



Market Relations Guide

A Framework for Ensuring Long-Term Market Leadership

Warren Schirtzinger

Table of Contents

- Introduction..... 3**
- The Market Relations Concept..... 3**
- The Market Relations Process..... 5**
 - 1. Prepare 5
 - 2. Engage 9
 - 3. Maintain 10
 - 4. Measure 11
 - 5. Refine 11
- Summary 12**
- Market Relations Case Study: IntroHive 13**

Introduction

Most how-to guides begin with a statement about how “the old methods don’t work anymore.” This document is different. The old concept called human-to-human interaction is alive and well and more important than ever. People still talk with other people before making important decisions...especially decisions related to buying new technologies or adopting new innovations.

The technique called **market relations** is a proven method of achieving a superior market position by enabling conversations between people that are based on evidence and credibility.

The Market Relations Concept

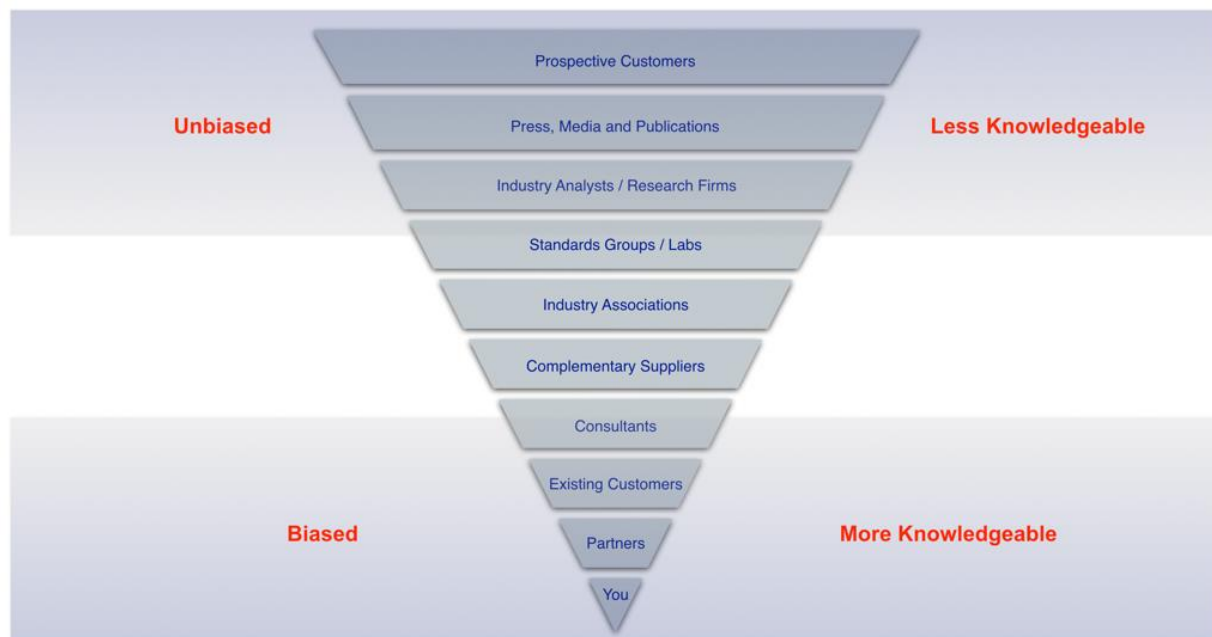
Every industry has an infrastructure, though it takes a somewhat different form in each case. The infrastructure includes all the people between the supplier and the customer who have an influence on the adoption/buying process. These people give credibility to products and organizations.

An infrastructure can be represented as an inverted pyramid, with the supplier at the bottom and the customer at the top.



Information about an innovation, product or service (and the supplier) bubbles up through the infrastructure pyramid, largely through word-of-mouth communication. Each level of the pyramid influences other levels, particularly those above it.

People in the infrastructure who are closer to the customer are greater in number, but less knowledgeable about the supplier's product. And people closer to the supplier are fewer in number but more knowledgeable. The credibility of your product and company is determined by the members of the infrastructure who **act as intermediaries between you and your prospective customer**. In other words, less knowledgeable members of a market (including customers) seek the reassurance of more knowledgeable ones.



The infrastructure tends to be particularly important in rapidly changing industries with complex products. In these industries there is so much going on that it is difficult for even knowledgeable people to sort out all the details. To understand the significance of new developments, people rely on what they hear via word-of-mouth communication from the infrastructure.

Members of the infrastructure do not accept messages equally from any given source. In general, they perceive messages originating from the top of the pyramid as unbiased. And messages originating from the bottom of the pyramid are perceived as biased. Companies can increase their credibility and strengthen word-of-mouth communication within an infrastructure by building relationships with people who have influence in each layer of the pyramid.

Market relations is essential in developing industry leadership, customer loyalty, and rapid acceptance of new products and services. Building strong and lasting relationships is hard work

and difficult to sustain. But in a world where the customer has so many options, even in narrow market segments, person-to-person interaction is the key to sustained market leadership. Market relations is an organized way of building trusted relationships and maximizing credible word-of-mouth communication.

The Market Relations Process

1. Prepare

Build Positioning platform

Positioning is the process of describing and promoting something in a way that is consistent with what people already believe to be true. Done correctly it will establish credibility and make your product more valuable than competitive products. However, this means your range of marketing claims and messages is limited by what people already believe. And perceptions are very slow to change.

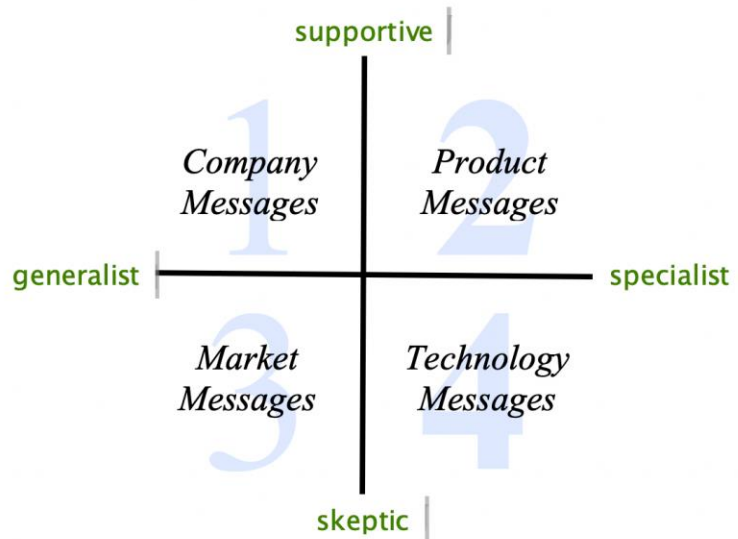
Customers “position” a product and company in relative terms of importance and value in their minds based on **what the company does, not what it says**. To position a product effectively, you must know how well customers understand your product offering and how they currently perceive its value. The description of what people already believe forms the foundation of your positioning platform.

Obviously the first step is to find out exactly how customers perceive your products and services, and then reinforce the positive/exciting parts, through communications channels that are considered credible by your target audience.

Create key messages

People prefer specific types of information, depending on their perspective. In this case “perspective” is best described in terms of product understanding and perceived value.

Message-Preference Matrix



As you can see in the diagram above, the horizontal axis shows a range of understanding of your product or technology (from generalist to specialist) and the vertical axis represents a person's attitude toward the proposed value of the product or technology (ranging from supportive to skeptical).

All people fall within one of the four quadrants formed by this matrix. For example, a person with only superficial knowledge of your offering (a generalist) who also believes in the value of your technology (supportive), will prefer to receive information about your company. (quadrant 1)

A person with only superficial knowledge of your offering (a generalist) who believes your technology provides little or no value (a skeptic), will only be receptive to information about the market(s) you serve (quadrant 3).

Supportive-specialists prefer product-related information (quadrant 2), and skeptical-specialists prefer technology-related information (quadrant 4).

Since it's not possible to know the exact preferences of the people who are listening, it becomes necessary to deliver all four types of positioning messages -- company, market, product and technology -- every time you broadcast information about your products and services (through video, articles, webcasts, presentations, interviews, etc.)

The Messages Preferred by Each Adopter Type:



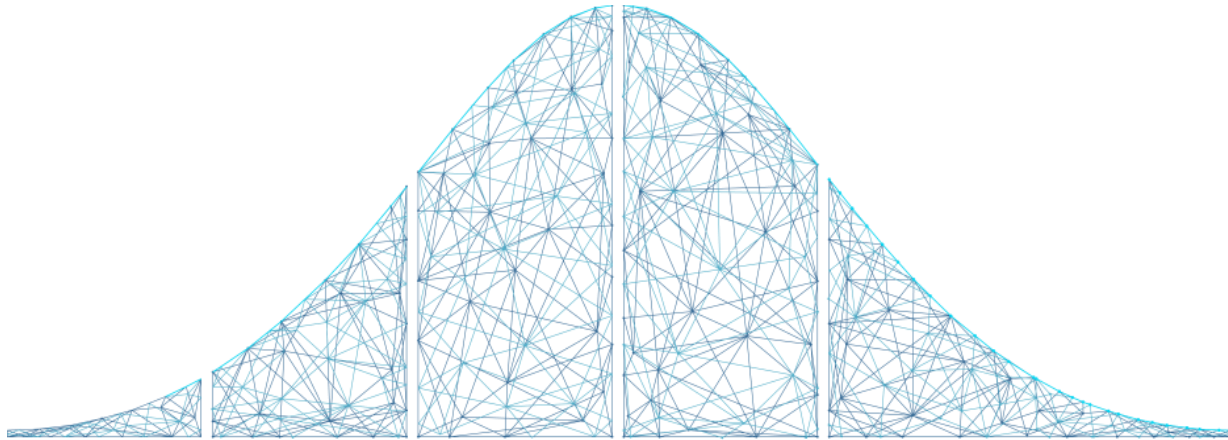
This means it is essential to include credible positioning information about your company (e.g. financial success, management team, alliances) the markets you serve (e.g. market share, installed base, key customers) your product (e.g. features, applications, price/performance) and your technology (e.g. architecture, scalability, test results). Delivering all four positioning points on a consistent basis will help you build a lasting, well-differentiated position in target markets.

Gather evidence and develop materials

In order to effectively engage with your market infrastructure, the first step is to determine where you are on the innovation-adoption lifecycle. Only then will you know what types of buyers are available to address, and which forms of proof or evidence are appropriate for that group.

The customer base changes for each stage of the innovation-adoption lifecycle as different segments of the market become interested in your product at different times. Consequently, it is important to recognize the need to clearly identify and profile a target market as well as consider that the profile of the target market will change over time.

This includes preparing and distributing “audience-specific” information to influential members of the infrastructure, followed by ongoing dialogue to ensure understanding.



Innovator	Early Adopter	Early Majority	Late Majority	Laggard
<ul style="list-style-type: none"> • Architecture • Technical design • Schematics • Demos • Trial • Technical press coverage • Guru endorsement 	<ul style="list-style-type: none"> • Benchmarks • Product reviews • Competitive win • Initial sales • Trade press coverage • Visionary Endorsements 	<ul style="list-style-type: none"> • Market share • 3rd party support • Standards • Industry analyst endorsements • Proliferation of applications • Complimentary products • Vertical press coverage 	<ul style="list-style-type: none"> • Substantial revenue/profits • Strategic partners • Top tier customers • Full product line • Business press coverage • Financial analyst endorsements 	<ul style="list-style-type: none"> • Previous system or technology is no longer available or supported

The evidence required as proof by each audience can be integrated into a standard set of educational documents. These documents typically include: a backgrounder, an infrastructure pitch or presentation, a product fact sheet and a question & answer document, or FAQ.

A backgrounder is a document that provides the reader with background information on an organization, an issue, a trend or a product. It is often ideal for explaining an unfamiliar or misunderstood concept to a technical audience. An effective backgrounder gives the reader a clear picture of your vision, which helps answer the question “why” and increases your odds of success when trying to enable word-of-mouth communication. A great backgrounder contains the following sections: company overview, products, markets, applications, channels of distribution, competition, and management overview.

Identify top-tier infrastructure

Each industry has structured relationships that make that industry's market tick. Successful companies work at identifying and lining up the key members of the infrastructure—and **keeping track of how the infrastructure is changing**. Executives and managers must pay attention to the hierarchies of influence existing within the infrastructure.

About 10% of the people in an infrastructure have a significant influence over the other 90%. Every industry or market has a handful of people who everybody knows, and are respected by the people in that market.

The process of building an infrastructure model for your market begins with identifying key opinion leaders in each layer of the pyramid. This means you must identify the editors, analysts, and opinion leaders (gurus, luminaries, consultants, etc.) that make up your infrastructure, and then determine which ones are in the top tier. Equally important is you must decide which sources of information you will use to keep the list current.

Word-of-mouth communication from this “top tier” has a greater impact on the overall infrastructure.

2. Engage

Dialogue with top tier

Companies must design and deliver a market relations campaign for each level or audience in their market infrastructure. This includes preparing and distributing “audience-specific” information to influential members of the infrastructure, followed by ongoing dialogue to ensure understanding.

Interaction with a top tier opinion leader typically includes a meeting or video call with each identified member of the infrastructure. In most technology businesses, it is important to include influencers from highly-visible beta sites, independent technology providers, systems integrators, industry consultants and analysts, and key journalists, and then make sure they understand both your product and your company strategy.

Your word-of-mouth campaigns will also help you achieve reference capability. Word-of-mouth testimonials are more believable than any advertising or marketing ploy you can dream up. Best of all, it’s in your power to get the talk started. Here are a few good places to start:

Customers. Reach customers at user-group meetings, trade shows, technical conferences, training programs, and association meetings. Carefully select users at beta sites — places where you test your product, get the bugs out, and get early customer feedback — before a major launch. If you win over these and other early users, they’ll carry your message far.

Distribution Channels. Training and educating the people who meet with customers pays handsomely. These include sales reps, distributors, and others who bring your product to market. As Ted Levitt says, “Get to the customer last” — after you’ve enlisted the aid of all the intermediaries who can toot your horn.

Industry Watchers. All industries, and especially rapidly growing ones, are filled with analysts, consultants, soothsayers, futurists, and others who sort out and publish information or speak at

conferences. They gain their information by word-of-mouth — they visit factories, attend analysts' meetings, and talk to people in any way connected with the industry.

The Press. More than 90 percent of major news stories in the business and technical press come from conversations with insiders. They rarely write stories based on press releases, so it's up to you to engage them directly. And if you want journalists on your side, help them achieve one of their goals — creating order out of chaos for their readers. Educate them not just about your product or company but about the industry itself. Treat journalists as well as you would treat your best customers.

The infrastructure development process is about getting allegiance to the product from important players. It also is about educating others, building alliances, and making deals with potential partners. Each part of the infrastructure validates the others and helps to build credibility for your product and company.

Show proof

Customers are much more likely to favor your product or service based on what they hear from friends, experts, or knowledgeable observers. Advertising should be the last piece of any marketing effort, not the first. Use it to reinforce a product's position, not to create it.

Because advertising is totally ineffective, the only way to build credibility is by:

- **Inference**. Link up with an established leader for instant credibility.
- **Reference**. People often buy based on advice from a credible source. Anyone who comes in contact with the company or its products can act as a reference for you — if your company and product deliver.
- **Evidence**. People will look for evidence that you are doing well. If your market share rises, if your profits climb, if more retailers carry your products, if you start new ventures or ally with other strong companies, people will begin to respect your staying power and savvy. Positioning is hollow without such evidence.

3. Maintain

Nurture relationships

It is critical to develop programs to build and reinforce relationships with key influencers. Every 4-6 months a company must look for ways to reinforce their differentiation with new evidence. Always follow up with key opinion leaders after meetings and respond immediately to their requests for information. Schedule periodic updates that are focused on providing additional evidence, proof and credibility.

4. Measure

Internal and External Testing

Measuring word-of-mouth (WOM) results is not really that hard. It only becomes difficult if you try to use numbers to measure results. That's because WOM is a "qualitative" technique. Putting numbers on word-of-mouth communication is like using an apple to check the color of an orange.

To [qualitatively] measure the results of your market-relations program, just ask and answer the following questions:

- Do prospective customers know: what makes your business different than all the others, and when you are the best company for the job?
- Does the press accurately reflect your competitive positioning and lend 3rd party credibility to it?
- Do industry influencers understand your business strategy and support it throughout other layers of the infrastructure?
- Does the target market see you as a reference source, or expert/counselor in your industry?
- Do your business partners support your products and strategies?
- Does your sales team, resellers (or channel partners) know where to spend their time, who to call on, and what to say?
- Are key customers actively involved in testimonial marketing and serving as references?

Review positioning platform

Market dynamics change at every stage of product/category adoption. This means you will need to revisit your positioning platform and key messages, and keep them updated as the market evolves.

5. Refine

Re-assess infrastructure layers

Marketing people must work at identifying and lining up the key members of the infrastructure -- and also keep track of how the infrastructure is changing.

At all times, marketing managers should pay attention to the **hierarchies of influence** existing within the infrastructure. For example, some luminaries are more "luminous" than others. Certain distributors, resellers and dealers are more influential than others as well. The important thing to remember is that your customer will judge you by the company you keep.

Always pay attention to the people who are the most visible at industry events, trade shows, conferences and association meetings. Look for ways to discover emerging thought leaders.

Summary

In general, market relations is becoming more valuable to a wide range of industries and services. This is happening because markets in all industries are becoming more segmented.

Besides a great product, then, you need to cultivate all the layers of your infrastructure through structured word-of-mouth campaigns.

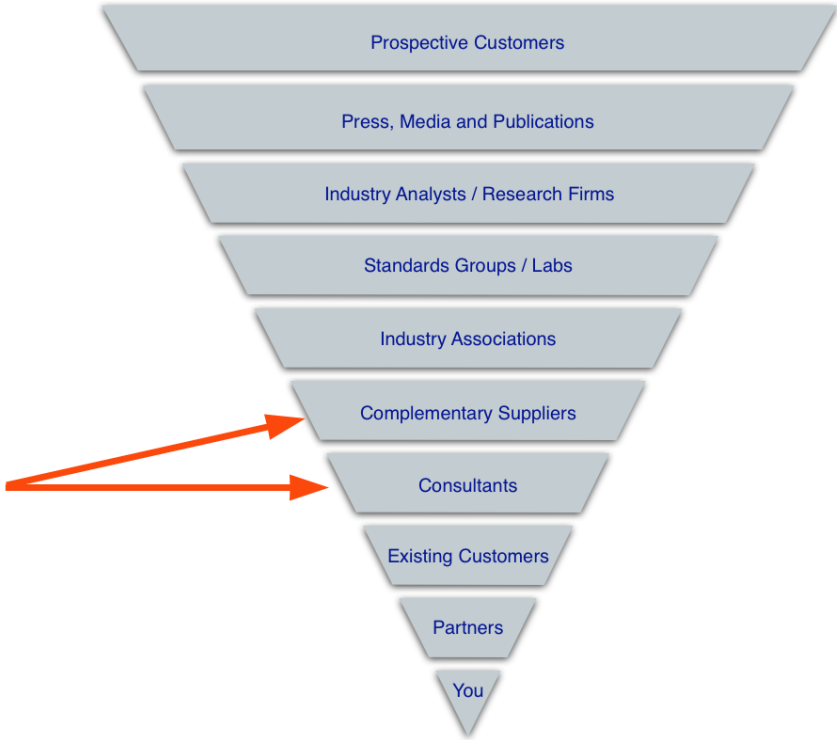
Market Relations Case Study: IntroHive

Step One - Research to Identify Top Tier Influencers

Using Sparktoro, we identified people in the sales-leadership space who have a large following, and have the characteristics of a thought leader. Alice Heiman had the visibility and audience that are typically associated with top-tier influencers.

Step Two – Review and Placement on the Infrastructure Pyramid

Using the Infrastructure Model, we identified the layers of the pyramid that were the best fit for Alice and her area of influence. The layer called “consultants” provided the best match and description of Alice’s position in the sales-leadership market. We also evaluated Alice’s potential fit in the layer called “complementary suppliers.” Included in this process is a review of the position and definition of each layer to ensure the pyramid is the best possible representation of the market infrastructure.



Step Three - Initial Contact and Information Provided

Alice was contacted through LinkedIn because of her recent post about the power of introductions as a method for increasing sales. That post was very tightly related to the technology we were introducing in the market. The outreach message specifically referred to her post on LinkedIn and asked if she was interested in learning about a new technology, related to her post, that had not yet been announced.



Step Four – First Conversation and Establishing a Relationship
An initial conversation with Alice provided clarity about her areas of interest and expertise. General information was provided regarding IntroHive’s new technology and its approach to the sales-leadership market.



Step Five – Opportunities for Word-of-Mouth Leverage
Although Alice’s focus is primarily on small companies, it was concluded that she could provide excellent visibility and word-of-mouth reinforcement for IntroHive through either her podcast or through her speaking engagements. Alice was introduced to IntroHive’s marketing department and she interviewed IntroHive’s CEO on her podcast. **Intorhive got an excellent opportunity to position their new technology, with the key positioning messages we designed, through the market infrastructure.**

Step Six – Develop a Plan for Maintaining this Relationship

Because it is critical to maintaining this important relationship going forward, and because IntroHive’s CEO was a guest on her podcast, a market relations specialist at IntroHive will contact Alice before all key announcements and let her know what IntroHive is planning “in advance.” The routine contact period is expected to be at least once per quarter.