the order.

The distributed marketing solution provider uses digital printing technologies to produce most marketing materials on an as-ordered basis and then packages and ships the order. On-demand production means that, in most cases, there is no need for either brand owners or channel partners to maintain large inventories of marketing materials. In those cases where economics don't allow for materials to be produced on an as-ordered basis, the solution provider will usually offer warehousing and inventory management.

These capabilities enable brand owners to provide channel partners current and fresh marketing materials, and they make it easy for channel partners to create and use co-branded or otherwise customized materials.

## Benefits of Distributed Marketing Solutions

The capabilities provided by distributed marketing solutions enable companies to effectively manage and optimize the performance of complex distributed marketing ecosystems. These solutions will produce financial and operational benefits for both brand owners and channel partners. More specifically, they enable companies to:

- Increase the frequency of local marketing by making it easy for channel partners to create and execute marketing campaigns and programs
- Enhance the effectiveness of local marketing by making it easy for channel partners to create and use more customized, and therefore more relevant, marketing messages and materials
- Improve the consistency of brand messaging and presentation through the use of a central marketing asset repository combined with controlled customization
- Increase marketing efficiency by enabling marketing assets to be used across the entire channel partner network
- Reduce marketing support costs by eliminating the man-



**There is no magic number, but if you work with more than 25-50 channel partners, you should perform a thorough analysis to determine if a distributed marketing solution would benefit your business.**

ual processes typically used to manage and fulfill requests for marketing materials and to manage materials inventories

- Reduce obsolescence waste by eliminating the need to acquire marketing materials in large quantities
- Reduce compliance costs by streamlining the processes needed to keep marketing materials in line with legal/regulatory requirements

### **But Is It Right for My Business?**

You may be thinking: “This all sounds great, but how can I determine if a distributed marketing solution would be a good investment for my business?”

Whether a distributed marketing solution is right for your company depends on several factors, but two stand out in importance. The most important question you must address is: How much do my company’s revenues depend on effective marketing by my sales channel partners?

In some cases, companies that primarily sell through indirect channels are not heavily dependent on the marketing efforts of their channel partners. For example, many national “quick service” restaurant companies have large franchise networks, but they depend very little on the marketing efforts of individual franchisees. Instead, these companies typically use national advertising programs to create brand awareness and brand preference, and they rely on convenient locations to drive traffic to individual stores. A distributed marketing solution would be of limited value in these circumstances.

Most companies that sell through indirect channels are more dependent on local marketing than national restaurant chains. For example, a company may lack the size and market penetration to take advantage of national or regional advertising programs, even if its products or services are suitable for that tactic. Another circumstance that makes local marketing important is when the “center of gravity” of the customer relationship is with the channel partner, not the brand owner. If your company’s revenues depend on the ability of your channel partners to market effectively, a distrib-



uted marketing solution will probably be a wise investment.

The second factor to consider is the size of your channel organization. If your company works with a small number of channel partners, you may be able to use people and manual processes to approximate the capabilities provided by a distributed marketing solution. However, this manual approach quickly becomes impractical and cost prohibitive as the number of channel partners increases. There is no magic number, but if you work with more than 25-50 channel partners, you should perform a thorough analysis to determine if a distributed marketing solution would benefit your business.



**Tami Marek-Loper**  
President

262.549.8902  
[tami.marek@marekgroup.com](mailto:tami.marek@marekgroup.com)

[www.triptych.com](http://www.triptych.com)

 [@TamiMarek](https://twitter.com/TamiMarek)

## For More Information

If you'd like to learn more about how the right technology solutions improves channel marketing performance, contact Tami Marek-Loper at 262-549-8902 or by e-mail at [tami.marek@marekgroup.com](mailto:tami.marek@marekgroup.com).

## Notes

1. Franchise Business Economic Outlook (International Franchise Association Educational Foundation).
  2. Keep Your Customers Close and Your Channels Closer: 5 Essential Strategies for Customer Intimacy and Channel Revenue Growth (Flexera Software).
  3. Distributed Marketing Management: Think Global, Market Local (Aberdeen Group).
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